

PRIMED FOR THE NEXT WAVE OF COMMUNICATIONS





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CORPORATE PROFILE



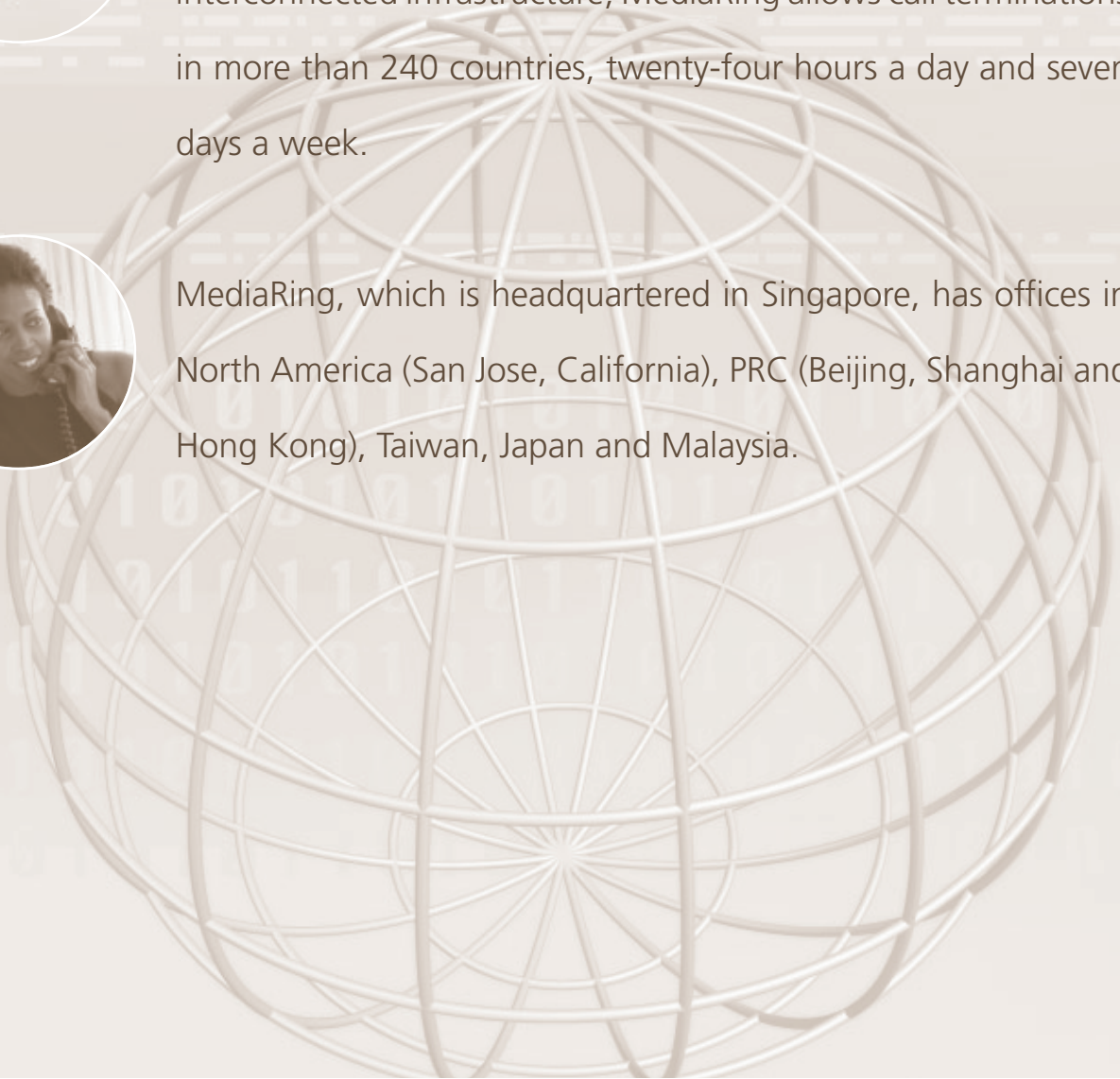
MediaRing is a leading global telecommunications company at the forefront of the Voice over Internet Protocol (VoIP) telephony industry.



Leveraging on its technological capabilities in Internet telephony and its extensive distribution network in over 90 countries, MediaRing brings high-quality voice services to carriers, enterprises, service providers and consumers worldwide. With its global interconnected infrastructure, MediaRing allows call terminations in more than 240 countries, twenty-four hours a day and seven days a week.



MediaRing, which is headquartered in Singapore, has offices in North America (San Jose, California), PRC (Beijing, Shanghai and Hong Kong), Taiwan, Japan and Malaysia.



CHAIRMAN'S MESSAGE

Amounts in Singapore dollars unless otherwise stated

“With a monthly traffic volume of close to 50 million minutes, MediaRing is now a recognised leader in the provision of VoIP Telephony Services.”

Dear Shareholders,

2003 has been a challenging year for the global economy. The uncertainties presented by the Iraq war, the constant threat of terrorism and the outbreak of Severe Acute Respiratory Syndrome (SARS) have adversely affected the business community worldwide.

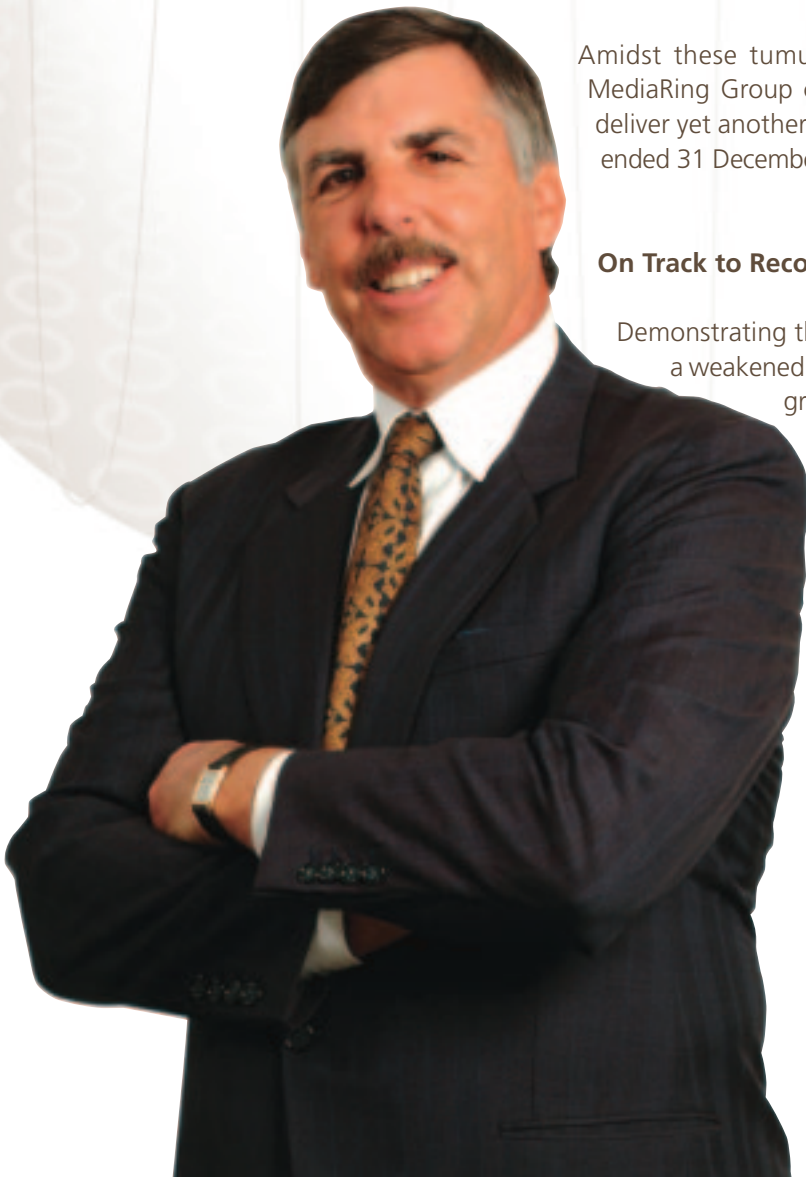
Amidst these tumultuous events, I am pleased to report that the MediaRing Group continued with our strong growth momentum to deliver yet another set of improved financial results for the financial year ended 31 December 2003.

On Track to Recovery

Demonstrating the strength and resilience of our business model in a weakened global economy, the Group achieved robust revenue growth in all our markets. Revenue rose 48% to \$52.4 million in FY03, from the previous year's \$35.3 million.

The key contributor to revenue growth was the Group's Voice over Internet Protocol (VoIP) services that made up more than 85% of revenue. This segment, comprising PC-to-Phone, Global Calling Card, Enterprise services, Wholesale Exchange and Technology Licensing, grew 88% over the previous year to \$44.9 million.

Through stringent cost control measures, the Group continued to make significant progress in cutting operating expenses, reducing losses to \$6.7 million, from a net loss of \$11.3 million in FY02.



CHAIRMAN'S MESSAGE

Amounts in Singapore dollars unless otherwise stated

Global Leader in VoIP Telephony Services

Over the last two years, the Group has created a strong name for itself in the global VoIP market place. Generating close to 50 million minutes of VoIP traffic per month, the Group is undisputedly one of the leaders in the global VoIP Telephony Services arena.

This is a major achievement that testifies to our disciplined and focused approach in penetrating new markets by building an extensive reseller network and offering innovative products.

VoIP - the Next Wave of Communications

Going forward, we are excited about the potential of VoIP. Major telecommunications companies around the world have hailed VoIP as the future of mainstream telephony and this has been substantiated by industry research, which shows that 12.8% of 191 billion minutes of international voice traffic in 2003 was generated by VoIP, a growth of 36% (Telegraphy 2004).

With the continuing deregulation in the telecommunications industry and the growth of the Internet, we expect voice communications through the Internet to continue to grow at a rapid rate, especially in countries where conventional overseas IDD calls are costly.

In addition, the rapid pace of technological innovation and advancement in the VoIP industry has ensured that the key concerns amongst customers, such as latency and the quality of VoIP calls, are no longer major issues.

Looking ahead, the Group will continue with our clear and targeted focus on VoIP. With our unwavering commitment to VoIP, and our dynamic and highly experienced management team, we believe the path ahead looks promising.

As we seek to pursue further growth for MediaRing, we will leverage on our leadership position and technological capabilities in VoIP.

On behalf of the Board, I would like to extend our heartfelt appreciation to our colleagues at MediaRing for their hard work and invaluable contribution, to our business associates and partners around the world for their loyal support, and to our shareholders for their faith in MediaRing during the year.

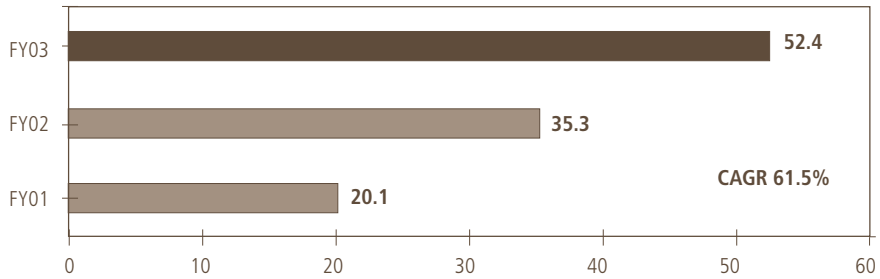


Walter Sousa
Chairman

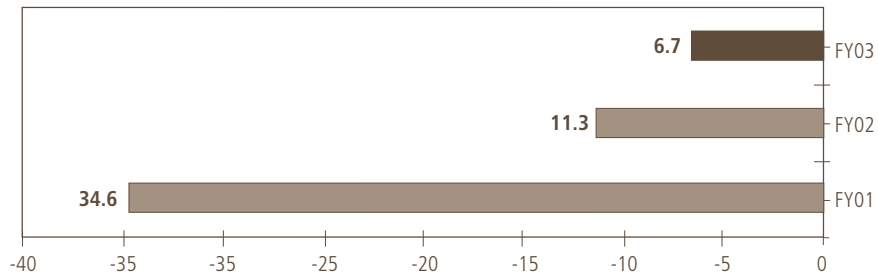
FINANCIAL HIGHLIGHTS

Amounts in Singapore dollars unless otherwise stated

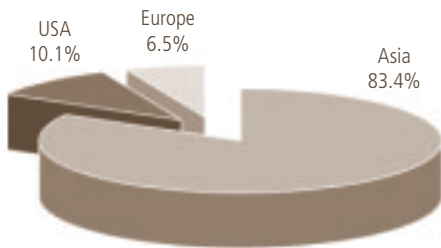
TOTAL REVENUE (\$ Million)



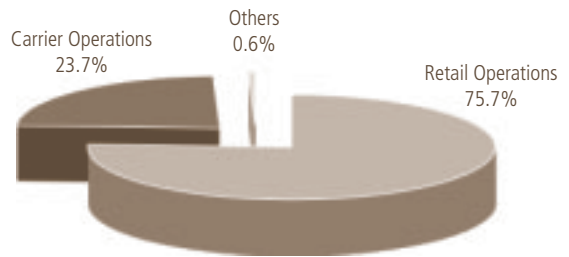
NET LOSS (\$ Million)



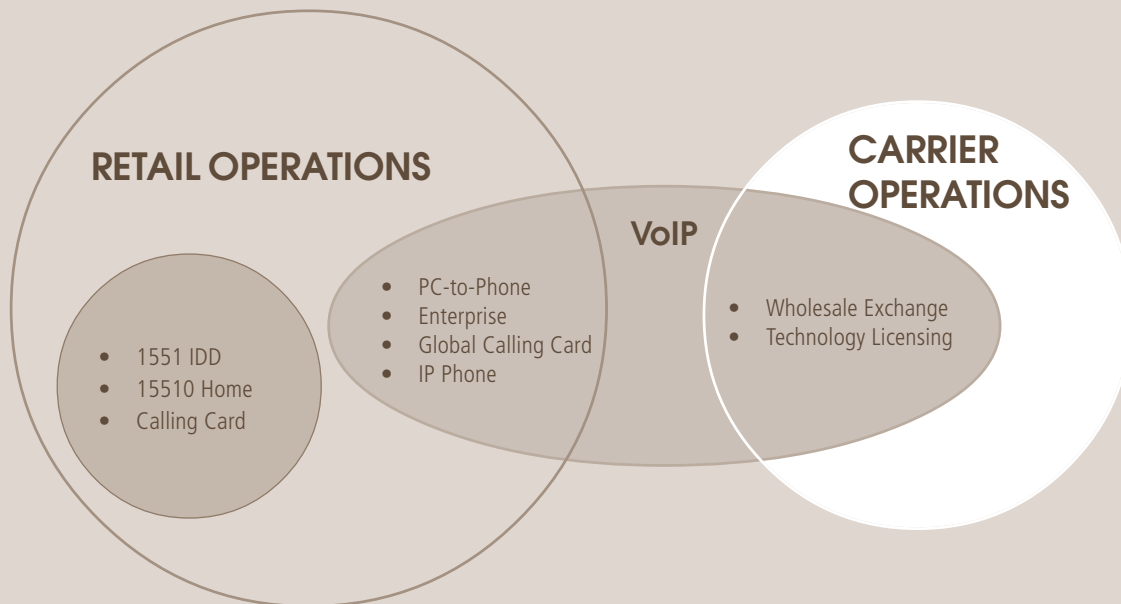
REVENUE BY GEOGRAPHICAL MARKETS



REVENUE BY BUSINESS SEGMENTS



CORE BUSINESS AND PRODUCTS



PRODUCTS - RETAIL OPERATIONS

MR IDD

- 4-digits access code for premium quality international calls

PC-to-Phone

- High quality voice service from a PC to any phone via IP infrastructure

Enterprise

- Cost effective quality phone-to-phone service for MNCs & SMEs via IP infrastructure

Global Calling Card (GCC)

- Phone-to-phone calling cards through IP infrastructure

IP Phone

- Internet phone to another Internet phone or PSTN phone via IP infrastructure

PRODUCTS - CARRIER OPERATIONS


Wholesale Exchange

- Trading of wholesale VoIP traffic minutes

Technology Licensing

- Sells MediaRing patented technology to seamlessly interconnect multiple VoIP networks for aggregation or commercial exchange of voice traffic

- Supports interoperability between equipment from multiple vendors

A man and a young girl are sitting at a table outdoors. The man, on the left, is wearing a patterned sweater and glasses, and is looking down at a document on the table. The girl, on the right, is wearing a light-colored shirt and is also looking at the document. There is a glass of water on the table in front of them. The background is a blurred outdoor setting with trees and a fence.

“I am very encouraged by our improved financial performance as it bears testimony to the strength of our business model, the soundness of our growth strategies and the commitment of our staff to see it through.”

OPERATIONS REVIEW BY CEO

Amounts in Singapore dollars unless otherwise stated

Review of 2003

It has been an amazing year for MediaRing. Our efforts over the last two years to transform and restructure the Company into a fee-based IP telephony services provider, and to reduce costs, are finally bearing fruits.

I am very encouraged by our improved financial performance as it bears testimony to the strength of our business model, the soundness of our growth strategies and the commitment of our staff to see it through. I would like to express my deepest appreciation to our valued staff for their loyalty, dedication and spirited attitude which have helped MediaRing build a name for itself in the VoIP industry in just two years.

It is through their efforts that considerable progress was made in gaining a significant share of the global VoIP market for the year under review. This is evidenced by the strong growth in volume for VoIP call traffic which rose 82% to 358 million minutes.

With rising traffic volumes, Group revenue surged 48% to \$52.4 million for the year ended 31 December 2003, deriving more than 85% of its revenue from overseas operations. This was contributed mainly by our VoIP Services, consisting of PC-to-Phone retail services and Carrier Operations.

As the Group continued to implement stringent cost measures, and coupled with rising revenue, loss before interest, tax, depreciation and amortization in FY03 decreased significantly by 35% to \$6.1 million, from \$9.4 million previously.

Direct service fees, the cost that moves in tandem with revenue rose 52% to \$26.1 million.

During the year, the Group lowered its operating expenditure before selling expenses by 10% compared to FY02. Selling and marketing expenses increased by 139% to \$11.0 million on the back of higher revenues and changes in the mix of revenues while staff costs increased marginally by 3% to \$12.6 million. Major cost components, such as infrastructure costs, fell 24% to \$3.4 million due to reduction in office rentals and the continued global decline in bandwidth costs whilst other operating expenses, depreciation and amortization costs were also reduced by about 20% to \$7.7 million.

Through achieving greater critical mass and continued cost monitoring, we are optimistic that the Group will be able to continue to drive the momentum towards improved financial results.



OPERATIONS REVIEW BY CEO

Amounts in Singapore dollars unless otherwise stated

Review by Business Segments:

Retail Operations

In terms of revenue contribution by core business, our Retail Operations continued to be the major contributor, accounting for 75% of FY03 Group revenue.

Boosted by the growth in our PC-to-Phone retail sales, revenue from this segment grew strongly to \$39.7 million, a 57% increase from FY02. During the year, the Group made successful inroads into the Middle-East and Indochina markets, and all other major markets for our PC-to-Phone services performed well. This was achieved through strategic expansion of our marketing and distribution network, and to date, the Group has an extensive distribution network of more than 500 resellers and partners in over 90 countries.

The Retail Operations also include other VoIP-based units, such as Enterprise services, a cost effective quality phone-to-phone service for corporate users through IP infrastructure; and global calling card services. Both these units contributed positively to the revenue of this segment in FY03, although the amounts are not significant.

During the year, the local MR IDD business, which is based on a high quality circuit-switched technology with 1551 services, increased its revenue marginally by 3%. MR IDD business contributed less than 15% of Group revenue.

Carrier Operations

In FY03, the Group's Carrier Operations, which comprise VoIP Wholesale Exchange and Technology Licensing, continued to be an important contributor to Group revenue, accounting for 24%.

Group revenue from this segment increased 120% to \$12.5 million, supported by the significant growth in VoIP wholesale minutes as well as the follow-on purchases and acquisition of Tier-One telecommunications customers for the VoizBridge product.

Wholesale Exchange unit refers to our trading of VoIP termination capacity with other telecommunications carriers, ISPs and VoIP providers. This unit complements the Group's core VoIP Telephony business as it increases the economies of scale and hence, allows us to effectively manage the Direct Service Fees through achieving the most cost efficient termination rates.

During the year, revenue contribution from the Wholesale Exchange division was amplified as a result of the acquisition of some direct routes of termination.

The other business segment within the Carrier Operations is the Group's Technology Licensing unit that licenses our proprietary software VoizBridge. VoizBridge is a core session controller which offers connectivity and interoperability solutions to telecommunications carriers and multinational enterprises. While the absolute revenue contribution from this unit was modest relative to our core businesses, Technology Licensing demonstrated good growth in FY03 as demand for our proprietary VoizBridge continued to strengthen.

During the year, in addition to follow-on purchases from existing Tier-One telecommunications customers who include some of the world's largest telecommunications operators in the U.S. and Asia, the Group also secured Telekom Malaysia, another Tier-One telecommunications operator.

OPERATIONS REVIEW BY CEO

Amounts in Singapore dollars unless otherwise stated

VoizBridge is a scaleable software product, which allows inter-connectivity between multiple VoIP networks. This eliminates the need for expensive gateway equipment and hefty capital investment. Being the only company in Asia with the technological capability to develop and market this revolutionary product, the Group is optimistic about the good growth potential of the Technology Licensing unit.

Others

In tandem with the shift in Group strategy towards a fee-based business model, revenue from this peripheral business unit, mainly advertising, decreased significantly to \$0.3 million, a reduction of 94% from \$4.3 million in FY02.

Going Forward

The global VoIP industry continues to exhibit strong growth and is in fact, showing all signs of becoming the future wave of telecommunications with the increasing reach of the Internet.

Looking ahead, the Group will continue to focus on expanding our VoIP services and products. For our PC-to-Phone service, we aim to gain a stronger foothold in the highly promising markets of Middle-East, Indochina and North Asia through increasing and strengthening our already extensive distribution networks in these countries.

At the same time, we are constantly on the look out for possible partnerships with suitable third parties. Currently, the Group is exploring collaboration opportunities with ISPs and PC manufacturers in the world to bundle MediaRing VoIP Telephony services with their own products.

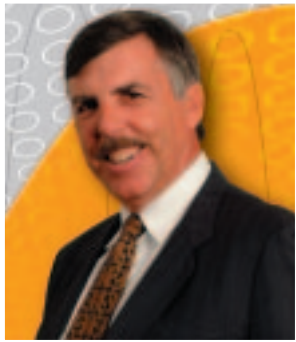
To grow the Technology Licensing unit, the Group will continue to pro-actively promote VoizBridge Core Session Controller to other Tier-One telecommunications carriers.

With the growth from these avenues, combined with our relentless vigilance in keeping costs down, the Group remains resolute in our commitment to deliver long-term sustainable growth and value to our shareholders.



Khaw Kheng Joo
CEO

BOARD OF DIRECTORS



WALTER SOUSA

Mr. Sousa, our Executive Chairman, joined the Board in October 1999 and was appointed to his current position in September 2001. Previously, Mr. Sousa was the Chairman and Chief Executive Officer of AT&T Asia/Pacific, and has also been involved in private equity investments. Prior to his appointment at AT&T Asia/Pacific, he was the Chief Operating Officer of London Stock Exchange-listed Astec (BSR) PLC where he was responsible for its worldwide operations. From 1985 to 1991, Mr. Sousa held the position of the President of Hewlett-Packard Far East in Hong Kong. Mr. Sousa holds a Masters degree in Public Administration from an American university.



KOH BOON HWEE

Mr. Koh was appointed to the Board in April 1998 and was elected an Executive Director of MediaRing in February 2002. He is also Executive Director of Tech Group Asia Ltd. Currently, Mr. Koh holds the positions of the Chairman of Singapore Airlines Ltd, SIA Engineering Co. Ltd, as well as the Nanyang Technological University Council. From 1986 to 2001, Mr. Koh was the Chairman of the Singapore Telecommunications Group and its predecessor organization; Executive Chairman of the Wuthelam Group from 1991 to 2000; Chairman of Omni Industries Ltd from 1996 to 2001; and Managing Director of Hewlett-Packard Singapore from 1985 to 1990, where he started his career. Mr. Koh holds a Masters degree in Business Administration (with Distinction) from Harvard Business School.



KHAW KHENG JOO

Mr. Khaw joined the Board in February 2002 and was appointed as Chief Executive Officer on 1 November 2002. Mr. Khaw was previously President of Omni Electronics (2000-2001), a wholly owned subsidiary of SGX Mainboard listed Omni Industries Ltd, one of the largest electronic contract manufacturers in Asia before being acquired by Celestica Inc in 2001. After the acquisition, Mr. Khaw served as Senior VP at Celestica Inc. Prior to Omni Industries, Mr. Khaw spent 26 years (1973-1999) at Hewlett-Packard. He currently sits on the boards of Total Automation Ltd, Amtek Engineering Ltd and Senoko Power. Mr. Khaw holds a Bachelor of Science degree in Electronic and Computer Engineering from Oregon State University, Oregon and a Master of Business Administration from Santa Clara University, California.

BOARD OF DIRECTORS



THOMAS KALON NG

Mr. Ng was appointed to our Board in July 1998. He was the founding Managing Director of Venture TDF, a Singapore-based VC firm, and served on a number of advisory boards to various research institutes and government agencies in Singapore, including the National Science and Technology Board for seven years. He is currently the Managing Director of Granite Global Ventures, and a Board member of SAVI Technologies and Sinohome.com. During his career, he held senior management positions at E.I. DuPont de Nemours & Co. and Genelabs Technologies. In 1992, he established Genelabs Diagnostics, a biotechnology company, and served as its Managing Director until 1995. He has authored and contributed to numerous publications and patents and holds three patents in practice. Mr. Ng holds a Bachelor of Science, Master of Science and Ph.D. in Bacteriology/Biochemistry from the University of Wisconsin at Madison.



THOMAS HENRIK ZILLIACUS

Mr. Zilliacus was appointed as Non-Executive Director in February 2002. Mr. Zilliacus is the founder and Executive Chairman of Mobile FutureWorks Inc, a company which develops and invests in mobile space. He is also the Executive Chairman of OpenMobile Corporation, a leading global enabler of premium-priced mobile-originated mobile value-added services and the former head of Nokia's Asian operations. Mr. Zilliacus holds a Master of Science in Economics and Business Administration from the Swedish School of Economics and Business Administration, Helsinki.



EILEEN TAY-TAN BEE KIEW

Ms. Tay was appointed to our Board on 2 October 2002. Possessing more than 25 years of experience in the public accounting field, Ms. Tay was a partner in KPMG. Her experience includes auditing, taxation, public listing, due diligence, mergers and acquisitions and business advisory. Ms. Tay is an Associate of the Chartered Institute of Management Accountants (UK), Fellow of CPA Australia; member of the Institute of Certified Public Accountants of Singapore, Licentiate of Trinity College, London; and holds an Honours degree in Accountancy from the University of Singapore.



SIN HANG BOON

Mr. Sin was appointed to the Board on 9 June 2003 and currently holds directorships at Ideas Services Pte Ltd and Sirius Consulting Pte Ltd. With extensive experience spanning 41 years in the telecommunications industry, Mr. Sin undertook a variety of responsibilities in a wide range of functions during his career. In 1999, he was appointed CEO of SingTel International, heading the strategic investment arm of the Singapore Telecommunications Group.

After his retirement from SingTel International, he took on the role as advisor and represented Singapore Telecommunications Group on several joint venture boards overseas. Mr. Sin holds a Bachelor of Science (Physics) degree from Nanyang University, Singapore.

SENIOR MANAGEMENT

YVONNE LAU YEE WAN

As Chief Financial Officer of MediaRing, Ms. Lau heads the Company's Corporate Finance and Human Resource functions. Prior to her appointment at MediaRing, Ms. Lau was the Managing Director of Corporate Finance at Internet Technology Group Ltd, and also served as the Executive Director of Crimson Funds, a US\$450million Asian Fund. At Singapore Telecommunications Ltd, Singapore's leading telecommunications provider, Ms. Lau held the position of Vice President (Corporate Finance) when it was listed on the Singapore Stock Exchange. Ms. Lau graduated from the Singapore University with a Bachelor of Accounting degree in 1975.

WILLIAM TAN

Mr. Tan joined MediaRing in 1997 and is currently the Senior Vice President of Sales and Marketing (VoizNet Services). Prior to his appointment, Mr. Tan served as the Managing Director of PK Electronics Pte Ltd, a manufacturer of uninterruptable power supplies, overseeing its Asian sales and operations. From 1992 to 1997, Mr. Tan was the General Manager of Ingram Micro, Inc, one of the world's largest wholesalers and distributors of information technology products. In this capacity, he was responsible for Singapore's operations and export sales to the Asian region. From 1989 to 1992, Mr. Tan was employed as Marketing Manager of Pacific Technology Pte Ltd, a local distributor of information technology products. Mr. Tan holds a Diploma in Marketing from the Chartered Institute of Marketing in Singapore.

NAH CHIN GEK

Mr. Nah is the Senior Vice President of Operations and is responsible for the planning, development and operation of MediaRing's global VoIP network for the provision of basic and enhanced voice services. Prior to this, he was a Senior Director at Singapore Telecommunications Ltd handling the planning and development of the global network using both traditional as well as the next generation IP-based switching technology for global voice services. With extensive experience in voice services including an overseas stint in Norway for the start up of Singapore Telecommunications Ltd's wireless GSM joint venture company, Mr. Nah has the relevant experience and expertise to lead MediaRing's growth in the VoIP industry. Mr. Nah graduated from the National University of Singapore in 1977 with a Bachelor of Engineering (Honours) degree.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive

Walter Sousa (*Chairman*)
Koh Boon Hwee (*Executive Director*)
Khaw Kheng Joo (*Chief Executive Officer*)

Non-Executive

Thomas Kalon Ng (*Independent Director*)
Thomas Henrik Zilliacus (*Independent Director*)
Eileen Tay-Tan Bee Kiew (*Independent Director*)
Sin Hang Boon (*Independent Director*)

COMPANY SECRETARIES

Yvonne Lau Yee Wan
Tan San-Ju

EXECUTIVE COMMITTEE

Koh Boon Hwee (*Chairman*)
Walter Sousa
Khaw Kheng Joo
Yvonne Lau Yee Wan

AUDIT COMMITTEE

Eileen Tay-Tan Bee Kiew (*Chairman*)
Thomas Kalon Ng
Thomas Henrik Zilliacus

REMUNERATION COMMITTEE

Thomas Kalon Ng (*Chairman*)
Eileen Tay-Tan Bee Kiew
Sin Hang Boon

NOMINATING COMMITTEE

Thomas Henrik Zilliacus (*Chairman*)
Koh Boon Hwee
Sin Hang Boon

REGISTERED OFFICE

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#05-01 Technopark @ Chai Chee
Singapore 469001
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Fax: 65-6441 3013
Website: www.mediaring.com

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Lim Associates (Pte) Ltd
10 Collyer Quay
#19-08 Ocean Building
Singapore 049315

PRINCIPAL BANKERS

Citibank N.A., Singapore
3 Temasek Avenue
#17-00 Centennial Tower
Singapore 039190

The Hongkong and Shanghai Banking Corp Ltd
21 Collyer Quay
#08-01 HSBC Building
Singapore 049320

AUDITORS

Ernst & Young
10 Collyer Quay
#21-01 Ocean Building
Singapore 049315

Partner-in-charge
Mr. Tan Chian Khong (*appointed with effect from the financial year ended 31 December 2003*)

LEGAL ADVISORS

Rajah & Tann (*Corporate commercial matters*)
4 Battery Road
#26-01 Bank of China Building
Singapore 049908

Fenwick & West LLP (*Patents & Trademarks*)
Silicon Valley Center
801 California Street
Mountain View, CA 94041
United States of America

CORPORATE GOVERNANCE

MediaRing Group is committed to achieving and maintaining high standards of corporate governance. While there will always be business risks, we believe these standards are the cornerstones in building a sound corporation and in protecting the interests of the shareholders. We believe that given the Group's size and stage of development, the overall corporate governance we have in place is appropriate and is in compliance with most of the requirements of the Code of Corporate Governance ("the Code") issued by the Corporate Governance Committee. The Singapore Stock Exchange Securities Trading Limited ("SGX") requires that, with effect from 1 January 2003, an issuer describes its corporate governance practices with specific reference to the Code.

BOARD OF DIRECTORS

(Principles 1,2,6,7,10 &11 of the Code)

The Board comprises seven directors, of whom four are non-executive and are independent. The Board consists of respected business leaders and professionals whose collective core competencies and experience are extensive, diverse and relevant to the telecommunications industry. Profiles of the Directors are set out on pages 10 to 11 of this Annual Report.

The Board oversees the management of the business of the Group, reviews and approves the overall strategy and direction and ensures effective management and leadership of the highest quality and integrity. As part of these functions, the Board approves the annual budgets, financial results for release to SGX, all investments and divestments and borrowings. The Board adopts a set of internal controls that includes approval limits for capital and operating expenditure at Board level. Approval sub-limits are also provided at management level to facilitate operational efficiency.

The Board has absolute discretion to meet without management's presence whenever required or necessary.

In order to ensure that the Board is able to fulfill its responsibilities, the management provides the Board with adequate information prior to each Board meeting, in a timely manner. Directors are also provided with monthly management financial statements setting out actual performance against budget and previous year's results. Directors also have direct access to all the executives of the Group.

The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed. The Company Secretary, together with the other Management team members, ensures that the Group complies with applicable requirements, rules and regulations.

To execute its responsibilities more efficiently, the Board has delegated certain functions to various Board Committees, namely, the Executive Committee ("Ex-co"), Nominating Committee ("NC"), Remuneration Committee ("RC") and the Audit Committee ("AC"). Each of the committees is governed by a set of written terms of reference. Members of the Board and each committee are set out below:

		Executive Committee	Nominating Committee	Remuneration Committee	Audit Committee
Board Member					
Walter Sousa (Chairman)	E	Member			
Koh Boon Hwee	E	Chairman	Member		
Khaw Kheng Joo	E	Member			
Thomas Kalon Ng	I,N			Chairman	Member
Thomas Henrik Zilliacus	I,N		Chairman		Member
Eileen Tay-Tan Bee Kiew	I,N			Member	Chairman
Sin Hang Boon	I,N		Member	Member	
Non-Board Member					
Yvonne Lau Yee Wan		Member			

E - denotes Executive

I - denotes Independent

N - denotes Non-Executive

CORPORATE GOVERNANCE

Membership on the various Board Committees is carefully managed to ensure equitable distribution of responsibilities and appropriate combination of skills and experience among Board members, as well as balance of power and independence.

NC is tasked to review the composition of the Board to ensure that the Board has the appropriate size, mix of expertise and experience while maintaining its independence balance at the same time.

The Group conducts orientation programmes for newly appointed directors and provides briefings and regular updates on regulatory changes as well as new applicable laws. The Board and Board Committees have authority to take independent professional advice, at the Company's expense, as and when necessary to enable the Directors to discharge their responsibilities effectively.

During the year, the Board held 5 meetings. The agenda for meetings were prepared in consultation with the Chairman and Chief Executive Officer. The Company's Articles of Association provide for participation in a meeting of the Board by means of conference telephone or similar communications equipment. Attendance of each Director at those meetings of the Board and Board Committees, as well as the frequency of such meetings, are provided below:

Name	Board		Executive Committee		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Walter Sousa	5	5	2	2	-	-	-	-	-	-
Koh Boon Hwee	5	5	2	2	-	-	2	2	-	-
Khaw Kheng Joo	5	5	2	2	-	-	-	-	-	-
Thomas Kalon Ng	5	4	-	-	3	3	-	-	2	2
Thomas Henrik Zilliacus	5	4	-	-	3	2	2	2	-	-
Eileen Tay-Tan Bee Kiew	5	5	-	-	3	3	-	-	2	2
Sin Hang Boon*	5	2	-	-	-	-	2	1	2	1

* Mr. Sin attended all meetings of the Board, NC and RC from the date he was appointed to the Board and to the two Committees on 9 June 2003.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

(Principle 3 of the Code)

Mr. Walter Sousa is the Chairman of the Company and Mr. Khaw Kheng Joo is the Chief Executive Officer ("CEO"). Both are Executive Directors of the Company. Mr. Sousa's involvement in the Company is on a part-time basis.

They each perform separate functions to ensure that there is an appropriate balance of power and authority and that accountability and independent decision-making are not compromised. The CEO is fully responsible for the day-to-day running of the Group whereas the Chairman oversees the functioning of the Board.

CORPORATE GOVERNANCE

EXECUTIVE COMMITTEE (“Ex-co”)

The Ex-co was re-constituted on 31 January 2002 to act for the Board in supervising the Group’s business and affairs. It comprises Mr. Koh Boon Hwee (the Chairman), Mr. Walter Sousa, Mr. Khaw Kheng Joo, all of whom are Executive Directors and Ms. Yvonne Lau Yee Wan, the Chief Financial Officer, who was co-opted to be a member of the Ex-co. The functions of the Ex-co are:

1. to supervise senior management in the carrying out of the day-to-day executive functions of the Group; and
2. to evaluate and jointly make key decisions of an executive nature.

NOMINATING COMMITTEE (“NC”)

(Principles 4 & 5 of the Code)

The NC was constituted on 8 November 2002 comprising Mr. Thomas Henrik Zilliacus, Mr. Koh Boon Hwee and Mr. Sin Hang Boon. Mr. Zilliacus, the Chairman and Mr. Sin are independent directors. While Mr. Koh is not an independent director, by virtue of his executive position on a part-time basis, the Board believes that he is well-respected in the industry and is better able to seek and convince a new candidate to join the Board. Nevertheless, it is the Board’s goal to eventually have the NC comprising all independent directors.

The NC, which is guided by written terms of reference, performs the following functions:

1. make recommendations to the Board on the appointment of new executive and non-executive directors.
2. regularly review the Board structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary.
3. determine whether or not a director is independent.
4. recommend directors who are retiring by rotation to be put forward for re-election.
5. determine whether or not a director is able to and has been adequately carrying out his/her duties as a director of the Company, particularly when he/she has multiple board representations.
6. assess the effectiveness of the Board as a whole and the contribution of each individual director to the effectiveness of the Board.

Our Articles of Association currently require one-third of our directors to retire by rotation at each Annual General Meeting (“AGM”).

NC had recommended to the Board the processes and the set of criteria for assessing the effectiveness of the Board.

REMUNERATION COMMITTEE (“RC”)

(Principles 7 & 8 of the Code)

The RC comprises Mr. Thomas Kalon Ng, Mr. Sin Hang Boon and Ms. Eileen Tay-Tan Bee Kiew all of whom are Non-Executive and are independent Directors. The RC is chaired by Mr. Ng and guided by a set of written terms of reference.

The functions of the RC are:

1. review and recommend to the Board in consultation with the Chairman of the Board a framework of remuneration, and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and senior executives.
2. recommend to the Board in consultation with the Chairman of the Board the Employees’ Share Option Schemes or any long-term incentive schemes.
3. act as the Committee referred to in the Employees’ Share Option Schemes.

CORPORATE GOVERNANCE

Amounts in Singapore dollars unless otherwise stated

In setting an appropriate remuneration structure and level, the Committee takes into consideration industry practices and norms in compensation, as well as the Group's relative performance.

Non-Executive Directors have no service contracts. Their remuneration packages consist of a Director's fee component pursuant to Directors' fee policy and a share option component pursuant to the MediaRing Employees' Share Option Schemes. The Directors' fee policy is based on separate fixed sums for holding a chairman position and being a member, as well as serving on Board Committees. The policy takes into account the effort and time spent and the responsibilities assumed by each Director. Fees for Non-Executive Directors are subject to the approval of shareholders at the Company's AGM.

The Group adopts the MediaRing Employees' Share Option Schemes that reward Directors and employees who contribute to the Group and are valuable to retain, using vesting schedules.

Executive Directors do not receive any Directors' fees. They are employed under the standard terms and conditions as provided in the Employees' Handbook and their compensation packages consist of salary, variable bonuses and share options under the MediaRing Employees' Share Option Schemes.

For key executives, the Group adopts a remuneration policy that comprises a fixed and a variable component. The variable component is in the form of a variable bonus that is linked to the Group's key performance indicators approved by the RC in consultation with the Board. Mr. Walter Sousa and Mr. Koh Boon Hwee had opted to waive their participation in the variable bonus scheme for 2004.

DISCLOSURE OF REMUNERATION

(Principles 8 & 9 of the Code)

The annual remuneration of Directors for 2003 is as follows:

Directors	Fees \$	Salary \$	AWS \$	Total \$
Walter Sousa (Chairman)	-	216,000	15,390	231,390
Koh Boon Hwee	3,185	130,980	11,300	145,465
Khaw Kheng Joo	19,534	377,160	32,616	429,310
Thomas Kalon Ng	26,110	-	-	26,110
Thomas Henrik Zilliacus	18,671	-	-	18,671
Eileen Tay-Tan Bee Kiew	7,205	-	-	7,205
Sin Hang Boon*	-	-	-	-
Sim Wong Hoo**	25,740	-	-	25,740

* appointed on 9 June 2003

** resigned on 23 May 2003

1. The directors' fee amount shown is on a paid basis and not on an accrual basis.
2. The salary amount shown is inclusive of allowances, benefits and employer's CPF.
3. The AWS amount shown is inclusive of employer's CPF.

CORPORATE GOVERNANCE

Amounts in Singapore dollars unless otherwise stated

The annual remuneration of management who are not Directors for 2003 is as follows:

	No. of Employees	Total Amount \$
\$150,000 - \$250,000	3	538,578
\$250,000 - \$500,000	2	628,463

The amount shown is inclusive of salary, bonuses, allowances, benefits and employer's CPF.

Information on the Group's Employees' Share Option Schemes is set out in the Directors' Report on pages 20 to 25.

There were no employees of the Company and its subsidiaries who were immediate family members of a Director or the CEO and whose remuneration exceeded \$150,000 during the financial year ended 31 December 2003.

AUDIT COMMITTEE ("AC")

(Principles 11,12 &13 of the Code)

The AC, which has a set of written terms of reference, is chaired by Ms. Eileen Tay-Tan Bee Kiew and the other members are Mr. Thomas Kalon Ng and Mr. Thomas Henrik Zilliacus; all of whom are Non-Executive Directors and are independent. The Chair-person is a qualified accountant with long and extensive experience in the field of accounting. The roles of the AC are to assist the Board with discharging its responsibilities to:

1. safeguard the Group's assets;
2. maintain adequate accounting records; and
3. develop and maintain an effective system of internal control.

The AC has explicit authority to conduct or authorize investigation into any matter within its terms of reference. It has full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings and reasonable resources to discharge its functions properly.

The AC, on behalf of the Board, reviews the effectiveness of the Group's system of internal controls in the light of key business and financial risks affecting its business, through meetings with external auditors. This is carried out at least annually and will be further enhanced by outsourced internal audit function.

The Company's internal audit function is outsourced to PriceWaterhouseCoopers. The internal auditors report to the AC on the findings and recommendations for improvement of any internal control. The AC will monitor the implementation of the recommendations for improvement. It will review the internal audit plan drawn up on an annual basis and ensure that the function is adequately performed.

The AC recommends to the Board the external auditors to be appointed or re-appointed, approves their compensation and reviews the audit plan, scope and results of their audit. Such review of appointment or re-appointment takes into account the independence and objectivity of the auditors.

The AC has adopted the practice to meet with the external auditors without the presence of Management at least once a year. The same practice will be applied for the internal auditors.

INTERNAL CONTROLS

(Principle 12 of the Code)

The Group's internal control system ensures that assets are safeguarded, proper accounting records are maintained, and that financial information used within the business and for publication is reliable.

CORPORATE GOVERNANCE

The Ex-co reviews the detailed budgets prepared for each business unit and presents the consolidated budget for approval by the Board. Monthly performance indicators and operating results are prepared and monitored against budgets by the Ex-co and Management. Any material difference will be highlighted and explained at board meetings.

COMMUNICATION WITH SHAREHOLDERS

(Principles 10,14 &15 of the Code)

The Group announces its performance, financial position and prospects on a half-yearly basis.

The Company adopts the practice of regularly communicating major developments in its business and operations to the SGX, shareholders, analysts, the media and its employees. The Company issues announcements and news releases on an immediate basis when required under the SGX Listing Manual. Where immediate disclosure is not possible, the relevant announcement is made as soon as possible to ensure that all shareholders and the public have equal access to the information.

The Company manages enquiries from shareholders and the public, and addresses shareholders' concerns through its investors' relations and corporate communications.

All shareholders of the Company receive the annual report and notice of the AGM. The notice is also advertised in the press and published via MASNET.

Separate resolutions are set out for each distinct issue at the AGM.

The Articles of Association allow a member of the Company to appoint a proxy to attend and vote on his or her behalf at the AGM. The Ex-co and the respective Committee Chairpersons will be present at these meetings, to answer questions raised by the shareholders. The external auditors are also present to assist the Board in answering shareholders' queries.

DEALINGS IN SECURITIES

The Company Directors and key executives are prohibited from dealing in the Company's shares at least one month before the announcement of the Company's full-year, half-year or quarterly results or 3 days before the announcement of price-sensitive information.

Directors and key executives are expected not to deal in the Company's shares on short-term considerations. Besides Directors, key executives are required to notify the Company of their dealings within 2 days after transaction.

RISK ASSESSMENT

The Group's strategy is formulated by the Management, supported by the AC and approved by the Board. Management has the ultimate responsibility for implementing plans, identifying risks and ensuring appropriate control measures are in place. This is achieved through an organizational structure that clearly defines responsibilities, level of authority and reporting procedures.

In line with good corporate governance, the Group has also engaged additional professional services to provide an independent resource and perspective to the Board and the AC, on the processes and controls that help to mitigate major risks.

DIRECTORS' REPORT for the year ended 31 December 2003

Amounts in Singapore dollars unless otherwise stated

The directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2003.

Directors

The directors of the Company in office at the date of this report are:

Walter Sousa	(Chairman)
Koh Boon Hwee	
Khaw Kheng Joo	(CEO)
Thomas Kalon Ng	
Thomas Henrik Zilliacus	
Eileen Tay-Tan Bee Kiew	
Sin Hang Boon	(Appointed on 9 June 2003)

Arrangements to enable directors to acquire shares or debentures

Except as described in this report, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interest in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of shareholdings required to be kept under Section 164 of the Companies Act, an interest in the shares or debentures of the Company, as stated below:

	Direct interest as at		Deemed interest as at	
	1 January 2003 or date of appointment	31 December 2003	1 January 2003 or date of appointment	31 December 2003
<u>Ordinary shares of \$0.10 each</u>				
Koh Boon Hwee	-	-	2,915,190	2,915,190
Eileen Tay-Tan Bee Kiew	-	-	370,000	370,000
<u>Options to subscribe for ordinary shares of \$0.10 each at \$0.10 per share</u>				
Walter Sousa	650,000	650,000	-	-
Koh Boon Hwee	1,300,000	1,316,986	-	-
Thomas Henrik Zilliacus	-	168,219	-	-
Thomas Kalon Ng	-	200,000	-	-
Eileen Tay-Tan Bee Kiew	-	49,863	-	-
Khaw Kheng Joo	-	134,795	-	-
<u>Options to subscribe for ordinary shares of \$0.10 each at \$0.103 per share</u>				
Khaw Kheng Joo	10,000,000	10,000,000	-	-
<u>Options to subscribe for ordinary shares of \$0.10 each at \$0.135 per share</u>				
Khaw Kheng Joo	-	5,000,000	-	-

DIRECTORS' REPORT for the year ended 31 December 2003

Amounts in Singapore dollars unless otherwise stated

Directors' interest in shares and debentures (cont'd)

	Direct interest as at		Deemed interest as at	
	1 January 2003 or date of appointment	31 December 2003	1 January 2003 or date of appointment	31 December 2003
Options to subscribe for ordinary shares of \$0.10 each at \$0.137 per share				
Walter Sousa	3,000,000	3,000,000	-	-
Options to subscribe for ordinary shares of \$0.10 each at \$0.154 per share				
Walter Sousa	10,000,000	10,000,000	-	-
Koh Boon Hwee	10,000,000	10,000,000	-	-
Options to subscribe for ordinary shares of \$0.10 each at \$0.155 per share				
Walter Sousa	138,333	138,333	-	-
Koh Boon Hwee	200,000	200,000	-	-
Thomas Kalon Ng	200,000	200,000	-	-
Options to subscribe for ordinary shares of \$0.10 each at \$0.25 per share				
Koh Boon Hwee	6,000,000	6,000,000	-	-

There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2004.

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Options

The particulars of share options of the Company are as follows:

(a) 1999 MediaRing Employees' Share Option Scheme

In September 1999, the Company adopted an employee share option scheme ("1999 MediaRing Employees' Share Option Scheme") to grant options to subscribe for ordinary shares of \$0.10 each to employees and directors of the Group.

The Scheme is administered by the Remuneration Committee. The members of the Committee are:

Thomas Kalon Ng (Chairman)
Sin Hang Boon
Eileen Tay-Tan Bee Kiew

DIRECTORS' REPORT for the year ended 31 December 2003

Amounts in Singapore dollars unless otherwise stated

Options (cont'd)

(a) 1999 MediaRing Employees' Share Option Scheme (cont'd)

Details of the options to subscribe for ordinary shares of \$0.10 each in the Company granted to employees and directors of the Group pursuant to the Scheme are as follows:

	Date of grant	No. of shares under option			Exercise price (\$)	Expiry date
		Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year		
<u>Directors of the Company</u>						
Walter Sousa	30 Oct 1999	650,000	-	650,000	0.1000	30 Oct 2004
Koh Boon Hwee	30 Oct 1999	1,300,000	-	1,300,000	0.1000	30 Oct 2004
<u>Employees granted 5% or more of total options under the Scheme</u>						
Other employees	30 Oct 1999	69,849,930	(21,251,000)	12,246,000	0.1000	30 Oct 2009
Total		<u>71,799,930</u>	<u>(21,251,000)</u>	<u>14,196,000</u>		

No new options under this Scheme were granted during the year.

Except as disclosed above, no other directors were granted options under this Scheme and no participant received 5% or more of the total options available under the Scheme.

(b) 1999 MediaRing Employees' Share Option Scheme II

Pursuant to this Scheme, the Remuneration Committee has the ability to grant options to present and future employees of the Group as well as to other persons who are eligible under the Scheme at the average of the closing prices for the 5 trading days prior to the issuance of the grant, less a discount, if any, to be determined by the Remuneration Committee, which shall not exceed 20% of the then prevailing market price.

The Scheme will be administered by the Remuneration Committee who will then determine the terms and conditions of the grant of the options, including the exercise price, the vesting periods which may be over and above the minimum vesting periods prescribed by the Listing Manual of the Singapore Exchange Securities Trading Limited "SGX-ST" and the imposition of retention periods following the exercise of these options by the employees, if any.

DIRECTORS' REPORT

for the year ended 31 December 2003

Amounts in Singapore dollars unless otherwise stated

Options (cont'd)

(b) 1999 MediaRing Employees' Share Option Scheme II (cont'd)

Details of the options to subscribe for ordinary shares of \$0.10 each in the Company granted to employees and directors of the Group pursuant to the Scheme are as follows:

	Date of grant	Options granted during financial year	No. of shares under option		Aggregate options outstanding as at end of financial year	Exercise price (\$)	Expiry date
			Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year			
<u>Directors of the Company</u>							
Walter Sousa	6 Sep 2001	-	3,000,000	-	3,000,000	0.1370	6 Sep 2011
Walter Sousa	31 Jan 2002	-	10,000,000	-	10,000,000	0.1540	31 Jan 2012
Walter Sousa	15 Jul 2002	-	138,333	-	138,333	0.1550	15 Jul 2012
Koh Boon Hwee	31 Jan 2002	-	10,000,000	-	10,000,000	0.1540	31 Jan 2012
Koh Boon Hwee	31 Jan 2002	-	6,000,000	-	6,000,000	0.2500	31 Jan 2012
Koh Boon Hwee	15 Jul 2002	-	200,000	-	200,000	0.1550	15 Jul 2012
Koh Boon Hwee	28 May 2003	16,986	16,986	-	16,986	0.1000	28 May 2013
Khaw Kheng Joo	1 Nov 2002	-	10,000,000	-	10,000,000	0.1030	1 Nov 2012
Khaw Kheng Joo	28 May 2003	134,795	134,795	-	134,795	0.1000	28 May 2013
Khaw Kheng Joo	11 Sep 2003	5,000,000	5,000,000	-	5,000,000	0.1350	11 Sep 2013
Thomas Kalon Ng	15 Jul 2002	-	200,000	-	200,000	0.1550	15 Jul 2012
Thomas Kalon Ng	28 May 2003	200,000	200,000	-	200,000	0.1000	28 May 2013
Thomas Henrik Zilliacus	28 May 2003	168,219	168,219	-	168,219	0.1000	28 May 2013
Eileen Tay-Tan Bee Kiew	28 May 2003	49,863	49,863	-	49,863	0.1000	28 May 2013
<u>Employees granted 5% or more of total options under the Scheme</u>							
Yvonne Lau Yee Wan	5 Nov 2001	-	4,000,000	-	4,000,000	0.1020	5 Nov 2011
Yvonne Lau Yee Wan	31 Jan 2002	-	2,000,000	-	2,000,000	0.1540	31 Jan 2012
Yvonne Lau Yee Wan	11 Sep 2003	4,000,000	4,000,000	-	4,000,000	0.1350	11 Sep 2013
Other employees	11 Jan 2000	-	3,808,000	-	390,000	1.4656	11 Jan 2010
Other employees	2 May 2000	-	300,000	-	-	0.6816	2 May 2010
Other employees	13 Jun 2000	-	6,340,000	-	2,020,000	0.4490	13 Jun 2010
Other employees	21 May 2001	-	7,396,220	-	1,516,220	0.1540	21 May 2011
Other employees	5 Nov 2001	-	1,060,000	-	250,000	0.1020	5 Nov 2011
Other employees	31 Jan 2002	-	1,500,000	-	1,500,000	0.1540	31 Jan 2012
Other employees	1 Apr 2002	-	2,500,000	-	2,500,000	0.1790	1 Apr 2012
Other employees	18 Jun 2002	-	750,000	-	-	0.1230	18 Jun 2012
Other employees	27 Jun 2002	-	10,690,000	(86,000)	7,453,000	0.1200	27 Jun 2012
Other employees	23 Sep 2002	-	225,000	-	175,000	0.1000	23 Sep 2012
Other employees	8 Oct 2002	-	300,000	-	300,000	0.1000	8 Oct 2012
Other employees	22 Oct 2002	-	1,000,000	-	1,000,000	0.1000	22 Oct 2012
Other employees	27 Jan 2003	50,000	50,000	-	50,000	0.1010	27 Jan 2013
Other employees	4 Feb 2003	30,000	30,000	-	30,000	0.1000	4 Feb 2013
Other employees	18 Feb 2003	1,000,000	1,000,000	-	1,000,000	0.1000	18 Feb 2013
Other employees	16 Apr 2003	450,000	450,000	-	400,000	0.1000	16 Apr 2013
Other employees	11 Sep 2003	3,733,334	3,733,334	-	3,733,334	0.1350	11 Sep 2013
Total		14,833,197	96,240,750	(86,000)	77,425,750		

DIRECTORS' REPORT for the year ended 31 December 2003

Amounts in Singapore dollars unless otherwise stated

Options (cont'd)

(b) 1999 MediaRing Employees' Share Option Scheme II (cont'd)

Except as disclosed above, no other directors were granted options under this Scheme and no participant received 5% or more of the total options available under the Scheme. No un-issued shares other than those referred to above, are under option as at the date of this report.

The total number of shares to be issued under the MediaRing Employees' Share Option Scheme II shall not exceed 15% of the total issued share capital of the Company from time to time.

Audit Committee

The Audit Committee comprises the following three independent Non-Executive directors:

Eileen Tay-Tan Bee Kiew (Chairman)
Thomas Henrik Zilliacus
Thomas Kalon Ng

The Committee performs the functions set out in the Companies Act, the Listing Manual and Best Practices Guide of the Singapore Exchange. In performing those functions, the Committee reviewed the overall scope of the external audit and the assistance given by the Company's officers to the auditors. The Committee met with the external auditors to discuss the results of their audit and their evaluation of the systems of internal accounting controls. The Committee also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2003, as well as the external auditors' report thereon.

The Audit Committee held 3 meetings during the financial year ended 31 December 2003.

The Audit Committee has reviewed the non-audit services provided by the auditors and is of the view that such services would not affect the independence of the auditors.

The Committee has recommended to the Board of Directors that Ernst & Young be nominated for re-appointment as auditors at the forthcoming annual general meeting of the Company.

DIRECTORS' REPORT for the year ended 31 December 2003

Amounts in Singapore dollars unless otherwise stated

Auditors

Ernst & Young have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,



Koh Boon Hwee
Director



Khaw Kheng Joo
Director

Singapore
27 February 2004

STATEMENT BY DIRECTORS Pursuant to Section 201 (15)

Amounts in Singapore dollars unless otherwise stated

We, Koh Boon Hwee and Khaw Kheng Joo, being two of the directors of MediaRing Ltd, do hereby state that, in the opinion of the directors:

- (a) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereto, set out on pages 28 to 55 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2003 and of the results of the business, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on 27 February 2004.

On behalf of the Board of Directors,



Koh Boon Hwee
Director



Khaw Kheng Joo
Director

Singapore
27 February 2004

AUDITORS' REPORT to the members of MediaRing Ltd

Amounts in Singapore dollars unless otherwise stated

We have audited the accompanying financial statements of MediaRing Ltd (the Company) and its subsidiaries (the Group) set out on pages 28 to 55 for the year ended 31 December 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. 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 the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

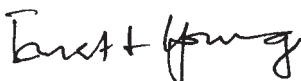
In our opinion:

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act ("the Act") and Singapore Financial Reporting Standards and so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2003 and the results, changes in equity and cash flows of the Group for the year ended on that date; and
- (b) the accounting and other records (excluding registers) required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and, where required by the laws of the country of incorporation, auditors' reports of all subsidiaries of which we have not acted as auditors, being financial statements included in the consolidated financial statements. The names of these subsidiaries are stated in Note 7 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification that is material in relation to the consolidated financial statements and in respect of the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.



ERNST & YOUNG
Certified Public Accountants

Singapore
27 February 2004

BALANCE SHEET as at 31 December 2003

Amounts in Singapore dollars unless otherwise stated

	Note	Group		Company	
		2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Share Capital and Reserves					
Share capital	3	74,587	74,511	74,587	74,511
Share premium	4	117,540	117,538	117,540	117,538
Accumulated losses		(144,488)	(137,761)	(91,755)	(86,739)
Translation reserve		(2,766)	(2,820)	(4,611)	(3,736)
		44,873	51,468	95,761	101,574
Fixed assets					
Fixed assets	5	3,518	3,080	1,437	820
Intangible assets	6	136	137	117	106
Investments in subsidiaries	7	-	-	29,805	29,805
Investments in long-term bonds	8	21,859	21,640	21,859	21,640
Other investments	9	425	475	425	475
Long-term loans and advances to subsidiaries	10	-	-	24,873	28,350
Current Assets					
Stocks	11	259	351	186	29
Trade debtors	12	5,460	2,544	2,066	1,229
Other debtors, deposits and prepayments	13	1,675	2,643	1,052	1,425
Due from subsidiaries	15	-	-	9,096	4,773
Investments in short-term bonds	8	7,988	10,522	7,988	10,522
Fixed deposits	14	13,088	13,777	6,212	7,868
Cash and bank balances	14	3,185	5,473	737	2,034
		31,655	35,310	27,337	27,880
Current Liabilities					
Trade creditors		4,017	1,187	1,647	142
Other creditors and accruals	16	8,703	7,987	5,863	5,284
Due to subsidiaries	15	-	-	2,582	2,076
		12,720	9,174	10,092	7,502
Net Current Assets					
		18,935	26,136	17,245	20,378
		44,873	51,468	95,761	101,574

The accompanying notes form an integral part of the financial statements

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2003

Amounts in Singapore dollars unless otherwise stated

		Group	
	Note	2003 \$'000	2002 \$'000
Turnover	17	52,353	35,276
Other income		353	203
Costs and expenses			
Direct service fees incurred		(26,122)	(17,147)
Personnel costs	18	(12,621)	(12,259)
Infrastructure costs		(3,428)	(4,532)
Foreign exchange loss		(692)	(532)
Depreciation of fixed assets	5	(1,833)	(2,762)
Amortisation of intangible assets	6	(118)	(396)
Selling and marketing expenses		(10,971)	(4,582)
Other operating expenses		(4,974)	(5,909)
Loss from operating activities	19	(8,053)	(12,640)
Interest income	20	1,326	1,321
Loss from ordinary activities before taxation		(6,727)	(11,319)
Taxation	21	-	-
Net loss for the year		(6,727)	(11,319)
Loss per share (cents)			
- basic	22	(0.90)	(1.52)
- diluted	22	(0.90)	(1.52)

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY as at 31 December 2003

Amounts in Singapore dollars unless otherwise stated

	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Translation reserve \$'000	Total \$'000
Balance 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)
Balance 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
Balance at 31 December 2003	74,587	117,540	(144,488)	(2,766)	44,873

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

as at 31 December 2003

Amounts in Singapore dollars unless otherwise stated

	2003 \$'000	2002 \$'000
Cash flows from operating activities		
Loss from ordinary activities before taxation	(6,727)	(11,319)
Adjustments for:		
Provision for doubtful trade debts	3	1,621
Stocks written off	-	21
Fixed assets written off	89	207
Amortisation of intangible assets	118	396
Depreciation of fixed assets	1,833	2,762
Gain on disposal of investment	(32)	-
Loss on disposal of fixed assets	26	44
Interest income from deposits/bonds	(1,326)	(1,321)
Provision of investment written back	(51)	-
Provision for stock obsolescence	288	-
Translation differences	455	(326)
Operating loss before working capital changes	(5,324)	(7,915)
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 other creditors and accruals	716	653
Net cash used in operating activities	(4,155)	(9,930)
Cash flows from investing activities		
Investment in long-term bonds	(9,370)	(19,105)
Proceeds from redemption of short-term bonds	9,487	22,366
Purchase of fixed assets	(2,483)	(1,312)
Proceeds from disposal of fixed assets	63	122
Purchase of intangible assets	(117)	(111)
Interest income received from deposits/bonds	1,387	1,606
Proceeds from disposal of subsidiary, net of cash disposed of (Note A)	-	11
Proceeds from disposal of other investments	2,133	111
Net cash provided by investing activities	1,100	3,688
Cash flows from financing activities		
Proceeds from issuance of shares	78	340
Net cash provided by financing activities	78	340
Net decrease in cash and cash equivalents	(2,977)	(5,902)
Cash and cash equivalents at beginning of year (Note 14)	19,250	25,152
Cash and cash equivalents at end of year (Note 14)	16,273	19,250

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS as at 31 December 2003

Amounts in Singapore dollars unless otherwise stated

	2003	2002
	\$'000	\$'000
<hr/>		
Note A:		
Analysis of disposal of a subsidiary company		
Net assets disposed of:		
Receivables	-	2
Payables	-	(3)
Cash and bank balances	-	83
Translation reserve	-	12
		<hr/>
Net assets disposed of	-	94
		<hr/>
Consideration received	-	94
Cash and cash equivalents disposed of	-	(83)
		<hr/>
Cash inflow on disposal, net of cash and cash equivalents disposed of	-	11
		<hr/>

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

1. Corporate information

The financial statements of MediaRing Ltd ("the Company") for the year ended 31 December 2003 were authorised for issuance in accordance with a directors' resolution dated 27 February 2004.

The Company is a limited liability company, which is incorporated in Singapore. The address of the Company's registered office is 750A, Chai Chee Road #05-01 Technopark @ Chai Chee Singapore 469001.

The principal activities of the Company and its subsidiaries are marketing and sale of international telecommunication services. The Company is also engaged in research and development, design and marketing of telecommunication software. There have been no significant changes in the nature of these activities during the year.

The Group operates in eight countries and the Group and Company employed 168 and 109 (2002: 159 and 94) employees as of 31 December 2003 respectively.

2. Summary of significant accounting policies

(a) Basis of preparation

The financial statements, which are expressed in Singapore dollars, have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as required by the Companies Act. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard ("SAS"). The transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements have been prepared on a historical cost basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries, after elimination of all material intragroup transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group ceased to have control of the subsidiaries.

Acquisition of subsidiaries are accounted for using the purchase method of accounting.

Assets, liabilities and results of overseas subsidiaries are translated into Singapore dollars on the basis outlined in paragraph (d).

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

(c) Investments in subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(c) Investments in subsidiaries (cont'd)

In the companies' separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

(d) Foreign currency translation

Transactions in foreign currencies are measured in SGD and recorded at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are measured using the exchange rates ruling at the balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at transaction dates, or in the case of items carried at fair value, the exchange rates that existed when the values were determined. All resultant exchange differences are recognised in the profit and loss account.

Assets and liabilities of foreign entities are translated into SGD equivalents at exchange rates ruling at balance sheet date. Revenues and expenses are translated at exchange rates approximating those ruling at the transaction dates. All resultant exchange differences are taken directly to equity. On disposal of a foreign entity, accumulated exchange differences are recognised in the profit and loss account as a component of the gain or loss on disposal.

(e) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

Fixed assets are depreciated using the straight-line method to write-off the cost less estimated residual value over their estimated useful lives, which are as follows:

Furniture, fixtures and fittings	3 - 5 years
Computer equipment	3 - 5 years
Office equipment	3 - 5 years
Motor vehicles	3 - 5 years
Leasehold improvements	3 - 5 years (or period of lease whichever is shorter)

(f) Intangible assets

(i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of net assets acquired of another business. Goodwill is amortised and charged to the profit and loss account on a straight line basis from the date of initial recognition over its estimated useful life of not more than 20 years.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(f) Intangible assets (cont'd)

(ii) *Patents, trademarks and licences*

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to the profit and loss account over 3 years in equal instalments. The costs of applying for and renewing patents and licences are charged to the profit and loss account.

The carrying values of intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment in value is provided in full.

(g) Quoted bonds

Quoted bonds held on a long-term basis are stated at cost, adjusted for amortisation of premiums and accretion of discounts.

(h) Other investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis. Provision for impairment loss is made when, in the opinion of the directors, there has been a decline, other than a temporary decline in the value of the investment.

Unquoted investments held on a long-term basis are stated at cost, less any impairment loss.

(i) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis. Net realisable value is the estimated selling price less anticipated cost of disposal and after making allowances for damaged, obsolete and slow-moving items.

(j) Trade and other debtors

Trade debtors, which generally have 30 - 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at cost less an allowance for any uncollectible amounts.

(k) Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and bank balances and fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(l) Trade and other creditors

Liabilities for trade and other amounts payable which are normally settled on 30 - 90 day terms, are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

Payables to related parties are carried at cost.

(m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where applicable, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(n) Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(o) Impairment of assets

The Company's and Group's financial assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the profit and loss account.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Rendering of telecommunication services

Revenues from rendering of telecommunication services are recognised as services are provided. Collections from prepaid telecommunication services are deferred and recognised as revenue as and when the services are provided. Unused prepaid telecommunication services are included in the balance sheet as "unearned revenue".

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(p) Revenue recognition (cont'd)

(ii) *Sale of hardware*

Revenue from sale of hardware is recognised upon passage of title to the customer that generally coincides with their delivery and acceptance.

(iii) *Software license fees and software development*

Revenue from software license, software customisation and system integration services is recognised upon completion and delivery of the services to the customer, based on the percentage of completion method. When the outcome of the services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue from post-contract customer support services is recognised proportionately on a time basis over the contract period.

(iv) *Interest*

Revenue is recognised as the interest accrues unless collectibility is in doubt.

(q) Research and development costs

Research and development costs are written off in the year in which they are incurred.

(r) Employee benefits

(i) *Pensions and other post employment benefits*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

(iii) *Employee equity compensation benefits*

The Company has an employee share option scheme whereby employees are granted non-transferable options to purchase the Company's shares. No compensation cost is recognised upon granting or the exercise of the options. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital and share premium accordingly.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(s) Income tax

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences, unabsorbed capital allowances and tax losses can be utilised.

(t) Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, by business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing, if any, is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Changes in reportable business segments

For the year ended 31 December 2003, the Group changed its reportable business segments to be more customer-focused.

The comparative information have been restated to re-present the new segments.

(i) *Business segments*

The main business segments of the Group comprise:

- 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) "Enterprise" service that allows corporate users to make international calls via their existing corporate PABX and internet access; and
 - (iii) IDD and VoIP overseas calling services to corporate users and consumers.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

2. Summary of significant accounting policies (cont'd)

(i) Business segments (cont'd)

- Carrier Operations comprising mainly:
 - (i) wholesale traffic terminating services to carriers and service providers; and
 - (ii) "Technology Licensing" that offers connectivity and interoperability solutions to telecommunications carriers and wholesale clearing houses.
- Others

This segment is miscellaneous income and expenses that are not considered part of the main business segments.

(ii) Geographical segments

The Group has 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, Indochina, China, Hong Kong, Taiwan, Malaysia, Japan and Middle-East.
- (ii) USA includes the operations in North, South and Central America.
- (iii) Europe includes the operations in Europe only.

3. Share capital

	Group and Company	
	2003	2002
	\$'000	\$'000
Authorised:		
- 1,000,000,000 ordinary shares of \$0.10 each	100,000	100,000
Issued and fully paid up:		
Balance at 1 January		
- 745,110,865 (2002: 741,711,865) ordinary shares of \$0.10 each	74,511	74,171
Issuance of shares during the year		
- 763,000 (2002: 3,399,000) ordinary shares of \$0.10 each	76	340
Balance at 31 December		
- 745,873,865 (2002: 745,110,865) ordinary shares of \$0.10 each	74,587	74,511

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

4. Share premium

	Group and Company	
	2003	2002
	\$'000	\$'000
Balance at 1 January	117,538	117,538
Premium arising from the issuance of 86,000 (2002: Nil) shares of \$0.10 each at \$0.12 per share	2	-
Balance at 31 December	117,540	117,538

The application of the share premium account is governed by Section 69 of the Companies Act, Chapter 50.

5. Fixed assets

Group	Furniture, fixtures and fittings \$'000	Computer equipment \$'000	Office equipment \$'000	Motor vehicles \$'000	Leasehold improvements \$'000	Total \$'000
Cost						
Balance at 1 January 2003	457	8,292	1,126	150	352	10,377
Additions	24	2,349	110	-	-	2,483
Disposals/write-offs	(144)	(1,331)	(255)	(67)	(102)	(1,899)
Translation differences	(3)	(95)	(1)	(1)	(4)	(104)
Balance at 31 December 2003	334	9,215	980	82	246	10,857
Accumulated depreciation						
Balance at 1 January 2003	245	5,720	980	61	291	7,297
Charge for the year	88	1,597	105	27	16	1,833
Disposals/write-offs	(91)	(1,291)	(245)	(37)	(56)	(1,720)
Translation differences	(2)	(63)	-	(1)	(5)	(71)
Balance at 31 December 2003	240	5,963	840	50	246	7,339
Charge for 2002	215	2,049	362	42	94	2,762
Net book value						
Balance at 31 December 2003	94	3,252	140	32	-	3,518
Balance at 1 January 2003	212	2,572	146	89	61	3,080

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

Amounts in Singapore dollars unless otherwise stated

5. Fixed assets (cont'd)

Company	Furniture, fixtures and fittings \$'000	Computer equipment \$'000	Office equipment \$'000	Total \$'000
Cost				
Balance at 1 January 2003	179	2,435	595	3,209
Additions	-	1,284	47	1,331
Write-offs	-	(198)	(207)	(405)
Balance at 31 December 2003	179	3,521	435	4,135
Accumulated depreciation				
Balance at 1 January 2003	114	1,715	560	2,389
Charge for the year	36	649	27	712
Write-offs	-	(197)	(206)	(403)
Balance at 31 December 2003	150	2,167	381	2,698
Charge for 2002	124	589	167	880
Net book value				
Balance at 31 December 2003	29	1,354	54	1,437
Balance at 1 January 2003	65	720	35	820

6. Intangible assets

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Cost				
Balance at 1 January	1,946	1,936	1,882	1,936
Additions	117	111	113	47
Write-offs	(30)	(101)	-	(101)
Balance at 31 December	2,033	1,946	1,995	1,882
Less: accumulated amortisation	(1,897)	(1,809)	(1,878)	(1,776)
Net book value at 31 December	136	137	117	106
Analysis of accumulated amortisation:				
Balance at 1 January	1,809	1,514	1,776	1,514
Amortised during the year	118	396	102	363
Write-offs	(30)	(101)	-	(101)
Balance at 31 December	1,897	1,809	1,878	1,776

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

7. Investments in subsidiaries

Investments in subsidiaries comprise:

	Company	
	2003 \$'000	2002 \$'000
Unquoted equity shares, at cost	30,888	32,692
Disposal during the year	-	(40)
Written-off during the year	-	(1,764)
	30,888	30,888
Impairment loss	(1,083)	(1,083)
Carrying amount after impairment loss	29,805	29,805

As at 31 December, the Group had the following subsidiaries:

Name	Principal activities	Country of incorporation and place of business	Cost of investments by the Company		Percentage of equity interest held by the Group	
			2003 \$'000	2002 \$'000	2003 %	2002 %
Directly held by the Company						
MediaRing ^(b) .com, Inc	To market and sell international telecommunication services and internet voice communication services in USA	USA	20,044	20,044	100	100
MediaRing ^{(c)(e)} Technology Pte Ltd	Dormant	Singapore	-	-	100	100
MediaRing ^(a) (Europe) Limited	To market and sell international telecommunication services and internet voice communication services in Europe	United Kingdom	1,083	1,083	100	100
i2u Pte Ltd ^(e)	To provide international telecommunication services	Singapore	6,152	6,152	100	100
MediaRing ^(a) (Hong Kong) Limited	To market and sell international telecommunication services and internet voice communication services in Hong Kong	Hong Kong	2,857	2,857	100	100

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

Amounts in Singapore dollars unless otherwise stated

7. Investments in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation and place of business	Cost of investments by the Company		Percentage of equity interest held by the Group	
			2003 \$'000	2002 \$'000	2003 %	2002 %
Directly held by the Company						
MediaRing ^(b) TC, Inc	To market and sell international telecommunication services and internet voice communication services in Japan	Japan	752	752	100	100
i2u Sdn ^{(d)(f)} Bhd	To provide domestic and international telecommunication services	Malaysia	-	-	100	100
MediaRing ^(a) Shanghai Limited	To market and sell international telecommunication services and internet voice communication services in the People's Republic of China	People's Republic of China	-	-	100	100
			30,888	30,888		

(a) Audited by associated firm of Ernst & Young, Singapore.

(b) Not required to be audited by the laws of its country of incorporation.

(c) Cost of investment is \$2 (2002: \$2).

(d) Cost of investment is RM2 (2002: RM2).

(e) Audited by Ernst & Young, Singapore.

(f) Audited by William C. H. Tan & Associates, Malaysia.

Disposal of subsidiary company

In July 2002, the Company fully disposed of its entire interest in a subsidiary company, MediaCommunication Nordic AB. The subsidiary company contributed a net loss of \$459 from 1 January 2002 to 30 June 2002 to the consolidated results of the Group for the year ended 31 December 2002.

Effect of the disposal on the cash flows of the Group

The effect of the disposal of the subsidiary company on the cash flows of the Group is included in the Consolidated Statement of Cash Flows.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

8. Investments in bonds

	Group and Company	
	2003	2002
	\$'000	\$'000
Quoted bonds, at cost	29,847	32,162
Matures within 1 year	(7,988)	(10,522)
Matures after 1 year or more	21,859	21,640
Quoted bonds, at market value	30,042	32,753

9. Other investments

	Group and Company	
	2003	2002
	\$'000	\$'000
Quoted investments	409	459
Unquoted investment, at cost	16	16
	425	475
Quoted investment are stated after deducting provision for diminution in value of	3,885	4,362
Market value of quoted investments	767	860

10. Long-term loans and advances to subsidiaries

	Company	
	2003	2002
	\$'000	\$'000
Long-term loans and advances treated as part of net investment in subsidiaries	63,547	64,422
Less: Provision for doubtful loans and advances	(43,249)	(41,059)
	20,298	23,363
Other long-term loans and advances	4,987	4,987
Less: Provision for doubtful loans and advances	(412)	-
	4,575	4,987
	24,873	28,350

Long-term loans and advances are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

Amounts in Singapore dollars unless otherwise stated

11. Stocks

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Trading stocks, at cost	232	351	186	29
Trading stocks, at net realisable value	27	-	-	-
	259	351	186	29

Stocks are stated after deducting provision for stock obsolescence of \$288,000 (2002: \$Nil) for the Group and \$36,000 (2002: \$Nil) for the Company.

12. Trade debtors

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Trade debtors	10,031	7,035	2,542	1,544
Less: Provision for doubtful debts	(4,571)	(4,491)	(476)	(315)
	5,460	2,544	2,066	1,229

13. Other debtors, deposits and prepayments

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Other debtors	494	466	386	279
Deposits	540	1,627	275	831
Prepayments	401	317	155	107
Interest receivable	240	233	236	208
	1,675	2,643	1,052	1,425

14. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group	
	2003 \$'000	2002 \$'000
Fixed deposits	13,088	13,777
Cash on hand and at bank	3,185	5,473
	16,273	19,250

Fixed 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, standby letters of credit and other bank services.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

15. Due from (to) subsidiaries

Amounts due from (to) subsidiaries are non-trade in nature, unsecured, interest-free and have no fixed terms of repayment.

16. Other creditors and accruals

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Other creditors	376	1,409	158	1,036
Accrued operating expenses	3,981	3,844	2,832	2,507
Unearned revenue	3,575	2,102	2,481	1,376
Deposits received	771	632	392	365
	8,703	7,987	5,863	5,284

17. Turnover

Turnover comprises the following:

	Group	
	2003 \$'000	2002 \$'000
Retail Operations	39,651	25,264
Carrier Operations	12,450	5,651
Others	252	4,361
	52,353	35,276

18. Personnel costs

	Group	
	2003 \$'000	2002 \$'000
Salary and allowances	10,801	10,602
Central Provident Fund contributions	1,071	1,035
Staff accommodation	5	51
Staff recruitment	137	88
Staff welfare	42	85
Training	39	109
Provision for unpaid leave balance	129	43
Other personnel costs	397	246
	12,621	12,259

Personnel costs include the amount of directors' remuneration as shown in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

Amounts in Singapore dollars unless otherwise stated

19. Loss from operating activities

Loss from operating activities is stated after charging/(crediting) the following:

	Group	
	2003	2002
	\$'000	\$'000
Auditors' remuneration		
- auditors of the Company	76	50
- other auditors	29	70
Non-audit fees paid to auditors of the Company	12	29
Directors' fees		
- directors of the Company	129	100
Directors' remuneration		
- directors of the Company	783	510
- directors of subsidiaries	1,199	1,117
Fixed assets written off	89	207
Stocks written off	-	21
Operating lease expenses	1,229	2,337
Provision for doubtful trade debts	3	1,621
Provision for stock obsolescence	288	-
Provision for investment written back	(51)	-
Research and development costs*	2,094	1,894
Loss on disposal of fixed assets	26	44
Gain on disposal of investment	(32)	-

* Included in research and development costs are depreciation charges relating to the Group amounting to approximately \$63,000 (2002: \$31,000) as well as personnel expenses relating to the Group amounting to approximately \$2,031,000 (2002: \$1,863,000).

20. Interest income

	Group	
	2003	2002
	\$'000	\$'000
Interest income		
- bonds	1,193	1,112
- fixed deposits	127	205
- bank balances	6	4
	1,326	1,321

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

22. Loss per share (cont'd)

(b) Diluted loss per share

In calculating diluted loss per share, the weighted average number of ordinary shares is adjusted for the effect of all dilutive potential ordinary shares, as follows:

	Group Number of Shares	
	2003	2002
	'000	'000
Weighted average number of shares issued, used in the calculation of basic loss per share	745,325	744,110
Weighted average number of unissued ordinary shares under option	14,196	15,199
Number of ordinary shares that would have been issued at fair value	(11,589)	(13,216)
Weighted average number of ordinary shares (diluted)	747,932	746,093

23. Employee Benefits

The Company has an employee share incentive plan for the granting of non-transferable options to employees.

The Company uses the intrinsic value accounting method for share awards under which there is no charge to the profit and loss account for employee stock option awards, and the dilutive effect of outstanding options is reflected as additional share dilution in the computation of loss per share.

The particulars of share options of the Company are as follows:

(a) 1999 MediaRing Employees' Share Option Scheme

Options are granted for terms of 5 to 10 years to purchase the Company's ordinary shares at \$0.10 each. The options are exercisable at any time after the 1st quarter or upon the first anniversary of the date of grant.

Information with respect to the number of options granted under the Company's employee option plan is as follows:

	Number of shares 2003	Weighted Average Exercise Price (\$) 2003	Number of shares 2002	Weighted Average Exercise Price (\$) 2002
Outstanding at beginning of year	15,198,770	0.1000	28,619,770	0.1000
Granted	-	-	-	-
Lapsed	(325,770)	0.1000	(10,022,000)	0.1000
Exercised ⁽¹⁾	(677,000)	0.1000	(3,399,000)	0.1000
Outstanding at end of year	14,196,000	0.1000	15,198,770	0.1000
Exercisable at end of year	14,196,000	0.1000	12,577,968	0.1000

⁽¹⁾ The options were exercised at \$0.10 (2002: \$0.10) per share. Consideration received from options exercised during the year was \$67,700 (2002: \$339,900).

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

23. Employee Benefits (cont'd)

(a) 1999 MediaRing Employees' Share Option Scheme (cont'd)

Option Price (\$)	Option	Outstanding	Weighted	Exercisable	Weighted
		Average Life (years)	Average Option Price (\$)	Option	Average Option Price (\$)
0.1000	14,196,000	5.2	0.1000	14,196,000	0.1000

(b) 1999 MediaRing Employees' Share Option Scheme II

Options are granted for terms of 10 years to purchase the Company's ordinary shares at the average of the closing prices for the 5 trading days prior to the issuance of the grant. The options are exercisable at any time after the end of the quarter following the first anniversary of the date of grant.

Information with respect to the number of options granted under the Company's employee option plan is as follows:

	Number of shares 2003	Weighted Average Exercise Price (\$) 2003	Number of shares 2002	Weighted Average Exercise Price (\$) 2002
Outstanding at beginning of year	66,191,553	0.1716	17,385,220	0.3610
Granted	14,833,197	0.1300	55,503,333	0.1479
Lapsed	(3,513,000)	0.3050	(6,697,000)	0.4671
Exercised ⁽²⁾	(86,000)	0.1200	-	-
Outstanding at end of year	77,425,750	0.1576	66,191,553	0.1716
Exercisable at end of year	26,573,138	0.1890	4,850,458	0.3855

⁽²⁾ The options were exercised at \$0.12 (2002: \$Nil) per share. Consideration received from options exercised during the year was \$10,320 (2002: \$Nil).

Option Price (\$)	Option	Outstanding	Weighted	Exercisable	Weighted
		Average Life (years)	Average Option Price (\$)	Option	Average Option Price (\$)
0.1000	3,474,863	9.1	0.1000	368,750	0.1000
0.1010	50,000	9.1	0.1010	-	-
0.1020	4,250,000	7.9	0.1020	2,125,000	0.1020
0.1030	10,000,000	8.9	0.1030	2,500,000	0.1030
0.1200	7,453,000	8.5	0.1200	2,741,125	0.1200
0.1350	12,733,334	9.8	0.1350	-	-
0.1370	3,000,000	7.8	0.1370	1,687,500	0.1370

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

23. Employee Benefits (cont'd)

(b) 1999 MediaRing Employees' Share Option Scheme II (cont'd)

Option Price (\$)	Option	Outstanding	Weighted Average Option Price (\$)	Exercisable	Weighted Average Option Price (\$)
		Average Life (years)		Option	
0.1540	25,016,220	8.1	0.1540	11,228,888	0.1540
0.1550	538,333	8.3	0.1550	201,875	0.1550
0.1790	2,500,000	8.3	0.1790	937,500	0.1790
0.2500	6,000,000	8.1	0.2500	2,625,000	0.2500
0.4490	2,020,000	6.5	0.4490	1,767,500	0.4490
1.4656	390,000	6.1	1.4656	390,000	1.4656
Total	77,425,750	8.2	0.1576	26,573,138	0.1890

24. Related party information

During the year, the Group did not enter into any transaction with related parties, who are not members of the Group.

Directors' and key management's remuneration

In addition to their salaries, Directors and key management also participate in the 1999 MediaRing Employees' Share Option Schemes. 5,569,863 and 6,000,000 (2002: 36,538,333 and 6,500,000) share options were granted to the Directors and key management of the Company during 2003. The share options were granted on the same terms and conditions as those offered to other employees of the Company as described in Note 23. 47,058,196 and 22,000,000 (2002: 41,488,333 and 16,000,000) share options granted to the Directors and key management of the Company were outstanding at the end of the year.

Key management's remuneration totalled \$1,167,041 (2002: \$1,089,357) and details of Directors' remuneration are disclosed separately in Note 19.

25. Contingent liabilities and commitments

(a) Contingent liabilities

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them and when required, to provide sufficient working capital to enable them to operate as going concerns for a period of at least twelve months from the respective dates of the directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2003.

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

25. Contingent liabilities and commitments (cont'd)

(b) Capital expenditure commitment

The Company has entered into a Sale and Purchase Agreement dated 3 December 2002, to acquire, subject to the terms and conditions therein, the entire issued and paid-up capital of Interindo (Malaysia) Sdn Bhd for a total consideration of RM875,000 (approximately S\$400,000). Outstanding capital commitment as at year end amounts to RM612,500 (approximately S\$280,000) as RM262,500 (approximately S\$120,000) has been paid.

(c) Operating lease commitments

The Group leases certain properties under lease agreements that are non-cancellable within a year. It has various operating lease agreements for offices. Future minimum lease payments for all leases with initial terms of one year or more are as follows:

	Group		Company	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
Within one year	571	1,319	252	323
Within 2 to 5 years	489	646	231	618
	1,060	1,965	483	941

26. Segment information

(a) Business segments

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2003

Amounts in Singapore dollars unless otherwise stated

26. Segment information (cont'd)

(a) Business segments

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

(b) Geographical segments

	Turnover		Assets		Capital expenditure	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'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	-	-
Total	52,353	35,276	57,593	60,642	2,483	1,312

27. Directors' remuneration

	Number of directors in remuneration bands		Total
	Executive directors	Non-executive directors	
2003			
\$500,000 and above	-	-	-
\$250,000 to \$499,999	1	-	1
Below \$250,000	2	5	7
	3	5	8

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

27. Directors' remuneration (cont'd)

	Number of directors in remuneration bands		Total
	Executive directors	Non-executive directors	
2002			
\$500,000 and above	-	-	-
\$250,000 to \$499,999	1	-	1
Below \$250,000	3	4	7
	4	4	8

28. Financial instruments

Financial risk management objectives and policies

The Group is exposed to market risk including primarily changes in interest rates and currency exchange rates. The Board reviews and agrees policies for managing these risks and they are summarised below.

Credit risk

The carrying amounts of trade and other receivables, fixed deposits, amounts due from related companies and related parties and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and cash balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains a provision for doubtful trade debts based upon expected collectibility of all trade debts.

Interest rate and liquidity risk

The Group's exposure to interest rate and liquidity risks are minimal as it does not have significant external borrowings. Surplus funds are placed with reputable banks and invested in bonds.

Foreign exchange risk

Currently, the Group does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies, primarily the US dollar. However, the Group reviews periodically that its net exposure is kept at an acceptable level.

Fair values of financial instruments

Fair value is defined as the amount at which the financial instruments could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale.

The following methods and assumptions are used to estimate the fair value of each class of financial instrument:

NOTES TO THE FINANCIAL STATEMENTS 31 December 2003

Amounts in Singapore dollars unless otherwise stated

28. Financial instruments (cont'd)

Cash and cash equivalents, trade and other receivables, trade and other payables

The carrying amount approximates fair value due to the relatively short-term maturity of these financial instruments.

Non-current unquoted investments

It is not practical to estimate the fair value of the Group's long-term unquoted equity investments because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded to be significantly in excess of their fair values at the balance sheet date.

Non-current loans due from subsidiaries

It is not practical to estimate the fair value of non-current loan accounts due principally to the lack of fixed repayment terms. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

Investment in bonds

The fair value of investment in bonds, which is the market value is disclosed in Note 8.

29. Comparative figures

- (a) Comparatives for Note 26 of the financial statements have been changed from previous year due to the changes in reportable business segment as described in Note 2 (t).
- (b) Comparatives for Note 21 of the financial statements have been changed from previous year to conform to current year's presentation.
- (c) The following have also been reclassified to better reflect the nature of the following balances and to conform to current year's classification:

2002 Classification	2003 Classification	2002 Group \$'000
Other creditors	Trade creditors	324

SUPPLEMENTARY INFORMATION

MATERIAL CONTRACTS

Since the end of the previous financial year, the Company and its subsidiaries did not enter into any material contracts involving interests of the Chief Executive Officer, directors or controlling shareholders and no such material contract still subsist at the end of the financial year.

INTERESTED PARTY TRANSACTIONS (“IPT”)

The Company has established procedures for recording and reporting interested person transactions. It will subject all IPT to review by the Audit Committee to ensure IPT are conducted at arm’s length, on normal commercial terms and comply with the provisions of Chapter 9 of the SGX Listing Manual.

SHAREHOLDING STATISTICS as at 15 March 2004

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of		No. of Shares	
	Shareholders	%		%
1 - 999	23	0.12	8,686	0.00
1,000 - 10,000	13,436	69.48	59,556,260	7.97
10,001 - 1,000,000	5,819	30.09	300,736,979	40.26
1,000,001 and above	59	0.31	386,744,640	51.77
Total	19,337	100.00	747,046,565	100.00

LOCATION OF SHAREHOLDINGS

Location	No. of		No. of Shares	
	Shareholders	%		%
Singapore	18,972	98.11	652,214,455	87.31
Malaysia	167	0.86	4,298,000	0.57
Hong Kong	30	0.16	1,436,000	0.19
Japan	3	0.02	13,000	0.00
USA	41	0.21	1,124,000	0.15
United Kingdom	6	0.03	70,000	0.01
Australia/New Zealand	28	0.14	1,620,130	0.22
Others	90	0.47	86,270,980	11.55
Total	19,337	100.00	747,046,565	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
1. L&H Investment Company	53,092,270	7.11	-	-	53,092,270	7.11
2. Pol Lucien Comeel Hauspie	-	-	53,092,270	7.11	53,092,270	7.11

SHAREHOLDING STATISTICS as at 15 March 2004

TWENTY LARGEST SHAREHOLDERS

Name	No. of Shares	%
1. L&H Investment Company	53,092,270	7.11
2. BNP Paribas Nominees Singapore Pte Ltd	24,373,000	3.26
3. CTI Limited	23,850,240	3.19
4. Raffles Nominees Pte Ltd	23,334,000	3.12
5. Citibank Nominees Singapore Pte Ltd	21,276,650	2.85
6. DBS Nominees Pte Ltd	20,317,910	2.72
7. Vertex Technology Fund Limited	17,380,910	2.33
8. United Overseas Bank Nominees Pte Ltd	17,146,600	2.30
9. T. H. Eventure Pte Ltd	14,632,520	1.96
10. Citibank Consumer Nominees Pte Ltd	11,766,000	1.58
11. OCBC Securities Pte Ltd	11,297,000	1.51
12. UOB Kay Hian Pte Ltd	11,022,000	1.48
13. Overseas Chinese Bank Nominees Pte Ltd	8,955,120	1.20
14. G. K. Goh Stockbrokers Pte Ltd	7,859,000	1.05
15. Chong Yean Fong	7,010,000	0.94
16. Jason Communications Pte Ltd	7,008,000	0.94
17. Vertex Technology Fund (II) Ltd	6,619,270	0.89
18. Kim Eng Securities Pte Ltd	6,423,000	0.86
19. Phillip Securities Pte Ltd	5,937,450	0.79
20. Goh Seh Leong	5,853,000	0.78
Total	305,153,940	40.86

SHAREHOLDINGS HELD BY THE PUBLIC

92.45% of MediaRing Ltd's issued ordinary shares is held by the public. Rule 723 of the SGX Listing Manual has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MediaRing Ltd (“the Company”) will be held at Singapore Post Centre, 10 Eunos Road 8 #05-30 The Pavilion (Theatrette), Singapore 408600 on Monday, 26 April 2004 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Report and the Audited Accounts for the year ended 31 December 2003 together with the Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect the following Directors retiring pursuant to Articles 104 and 108 of the Company’s Articles of Association:-

Mr. Koh Boon Hwee	(Retiring under Article 104)	(Resolution 2)
Mr. Thomas Kalon Ng	(Retiring under Article 104)	(Resolution 3)
Mr. Sin Hang Boon	(Retiring under Article 108)	(Resolution 4)

Mr. Thomas Kalon Ng will, upon re-election as Director of the Company, remain member of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of Listing Manual of the Singapore Exchange Securities Trading Limited.
3. To approve the payment of Directors’ fees for Non-Executive Directors for the year ended 31 December 2003 comprising:
 - (a) S\$128,685/- and
 - (b) 791,233 share options to subscribe for new shares in the Company on terms and conditions as set out in the 1999 MediaRing Employees’ Share Option Scheme II (“ESOS II”) at an exercise price of S\$0.196 per share being the average of the closing prices of the five (5) trading days following the announcement of the full year results for the year ended 31 December 2003. (2002: S\$100,445 and offer of 769,863 share options under the ESOS II). **(Resolution 5)**
4. To re-appoint Ernst & Young as the Company’s Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**
5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

6. **Authority to allot and issue shares up to 50 per centum (50%) of issued share capital**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be empowered to allot and issue shares in the capital of the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that:

- (a) the aggregate number of shares to be allotted and issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the issued share capital of the Company at the time of the passing of this Resolution; and

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate number of shares to be issued other than on a pro-rata basis to all shareholders of the Company shall not exceed twenty per centum (20%) of the issued share capital of the Company at the time of passing this Resolution.

Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. [See Explanatory Note (i)]

(Resolution 7)

7. **Authority to allot and issue shares under the 1999 MediaRing Employees' Share Option Scheme ("ESOS")**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the ESOS upon the exercise of such options and in accordance with the terms and conditions of the ESOS, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS shall not exceed 65,921,470 ordinary shares and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. [See Explanatory Note (ii)]

(Resolution 8)

8. **Authority to allot and issue shares under the 1999 MediaRing Employees' Share Option Scheme II ("ESOS II")**

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the ESOS II upon the exercise of such options and in accordance with the terms and conditions of the ESOS II, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS II shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. [See Explanatory Note (iii)]

(Resolution 9)

By Order of the Board

Yvonne Lau Yee Wan
Tan San-Ju
Secretaries
Singapore, 8 April 2004

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company. The number of shares that the Directors may allot and issue under this resolution would not exceed fifty per centum (50%) of the issued capital of the Company at the time of the passing of this resolution. For issue of shares other than on a pro-rata basis to all shareholders, the aggregate number of shares to be issued shall not exceed twenty per centum (20%) of the issued capital of the Company.

For the purpose of this resolution, the percentage of issued capital is based on the Company's issued capital at the time this proposed Ordinary Resolution is passed after adjusting for new shares arising from the exercise of employee share options or the vesting of share awards outstanding or subsisting at the time when this proposed Ordinary Resolution is passed and any subsequent consolidation or subdivision of shares.

- (ii) The Ordinary Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company of up to a number not exceeding 65,921,470 ordinary shares from time to time pursuant to the exercise of the options under the ESOS.
- (iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company of up to a number not exceeding in total fifteen per centum (15%) of the issued share capital of the Company from time to time pursuant to the exercise of the options under the ESOS II.

Notes

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Member of the Company.
2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 750A Chai Chee Road #05-01, Technopark @ Chai Chee, Singapore 469001 not less than 48 hours before the time appointed for holding the Meeting.

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MEDIARING LTD

(Incorporated In the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy MediaRing Ltd shares, this Annual Report 2003 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We, _____

of _____

being a member/members of MediaRing Ltd (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held on Monday, 26 April 2004 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided).

No.	Resolutions relating to:	For	Against
1.	Directors' Report and Audited Accounts for the year ended 31 December 2003		
2.	Re-election of Mr. Koh Boon Hwee as a Director		
3.	Re-election of Mr. Thomas Kalon Ng as a Director		
4.	Re-election of Mr. Sin Hang Boon as a Director		
5.	Approval of Directors' fees for Non-Executive Directors amounting to S\$128,685/- and offer of 791,233 share options under the ESOS II		
6.	Re-appointment of Ernst & Young as Auditors		
7.	Authority to allot and issue new shares		
8.	Authority to allot and issue shares under the ESOS		
9.	Authority to allot and issue shares under the ESOS II		

Dated this _____ day of _____ 2004

Signature of Shareholder(s)
or *Common Seal of Corporate Shareholder*

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

IMPORTANT: Please read notes overleaf.



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote instead of him/her. A proxy need not be a member of the Company.
3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.
4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 750A Chai Chee Road #05-01, Technopark @ Chai Chee, Singapore 469001 not less than 48 hours before the time appointed for the Meeting.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Fold along this line (1)

Affix
Stamp
Here

The Company Secretary
MediaRing Ltd
750A, Chai Chee Road
#05-01 Technopark @ Chai Chee
Singapore 469001

Fold along this line (2)

HEAD OFFICE

MediaRing Ltd

750A Chai Chee Road
#05-01 Technopark @ Chai Chee
Singapore 469001
Tel: +65 6441 1213
Fax: +65 6441 3013
Email: sales@mediaring.com

SUBSIDIARIES, BRANCH AND REPRESENTATIVE OFFICE

SINGAPORE

i2u Pte Ltd

750A Chai Chee Road
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