



Half Year Financial Statement And Dividend Announcement for the Period Ended 30/06/2005 (Unaudited)

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

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

	Group		
	US\$'000		%
	1H 2005	1H 2004 (Restated)*	Change
Turnover	44,418	23,258	91.0%
Other income	1	-	N.M.
Direct services fees incurred (Note 1)	(20,183)	(11,973)	68.6%
Personnel costs	(4,925)	(3,937)	25.1%
Infrastructure costs	(1,028)	(1,017)	1.1%
Foreign exchange loss	(217)	(190)	14.2%
Depreciation	(593)	(539)	10.0%
Amortisation of intangible assets	(54)	(41)	31.7%
Selling & marketing expenses (Note 1)	(14,700)	(5,602)	162.4%
Other operating expenses (Note 2)	(1,938)	(1,458)	32.9%
Profit/(loss) from operations	781	(1,499)	N.M.
Interest income	433	407	6.4%
Non-operating (expenses)/income (Note 3)	(1)	8	N.M.
Profit/(loss) before tax	1,213	(1,084)	N.M.
Tax	-	-	-
Net profit/(loss) for the period	1,213	(1,084)	N.M.

N.M. - Not Meaningful

Note 1

Direct services fees and selling & marketing expenses increased by 68.6% & 162.4% respectively compared to the same period last year. This was due to the change in sales mix and increase in sales activity.

Note 2

Other operating expenses include the following:

	Group		
	US\$'000		%
	1H 2005	1H 2004 (Restated)*	Change
Gain on disposal of fixed assets	2	1	100.0%
Fixed assets written off	(171)	(1)	N.M.
Write back/(provision) for stock obsolescence	5	(1)	N.M.
Provision for doubtful debts - trade	(197)	(133)	48.1%
Provision for doubtful debts - non-trade	(74)	-	N.M.
Bad debts written back - trade	54	-	N.M.
Others	(1,557)	(1,324)	17.6%
Total other operating expenses	(1,938)	(1,458)	32.9%

* Effect of restatement given in item 5.

Note 3

Non-operating (expenses)/income

	Group		
	US\$'000		%
	1H 2005	1H 2004 (Restated)*	Change
(Loss)/gain on disposal of investment	(1)	3	N.M.
Dividend income	-	5	N.M.
Total non-operating (expenses)/income	(1)	8	N.M.

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

	Group US\$'000		Company US\$'000	
	30/06/2005	31/12/2004 (Restated)*	30/06/2005	31/12/2004 (Restated)*
Share capital	45,073	45,044	45,073	45,044
Share premium	70,419	70,418	70,419	70,418
Accumulated losses	(87,117)	(88,270)	(86,033)	(88,457)
Other reserves	631	336	631	336
Translation reserves	(224)	(136)	5	16
Total Shareholders Equity	28,782	27,392	30,095	27,357
Fixed assets	2,237	2,218	849	843
Intangible assets	191	169	138	164
Investment in subsidiaries	-	-	2,289	2,289
Investment in long-term bonds and deposits (Note 4)	8,129	11,245	8,129	11,245
Other investments	168	263	168	263
Long-term loans and advances to subsidiaries	-	-	2,532	3,587
Current assets	30,958	22,170	26,993	17,200
Stocks	261	275	185	239
Trade debtors	2,785	2,356	1,828	1,424
Other debtors, deposits and prepayments	1,274	901	835	557
Due from subsidiaries	-	-	3,340	3,236
Investment in short-term bonds	446	1,995	446	1,995
Fixed deposits (Note 5)	24,420	14,649	19,876	9,410
Cash and bank balances	1,772	1,994	483	339
Current liabilities	(12,901)	(8,673)	(11,003)	(8,234)
Trade creditors (Note 6)	(3,795)	(1,982)	(2,585)	(1,179)
Other creditors and accruals (Note 6)	(9,106)	(6,691)	(7,486)	(5,233)
Due to subsidiaries	-	-	(932)	(1,822)
Net current assets	18,057	13,497	15,990	8,966
Net Assets	28,782	27,392	30,095	27,357

* Effect of restatement given in item 5.

Note 4

As compared to 31 December 2004, the decrease in investment in long-term bonds and deposits was mainly due to the disposal of long-term bonds.

Note 5

As compared to 31 December 2004, the increase in fixed deposits was mainly due to cash generated from operating activities and proceeds from redemption and disposal of bonds.

Note 6

As compared to 31 December 2004, the increase in trade creditors, other creditors and accruals was mainly due to the increase in sales activity.

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

Amount repayable in one year or less, or on demand

As at 30/06/2005		As at 31/12/2004	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 30/06/2005		As at 31/12/2004	
Secured (US\$'000)	Unsecured (US\$'000)	Secured (US\$'000)	Unsecured (US\$'000)
Nil	Nil	Nil	Nil

Details of any collateral

- i) Structured deposits of US\$1.0 million (31/12/2004 : structured deposits of US\$1.0 million) were pledged as security for bank guarantees, standby letters of credit and other bank services; and
- ii) Quoted bonds of US\$2.4 million (31/12/2004 : quoted bonds of US\$2.4 million) were pledged as security for bank guarantees, standby letters of credit and other bank services.

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

	Group (US\$'000)	
	1H 2005	1H 2004 (Restated)*
Cash flow from operating activities		
Profit/(loss) before taxation	1,213	(1,084)
Adjustment for non-cash items		
Gain on disposal of fixed assets	(2)	(1)
Loss/(gain) on disposal of investment	1	(3)
(Written back)/provision for stock obsolescence	(5)	1
Amortisation of intangible assets	54	41
Depreciation of fixed assets (Note 7)	612	539
Share option expenses	197	145
Fixed assets written off	171	-
Interest income from bonds and deposits	(433)	(407)
Provision for doubtful debts - trade	197	133
Provision for doubtful debts - non trade	74	-
Translation differences	126	160
Operating profit/(loss) before working capital changes	2,205	(476)
Decrease in stocks	23	75
Increase in trade debtors	(619)	(7)
Increase in other debtors, deposits and prepayments	(518)	(252)
Increase/(decrease) in trade creditors	1,812	(369)
Increase in other creditors and accruals	2,415	463
Cash generated from/(used in) operating activities	5,318	(566)
Cash flow from investing activities		
Purchase of fixed assets	(814)	(868)
Purchase of intangible assets	(77)	(162)
Proceeds from disposal of fixed assets	8	28
Proceeds from disposal of long-term bonds and other investment	3,015	2,001
Proceeds from redemption of short-term bonds	1,538	3,531
Investment in long-term bonds and deposits	-	(2,764)
Interest income received from bonds and deposits	531	423
Net cash generated from investing activities	4,201	2,189
Cash flow from financing activities		
Proceeds from issuance of shares	30	222
Net cash generated from financing activities	30	222
Net increase in cash and cash equivalents	9,549	1,845
Cash and cash equivalents at beginning of the period	16,643	9,579
Cash and cash equivalents at end of the period	26,192	11,424

* Effect of restatement given in item 5.

Note 7

Depreciation of fixed assets included US\$19k (2004 : US\$Nil) which was charged to direct services fees.

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

	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	Other reserve US\$'000	Translation reserve US\$'000	Total US\$'000
The Group						
Balance as at 1 January 2004						
-As previously reported	44,745	70,409	(83,746)	-	(5,027)	26,381
-Effect of adopting FRS 21	-	-	(4,923)	-	4,903	(20)
-Effect of adopting FRS 102	-	-	(42)	42	-	-
-Restated	44,745	70,409	(88,711)	42	(124)	26,361
Changes in equity for the period:						
-Net loss for the period	-	-	(1,084)	-	-	(1,084)
-Issuance of shares	215	7	-	-	-	222
-Share options reserve	-	-	-	145	-	145
-Translation differences	-	-	-	-	35	35
Balance as at 30 June 2004	44,960	70,416	(89,795)	187	(89)	25,679
Balance as at 1 January 2005						
-As previously reported	45,044	70,418	(84,169)	-	(3,844)	27,449
-Effect of adopting FRS 21	-	-	(3,765)	-	3,708	(57)
-Effect of adopting FRS 102	-	-	(336)	336	-	-
	45,044	70,418	(88,270)	336	(136)	27,392
-Effect of adopting FRS 39	-	-	(60)	221	-	161
-Restated	45,044	70,418	(88,330)	557	(136)	27,553
Changes in equity for the period:						
-Net profit for the period	-	-	1,213	-	-	1,213
-Issuance of shares	29	1	-	-	-	30
-Fair value loss taken to equity	-	-	-	(123)	-	(123)
-Share options reserve	-	-	-	197	-	197
-Translation differences	-	-	-	-	(88)	(88)
Balance as at 30 June 2005	45,073	70,419	(87,117)	631	(224)	28,782

	Share capital US\$'000	Share premium US\$'000	Accumulated losses US\$'000	Other reserve US\$'000	Translation reserve US\$'000	Total US\$'000
The Company						
Balance as at 1 January 2004						
-As previously reported	44,745	70,409	(52,572)	-	(6,284)	56,298
-Effect of adopting FRS 21	-	-	(6,144)	-	6,289	145
-Effect of adopting FRS 102	-	-	(42)	42	-	-
-Restated	44,745	70,409	(58,758)	42	5	56,443
Changes in equity for the period:						
-Net profit for the period	-	-	382	-	-	382
-Issuance of shares	215	7	-	-	-	222
-Share options reserve	-	-	-	145	-	145
-Translation differences	-	-	-	-	(2)	(2)
Balance as at 30 June 2004	44,960	70,416	(58,376)	187	3	57,190
Balance as at 1 January 2005						
-As previously reported	45,044	70,418	(81,482)	-	(6,393)	27,587
-Effect of adopting FRS 21	-	-	(6,639)	-	6,409	(230)
-Effect of adopting FRS 102	-	-	(336)	336	-	-
	45,044	70,418	(88,457)	336	16	27,357
-Effect of adopting FRS 39	-	-	(60)	221	-	161
-Restated	45,044	70,418	(88,517)	557	16	27,518
Changes in equity for the period:						
-Net profit for the period	-	-	2,484	-	-	2,484
-Issuance of shares	29	1	-	-	-	30
-Fair value loss taken to equity	-	-	-	(123)	-	(123)
-Share options reserve	-	-	-	197	-	197
-Translation differences	-	-	-	-	(11)	(11)
Balance as at 30 June 2005	45,073	70,419	(86,033)	631	5	30,095

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

During the 1st half 2005, a total of 641,500 ordinary shares at par value of S\$0.10 each were issued upon the exercise of options granted under the Employees' Share Option Schemes.

- i) 370,000 ordinary shares of S\$0.10 each granted under Employees' Share Option Scheme;
- ii) 18,000 ordinary shares of S\$0.10 each granted under Employees' Share Option Scheme II; and
- iii) 253,500 ordinary shares of S\$0.12 each granted under Employees' Share Option Scheme II.

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

	No. of Shares	
	30/06/2005	30/06/2004
Options granted under 1999 MediaRing Employees' Share Option Scheme	9,852,000	11,174,000
Options granted under 1999 MediaRing Employees' Share Option Scheme II	89,115,614	83,729,969

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**
- The figures have not been audited or reviewed by the auditors.
- 3. Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of a matter).**
- Not Applicable
- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**
- Except as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the year ended 31 December 2004.
- 5. If there are any changes in the accounting policies and method of computation , including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new and revised Singapore Financial Reporting Standards (FRS) issued by the Council on Corporate Disclosure and Governance that are applicable to the Group with effect from the financial year beginning 1 January 2005. The following Standards which have a material impact to the Group have been applied in accordance with the relevant transitional provisions:

- (i) FRS 21 (revised) : The Effects of Changes in Foreign Exchange Rates
- (ii) FRS 39 Financial Instruments : Recognition and Measurement
- (iii) FRS 102 : Share-based Payment

With effect from 1 January 2005, the Company adopted FRS 21 (revised) : The Effects of Changes in Foreign Exchange Rates. With this revision of FRS 21 (revised), the Board reviewed the choice of functional currency for the Company. As sales and purchases are denominated primarily in US Dollars and net receipts from operations are usually retained in US Dollars, the directors are of the opinion that choosing the US Dollars as the functional currency best reflects the economic substance of the underlying activities of the Company and are also in line with FRS 21 (revised). Hence the Company changed its functional and presentation currency from Singapore Dollars to US Dollars. The effect of adopting FRS 21 led to retrospective changes made to the financials for comparative purposes.

In accordance with FRS 102, the employees' and directors' share option expense was accounted for in the profit and loss statement and share option reserve. The comparative figures for 2004 are restated accordingly.

In accordance with the transitional provisions of FRS 39, the effect of recognition, derecognition and measurement of financial statements, for periods prior to 1 January 2005, is not required to be restated. Consequently, the comparative figures for 2004 have not been restated for the impact of adopting FRS 39.

The effects arising from the adoption of the above FRS are summarised in the statement of changes in equity in paragraph 1 (d)(i).

Apart from the above, the various revisions in FRS, applicable from 1 January 2005, are currently assessed to have no material impact on the Group's results.

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

	Group	
	1H 2005	1H 2004 (restated)*
Earning/(loss) per ordinary share for the period after deducting any provision for preference dividends:-		
i) Based on weighted average number of ordinary share in issue (US cent)	0.16 cent	(0.14 cent)
ii) On a fully diluted basis (US cent)	0.16 cent	(0.14 cent)

Basic earning/(loss) per share is calculated based on the weighted average number of 751,302,398 (30/06/2004 : 748,460,282) ordinary shares in issue.

Diluted earning/(loss) per share is calculated based on the adjusted weighted average number of 755,338,857 (30/06/2004 : 748,460,282) ordinary shares.

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

	Group		Company	
	30/06/2005	31/12/2004 (restated)*	30/06/2005	31/12/2004 (restated)*
Net asset backing per ordinary share is calculated based on 751,445,065 (2004 : 750,974,565) ordinary shares in issue at the end of the period under review and of the immediate preceding financial year (US cent).	3.83 cent	3.65 cent	4.0 cent	3.64 cent

* Effect of restatement given in item 5.

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

For the six months ended 30 June 2005, the Group achieved a net profit of US\$1.2 million driven by strong growth in revenue.

During the period under review, Group revenue surged 91% to US\$44.4 million from US\$23.3 million in 1H 2004, mainly due to continued strong growth in its VoIP retail operations.

Riding on the rapid growth in the VoIP industry, the Group's performance was boosted in 1H 2005 by its VoIP retail operations which grew 144% to US\$38.3 million from US\$15.7 million in the same period last year.

The Group's call traffic rose 55% to 474 million minutes in 1H 2005 from 305 million minutes in 1H 2004. The Group generated more than 80 million minutes of call traffic a month since March 2005. Of this, VoIP call traffic accounted for 96%

The Group further expanded its marketing and distribution network to more than 1,200 resellers and partners in over 100 countries as compared to approximately 950 and 1,100 in over 90 countries for 1H 2004 and full year 2004 respectively.

In 1H 2005, all categories of expenses for the Group increased as a result of the substantial growth in revenue. While direct service fees and selling expenses increased in tandem with revenue growth, the other operating expenses increased at a much slower pace reflecting the increased economies of scale associated with revenue growth.

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

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

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

With the attainment of its 2nd consecutive half-year profits and the anticipated continued growth of VoIP, the Group is confident about the business outlook in 2005.

We have made steady progress in growing our share of the global VoIP market over the past years and MediaRing continues to be the leading company in the pure-play VoIP market outside the US. With increasing market adoption of this technology and public recognition of the many benefits it brings to consumers and businesses alike, we are confident of our growth prospects.

Barring any unforeseen circumstances, the Group believes it will be able to continue to grow existing revenue streams and further improve financial performance in 2H 2005.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

(c) Date payable

Not Applicable

(d) Books closure date

Not Applicable

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

No dividend has been declared or recommended.

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

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

Not Applicable

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

Not Applicable

15. A breakdown of sales.

Not Applicable

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

Not Applicable

BY ORDER OF THE BOARD

**Yvonne Lau Yee Wan
Company Secretary**

12 August 2005