



Full Year Financial Statement And Dividend Announcement for the Year Ended 31/12/2004 (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		
	S\$'000		%
	2004	2003	Change
Turnover	87,765	52,353	67.6%
Other income	94	270	-65.2%
Direct services fees incurred (Note 1)	(42,516)	(26,122)	62.8%
Personnel costs	(13,581)	(12,621)	7.6%
Infrastructure costs	(3,150)	(3,428)	-8.1%
Foreign exchange loss	(1,010)	(692)	46.0%
Depreciation	(1,873)	(1,833)	2.2%
Amortisation of intangible assets	(159)	(118)	34.7%
Selling & marketing expenses (Note 1)	(23,627)	(11,625)	103.2%
Other operating expenses (Note 2)	(4,453)	(4,320)	3.1%
Loss from operations	(2,510)	(8,136)	-69.1%
Interest income	1,337	1,326	0.8%
Non-operating income (Note 3)	457	83	450.6%
Loss before tax	(716)	(6,727)	-89.4%
Tax	-	-	-
Net loss for the year	(716)	(6,727)	-89.4%

Note 1

Direct services fees and selling & marketing expenses increased by 62.8% & 103.2% respectively compared to 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		
	S\$'000		%
	2004	2003	Change
Loss on disposal of fixed assets	(7)	(26)	-73.1%
Fixed assets written off	(2)	(89)	-97.8%
Provision for stock obsolescence	(21)	(288)	-92.7%
Provision for doubtful trade debts	(193)	(3)	6333.3%
Others	(4,230)	(3,914)	8.1%
Total other operating expenses	(4,453)	(4,320)	3.1%

Note 3

Non-operating income

	Group		
	S\$'000		%
	2004	2003	Change
Gain on disposal of investment	5	32	-84.4%
Provision for diminution in value of investment written back	444	51	770.6%
Dividend income from other investment	8	-	NM
Total non-operating income	457	83	450.6%

The non-operating income for FY 2003 was previously included in other income and other operating expenses. This amount is now reclassified to non-operating income to better reflect the nature of expenses.

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

	Group S\$'000		Company S\$'000	
	12/31/2004	12/31/2003	12/31/2004	12/31/2003
Share capital	75,097	74,587	75,097	74,587
Share premium	117,555	117,540	117,555	117,540
Accumulated losses	(145,204)	(144,488)	(140,721)	(91,755)
Translation reserves	(2,596)	(2,766)	(6,854)	(4,611)
Total Shareholders Equity	44,852	44,873	45,077	95,761
Fixed assets	3,700	3,518	1,453	1,437
Intangible assets	290	136	282	117
Investment in subsidiaries (Note 4)	-	-	4,021	29,805
Investment in long-term bonds	18,374	21,859	18,374	21,859
Other investments	430	425	430	425
Long-term loans and advances to subsidiaries (Note 4)	-	-	879	24,873
Current assets	36,231	31,655	33,092	27,337
Stocks	449	259	390	186
Trade debtors	3,851	5,460	2,327	2,066
Other debtors, deposits and prepayments	1,473	1,675	911	1,052
Due from subsidiaries	-	-	10,275	9,096
Investment in short-term bonds	3,260	7,988	3,260	7,988
Fixed deposits	23,938	13,088	15,375	6,212
Cash and bank balances	3,260	3,185	554	737
Current liabilities	(14,173)	(12,720)	(13,454)	(10,092)
Trade creditors	(3,239)	(4,017)	(1,927)	(1,647)
Accruals and other creditors	(10,934)	(8,703)	(8,550)	(5,863)
Due to subsidiaries	-	-	(2,977)	(2,582)
Net current assets	22,058	18,935	19,638	17,245
Net Assets	44,852	44,873	45,077	95,761

Note 4

The reduction of investment in subsidiaries and long-term loan and advances to subsidiaries for the Company was due to the additional provision of diminution in value of investments and provisions on those amounts due from subsidiaries made in the current financial year.

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

Amount repayable in one year or less, or on demand

As at 31/12/2004		As at 31/12/2003	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
Nil	Nil	Nil	Nil

Amount repayable after one year

As at 31/12/2004		As at 31/12/2003	
Secured (S\$'000)	Unsecured (S\$'000)	Secured (S\$'000)	Unsecured (S\$'000)
Nil	Nil	Nil	Nil

Details of any collateral

i) Structured deposits of US\$1.0 million (2003 : Fixed deposits of S\$2.3 million and US\$1.0 million) were pledged as security for bank guarantees, standby letters of credit and other bank services; and

ii) Quoted Bonds of S\$4.0 million (2003 : Nil) 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 (S\$'000)	
	2004	2003
Cash flow from operating activities		
Loss before taxation	(716)	(6,727)
Adjustment for non-cash items		
Depreciation of fixed assets (Note 5)	1,891	1,833
Amortisation of intangible assets	159	118
Loss on disposal of fixed assets	7	26
Fixed assets written off	2	89
Provision for doubtful trade debts	193	3
Provision for stock obsolescence	21	288
Provision of investment written back	(444)	(51)
Gain on disposal of investment	(5)	(32)
Interest income from deposits/bonds	(1,337)	(1,326)
Translation differences	419	455
Operating profit/(loss) before working capital changes	190	(5,324)
Increase in stocks	(203)	(192)
Decrease/(Increase) in trade debtors	1,434	(3,160)
Decrease in other debtors, deposits and prepayments	170	975
(Decrease)/Increase in trade creditors	(779)	2,830
Increase in accruals and other creditors	2,252	716
Cash generated from/(used) in operating activities	3,064	(4,155)
Cash flow from investing activities		
Purchase of fixed assets	(2,220)	(2,483)
Purchase of intangible assets	(312)	(117)
Proceeds from disposal of fixed assets	57	63
Proceeds from disposal of long-term bonds & other investment	6,824	2,133
Proceed from redemption of short-term bonds	7,245	9,487
Investment in long-term bonds	(5,700)	(9,370)
Interest income received from deposits/bonds	1,442	1,387
Net cash generated from investing activities	7,336	1,100
Cash flow from financing activities		
Proceeds from issuance of shares	525	78
Net cash generated from financing activities	525	78
Net increase/(decrease) in cash and cash equivalents	10,925	(2,977)
Cash and cash equivalents at beginning of the year	16,273	19,250
Cash and cash equivalents at end of the year	27,198	16,273

Note 5

Depreciation of fixed assets included S\$18k 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 S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Translation reserve S\$'000	Total S\$'000
The Group					
Balance as 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 as at 31 December 2003	74,587	117,540	(144,488)	(2,766)	44,873
Balance as at 1 January 2004	74,587	117,540	(144,488)	(2,766)	44,873
Net loss for the year	-	-	(716)	-	(716)
Issuance of shares	510	15	-	-	525
Foreign currency translation differences	-	-	-	170	170
Balance as at 31 December 2004	75,097	117,555	(145,204)	(2,596)	44,852

	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Translation reserve S\$'000	Total S\$'000
The Company					
Balance as at 1 January 2003	74,511	117,538	(86,739)	(3,736)	101,574
Net loss for the year	-	-	(5,016)	-	(5,016)
Issuance of shares	76	2	-	-	78
Foreign currency translation differences	-	-	-	(875)	(875)
Balance as at 31 December 2003	74,587	117,540	(91,755)	(4,611)	95,761
Balance as at 1 January 2004	74,587	117,540	(91,755)	(4,611)	95,761
Net loss for the year (Note 6)	-	-	(48,966)	-	(48,966)
Issuance of shares	510	15	-	-	525
Foreign currency translation differences	-	-	-	(2,243)	(2,243)
Balance as at 31 December 2004	75,097	117,555	(140,721)	(6,854)	45,077

Note 6

The loss for the Company included additional provisions for impairment in value of investment in loss-making subsidiaries and provisions for doubtful debts for amounts due from these loss-making subsidiaries.

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

During the financial year, a total of 5,100,700 ordinary shares at par value of S\$0.10 each granted under the Employees' Share Option Schemes were exercised.

- i) 3,802,000 ordinary shares of S\$0.10 each granted under Employees' Share Option Scheme;
- ii) 558,000 ordinary shares of S\$0.10 each granted under Employees' Share Option Scheme II;
- iii) 34,000 ordinary shares of S\$0.102 each granted under Employees' Share Option Scheme II;
- iv) 688,700 ordinary shares of S\$0.12 each granted under Employees' Share Option Scheme II; and
- v) 18,000 ordinary shares of S\$0.154 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	
	2004	2003
Options granted under 1999 MediaRing Employees' Share Option Scheme	7,901,000	14,196,000
Options granted under 1999 MediaRing Employees' Share Option Scheme II	81,435,781	77,425,750

- 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.**

The Group has adopted the same accounting policies and methods of computation as the audited financial statements for the year ended 31 December 2003.

- 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.**

Not Applicable

- 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	
	2004	2003
Loss per ordinary share for the year after deducting any provision for preference dividends:-		
i) Based on weighted average number of ordinary share in issue	-0.1 cent	-0.9 cent
ii) On a fully diluted basis	-0.1 cent	-0.9 cent

Loss per share is calculated based on the weighted average number of 749,613,423 (2003 : 745,324,532) ordinary shares in issue.

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	
	2004	2003	2004	2003
Net asset backing per ordinary share is calculated based on 750,974,565 (2003 : 745,873,865) ordinary shares in issue at the end of the financial year under review and of the immediate preceding financial year.	5.97 cent	6.02 cent	6.0 cent	12.84 cent

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.**

Group performance improved significantly in FY2004 as compared to the previous year.

Group revenue grew 67.6% to S\$87.8 million for FY2004, from S\$52.4 million in FY2003, boosted mainly by the Group's VoIP operations, consisting of PC-to-Phone retail services and Carrier Operations.

Volume of our total call traffic rose 57% to 665.4 million minutes in FY2004, generating more than 60 million minutes of traffic a month from October 2004, of which VoIP call traffic accounted for more than 90%. The strong growth of our PC-to-Phone services was underpinned by key markets such as the Middle East and Indochina. During the course of the year, the Group also continued to expand our marketing and distribution network to more than 1,100 resellers and partners in more than 100 countries.

Growth in the Group's Carrier Operations was contributed by having higher traffic volume from the trading of wholesale VoIP traffic minutes.

For the year under review, the Group cut net losses by 89.4% from S\$6.7 million in FY2003 to S\$0.7 million.

All categories of expenses increased in FY2004 except infrastructure costs. This was due to the change in sales mix and increase in sales activities, where costs associated with sales such as direct services fees and selling & marketing expenses rose correspondingly with the Group's revenue growth.

Results for FY2004 included foreign exchange loss of S\$1.0 million, up 46% from S\$0.7 million in FY2003 due to a weakening in the US dollar in the second half of 2004. Before the foreign exchange loss of S\$1.0 million (FY2003 : S\$0.7 million), the Group achieved a net profit of S\$0.3 million in FY2004 as compared to a loss of S\$6.0 million in FY2003.

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.

As the leader of pure-play VoIP telephony service providers in Asia, the Group has made significant progress in gaining share of the global VoIP market.

With global VoIP traffic continuing to show significant growth trend, and the rising acceptance of this technology by leaders in the telecommunications industry, the Group's core business of providing VoIP services is expected to grow in tandem.

Barring any unforeseen circumstances, we believe the Group will be able to continue growing existing revenue streams and further improve financial performance in 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.

Business Segments

The Group has the following segments

- a) 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) IDD and VoIP overseas calling services to corporate users and consumers; and
 - iii) "Enterprise" services that allows corporate users to make international calls via their existing corporate PABX and internet access.
- b) Carrier Operations comprising mainly:
- i) wholesale traffic terminating services to carriers and service providers; and
 - ii) "Technology Licensing" service that offers connectivity and interoperability solutions to telecommunications carriers and wholesale clearing houses.
- c) Others
This segment is miscellaneous income and expenses that are not considered part of the main business segment:

	2004			
	Retail Operations (S\$'000)	Carrier Operations (S\$'000)	Others (S\$'000)	Group (S\$'000)
Turnover	69,756	18,009	-	87,765
Operating profit/(loss)	2,091	(4,601)	-	(2,510)
Unallocated corporate income				1,794
Loss for the year				(716)
Allocated assets	6,336	3,200	-	9,536
Unallocated corporate assets				49,489
Total assets				59,025
Allocated liabilities	(11,695)	(2,478)	-	(14,173)
Capital expenditure	2,072	460	-	2,532
Depreciation and amortisation (Note 5)	1,596	454	-	2,050

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

Geographical Segments

The Group have 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, China, Indochina, Hong Kong, Taiwan, Malaysia, Japan and Middle East
- ii) USA includes the operations in North, South and Centre American
- iii) Europe includes the operations in Europe only

	Turnover		Assets		Capital Expenditure	
	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000	2004 S\$'000	2003 S\$'000
Asia	79,975	43,714	56,920	53,998	1,789	1,883
USA	6,047	5,269	2,103	3,299	743	600
Europe	1,743	3,370	2	296	-	-
Total	87,765	52,353	59,025	57,593	2,532	2,483

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

Refer to item 8 above.

15. **A breakdown of sales.**

	Group		
	S\$'000		%
	2004	2003	Change
Sales reported for first half-year	39,460	20,856	89.2%
Loss reported for first half-year	(1,110)	(3,834)	-71.0%
Sales reported for second half-year	48,305	31,497	53.4%
Profit/(Loss) reported for second half-year	394	(2,893)	NM

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

Not Applicable

BY ORDER OF THE BOARD

Yvonne Lau Yee Wan
Company Secretary

28 February 2005