



## Half-Year Financial Statement And Dividend Announcement for the Period Ended 30/06/2004

### 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		%
	1H 2004	1H 2003	Change
<b>Turnover</b>	<b>39,460</b>	<b>20,856</b>	<b>89.2%</b>
Other income	8	178	-95.5%
Direct services fees incurred (Note 1)	(20,313)	(10,232)	98.5%
Personnel costs	(6,434)	(6,409)	0.4%
Infrastructure costs	(1,731)	(1,711)	1.2%
Foreign exchange gain	176	60	193.3%
Depreciation	(928)	(1,026)	-9.6%
Amortisation of intangible assets	(71)	(66)	7.6%
Selling & marketing expenses (Note 1)	(9,504)	(4,262)	123.0%
Other operating expenses (Note 2)	(2,464)	(1,879)	31.1%
<b>Loss from operations</b>	<b>(1,801)</b>	<b>(4,491)</b>	<b>-59.9%</b>
Interest income	691	657	5.2%
<b>Loss before tax</b>	<b>(1,110)</b>	<b>(3,834)</b>	<b>-71.0%</b>
Tax	-	-	-
<b>Net loss for the period</b>	<b>(1,110)</b>	<b>(3,834)</b>	<b>-71.0%</b>

Note 1

Direct services fees and selling & marketing expenses increased by 99% & 123% 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		
	S\$'000		%
	1H 2004	1H 2003	Change
Gain/(Loss) on disposal of fixed assets	2	(3)	NM
Fixed assets written off	(2)	(2)	0.0%
Provision for stock obsolescence	(2)	(95)	-97.9%
Provision for doubtful trade debts	(241)	(96)	151.0%
Doubtful trade debts written back	14	-	NM
Gain on disposal of investment	5	-	NM
Others	(2,240)	(1,683)	33.1%
<b>Total Other Operating Expenses</b>	<b>(2,464)</b>	<b>(1,879)</b>	<b>31.1%</b>

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

	Group S\$'000		Company S\$'000	
	6/30/2004	12/31/2003	6/30/2004	12/31/2003
Share capital	74,954	74,587	74,954	74,587
Share premium	117,550	117,540	117,550	117,540
Accumulated losses	(145,598)	(144,488)	(90,873)	(91,755)
Translation reserves	(2,728)	(2,766)	(3,898)	(4,611)
<b>Total Shareholders Equity</b>	<b>44,178</b>	<b>44,873</b>	<b>97,733</b>	<b>95,761</b>
<b>Fixed assets</b>	<b>4,039</b>	<b>3,518</b>	<b>1,610</b>	<b>1,437</b>
<b>Intangible assets</b>	<b>341</b>	<b>136</b>	<b>327</b>	<b>117</b>
<b>Investment in subsidiaries</b>	<b>-</b>	<b>-</b>	<b>29,805</b>	<b>29,805</b>
<b>Investment in long-term bonds</b>	<b>20,654</b>	<b>21,859</b>	<b>20,654</b>	<b>21,859</b>
<b>Other investments</b>	<b>425</b>	<b>425</b>	<b>425</b>	<b>425</b>
<b>Long-term loans and advances to subsidiaries</b>	<b>-</b>	<b>-</b>	<b>25,587</b>	<b>24,873</b>
<b>Current assets</b>	<b>31,730</b>	<b>31,655</b>	<b>30,715</b>	<b>27,337</b>
Stocks	130	259	62	186
Trade debtors	5,319	5,460	3,523	2,066
Other debtors, deposits and prepayments	2,117	1,675	1,581	1,052
Due from subsidiaries	-	-	11,918	9,096
Investment in short-term bonds	4,515	7,988	4,515	7,988
Fixed deposits	15,335	13,088	8,025	6,212
Cash and bank balances	4,314	3,185	1,091	737
<b>Current liabilities</b>	<b>(13,011)</b>	<b>(12,720)</b>	<b>(11,390)</b>	<b>(10,092)</b>
Trade creditors	(3,428)	(4,017)	(1,710)	(1,647)
Accruals and other creditors	(9,583)	(8,703)	(6,931)	(5,863)
Due to subsidiaries	-	-	(2,749)	(2,582)
<b>Net current assets</b>	<b>18,719</b>	<b>18,935</b>	<b>19,325</b>	<b>17,245</b>
<b>Net Assets</b>	<b>44,178</b>	<b>44,873</b>	<b>97,733</b>	<b>95,761</b>

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

**Amount repayable in one year or less, or on demand**

As at 30/06/2004		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 30/06/2004		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) Cash deposits of S\$0.2 million and US\$1.3 million (2003 : 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) Bonds of US\$1.0 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)	
	1H 2004	1H 2003
<b>Cash flow from operating activities</b>		
Loss before taxation	(1,110)	(3,834)
<b>Adjustment for non-cash items</b>		
Depreciation of fixed assets	928	1,026
Amortisation of intangible assets	71	66
(Gain)/Loss on disposal of fixed assets	(2)	3
Fixed assets written off	2	2
Provision for doubtful trade debts	241	96
Doubtful trade debts written back	(14)	-
Provision for stock obsolescence	2	95
Gain on disposal of investment	(5)	-
Interest income from deposits/bonds	(691)	(657)
Translation differences	(36)	92
<b>Operating loss before working capital changes</b>	<b>(614)</b>	<b>(3,111)</b>
Decrease/(Increase) in stocks	129	(82)
Increase in trade debtors	(92)	(1,660)
Increase in other debtors, deposits and prepayments	(447)	(781)
(Decrease)/Increase in trade creditors	(589)	919
Increase in accruals and other creditors	897	3,496
<b>Cash used in operating activities</b>	<b>(716)</b>	<b>(1,219)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets	(1,473)	(1,530)
Purchase of intangible assets	(276)	(90)
Acquisition of other investment	-	(87)
Proceeds from disposal of fixed assets	46	1
Proceeds from disposal of long-term bonds	3,403	-
Redemption of short-term bonds, net	6,000	1,511
Investment in long-term bonds	(4,700)	-
Interest income received from deposits/bonds	715	710
<b>Net cash generated from investing activities</b>	<b>3,715</b>	<b>515</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of shares	377	-
<b>Net cash generated from financing activities</b>	<b>377</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,376</b>	<b>(704)</b>
Cash and cash equivalents at beginning of the period	16,273	19,250
<b>Cash and cash equivalents at end of the period</b>	<b>19,649</b>	<b>18,546</b>

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

	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Translation reserve S\$'000	Total S\$'000
<b>The Group</b>					
Balance as at 1 January 2003	74,511	117,538	(137,761)	(2,820)	51,468
Net loss for the period	-	-	(3,834)	-	(3,834)
Foreign currency translation differences	-	-	-	53	53
<b>Balance as at 30 June 2003</b>	<b>74,511</b>	<b>117,538</b>	<b>(141,595)</b>	<b>(2,767)</b>	<b>47,687</b>
Balance as at 1 January 2004	74,587	117,540	(144,488)	(2,766)	44,873
Net loss for the period	-	-	(1,110)	-	(1,110)
Issuance of shares	367	10	-	-	377
Foreign currency translation differences	-	-	-	38	38
<b>Balance as at 30 June 2004</b>	<b>74,954</b>	<b>117,550</b>	<b>(145,598)</b>	<b>(2,728)</b>	<b>44,178</b>

	Share capital S\$'000	Share premium S\$'000	Accumulated losses S\$'000	Translation reserve S\$'000	Total S\$'000
<b>The Company</b>					
Balance as at 1 January 2003	74,511	117,538	(86,739)	(3,736)	101,574
Net loss for the period	-	-	(964)	-	(964)
Foreign currency translation differences	-	-	-	986	986
<b>Balance as at 30 June 2003</b>	<b>74,511</b>	<b>117,538</b>	<b>(87,703)</b>	<b>(2,750)</b>	<b>101,596</b>
Balance as at 1 January 2004	74,587	117,540	(91,755)	(4,611)	95,761
Net profit for the period	-	-	882	-	882
Issuance of shares	367	10	-	-	377
Foreign currency translation differences	-	-	-	713	713
<b>Balance as at 30 June 2004</b>	<b>74,954</b>	<b>117,550</b>	<b>(90,873)</b>	<b>(3,898)</b>	<b>97,733</b>

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

During the 1st half of 2004, total 3,665,700 ordinary shares of S\$0.10 each granted under the Employees' Share Option Schemes were exercised.

- i) 3,022,000 ordinary shares of S\$0.10 each granted under Employees' Share Option Scheme; and
- ii) 643,700 ordinary shares of S\$0.10 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	
	6/30/2004	6/30/2003
Options granted under 1999 MediaRing Employees' Share Option Scheme	11,174,000	15,173,770
Options granted under 1999 MediaRing Employees' Share Option Scheme II	83,729,969	66,895,416

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 have 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	
	1H 2004	1H 2003
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	-0.15 cents	-0.51 cents
ii) On a fully diluted basis	-0.15 cents	-0.51 cents

Loss per share is calculated based on the weighted average number of 748,460,282 (2003 : 745,110,865) 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	
	6/30/2004	12/31/2003	6/30/2004	12/31/2003
Net asset backing per ordinary share is calculated based on 749,539,565 (2003 : 745,873,865) ordinary shares in issue at the end of the financial period under review and of the immediate preceding financial year.	5.89 cents	6.02 cents	13.04 cents	12.84 cents

- 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 1st half 2004 as compared to the corresponding period last year.

Group revenue grew 89.2% to S\$39.5 million for 1st half 2004, from S\$20.9 million in 1st half 2003, 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 70% to 304.9 million minutes in 1st half 2004, generating more than 50 million minutes of traffic a month from March 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 950 resellers and partners in more than 90 countries.

Growth in the Group's Carrier Operations was supported by having more Tier-One telecommunications customers in our Technology Licensing business as well as an increase in traffic volume from the trading of wholesale VoIP traffic minutes.

For the six months under review, all categories of expenses increased except depreciation. 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. Staff costs and infrastructure costs, however, increased marginally by 0.4% and 1.2% respectively. The Group recorded an exchange gain of S\$176K in 1st half 2004, up 193% compared to the same period last year, on the back of stronger US\$ currency.

The Group cut losses by 71% from S\$3.8 million in 1st half 2003 to S\$1.1 million in 1st half 2004.

- 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 2004.

**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 2004**