mediaring.com

Annual Report 2000

CONTENTS.....

OUR EVOLUTION.....

We were founded in 1993 as Mediacom Technologies focusing on multimedia technology. By mid 90's, when most people had hardly ever heard of Voice over Internet Protocol (VoIP), here in Singapore, there was a team of engineers who were already developing Internet based voice applications that would become one of the leading players of Voice over Internet in the world.

Filing more than a dozen technology patents, this core team of engineers, who are still with MediaRing, continue to invent and develop new voice applications for the Internet. This technological strength enabled the Company to successfully transform from a consumer-focused company to one that provides leading edge Internet Voice Services to telecommunication carriers and enterprises by the end of year 2000.

What started out as an endeavour by a small group of people, MediaRing's strength and expertise has tranformed it into a global business. Our early vision of voice-enabling the Internet continues on.

MediaRing is headquartered in Singapore and has offices in Tokyo; Hong Kong; London; New York; San Jose, California; Taipei; Beijing and Shanghai.

"What started out as an endeavour by a small group of people, MediaRing's strength and expertise has tranformed it into a global business. Our early vision of voice-enabling the Internet continues on."

CHAIRMAN'S MESSAGE.....

"Group revenue increased eightfold from $2.5 million in 1999 to $19.8 million for the year 2000."

Dear Shareholders,

The year 2000 brought with it many challenges. While the early part of the year was one of continued buoyancy in the industry and IT sector, business conditions in the second half deteriorated considerably, particularly in the Internet sector, and many businesses were forced to restructure and re-evaluate their business models.

MediaRing was affected by the slowdown in the industry and the deterioration in the Internet sector. To cope with the new realities of the marketplace, we transformed our business from a free Internet usage model based on consumer advertisement revenue to a fee-based service model delivering full-fledged Internet voice services worldwide. As a fee-based Internet voice service provider, we have strengthened our revenue model and expanded our target markets to include not just the consumer market segment, but also the carriers and enterprise segments. Going forward, these segments will contribute significant revenue growth to MediaRing.

Group Performance

Group revenue increased eightfold from $2.5 million in 1999 to $19.8 million for the year 2000. This was attributed to the following segments of business:

Telephony Services

Revenue from telephony services was $7.8 million for the year 2000. This was generated from the sale of pre-paid cards, post-paid services and termination services. The increase is due to the introduction of several new products in the phone-to-phone service segment, leveraging on MediaRing's channels and technology infrastructure.

Consumer Services

Consumer revenue was $11.3 million by the end of 2000. Of which, advertising revenue increased from $1.9 million in 1999 to $9.7 million during the year. The revenue consists of RingCast advertisements, industry standard banner advertisements, email services and sponsorships. The higher advertisement revenue was attributed to the increase in registered users and our development of more web-based applications such as VoizFone and VoizMail services. Registered users grew from 2.3 million in 1999 to 10 million by the end of 2000. The free call to China campaign from July 2000 to December 2000 was a significant success in increasing our user base and usage. Total registered users in China grew to 3.7 million by 31 December 2000, representing 37% of the total user base.

Integrated Solutions

This is a new revenue source generated from the corporate customers and service providers. Products in this segment are integrated voice solutions over the Internet such as Voizletter, VoizAssist, VoizCentral and VoizFone. Revenue is from hosting and integration services, actual voice usage, subscription and maintenance. It contributed $0.5 million towards the revenue in FY2000.

With the transformation of our business from an advertising dependent model to a fee-based Internet voice services model, the Company has decided to provide $2.9 million for restructuring costs and discontinued services. The Company also decided to write off $12 million as a result of the diminution in value of investments made in year 2000. The total one-time write-off was $14.9 million. The loss after accounting for shares of associated companies' and minority interests before the non-recurring write-off was $41.0 million. After the write-off, the loss was $55.9 million.

The Company continues to invest in R&D to develop new products and services increasingly focusing on the corporate and carrier market. R&D expenses increased from $4.8 million in 1999 to $11.9 million in 2000.

Looking Forward

The market for Internet voice services is huge. IDC estimates that IP telephony services revenues in 2005 will exceed US$59.1b. MediaRing is well poised to be a major player in this market and has positioned itself well by realigning its product mix to meet the needs of the corporate and carrier segments. By developing strategic relationships with partners in countries like China, MediaRing can leverage the best rates for termination and origination. This, together with its integrated solution platform, which provide services to the corporate world, create an advantage that is quite unique in its combination.

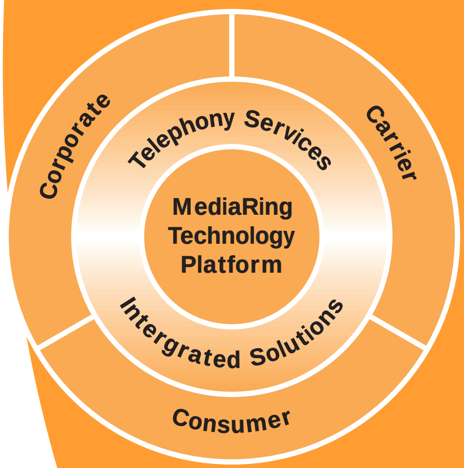
The opportunity for MediaRing in IP Telephony Services and Integrated Solutions is just beginning and while we are fully aware of the challenges and work required, everyone at MediaRing believes we have now built a solid foundation that will allow us to grow aggressively.

On behalf of the Board, I would like to thank our colleagues in MediaRing for their contribution during the past year and our shareholders for their continued support.

Walter J Sousa

Walter Sousa
Chairman

PRODUCTS & SERVICES....



Year 2000 Review

Year 2000 has been an eventful year for MediaRing's R&D organization. Key Internet voice services previously available through MediaRing's flagship software - MediaRing Talk - were revamped and extended into a suite of web-based solutions serving portals and enterprise customers. The company also launched a new service providing carriers and telecommunication operators with traffic termination services over leased circuits into China and selected countries in Asia.

Working with its strategic partner, China Netcom (CNC), MediaRing launched one of the largest field trials of PC-to-Phone service in the world over China's evolving public Internet. During this highly successful trial, which contributed more than fifteen million minutes of voice traffic in China in the month of November alone.

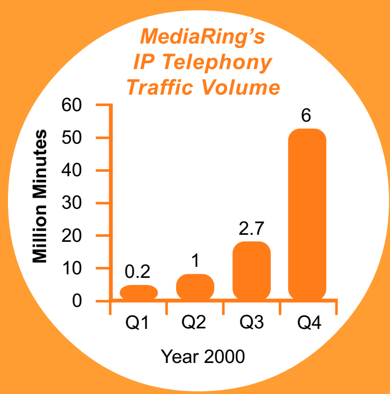
MediaRing invented new ways of maintaining and improving the voice quality of VoIP applications over congested IP-based networks. By the end of the year, the patent-pending technology was fully incorporated into MediaRing's global network infrastructure, positioning the company to expand its services to carriers, enterprises, and consumers worldwide in 2001. As PC-to-Phone usage increases in China, MediaRing and CNC teamed up to launch a suite of new prepaid calling cards with the added feature of PC-to-Phone capability.

Year 2001 Products and Services Focus

MediaRing's technology infrastructure has been harnessed to support two major product and service pillars - Telephony Services and Integrated Solutions - serving the consumer, corporate, and carrier segments.

Telephony Services

In the telephony service area the Company focuses on delivering high-quality termination services into China as well as to an expanded list of countries worldwide. Carriers can choose premium grade services over leased circuits or they can choose to exploit MediaRing's unique technology that enables the use of the public Internet to deliver high quality voice traffic. By the second half of 2001, MediaRing, working with its worldwide partners, will expand its telephony service offerings to the corporate sector.



Integrated Solutions

As businesses worldwide continue to adopt and exploit Internet technology as part of their core business processes, MediaRing forsees major opportunities in the incorporation of Internet voice capabilities into e-business applications. MediaRing's voice services are designed for easy integration with enterprise portals and essential applications such as email, supply chain management, eCRM, eDirect Marketing, and eCommerce.

Many innovative voice technologies previously deployed in MediaRing Talk are now extended and incorporated into a set of commercial applications that constitute MediaRing's Integrated Solutions pillar. These solutions work separately or in concert to deliver Internet Voice Services to a broad spectrum of the business world. MediaRing's set of Integrated Solutions include:

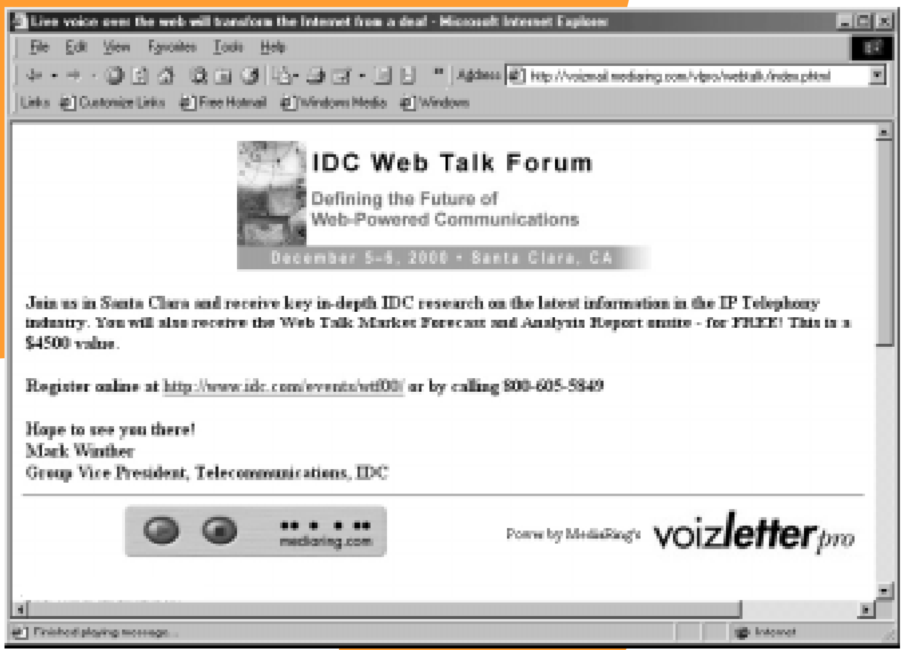
• *VoizLetter Pro – merging streaming voice with email, web pages or newsletters*

VoizLetter Pro enables marketing messages to be embedded in email or online newsletters that can be streamed over extremely low bandwidth connections without sacrificing voice quality. No special client software is required as a small audio player is streamed along with the message to enable immediate playback of the message. Recipients can be directed to click on a start button to hear the audio message while reading the email text. Or they can be instructed to click on a URL of a specific web page to view while the voice message plays. A VoizLetter Pro URL can also be embedded in a web page or banner ad to send a message to the listener.

Recipients can even be given the option of replying with their own voice message to an email or newsletter.

In addition to using voice to enrich the content, recipients can have the option of engaging in a two-way conversation with a customer service representative. This level of real-time interaction is easily enabled by adding a VoizAssist Pro button (see below) to the email or newsletter, thus combining email marketing and CRM at the initial point of customer contact.

MediaRing has built a complete service around this technology to assist in voice-enabled email, ad and newsletter creation, web page design and hosting, email marketing, and tracking and reporting.



• *VoizAssist Pro – global 1-800 online customer support service*

VoizAssist Pro adds PC-to-phone, PC-to-PC, voice mail and callback capabilities to a web site. Visitors can receive real-time assistance with purchases or have support questions answered without ever leaving the browser session. Simply click on a VoizAssist button, and the call is free. Even when it originates from overseas. Other voice options include leaving a voice mail message while online or requesting a callback at a particular time and to a particular telephone number. Users also have the option to leave text messages.

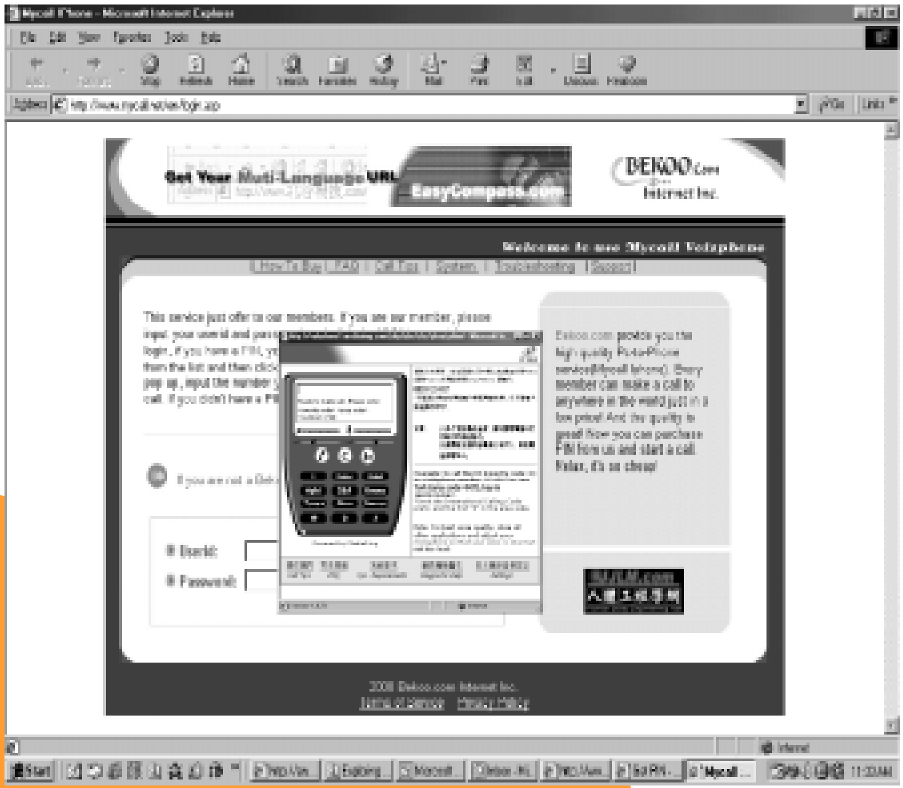
There is no need for specialized hardware and software. Any PC equipped with soundcard, speakers and microphone is VoizAssist Pro-ready. Similarly, web site integration is quick and easy.

In addition to direct use by corporations VoizAssist Pro can be sold through ISPs, portals, and enterprises as the basis for providing lucrative private-label voice services.

• VoizFone Pro – improved communications, enhanced convenience and accountability

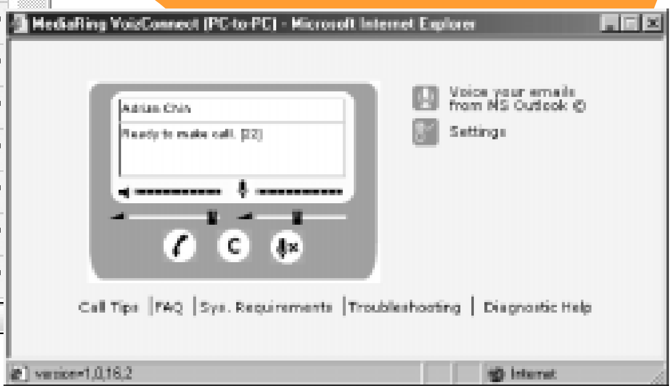
VoizFone Pro enables companies to use the Internet and their internal IP backbones as the medium for low cost PC-to-phone telephone calls without incurring toll charges. As overall costs go down, long-distance telephone usage becomes more affordable, thus enabling more open and effective communication between employees, partners, and customers. What's more, the use of VoizFone Pro couples the cost savings aspect of VoIP with new levels of convenience – business users can travel anywhere and make convenient and high quality PC-to-phone calls from anywhere.

Completely standards-compliant (including H.323), VoizFone Pro conforms easily to business needs – calls are enabled from PCs to both standard wireline and wireless phones; there is no special hardware requirement; there are no expensive telephony gateways; and, deployment can be immediate. Like VoizAssist Pro, VoizFone Pro can be used by ISPs, portals, and enterprises as the basis for private-label voice services.



• VoizCentral Pro – integrated voice communications hub for the enterprise

Soon-to-be-released VoizCentral Pro is a versatile online communication utility beyond instant messaging. Users can see who is on-line within the directory and initiate PC-to-phone calls or engage in PC-to-PC conversations. In addition, a user can also send web-based voice messages through a directory, to one or more people. VoizCentral Pro organises contacts, enables low-cost voice communication over IP, and generally merges the functions of dial tone and "send email" into a user interface for today's converging communication networks.



CORPORATE INFORMATION.....

BOARD OF DIRECTORS
Walter Sousa
(Chairman)
Ng Ede Phang
(Chief Executive Officer)
Koh Boon Hwee
Sim Wong Hoo
Tan Lip-Bu
Pol Lucien Corneel Hauspie
Thomas Kalon Ng

COMPANY SECRETARY
Mun Tien Shoong

AUDIT COMMITTEE
Walter Sousa
(Chairman)
Koh Boon Hwee
Thomas Kalon Ng

COMPENSATION COMMITTEE
Koh Boon Hwee
(Chairman)
Sim Wong Hoo
Tan Lip-Bu

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Certified Public Accountants
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Partner-in-charge: Max Loh Khum Whai

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Fax : 81 (3) 5777-3617

The directors are pleased to present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2000.

Directors

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

Ng Ede Phang
Koh Boon Hwee
Thomas Kalon Ng
Pol Lucien Corneel Hauspie
Tan Lip-Bu
Sim Wong Hoo
Walter Sousa
Thomas Denys (alternate director to Pol Lucien Corneel Hauspie)

Principal Activities

The principal activities of the Company include:

- research and development, design and marketing of telecommunication software;
- provision of international telephony services; and
- provision of internet voice services.

The principal activities of the subsidiaries include those relating to marketing and the sale of international telephony services and internet voice services in their respective countries of incorporation.

There have been no significant changes in the nature of these activities during the financial year.

Employees

The total number of employees in the Company and the Group at the end of the financial year was 123 (1999: 142) and 277 (1999: 211).

Results For The Financial Year

	Group	Company
	$	$
Loss after taxation	55,955,466	19,165,947
Accumulated losses, brought forward	35,918,888	20,652,481
Accumulated losses, carried forward	91,874,354	39,818,428

Transfers To or From Reserves and Provisions

Except as shown in the financial statements, there were no material transfers to or from reserves or provisions during the financial year.

Acquisition and Disposal of Subsidiaries

The following subsidiary was acquired by the Company during the financial year:

Name of subsidiary	Interest acquired	Consideration	Net tangible assets acquired
I2U Pte Ltd	72%	$6,000,000	$3,542,721

The following subsidiary was incorporated by MediaRing.com (Hong Kong) Limited during the financial year:

Name of subsidiary	Interest	Investment value
MediaRing.com Shanghai Ltd	100%	US$11,000,000

There were no other acquisitions and disposals of subsidiaries during the financial year.

Issue of Shares and Debentures

The Company

The Company issued the following shares during the financial year:

	Shares issued	Purpose
	Ordinary shares of $0.10 each	
(a)	8,190,477 ordinary shares of $0.10 each at $1.05 per share, for cash	To raise additional working capital
(b)	4,950,495 ordinary shares of $0.10 each at $1.01 per share for consideration other than cash	To acquire issued shares in I2U Pte Ltd
(c)	3,011,603 ordinary shares of $0.10 each at $1.56 per share for consideration other than cash	To acquire issued shares in eWorld of Sports.com Limited
(d)	14,851,500 ordinary shares of $0.10 each at par for cash	Exercise of employee share options

Issue of Shares and Debentures *(Continued)*

The subsidiary

During the financial year, MediaRing.com Shanghai Ltd was incorporated with a registered and paid–in capital of US$11,000,000.

All newly issued and paid up shares rank *pari passu* in all respects with the existing ordinary shares of the respective companies.

Except as disclosed above, no other shares or debentures of the Company or its subsidiaries were issued during the financial year.

Arrangements to Enable Directors to Acquire Shares or Debentures

Except as described in the paragraph "Options and Warrants of the Company" below, neither at the end nor at any time during the financial year was the Company a party to any arrangement whose object was 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

According to the Register of Directors' Shareholdings, the interests of the directors holding office at the end of the financial year in the share capital of the Company were as follows:

	Shareholdings registered in the name of the directors			Shareholdings in which directors are deemed to have an interest		
	1 January 2000	31 December 2000	21 January 2001	1 January 2000	31 December 2000	21 January 2001
Ordinary shares of $0.10 each						
Ng Ede Phang	20,819,440	20,819,440	20,819,440	–	–	–
Koh Boon Hwee	–	–	–	2,915,190	2,915,190	2,915,190
Pol Lucien Corneel Hauspie	–	–	–	53,092,270	53,092,270	53,092,270
Thomas Denys	–	–	–	53,092,270	53,092,270	53,092,270
Sim Wong Hoo	–	–	–	77,850,240	77,850,240	77,850,240

	Options registered in the name of the directors			Options in which directors are deemed to have an interest		
	1 January 2000	31 December 2000	21 January 2001	1 January 2000	31 December 2000	21 January 2001
Options to subscribe for ordinary shares of $0.10 each at $0.10 per share						
Walter Sousa	650,000	650,000	650,000	–	–	–
Koh Boon Hwee	1,300,000	1,300,000	1,300,000	–	–	–

Directors' Interest in Shares and Debentures *(Continued)*

	Warrants registered in the name of the directors			Warrants in which directors are deemed to have an interest		
	1 January 2000	31 December 2000	21 January 2001	1 January 2000	31 December 2000	21 January 2001
Warrants to subscribe for ordinary shares of $0.10 each at $0.17 per share						
Sim Wong Hoo	–	–	–	31,000,000	31,000,000	31,000,000

No other directors of the Company had an interest in any shares of the Company or related corporations either at the beginning or end of the financial year.

Directors' Contractual Benefits

Except as disclosed in Note 27 to the financial statements, since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than any fixed salary of a full-time employee of the Company, or a benefit included in the aggregate amount of emoluments shown in the financial statements, or any emoluments received from a related corporation) 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.

Dividends

No dividend has been paid or declared since the end of the previous financial year.

Bad and Doubtful Debts

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that proper action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company and satisfied themselves that no debts need to be written off as bad and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require any debts to be written off as bad or render the amount of provision for doubtful debts in the group of companies inadequate to any substantial extent.

Current Assets

Before the financial statements of the Company were prepared, the directors took reasonable steps to ascertain that any current assets of the Company which were unlikely to realise their book values in the ordinary course of the business had been written down to their estimated realisable values or that adequate provision had been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

Charges and Contingent Liabilities

At the date of this report, no charge on the assets of the Company has arisen which secures the liabilities of any other person and no contingent liability has arisen since the end of the financial year.

Ability to Meet Obligations

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other Circumstances Affecting Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and consolidated financial statements misleading.

Unusual Items

In the opinion of the directors, the results of the operations of the Company and of the Group for the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual Items After the Financial Year

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made.

Options and Warrants of the Company

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

(a) 1995 Employee Share Option Scheme and 1996 Employee Share Option Scheme

These schemes were adopted in 1995 and 1996, respectively, under the previous management of the Company. Options to subscribe for a total of 2,050,000 ordinary shares of $0.10 each were granted under these schemes as follows:

	Number of share options				
Date of grant	As at date of grant	Number of options lapsed/ exercised	As at 31 December 2000	Exercise price	Expiry date
27 March 1995	720,000	720,000	–	$0.10	26 March 2000
11 July 1996	1,330,000	1,220,000	110,000	$0.182	10 July 2001
	2,050,000	1,940,000	110,000		

Pursuant to this scheme, 112,000 ordinary shares of $0.10 each were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

(b) 1999 MediaRing Employees' Share Option Scheme

In September 1999, the Company adopted an employee share option scheme (the "1999 MediaRing Employees' Share Option Scheme") to grant options to subscribe for 65,921,470 ordinary shares of $0.10 each to employees of the Group.

The scheme is administered by the Compensation Committee. The members of the committee are:

Koh Boon Hwee (Chairman)
Sim Wong Hoo
Tan Lip-Bu

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:

		No. of shares under option					
	Exercise period	Granted during the year	Total granted	Total exercised during the year	Total lapsed	Total not exercised	Exercise price
Directors of the Company							
Walter Sousa	5 years	-	650,000	-	-	650,000	$0.10
Koh Boon Hwee	5 years	-	1,300,000	-	-	1,300,000	$0.10
Employees granted 5% or more of total options under the scheme							
Hwang Kuo Wei	10 years	1,000,000	3,500,000	700,000	-	2,800,000	$0.10
Pek Yew Chai	10 years	1,000,000	4,000,000	499,000	-	3,501,000	$0.10
Others	10 years	8,930,000	62,349,930	13,540,500	19,194,161	29,615,269	$0.10
Total		10,930,000	71,799,930	14,739,500	19,194,161	37,866,269	

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

Options and Warrants of the Company (Continued)

(c) 1999 MediaRing Employees' Share Option Scheme II

Pursuant to this scheme, the Compensation 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 then prevailing market price of the shares, less a discount to be determined by the Compensation Committee, which shall not exceed 20% of the then prevailing market price.

The scheme will be administered by the Compensation 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 SGX-ST and the imposition of retention periods following the exercise of these options by the employees, if any.

In line with the current rules of the SGX-ST, the total number of shares to be issued under the 1999 MediaRing Employees' Share Option Scheme II will not exceed 15% of the total issued share capital of the Company from time to time.

Details of the options to subscribe for ordinary shares of $0.10 each of the Company granted to employees of the Group pursuant to the scheme are as follows:

		No. of shares under option					
	Exercise period	Granted during the year	Total granted	Total exercised	Total lapsed	Total not exercised	Exercise price
Employees	10 years	3,808,000	3,808,000	-	2,224,000	1,584,000	$1.4656
	10 years	300,000	300,000	-	-	300,000	$0.6816
	10 years	6,340,000	6,340,000	-	1,855,000	4,485,000	$0.4490
Total		10,448,000	10,448,000	-	4,079,000	6,369,000	

None of the directors were granted options under this scheme and no participant received 5% or more of the total number of options available under the scheme.

Except for the above, during the financial year there were:

- no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or any subsidiaries; and
- no shares issued by virtue of any exercise of options to take up unissued shares of the Company or any subsidiaries.

There were no unissued shares of any subsidiaries under option as at the end of the financial year.

Audit Committee

The Audit Committee comprises three independent non-executive directors, one of whom is also the Chairman of the Committee. The members of the Committee are:

Walter Sousa (Chairman)
Koh Boon Hwee
Thomas Kalon Ng

The Committee performs the functions set out in the Companies Act. In performing those functions, the Committee reviewed the overall scope of the external audits 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 2000, as well as the external auditors' report thereon.

In addition, the Audit Committee reviewed interested person transactions for the financial year ended 31 December 2000 conducted pursuant to the shareholders' mandate obtained in accordance with Chapter 9A of the Singapore Exchange's Listing Manual to satisfy itself that the transactions are on normal commercial terms.

The Audit Committee held two meetings during the financial year ended 31 December 2000.

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

Other Information Required by the Singapore Exchange Securities Trading Limited

No material contracts to which the Company or any subsidiary, is a party and which involve directors' interests subsisted at the end of the financial year, or have been entered into since the end of the previous financial year.

Auditors

Arthur Andersen have expressed their willingness to accept re-appointment as auditors of the Company.

On behalf of the Board of Directors

NG EDE PHANG
Director

WALTER SOUSA
Director

Singapore
22 March 2001

In the opinion of the directors, the financial statements set out on pages 19 to 44 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 2000 and the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended and 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.

On behalf of the Board of Directors

NG EDE PHANG
Director

WALTER SOUSA
Director

Singapore
22 March 2001

We have audited the financial statements of MediaRing.com Ltd and the consolidated financial statements of MediaRing.com Ltd and its subsidiaries as at 31 December 2000 and for the year then ended set out on pages 19 to 44. 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard in Singapore and so as to give a true and fair view of:

  (i) the state of affairs of the Company and of the Group as at 31 December 2000 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and

  (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;

(b) the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors' reports of the subsidiaries of which we have not acted as auditors and the financial statements of subsidiaries which are not required to present audited financial statements under the laws of their countries of incorporation, being financial statements included in the consolidated financial statements. The names of these subsidiaries are indicated 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 and in respect of the subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

Arthur Andersen
Certified Public Accountants

Singapore
22 March 2001

BALANCE SHEETS AS AT 31 DECEMBER 2000
(Amounts in Singapore dollars)

	Note	Group		Company	
		2000	1999	2000	1999
		$	$	$	$
Share capital and reserves					
Share capital	3	72,175,637	69,075,229	72,175,637	69,075,229
Share premium	4	117,187,760	100,504,916	117,187,760	100,504,916
Accumulated losses		(91,874,354)	(35,918,888)	(39,818,428)	(20,652,481)
Translation reserve		418,073	192,952	–	–
		97,907,116	133,854,209	149,544,969	148,927,664
Minority interests		–	66,016	–	–
		97,907,116	133,920,225	149,544,969	148,927,664
Fixed assets	5	8,572,557	6,201,743	2,138,805	1,912,145
Intangible assets	6	1,083,889	477,613	1,083,889	477,613
Investment in subsidiaries	7	–	–	26,840,141	21,921,661
Investment in associated company	8	3,373,239	–	3,832,859	–
Investment in bonds	9	48,158,288	–	48,158,288	–
Other investments	10	1,546,792	–	547,386	–
Due from subsidiaries (non–trade)	11	–	–	24,322,382	55,516
Loan to a subsidiary	12	–	–	21,222,890	–
Current assets					
Stocks	13	–	54,991	–	54,991
Trade debtors	14	4,706,734	136,023	446,386	34,598
Other debtors, deposits and prepayments	15	3,860,522	2,110,511	1,657,995	1,217,147
Due from a subsidiary (trade)	16	–	–	–	–
Due from subsidiaries (non–trade)	11	–	–	476,147	86,181
Loan to a subsidiary	12	–	–	1,179,702	–
Due from corporate shareholders (trade)		1,405,085	562,940	1,405,085	562,940
Fixed deposits	18	20,385,427	125,124,193	18,388,699	123,457,693
Cash and bank balances		21,194,343	8,305,048	607,376	6,010,198
		51,552,111	136,293,706	24,161,390	131,423,748
Current liabilities					
Trade creditors		3,663,028	43,126	43,769	11,574
Accruals and other creditors	17	7,202,047	9,005,511	2,713,717	6,218,700
Due to subsidiaries (trade)		–	–	5,575	–
Due to subsidiaries (non–trade)		–	–	–	632,745
Short–term loan (secured)	18	5,013,096	–	–	–
Lease obligations	19	501,589	–	–	–
Provision for taxation		–	4,200	–	–
		16,379,760	9,052,837	2,763,061	6,863,019
Net current assets		35,172,351	127,240,869	21,398,329	124,560,729
		97,907,116	133,920,225	149,544,969	148,927,664

The accompanying notes are an integral part of the financial statements.

STATEMENTS OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2000
(Amounts in Singapore dollars)

	Note	Group		Company	
		2000	1999	2000	1999
		$	$	$	$
Turnover	20	19,839,805	2,499,320	9,715,166	2,071,414
Other operating income		827,471	846,634	202,497	771,089
Direct service fees incurred		(8,878,972)	(459,920)	(1,290,676)	(434,100)
Personnel costs	21	(21,163,718)	(10,991,499)	(9,011,449)	(6,431,045)
Infrastructure costs		(5,611,963)	(2,775,966)	(999,233)	(1,117,842)
Depreciation and amortisation expenses		(4,641,988)	(1,201,312)	(1,906,328)	(519,876)
Fixed assets written off		(1,981,224)	–	–	–
Intangible assets written off		(768,651)	–	(768,651)	–
Marketing expenses		(17,378,122)	(8,851,909)	(7,258,516)	(2,251,438)
Goodwill on consolidation written off		(2,457,279)	–	–	–
Provision for diminution in value of investment in a subsidiary		–	–	(1,083,300)	–
Provision for diminution in value of quoted investments		(7,843,555)	–	(4,722,961)	–
Provision for diminution in value of unquoted investments		(1,683,310)	–	–	–
Provision for doubtful debts receivable from a subsidiary		–	–	(3,189,274)	–
Other operating expenses		(9,199,588)	(5,299,060)	(3,108,536)	(4,061,218)
Loss from operations	22	(60,941,094)	(26,233,712)	(23,421,261)	(11,973,016)
Financial income – net	23	4,001,497	365,619	4,255,314	301,178
Loss before taxation		(56,939,597)	(25,868,093)	(19,165,947)	(11,671,838)
Share of loss of associated company		(459,620)	–	–	–
		(57,399,217)	(25,868,093)	(19,165,947)	(11,671,838)
Taxation	24	–	(4,200)	–	–
Loss after taxation		(57,399,217)	(25,872,293)	(19,165,947)	(11,671,838)
Minority interests		1,443,751	17,771	–	–
Net loss for the year		(55,955,466)	(25,854,522)	(19,165,947)	(11,671,838)
Accumulated losses, brought forward		(35,918,888)	(10,064,366)	(20,652,481)	(8,980,643)
Accumulated losses, carried forward	25	(91,874,354)	(35,918,888)	(39,818,428)	(20,652,481)
Loss per share (cents)					
– basic	26	7.88	10.23		
– diluted	26	7.88	10.23		

The accompanying notes are an integral part of the financial statements.

(Amounts in Singapore dollars)

Group	Share capital	Share premium	Accumulated losses	Translation reserve	Total
	$	$	$	$	$
Balance at 1 January 1999	2,249,492	19,437,958	(10,064,366)	(1,761)	11,621,323
Net loss	–	–	(25,854,522)	–	(25,854,522)
Issue of shares	66,825,737	86,014,879	–	–	152,840,616
Expenses in connection with the initial public offering of the Company	–	(4,947,921)	–	–	(4,947,921)
Currency translation differences	–	–	–	194,713	194,713
Balance at 1 January 2000	69,075,229	100,504,916	(35,918,888)	192,952	133,854,209
Net loss	–	–	(55,955,466)	–	(55,955,466)
Issue of shares	3,100,408	16,682,844	–	–	19,783,252
Currency translation differences	–	–	–	225,121	225,121
Balance at 31 December 2000	72,175,637	117,187,760	(91,874,354)	418,073	97,907,116

(Amounts in Singapore dollars)

Company	Share capital $	Share premium $	Accumulated losses $	Total $
Balance at 1 January 1999	2,249,492	19,437,958	(8,980,643)	12,706,807
Net loss	–	–	(11,671,838)	(11,671,838)
Issue of shares	66,825,737	86,014,879	–	152,840,616
Expenses in connection with the initial public offering of the Company	–	(4,947,921)	–	(4,947,921)
Balance at 1 January 2000	69,075,229	100,504,916	(20,652,481)	148,927,664
Net loss	–	–	(19,165,947)	(19,165,947)
Issue of shares	3,100,408	16,682,844	–	19,783,252
Balance at 31 December 2000	72,175,637	117,187,760	(39,818,428)	149,544,969

(Amounts in Singapore dollars unless otherwise stated)

	2000	1999
	$	$
Cash flows from operating activities		
Loss before taxation	(57,399,217)	(25,868,093)
Adjustment for:		
Provision for stock obsolescence	52,336	–
Provision for doubtful trade debts	89,652	–
Share of loss of associated company	459,620	–
Provision for diminution in value of quoted investments	7,843,555	–
Provision for diminution in value of unquoted investments	1,683,310	–
Fixed assets written off	1,981,224	–
Intangible assets written off	768,651	–
Interest expense	9,536	–
Amortisation of intangible assets	934,377	98,617
Depreciation of fixed assets	3,707,611	1,102,695
Stocks written off	–	70,001
(Gain) Loss on disposal of fixed assets	(87,981)	74,608
Interest income	(3,177,875)	(645,923)
Goodwill on consolidation written off	2,457,279	–
Translation difference	64,520	273,093
Operating loss before working capital changes	(40,613,402)	(24,895,002)
Decrease (increase) in:		
– Stocks	2,655	(54,991)
– Trade debtors	(4,423,524)	(366,170)
– Other debtors, deposits and prepayments	(727,717)	(911,794)
– Due from corporate shareholder, trade	(842,145)	(562,940)
Increase (decrease) in:		
– Trade creditors	3,387,654	(745,655)
– Accruals and other creditors	(2,122,599)	8,233,753
Cash used in operations	(45,339,078)	(19,302,799)
Income taxes refunded	–	150,177
Interest paid	(9,536)	–
Net cash used in operating activities	(45,348,614)	(19,152,622)
Cash flows from investing activities		
Acquisition of a subsidiary, net of cash paid (Note B)	11,983	–
Acquisition of quoted investments	(522,015)	–
Acquisition of unquoted investments	(1,733,542)	–
Investment in associated company	(3,832,859)	–
Investment in bonds	(48,158,288)	–
Additional costs incurred in acquiring intangible assets	(2,309,304)	(511,136)
Purchase of fixed assets (Note C)	(7,297,718)	(6,775,202)
Proceeds from sale of fixed assets	238,236	19,417
Interest income received	2,175,128	402,590
Net cash used in investing activities	(61,428,379)	(6,864,331)

	2000	1999
	$	$
Cash flows from financing activities		
Proceeds from issue of new shares (net)	10,085,150	148,134,743
Proceeds from issue of shares to minority shareholders of a subsidiary	–	83,787
Short term loan	5,013,096	–
Payment of lease obligations	(170,724)	–
Net cash generated from financing activities	14,927,522	148,218,530
Net (decrease) increase in cash and cash equivalents	(91,849,471)	122,201,577
Cash and cash equivalents at beginning of year (Note A)	133,429,241	11,227,664
Cash and cash equivalents at end of year (Note A)	41,579,770	133,429,241

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and bank balances and fixed deposits. Cash and cash equivalents included in the consolidated statement of cash flows comprise the following balance sheet items:

	2000	1999
	$	$
Fixed deposits	20,385,427	125,124,193
Cash and bank balances	21,194,343	8,305,048
	41,579,770	133,429,241

Fixed deposits of a subsidiary amounting to $150,000 are pledged to a bank to secure banking guarantee facilities.

Bank balances of a subsidiary amounting to US$3,000,000 are pledged as security for a short-term loan.

B. ACQUISITION OF A SUBSIDIARY

Increases and decreases in assets and liabilities and the net cash flows resulting from the acquisition of a subsidiary were as follows:

		$
Fixed assets		79,260
Other investments		4,120,000
Trade debtors		236,839
Other debtors, deposits and prepayments		19,547
Trade creditors		(232,248)
Accruals and other creditors		(314,935)
Cash and bank balances		1,011,983
Minority interests		(1,377,725)
Net assets acquired		3,542,721
Goodwill written off		2,457,279
Total consideration		6,000,000
Less:	Issue of shares	(5,000,000)
	Cash and bank balances acquired	(1,011,983)
Cash inflow from acquisition, net of cash paid		(11,983)

C. FIXED ASSETS

During the financial year, the Group acquired fixed assets with an aggregate cost of $7,970,031 of which $672,313 was acquired by means of finance leases. Cash payments of $7,297,718 were made to purchase fixed assets.

The accompanying notes are an integral part of the financial statements.

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. THE COMPANY, ITS SUBSIDIARIES AND THEIR PRINCIPAL ACTIVITIES

The Company is a limited company domiciled and incorporated in Singapore. The address of the Company's registered office is 10 Eunos Road 8, #12-01, Singapore Post Centre, Singapore 408600.

The principal activities of the Company include:

- research and development, design and marketing of telecommunication software;
- provision of international telephony services; and
- provision of internet voice services.

The principal activities of the subsidiaries include those relating to marketing and the sale of international telephony services and internet voice services in their respective countries of incorporation.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements, expressed in Singapore dollars, are prepared in accordance with the historical cost convention and Statements of Accounting Standard in Singapore.

Revenue recognition

Advertising revenue on both banner and sponsorship contracts are recognised rateably over the period in which the advertisement is displayed, provided that no significant Group obligations remain at the end of the period and collection of the resulting receivable is probable. Group obligations for advertising contracts typically include contracted number of "impressions", or times that an advertisement appears in pages viewed by users of the Group's online properties. To the extent these impressions are not served, the Group defers recognition of the corresponding revenues until the remaining impression levels are achieved.

Revenues from other consumer operations and integrated solutions are recognised as service is provided. Prepayments for communication services are deferred and recognised as revenue as and when the communication services are provided.

Unexpired prepayments from customers are included in "accruals and other creditors" in the balance sheet as "unearned revenue".

The Group recognises revenue, net of discounts, from product sales over its websites, when products are shipped to the customers. Outbound shipping and handling charges are included in net sales.

Subsidiaries and associated companies

Investments in subsidiaries and associated companies are stated in the financial statements of the Company at cost. Provision is made where there is a decline in value that is other than temporary.

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

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Subsidiaries and associated companies (Continued)

An associated company is a company, not being a subsidiary, in which the Group has an equity interest of not less than 20% and in whose financial and operating policy decisions the Group exercises significant influence.

Basis of consolidation

The Group financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the Group financial statements with effect from the respective dates of acquisition or disposal. Significant intercompany balances and transactions have been eliminated on consolidation. In the preparation of the consolidated financial statements, the financial statements of the foreign subsidiaries have been translated from their respective functional currencies to Singapore dollars as follows:

(a) all assets and liabilities at the rates of exchange ruling at the balance sheet date;
(b) share capital and reserves at historical rates of exchange; and
(c) profit and loss items at the average exchange rates for the year.

Foreign currency translation differences are taken directly to translation reserve.

Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of net assets acquired of another business. This amount is fully written off to the statement of profit and loss in the year of acquisition.

Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation. Fixed assets are depreciated using the straight-line method to write-off the cost over their estimated useful lives. The estimated useful lives have been taken as follows:

	Years
Furniture, fixtures and fittings	3 - 5
Computer equipment	3
Office equipment	3
Motor vehicles	3
Leasehold improvements	3 - 5

Quoted bonds

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

Other investments

Quoted investments are stated at the lower of cost and market value determined on an aggregate portfolio basis. Further provision 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 for the long term are stated at cost. Provision is made for any decline in value that is other than temporary.

(Amounts in Singapore dollars unless otherwise stated)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Finance leases

Fixed assets acquired under finance leases are capitalised and depreciated over their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to income over the period of the lease to produce a constant rate of charge on the balance of capital repayments outstanding.

Research and development costs

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

Intangible assets

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 renewing patents and licences are charged to the profit and loss account. The carrying values of intangible assets are assessed at the end of each financial year. Intangible assets that are not expected to have future benefits are fully written off to the statement of profit and loss.

Stocks

Stocks are stated at the lower of cost (determined on a first-in, first-out basis) and net realisable value. Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

Income tax

Income tax expense is determined on the basis of tax effect accounting, using the liability method and is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

Foreign currency transactions and balances

The accounting records of the companies in the Group are maintained in their respective functional currencies. Transactions in foreign currencies during the financial year are recorded in the respective functional currencies using exchange rates approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities at the balance sheet date are translated into the respective functional currencies at exchange rates approximating those ruling at that date. All resultant exchange differences are dealt with through the profit and loss account.

Segments

For management purposes, the Group is organised on a world-wide basis into three major operating businesses. The divisions are the basis on which the Group reports its primary segment information.

3. SHARE CAPITAL

	Group and Company	
	2000	1999
Authorised	$	$
– 1,000,000,000 ordinary shares of $0.10 each	100,000,000	100,000,000
Issued and paid up		
– 721,756,365 (1999: 690,752,290) ordinary shares of $0.10 each	72,175,637	69,075,229

(Amounts in Singapore dollars unless otherwise stated)

3. SHARE CAPITAL (Continued)

The Company issued the following shares during the financial year:

	Shares issued	Purpose
	Ordinary shares of $0.10 each	
(a)	8,190,477 ordinary shares of $0.10 each at $1.05 per share, for cash	To raise additional working capital
(b)	4,950,495 ordinary shares of $0.10 each at $1.01 per share for consideration other than cash	To acquire issued shares in I2U Pte Ltd
(c)	3,011,603 ordinary shares of $0.10 each at $1.56 per share consideration other than cash	To acquire issued shares in eWorld of Sports.com Limited
(d)	14,851,500 ordinary shares of $0.10 each at par for cash	Exercise of employee share options

4. SHARE PREMIUM

	Group and Company	
	2000	1999
	$	$
At beginning of year	100,504,916	19,437,958
Premium arising from the issue of 4,730,000 Preference "D" shares of $0.01 each at $1.27 per share	–	5,959,800
Premium arising from the issue of 15,000,000 Preference "D" shares of $0.01 each at $1.40 per share	–	20,850,000
Premium arising from the issue of 63,000 ordinary shares of $1 each at $1.82 per share	–	51,660
Premium arising from the issue of 8,132,678 Preference "D" shares of $0.01 each at $3.57 per share	–	28,952,333
Premium arising from the issue of 200,000 Preference "D" shares of $0.01 each at $1.27 per share	–	252,000
Premium arising from the issue of 36,429 ordinary shares of $1 each at $1.20 per share	–	7,286
Conversion of 2,032,000 Preference "C" shares of $0.01 each to ordinary shares of $0.10 each via capitalisation of share premium	–	(2,011,680)
Conversion of 41,749,343 Preference "D" shares of $0.01 each to ordinary shares of $0.10 each via capitalisation of share premium	–	(41,331,850)
Premium arising from the issue of 170,431,000 ordinary shares of $0.10 each at $0.53 per share, in connection with the initial public offering of the Company	–	73,285,330
Less: Initial public offering expenses	–	(4,947,921)
Premium arising from the issue of 8,190,477 ordinary shares of $0.10 each at $1.05 per share	7,780,953	–
Premium arising from the issue of 4,950,495 ordinary shares of $0.10 each at $1.01 per share	4,504,951	–
Premium arising from the issue of 3,011,603 ordinary shares of $0.10 each at $1.56 per share	4,396,940	–
At end of year	117,187,760	100,504,916

(Amounts in Singapore dollars unless otherwise stated)

5. FIXED ASSETS

(a) Group

	Furniture, fixtures and fittings	Computer equipment	Office equipment	Motor vehicles	Leasehold improvements	Total
	$	$	$	$	$	$
Cost						
As at 1.1.2000	707,103	6,313,909	607,467	142,205	–	7,770,684
Arising from acquisition of subsidiary	783	10,565	73,123	–	–	84,471
Additions	662,841	2,913,952	3,719,095	195,970	478,173	7,970,031
Disposals	(94,873)	(14,692)	(42,968)	(39,174)	–	(191,707)
Write–offs	–	(3,732,329)	–	–	–	(3,732,329)
Translation difference	(271)	182,628	(2,763)	6,500	(493)	185,601
As at 31.12.2000	1,275,583	5,674,033	4,353,954	305,501	477,680	12,086,751
Accumulated depreciation						
As at 1.1.2000	31,416	1,457,224	70,208	10,093	–	1,568,941
Arising from acquisition of subsidiary	66	434	4,711	–	–	5,211
Charge for the year	222,641	2,538,189	805,273	37,596	103,912	3,707,611
Disposals	(13,524)	(572)	(13,957)	(13,399)	–	(41,452)
Write–offs	–	(1,751,105)	–	–	–	(1,751,105)
Translation difference	(169)	25,501	(723)	437	(58)	24,988
As at 31.12.2000	240,430	2,269,671	865,512	34,727	103,854	3,514,194
Charge for 1999	52,048	971,405	68,961	10,281	–	1,102,695
Net book value						
As at 31.12.2000	1,035,153	3,404,362	3,488,442	270,774	373,826	8,572,557
As at 31.12.1999	675,687	4,856,685	537,259	132,112	–	6,201,743

Computer equipment and office equipment with net book values of $665,632 and $6,566 respectively (1999: $Nil and $Nil) were acquired under finance leases.

(Amounts in Singapore dollars unless otherwise stated)

5. FIXED ASSETS *(Continued)*

(b) Company

	Furniture, fixtures and fittings	Computer equipment	Office equipment	Total
	$	$	$	$
Cost				
As at 1.1.2000	627,131	1,635,691	543,192	2,806,014
Additions	22,570	1,082,986	109,435	1,214,991
Disposals	–	(5,982)	(16,972)	(22,954)
As at 31.12.2000	649,701	2,712,695	635,655	3,998,051
Accumulated depreciation				
As at 1.1.2000	22,171	811,263	60,435	893,869
Charge for the year	129,362	633,018	209,571	971,951
Disposals	–	(2,158)	(4,416)	(6,574)
As at 31.12.2000	151,533	1,442,123	265,590	1,859,246
Charge for 1999	44,125	315,345	61,788	421,258
Net book value				
As at 31.12.2000	498,168	1,270,572	370,065	2,138,805
As at 31.12.1999	604,960	824,428	482,757	1,912,145

6. INTANGIBLE ASSETS

	Group and Company	
	2000	1999
	$	$
Cost at beginning of year	612,077	100,941
Additional costs incurred	2,309,304	511,136
Written off during the year	(1,033,328)	–
	1,888,053	612,077
Less accumulated amortisation	(804,164)	(134,464)
	1,083,889	477,613

(Amounts in Singapore dollars unless otherwise stated)

6. INTANGIBLE ASSETS (Continued)

Movement in accumulated amortisation during the year is as follows:

	Group and Company	
	2000	1999
	$	$
At beginning of year	134,464	35,847
Amortisation for the year	934,377	98,617
Written off during the year	(264,677)	–
At end of year	804,164	134,464

7. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries comprises:

	Company	
	2000	1999
	$	$
Unquoted equity shares:		
Cost at beginning of year	21,921,661	54,067
Additional investment	6,001,780	21,881,617
Investment written off	–	(14,023)
	27,923,441	21,921,661
Less provision for diminution in value of investment	(1,083,300)	–
	26,840,141	21,921,661

Movement in provision for diminution in value of investment during the year is as follows:

At beginning of year	–	14,023
Provision for the year	1,083,300	–
Written off against provision	–	(14,023)
At end of year	1,083,300	–

(Amounts in Singapore dollars unless otherwise stated)

7. INVESTMENT IN SUBSIDIARIES (Continued)

As at 31 December 2000, the Group had the following subsidiaries:

Name	Principal Activities	Country of Incorporation and Place of Business	Percentage of equity held by the Group		Cost of investment by the Company	
			2000	1999	2000	1999
			%	%	$	$
Held by the Company						
Mediacommunication Nordic AB*	To market and sell products of holding company in Sweden (currently dormant)	Sweden	100	100	40,040	40,040
MediaRing.com, Inc #	To market and sell products of holding company in USA	USA	100	100	20,044,154	20,044,154
Mediaring Pte Ltd	To market and sell products of holding company (currently dormant)	Singapore	100	100	2	2
MediaRing.com Europe Ltd †	To market and sell products of holding company in Europe	United Kingdom	100	100	1,083,300	1,083,300
I2U Pte Ltd	To provide international telephony services	Singapore	72	–	6,001,780	–
MediaRing.com (Hong Kong) Limited †	To market and sell products of holding company in Hong Kong	Hong Kong	90	90	754,165	754,165
Held by a subsidiary						
MediaRing.com Shanghai Ltd. †	To market and sell products of holding company in the People's Republic of China	People's Republic of China	90	–	–	–
					27,923,441	21,921,661

† Audited by associated firm of Arthur Andersen, Singapore
* Audited by Ernst & Young, AB, Sweden
\# Not required to present audited financial statements under the laws of its country of incorporation

(Amounts in Singapore dollars unless otherwise stated)

8. INVESTMENT IN ASSOCIATED COMPANY

(a) Investment in associated company comprises:

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Unquoted equity shares, at cost	3,832,859	–	3,832,859	–
Share of loss for the year	(459,620)	–	–	–
	3,373,239	–	3,832,859	–

(b) The Company had the following associated company as at 31 December 2000:

Name of company	Principal activities	Country of incorporation and place of business	Percentage of equity held by the Company	
			2000	1999
			%	%
Mediaring TC, Inc	To market and sell international telephony services and internet voice communication services in Japan	Japan	49	-

9. INVESTMENT IN BONDS

	Group and Company	
	2000	1999
	$	$
Quoted bonds, at cost	48,158,288	–
Quoted bonds, at market value	47,594,851	–

Included in quoted bonds are bonds amounting to $34,601,170 (market value: $34,132,906) maturing within the next twelve months.

10. OTHER INVESTMENTS

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Quoted investments - at cost	9,340,115	-	5,220,115	-
Provision for lower of cost and market value	(6,787,103)	-	(3,666,509)	-
Provision for diminution in value of quoted investments	(1,056,452)	-	(1,056,452)	-
Total quoted investments	1,496,560	-	497,154	-
Quoted investments - market value	2,553,012	-	1,553,606	-
Unquoted investments - at cost	1,733,542	-	50,232	-
Provision for diminution in value of unquoted investments for the year, representing balance at end of year	(1,683,310)	-	-	-
Total unquoted investments	50,232	-	50,232	-
Total investments	1,546,792	-	547,386	-

(Amounts in Singapore dollars unless otherwise stated)

11. DUE FROM SUBSIDIARIES (NON–TRADE)

These amounts are unsecured and interest–free.

	Company	
	2000	1999
	$	$
Due from subsidiaries (non–trade)	27,972,159	141,697
Less provision for doubtful debts for the year, representing balance at end of year	(3,173,630)	–
	24,798,529	141,697
Receivable within twelve months	(476,147)	(86,181)
Receivable after twelve months	24,322,382	55,516

12. LOAN TO SUBSIDIARIES

These amounts are unsecured and bear interest at 6% per annum. A loan amount of $21,222,890 is classified under non–current assets and is not expected to be repaid within the next financial year. The other balance of $1,179,702 relating to another subsidiary, which is classified under current assets is repayable on demand.

13. STOCKS

	Group and Company	
	2000	1999
	$	$
Trading stocks	52,336	54,991
Less provision for stock obsolescence	(52,336)	–
	–	54,991

Movement in provision for stock obsolescence during the year is as follows:

At beginning of year	–	3,280
Provision for the year	52,336	–
Written off against provision	–	(3,280)
At end of year	52,336	–

(Amounts in Singapore dollars unless otherwise stated)

14. TRADE DEBTORS

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Trade debtors	4,796,386	136,023	446,386	34,598
Less provision for doubtful trade debts	(89,652)	–	–	–
	4,706,734	136,023	446,386	34,598

Movement in provision for doubtful trade debts during the year is as follows:

	Group 2000	Group 1999	Company 2000	Company 1999
At beginning of year	–	15,983	–	15,983
Provision for the year	89,652	–	–	–
Written off against provision	–	(15,983)	–	(15,983)
At end of year	89,652	–	–	–

15. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Other debtors	880,197	341,146	218,976	266,640
Government grants receivable	–	492,602	–	492,602
Deposits	1,348,220	584,073	373,182	208,914
Prepayments	629,358	449,357	63,090	5,658
Interest receivable	1,002,747	243,333	1,002,747	243,333
	3,860,522	2,110,511	1,657,995	1,217,147

16. DUE FROM A SUBSIDIARY (TRADE)

	Company	
	2000	1999
	$	$
Due from a subsidiary (trade)	15,644	–
Less provision for doubtful debts for the year, representing balance at end of year	(15,644)	–
	–	–

(Amounts in Singapore dollars unless otherwise stated)

17. ACCRUALS AND OTHER CREDITORS

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Accrued operating expenses	3,214,545	2,263,965	1,870,907	537,471
Other creditors	2,821,886	6,481,761	389,211	5,421,444
Unearned revenue	623,759	138,707	412,721	138,707
Deposits received	541,857	121,078	40,878	121,078
	7,202,047	9,005,511	2,713,717	6,218,700

18. SHORT-TERM LOAN (SECURED)

The short-term loan is secured by a subsidiary's bank deposit of US$3,000,000, bears interest at 5.85% per annum and is repayable on 10 July 2001.

19. LEASE OBLIGATIONS

	Group		
	Payments	Interest	Principal
	$	$	$
Not later than one year	524,219	22,630	501,589

20. TURNOVER

Turnover comprises the following:

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Revenue from advertising				
– cash	5,431,153	772,253	3,545,342	603,581
– barter	4,239,664	1,135,976	4,239,664	898,327
Revenue from other consumer operations	1,653,039	557,741	1,476,399	557,741
Revenue from telephony operations	7,761,153	-	-	-
Revenue from integrated solutions	490,414	-	453,761	-
Other revenue	264,382	33,350	-	11,765
	19,839,805	2,499,320	9,715,166	2,071,414

(Amounts in Singapore dollars unless otherwise stated)

21. PERSONNEL COSTS

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Salary and allowances	17,604,801	8,644,409	7,829,571	5,680,243
CPF contributions	730,419	382,229	622,506	382,229
Sales commission	210,303	32,764	58,323	4,217
Staff accommodations	418,851	322,472	-	-
Staff recruitment	697,009	807,019	98,815	135,696
Staff welfare	713,398	90,902	25,231	31,592
Training	158,364	185,285	35,920	136,590
Provision for unpaid leave balance	285,000	-	285,000	-
Other personnel costs	345,573	526,419	56,083	60,478
	21,163,718	10,991,499	9,011,449	6,431,045

22. LOSS FROM OPERATIONS

This is determined after charging (crediting) the following:

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Auditors' remuneration				
- auditors of the company	72,250	40,899	60,000	40,000
- other auditors	54,481	40,250	–	–
Non–audit fees paid to auditors of the company	18,746	–	–	–
Amortisation of intangible assets	934,377	98,617	934,377	98,617
Depreciation of fixed assets	1,419,287	131,290	517,591	105,913
Directors' remuneration				
- directors of holding company	212,696	415,778	212,696	415,778
- directors of subsidiaries	144,005	–	–	–
Fixed assets written off	1,981,224	–	–	–
Goodwill on consolidation written off	2,457,279	–	–	–
Government grants	–	(720,753)	–	(720,753)
(Gain)loss on disposal of fixed assets	(87,981)	74,608	(1,510)	74,608
Intangible assets written off	768,651	–	768,651	–
Operating lease expense	2,576,487	698,606	849,544	282,562
Provision for diminution in value of investment in a subsidiary	–	–	1,083,300	–
Provision for diminution in value of quoted investments	7,843,555	–	4,722,961	–
Provision for diminution in value of unquoted investments	1,683,310	–	–	–
Provision for doubtful debts receivable from a subsidiary	–	–	3,189,274	–
Provision for doubtful trade debts	89,652	–	–	–
Provision for stock obsolescence	52,336	–	52,336	–
Research and development costs*	11,987,706	4,827,843	5,168,197	3,217,890
Stocks written off	–	70,001	–	70,001

* Included in research and development costs are depreciation charges relating to the Group and Company amounting to $2,288,324 (1999: $971,405) and $454,360 (1999: $315,345) respectively as well as personnel expenses relating to the Group and Company amounting to $7,248,390 (1999: $2,556,528) and $4,490,241 (1999: $2,234,100) respectively.

(Amounts in Singapore dollars unless otherwise stated)

23. FINANCIAL INCOME - NET

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Interest income				
– fixed deposit	2,237,419	645,923	1,626,678	582,415
– bonds	910,140	-	910,140	-
– bank balances	30,316	-	10,054	-
– loan to subsidiaries	-	-	871,879	-
Foreign exchange gain (loss), net	833,158	(280,304)	836,563	(280,242)
Interest expense on short-term loans	(9,536)	-	-	(995)
	4,001,497	365,619	4,255,314	301,178

24. TAXATION

The Company

There is no current tax expense as the Company is in a tax loss position.

As at 31 December 2000, the Company had unutilised tax losses of approximately $25,400,000 (1999: $16,900,000). These are available for offset against future taxable profits, subject to compliance with the relevant provisions of the Singapore Income Tax Act.

The subsidiaries

As at 31 December 2000, the subsidiaries had unutilised tax losses of approximately $28,000,000 (1999: $14,000,000). These are available for offset against future taxable profits, subject to agreement with the Income Tax Authorities and the relevant provisions of the tax legislation of the respective countries in which the subsidiaries operate.

The losses of companies within the Group are not available for offset against the profits of profitable companies on a group basis.

The Group's potential deferred tax benefit arising from these unutilised tax losses and capital allowances has not been recognised in the financial statements in accordance with the accounting policy in Note 2 to the financial statements.

(Amounts in Singapore dollars unless otherwise stated)

25. ACCUMULATED LOSSES, CARRIED FORWARD

	Group	
	2000	1999
	$	$
This is retained by:		
The Company	39,818,428	20,652,481
Subsidiaries	49,139,027	15,266,407
Associated company	459,620	–
Goodwill on acquisition written off	2,457,279	–
	91,874,354	35,918,888

26. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share is calculated by dividing the Group's net loss for the year of $55,955,466 (1999: $25,854,522) by the weighted average number of shares in issue during the year of 710,140,188 (1999: 252,686,013) ordinary shares of $0.10 each.

Diluted loss per share is the same as basic loss per share as the effects of anti–dilutive potential ordinary shares are ignored in calculating diluted loss per share.

27. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group and Company has significant transactions with related parties on terms agreed between the parties as follows:

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Revenue				
Revenue from corporate shareholders	4,692,339	592,362	4,692,339	592,362
Interest income from subsidiaries	–	–	871,879	–
Expenses				
Management fees to a subsidiary	–	–	23,426	393,797

(Amounts in Singapore dollars unless otherwise stated)

28. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Contingent liabilities, unsecured

(i) The Company has undertaken to provide continuing financial support to three of its subsidiaries by not demanding payment for loans and receivables owing by them and when required, to provide sufficient working capital up to $1 million in excess of the shareholders' deficit of each subsidiary as at 31 December 2000 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.

As at 31 December 2000, the shareholders' deficit of these subsidiaries are as follows:

Name of subsidiary	Shareholders' deficit
MediaRing.com Europe Ltd	(2,570,989)
MediaRing.com (Hong Kong) Limited	(3,568,525)
I2U Pte Ltd	(765,595)

(ii) The Company's wholly-owned subsidiary in the United States of America, MediaRing.com, Inc., is one of ten defendants whereby the plaintiff is claiming that MediaRing.com, Inc., along with the other nine defendants, is in infringement of patented technology for a product that uses simultaneous voice and data in engaging in telephone calls over telephone lines using Internet Protocol. The Company, its legal counsel, engineers and patent attorneys, are currently assessing the case and as at this date are unable to ascertain the possible outcome of the litigation or potential losses, if any, that may arise therefrom.

(b) Operating lease commitments

Non-cancellable operating lease commitments in respect of office premises are as follows:

	Group		Company	
	2000	1999	2000	1999
	$	$	$	$
Within one year	4,341,000	2,100,000	1,045,000	900,000
Within 2 to 5 years	6,924,000	6,000,000	958,000	1,700,000
Later than 5 years	371,000	–	–	–
	11,636,000	8,100,000	2,003,000	2,600,000

(Amounts in Singapore dollars unless otherwise stated)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

29. GROUP SEGMENTAL REPORTING

(a) By business segments

2000

	Consumer operations	Telephony	Integrated solutions	Others	Group
	$	$	$	$	$
Revenue					
External sales	11,323,856	7,761,153	490,414	264,382	19,839,805
Result					
Operating loss	(20,345,322)	(10,310,183)	(20,346,725)	(171,883)	(51,174,113)
Unallocated corporate income					3,652,008
Unallocated corporate expenses					(9,417,492)
Share of loss of associated company					(459,620)
Minority interest					1,443,751
Net loss for the year					(55,955,466)
Assets					
Allocated assets	6,871,588	28,602,161	3,146,170	–	38,619,919
Investment in associated company					3,373,239
Unallocated assets					72,293,718
Total assets					114,286,876
Liabilities					
Allocated liabilities	3,043,695	11,117,155	2,194,731	24,179	16,379,760
Total liabilities					16,379,760
Capital expenditure	555,648	5,191,792	2,222,591	–	7,970,031
Depreciation of fixed assets	1,820,707	680,665	1,204,246	1,993	3,707,611

(Amounts in Singapore dollars unless otherwise stated)

29. GROUP SEGMENTAL REPORTING (Continued)

1999

	Consumer operations	Others	Group
	$	$	$
Revenue			
External sales	2,465,970	33,350	2,499,320
Result			
Operating loss	(22,123,070)	(76,946)	(22,200,016)
Unallocated corporate expenses			(3,672,277)
Minority interest			17,771
Net loss for the year			(25,854,522)
Assets			
Allocated assets	7,709,192	68,887	7,778,079
Unallocated assets			135,194,983
Total assets			142,973,062
Liabilities			
Allocated liabilities	3,671,300	247,125	3,918,425
Unallocated liabilities			5,134,412
Total liabilities			9,052,837
Capital expenditure	6,436,489	338,713	6,775,202
Depreciation of fixed assets	1,074,263	28,432	1,102,695

(Amounts in Singapore dollars unless otherwise stated)

29. GROUP SEGMENTAL REPORTING (Continued)

(b) By geographical regions

	Turnover		Assets		Capital expenditure	
	2000	1999	2000	1999	2000	1999
	$	$	$	$	$	$
Asia	18,737,491	2,071,415	107,291,810	134,431,231	6,406,781	1,764,037
America	900,092	427,905	6,023,961	7,989,913	1,388,768	4,908,286
Europe	202,222	–	971,105	551,918	174,482	102,879
Total	19,839,805	2,499,320	114,286,876	142,973,062	7,970,031	6,775,202

30. DIRECTORS' REMUNERATION

	Number of directors in remuneration bands		
2000	Executive directors	Non–executive directors	Total
$500,000 and above	–	–	–
$250,000 to $499,999	–	–	–
Below $250,000	1	7	8
Total	1	7	8
1999			
$500,000 and above	–	–	–
$250,000 to $499,999	–	–	–
Below $250,000	2	8	10
Total	2	8	10

31. COMPARATIVES

Where necessary, prior year financial statements have been restated to conform with the current year's presentation in accordance with the new presentation requirements of Statement of Accounting Standard No. 1 (Revised 1999), Presentation of Financial Statements, and Statement of Accounting Standard No. 15 (Revised 1999), Leases and Statement of Accounting Standard No. 23 (Revised 1999), Segment Reporting.

This portion is in compliance with the “Listing Manual”, Clause 912(4), to provide sufficient disclosure of the Company’s corporate governance processes and activities in its Annual Report.

The Directors and Management are committed to maintaining a high standard of corporate governance. We adopt the best practices set out under the Best Practices Guide issued by the Singapore Exchange Securities Trading Limited. For effective corporate governance, the Company has the following:

BOARD OF DIRECTORS

The Board of Directors consists of 7 members and an alternate director to one of the members. Except for the CEO, Ng Ede Phang, all other members are non-Executive Directors.

The Board supervises the management of the business and affairs of the Group. Apart from its statutory responsibilities, the Board approves the Group’s strategic plans, key operational initiatives, major investments and funding decisions, reviews the financial performance of the Group and evaluates the performance and compensation of senior management personnel. These functions are carried out either directly or through Board committees like the Audit Committee, Compensation Committee and the Executive Committee as well as by means of a system of Corporate Authorization to management personnel in various companies of the Group.

The Board of Directors held a total of 4 Board Meetings during the financial year ended 31 December 2000.

AUDIT COMMITTEE

The Audit Committee comprises three members, Walter Sousa, Koh Boon Hwee and Thomas Kalon Ng, all of whom are independent directors. Walter Sousa is the Chairman of the Audit Committee.

The overall objective of the Audit Committee, is to ensure that Management has created and maintained an effective control environment in the Company, and the Management demonstrates and stimulates the necessary respect of the internal control structure among all parties.

The role of the Audit Committee is to assist the Board with discharging its responsibility to:

- safeguard the Company’s assets;
- maintain adequate accounting records; and
- develop and maintain effective systems of internal control.

In 2000, the Audit Committee held two meetings.

The Audit Committee met the external auditors twice to discuss and review :

(1) the financial statements of the Company and the consolidated accounts of the Group for the year ended 31 December 1999;
(2) the audit plan for year 2000, their evaluation of the system of internal accounting controls and the audit report;
(3) the assistance given by the Group’s officers to the external auditors;
(4) the nomination of the external auditors for their reappointment; and
(5) interested party transactions.

The Audit Committee is also charged with the responsibility of commissioning and reviewing the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls of infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on the Group’s operations results and/or financial position.

COMPENSATION COMMITTEE

The Compensation Committee of the Board comprises Koh Boon Hwee, Sim Wong Hoo and Tan Lip-Bu, who are all non-executive directors.

The Chairman of the Compensation Committee is Koh Boon Hwee.

The Compensation Committee was created and mandated with the responsibility to oversee the general compensation of employees of the Group with a goal to motivate, recruit and retain employees and directors through competitive compensation and progressive policies, in particular, the Compensation Committee is responsible for approving and overseeing share incentives, including the employee share option schemes. The Compensation Committee met 3 times in 2000.

EXECUTIVE COMMITTEE

The Executive Committee (EXCO) comprises Walter Sousa, Sim Wong Hoo, Koh Boon Hwee and Ng Ede Phang. The Chairman of the EXCO is Walter Sousa.

The EXCO held 1 meeting in 2000.

The EXCO acts for the Board in supervising the management of the Group's business and affairs within limits of authority delegated by the Board.

The delegation of authority by the Board to the EXCO and other management personnel enables the Board to achieve operational efficiency by empowering them to decide on matters within certain limits of authority and yet maintain control over major policies and decisions of the Group.

INTERESTED PARTY TRANSACTIONS

Interested persons transactions carried out during the financial year by the Group pursuant to the approval given under the Shareholders' Mandate in accordance with Chapter 9A of the Listing Manual were as follows:

Advertising revenue from corporate shareholders	$4,692,339

DEALING IN SECURITIES – BEST PRACTICES

The Company has adopted a Code of Best Practices on securities transactions which contains the recommendations of the Best Practices Guide in the Listing Manual. The Code sets out the prohibitions on dealing in the securities during "closed periods" and the system of controls in monitoring dealings in the securities by directors and officers of the Company to handle potential interests and insider trading situations in compliance with the Securities Industry Act and the disclosure requirements of the Singapore Exchange Securities Trading Limited.

The Company directors and staff are prohibited from dealing in the Company's shares at least 4 weeks before the announcement of the Company's full-year or half-year results or 3 days before the announcement of price-sensitive information. Directors and key officers are expected not to deal in the Company's Securities on short-term considerations. Besides directors, key officers are required to notify the Company of their dealings within 2 days after transaction. All employees and directors of the Company and its subsidiaries are required to observe the insider trading laws under the Securities Industry Act at all times.

Distribution of Shareholdings

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 1,000	2,845	13.54	2,835,409	0.39
1,001 - 10,000	12,978	61.77	66,759,617	9.22
10,001 - 1,000,000	5,131	24.42	217,510,068	30.06
1,000,001 and above	57	0.27	436,549,771	60.33
Total	21,011	100.00	723,654,865	100.00

Location of Shareholdings

Location	No. of Shareholders	%	No. of Shares	%
Singapore	20,666	98.36	550,909,480	76.13
Malaysia	181	0.86	5,230,000	0.72
Hong Kong	31	0.15	602,000	0.08
USA	31	0.15	834,000	0.12
United Kingdom	1	—	5,000	—
Europe	1	—	20,000	—
Australia / New Zealand	17	0.08	185,000	0.03
Others	83	0.40	165,869,385	22.92
Total	21,011	100.00	723,654,865	100.00

Twenty Largest Shareholders

	Name	No. of Shares	%
1	CTI Limited	77,850,240	10.76
2	L&H Investment Company	53,092,270	7.34
3	Innomedia Pte Ltd	39,399,680	5.44
4	Phillip Securities Pte Ltd	26,314,680	3.64
5	Ng Ede Phang	20,819,440	2.88
6	Vertex Technology Fund Ltd	17,910,910	2.48
7	T.H.eVenture Pte Ltd	14,632,520	2.02
8	United Overseas Bank Nominees Pte Ltd	13,461,600	1.86
9	DBS Nominees Pte Ltd	12,736,318	1.76
10	Pacific Century Internet Ventures Limited	9,523,810	1.32
11	SIS Netrepreneur Ventures Corp	8,300,810	1.15
12	Wiig Global Ventures Pte Ltd	7,064,500	0.98
13	OCBC Securities Private Ltd	7,026,000	0.97
14	Vertex Technology Fund (II) Ltd	6,829,270	0.94
15	Oversea-Chinese Bank Nominees Pte Ltd	6,653,720	0.92
16	Citibank Nominees Singapore Pte Ltd	6,432,170	0.89
17	UOB Kay Hian Pte Ltd	6,137,000	0.85
18	Citibank Consumer Nominees Pte Ltd	5,190,000	0.72
19	Pax Realty and Development Pte Ltd	5,183,000	0.72
20	Sim Puay Soong	5,000,000	0.69
	Total	349,557,938	48.33

Substantial Shareholders

		Direct Interest		Deemed Interest		Total Interest	
	Name	No of Shares	%	No of Shares	%	No of Shares	%
1	CTI Limited	77,850,240	10.76	-	-	77,850,240	10.76
2	Sim Wong Hoo	-	-	77,850,240	10.76	77,850,240	10.76
3	L & H Investment Co N.V	53,092,270	7.34	-	-	53,092,270	7.34
4	Pol Lucien Corneel Hauspie	-	-	53,092,270	7.34	53,092,270	7.34
5	Ng Kai Wa	1,333,170	0.18	39,399,680	5.44	40,732,850	5.63
6	Innomedia Pte Ltd	39,399,680	5.44	-	-	39,399,680	5.44
7	Temasek Holdings (Pte) Ltd	-	-	39,372,700	5.44	39,372,700	5.44

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MediaRing.com Ltd ("the Company") will be held at the Hullet Room, The Westin Stamford & Westin Plaza, 2 Stamford Road, Singapore 178882 on Thursday, 31 May 2001 at 10.00 a.m for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the year ended 31 December 2000 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Article 104 of the Company's Articles of Association:

   Mr Koh Boon Hwee (Retiring under Article 104) **(Resolution 2)**
   Mr Tan Lip-Bu (Retiring under Article 104) **(Resolution 3)**

   Mr Koh Boon Hwee will, upon re-election as Director of the Company, remain as member of the Audit Committee and will be considered independent for the purposes of Clause 902(4)(a) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   Mr Tan Lip-Bu has indicated that he does not wish to seek for re-election and will retire at the close of this meeting.

3. To re-appoint Arthur Andersen as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

4. 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:

5. Authority to allot and issue new shares

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Clause 941(3)(b) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby empowered to allot and issue shares in 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:-

   i) 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 for the time being, and
   ii) the aggregate number of shares to be issued other than on a pro-rata basis to existing members does not exceed twenty per cent (20%) of the Company's issued share capital for the time being.

   Such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next General Meeting is required by law to be held, whichever is earlier, unless revoked or varied by the Company. **(Resolution 5)**

6. Authority to grant options and issue shares under the 1999 MediaRing Employees' Share Option Scheme

   That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the MediaRing Enployees' Share Option Scheme ("the Scheme") established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed 65,921,470 ordinary shares from time to time. [See Explanatory Note (i)] **(Resolution 6)**

7. Authority to grant options and issue shares under the 1999 MediaRing Employees' Share Option Scheme II

That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be and are hereby empowered to allot and issue shares in the capital of the Company to the holders of options granted by the Company under the MediaRing Enployees' Share Option Scheme II ("the Scheme II") established by the Company upon the exercise of such options and in accordance with the terms and conditions of the Scheme provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the issued share capital of the Company from time to time. [See Explanatory Note (ii)] **(Resolution 7)**

8(a) Approval of Shareholders' Mandate for Interested Persons Transactions

That approval be and is hereby given for the purposes of Chapter 9A of the Listing Manual of the Singapore Exchange Securities Trading Limited, for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions particulars of which are set out on pages 68 to 69 of the Company's Prospectus dated 11 November 1999 ("Prospectus") with the Interested Persons described in the Prospectus and that such approval shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting. [See Explanatory Note (iii)] **(Resolution 8)**

8(b) Authority to Directors to give effect to Resolution 9

That authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to Resolution 9 above as they may think fit. [See Explanatory Note (iv)] **(Resolution 9)**

By Order of the Board

Mun Tien Shoong
Company Secretary

Singapore
15 May 2001

Explanatory Notes:

(i) The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting, to allot and issue shares in the Company up to a maximum of 65,921,470 ordinary shares of the issued share capital of the Company for the time being pursuant to the exercise of the options under the Scheme

(ii) The Ordinary Resolution 7 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, 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 for the time being pursuant to the exercise of the options under the Scheme.

(iii) The Ordinary Resolution 8 proposed in item 8(a) above, if passed, will authorise the Interested Person Transactions as described in the Prospectus and recurring in the year. This authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(iv) The Ordinary Resolution 9 proposed in item 8(b) above, if passed, will empower the Directors of the Company from the date of the above meeting until the next Annual General Meeting of the Company to do all acts necessary to give effect to the ordinary resolution proposed in item 8(a) above.

Notes:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Eunos Road 8, #12-01/02 Singapore Post Centre, Singapore 408600 not less than forty-eight hours (48) hours before the time for holding the meeting.

MEDIARING.COM LTD
(Incorporated in The Republic Of Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

I/We, ____________________

of ____________________

being a member/members of MediaRing.com Ltd (the “Company”), hereby appoint ____________________

____________________ of ____________________

____________________ or, failing him/her,

____________________ of ____________________

____

or, failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on 31 May 2001 at 10.00 a.m. and at any adjournment thereof. The proxy is to vote on the business before the meeting as indicated below. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the Meeting:

No.	Resolutions relating to:	For	Against
1	Directors’ Report and Accounts for the year ended 31 December 2000		
2	Re-election of Mr Koh Boon Hwee		
3	Re-election of Mr Tan Lip-Bu [Mr Tan Lip-Bu has indicated that he does not wish to seek for re-election and will retire at the close of this meeting]		
4	Re-appointment of Arthur Andersen as Auditors		
5	Authority to allot and issue new shares		
6	Authority to grant options and issue shares under the 1999 MediaRing Employees’ Share Option Scheme		
7	Authority to grant options and issue shares under the 1999 MediaRing Employees’ Share Option Scheme II		
8	Approval of Shareholders’ Mandate for Interested Persons Transactions		
9	Authority to Directors to do all such acts to give effect to the Interested Persons Transactions		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the Resolutions as set out in the Notice of the Meeting.)

Dated this __________ day of ____________________ 2001

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

____

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

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.

3. Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his 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 10 Eunos Road 8, #12-01/02 Singapore Post Centre, Singapore 408600 not less than 48 hours before the time appointed for the Annual General 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.

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 Annual General 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 Annual General Meeting, as certified by The Central Depository (Pte) Limited to the Company.

a. Fold along this line

Affix
Stamp
Here

The Company Secretary
10 Eunos Road 8 #12-01/02
Singapore Post Centre
Singapore 408600

b. Fold along this line

MediaRing.com Ltd 10 Eunos Road 8 #12-01 South Lobby Singapore Post Centre Singapore 408600

Tel: (65) 846 0990 Fax: (65) 846 0286 http://www.mediaring.com