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mediaring

annual report 2006

www.mediaring.com

LET'S KEEP TALKING

Rationale:

Our tagline 'Let's Keep Talking' underscores MediaRing's current position as Asia's leading pure-play VoIP service provider with a significant share of the global Internet telephony market. Through our strong technological capabilities and extensive distribution network, MediaRing brings high-quality voice and data services to carriers, enterprises, service providers, and consumers with our wide range of service offerings. Our extensive partnerships with carriers around the world allow call terminations in more than 240 countries worldwide.

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Corporate Profile

Singapore-grown MediaRing Ltd is Asia's leading VoIP telephony service provider with a significant share of the global VoIP market.

Through our strong technological capabilities and extensive distribution network, MediaRing brings high-quality voice services to carriers, enterprises, service providers, and consumers with our wide range of service offerings. Our extensive partnerships with carriers around the world allow call terminations in more than 240 countries worldwide. As a pioneer in VoIP services with unique proprietary technology, MediaRing derives more than 94 per cent of our revenue from outside Singapore.

With the convergence of voice and data services, MediaRing, through acquisitions, can now offer voice and data services to corporate customers, expanding MediaRing's competitive edge in Enterprise Solutions business and transforming MediaRing into a full-fledged IP communications service provider.

Headquartered in Singapore, MediaRing is a global enterprise with business offices in Malaysia, Shanghai, Beijing, Hong Kong, Taiwan, Japan, Indonesia, Cambodia and Sunnyvale (USA). Since 1999, MediaRing has been listed on the Main Board of the Singapore Stock Exchange and trades under the stock symbol MRNG.SI.

Chairman's Message

EMPOWERING tomorrow's telecommunications

The future of VoIP is calling...

- Almost 80 percent of all voice traffic will be based on VoIP technologies[a] within the next 10 years.
- VoIP is set to drive voice and data convergence activity in more than 95 percent of major companies by 2010[b]...Gartner Inc.
- Telecom spending in the Small Medium Enterprises sector will grow nearly 70 percent over the next five years as demand accelerates for high-speed Internet access and a range of other high-speed IP-based services[a] ...IDC Corp.

Walter Sousa
Executive Chairman

Dear Shareholders,

Once again, it gives me great pleasure to present MediaRing's annual report for FY2006 to our shareholders.

As you may already be aware, 2006 was an exciting year for MediaRing, one that was filled with constant media coverage and buzz about the Company. To reflect this, we have created a vibrant, multi-hued new look for this annual report, one that is aptly themed: **Let's Keep Talking**.

Our message underscores MediaRing's uncompromising commitment to become a total IP communications service provider. While we continue to lead in the VoIP industry, 2006 also marked our direct entry into the data communications business with the acquisition of an Internet Service Provider ("ISP").

This is a significant development for us as IP communications in today's world is far more than just providing voice or data services. Increasingly the demand is for a fully integrated voice and data platform as more people use the Internet as their primary communications tool via emails, instant text messages and Internet phones.

(a) Business Times articled dated 7 November 2005 titled "Internet telephone and the telcos"
(b) Business Times article dated 20 June 2005 titled "3Com to push Internet telephony in Asia"

Chairman's Message

With the acquisition of data capability, MediaRing is now capable of providing, on a single platform, both voice and data services to our customers. This acquisition is the first step in transforming MediaRing into a full-fledged IP communications service provider, our intended next stage of development.

Indeed, MediaRing Talk, our new feature-rich integrated communications platform, which our CEO, Kheng Joo, will elaborate on further, is aimed squarely at changing the future of corporate telecommunications by providing companies a cost effective way to give employees integrated communications.

'Let's Keep Talking' also signals another important facet of MediaRing, that is an open communications culture. I speak on behalf of our Directors, management and employees when I say that maintaining an open, two-way dialogue with our stakeholders is of paramount importance to us. We make it a point to engage our stakeholders and provide updates on our business operations, while adhering diligently to best practices in corporate governance and transparency.

I hope you like the new look and key messages of our 2006 annual report. Now allow me to share with you an overview of MediaRing's key developments and achievements in 2006.

Let's talk about our FY2006 financial achievements

Continuing the growth momentum from previous years, MediaRing ended the year with another set of excellent financial results. The highlights of the Group's financial performance are as follows:

- Group revenue hit US$117.0 million, up 23% from FY2005's US$95.2 million.
- Net profit reached a record US$8.3 million, a growth of 60% from the US$5.2 million achieved in FY2005.
- Net profit in FY2006 would have been US$9.1 million, a 75% growth over FY2005, if not for the one-off costs associated with our Pacific Internet Limited ("PacNet") acquisition bid.
- Stronger balance sheet with equity up by US$33.2 million.
- Earnings Per Share ("EPS") increased to 0.79 US cents compared to 0.64 US cents in FY2005, despite a 31% increase in the weighted average number of outstanding shares issued.
- Net Assets Value ("NAV") increased to 6.99 US cents, compared to 5.19 US cents the previous year.

All abuzz about our corporate achievements

In FY2006, MediaRing surpassed the accomplishments of FY2005 and achieved the following milestones:

- Generated 1.3 billion minutes of call traffic in FY2006, up from 1.0 billion in FY2005.
- Expanded our global distribution network to approximately 1,450, including new distributors in Cambodia, Africa and South America.
- Awarded Deloitte Technology Fast 500 Asia Pacific 2006 for the 4th consecutive year (ranked 2nd among seven Singapore companies listed and 205th among 500 companies in the Asia Pacific).

Everyone's talking about our acquisitions and investments

There is no doubting the fact that MediaRing dominated the local media scene in 2006 with our bid for PacNet. As MediaRing expressed in last year's annual report and in a number of other corporate communications, our objective is to become a one-stop premier IP communication provider of voice and data services in the Asia Pacific region. To this end, we believed there were significant strategic and business synergies to be gained from merging MediaRing's voice-based business with PacNet's data-based business.

Chairman's Message

Much to our disappointment, our final offer of US$9.50 in cash per share for PacNet expired in July 2006 without meeting the required minimum tender condition of securing more than 50% of its shares.

Despite this setback, MediaRing subsequently increased our stake in PacNet to 29.9% on 2 August 2006 to become its largest shareholder. Mr. Koh Boon Hwee, MediaRing's Executive Director, was also appointed to PacNet's Board on 7 November 2006 to represent the Group's interests.

Our quest to become a one-stop premier IP communication provider of voice and data services in the Asia Pacific region did not end with PacNet. Shortly after the conclusion of our offer for PacNet, we successfully acquired a 100% stake in NetPlus Communications Pte Ltd ("NetPlus"), a Singapore-based ISP, for US$6.0 million (S$9.5 million) in cash.

NetPlus is a communications service provider offering Internet access and IT consultancy services to corporate customers in Singapore. With the acquisition of NetPlus, MediaRing is now a full fledged IP communication provider offering a suite of services to our corporate customers ranging from voice to data and Enterprise Solutions such as IP PBX, IP VPN and conferencing services.

What's next you may ask?

Building on the market expansion initiatives started in previous years, we made further headway in FY2006 by entering into new markets such as Cambodia, Indonesia, South America and Africa.

Africa has good growth potential. According to reports by Gartner Dataquest in August 2005, the total retail telecommunications services for Africa and Middle East was estimated at US$80.9 billion in 2005. Of this, South Africa alone contributed US$9.3 billion.

We ventured into the African market in July 2006 through a strategic partnership with the Global Telecom Group ("Global Telecom"), a significant player in the African telecommunications industry with more than 30 years of experience in providing turnkey telecommunications solutions to carriers, cellular operators and large ISPs.

On the new product and technology front, I am pleased to report several new and exciting developments such as:

- The launch of AngkorNet WiMAX services in Cambodia in May 2006 through our Cambodia associate, Cambodia Data Communications Ltd. AngkorNet WiMAX now has a coverage of 90% of Phnom Penh.
- Established a direct presence in Indonesia with the ability to originate and terminate calls within and outside the country.
- Rolled out prefix 3 series in Singapore with full worldwide interconnectivity between fixed-line and mobile phones with PCs.
- Secured the Singapore Airlines' call centre project for our Enterprise business.
- Launched MediaRing Talk, a feature-rich, on-line PC client that integrates voice and data communications on a single easy to use platform.
- Secured the Republic Polytechnic tender to outfit their corporate communication infrastructure using the MediaRing Talk solution.

A warm hello to new members of our Board and management

We were delighted to announce the appointment of Mr. Lucas Chow Wing Keung, one of Singapore's most recognised names in media, to our Board as an Independent Director. Lucas Chow who is the Chief Executive Officer of MediaCorp Pte Ltd, comes from a strong telecommunications background and we look forward to his extensive experience and wide business network to help us in our next growth phase. Lucas' appointment took effect on 1 January 2007.

We also welcomed on board our new CFO, Mr. Yeo Siew Chai, who was formerly the CFO of Network for Electronic Transfers Singapore Pte Ltd ("NETS"), a leading electronic payment company. With over 20 years of experience in senior management roles and a wealth of knowledge in finance and accounting, we have every confidence that Siew Chai will provide valuable leadership to MediaRing in all facets of our operations.

A word of appreciation

In concluding, please allow me to express my deepest appreciation to our shareholders for your confidence; our Board of Directors for their invaluable contribution; our employees for their dedication and hard work; our customers and business partners for their indispensable support, and all who have made MediaRing an outstanding success today.

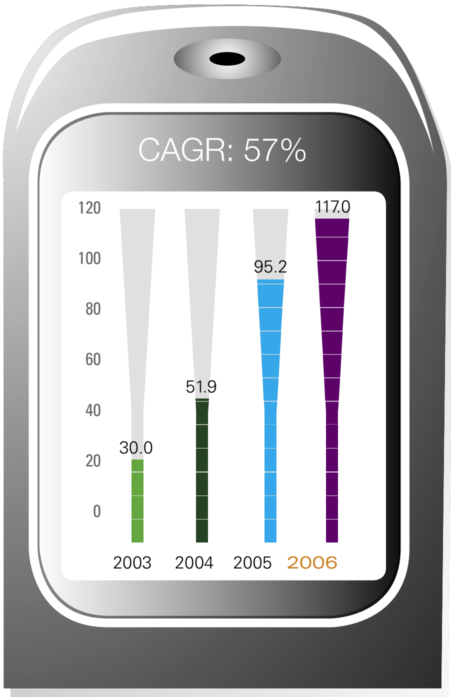
We look forward to your continued support.

Walter J Sousa

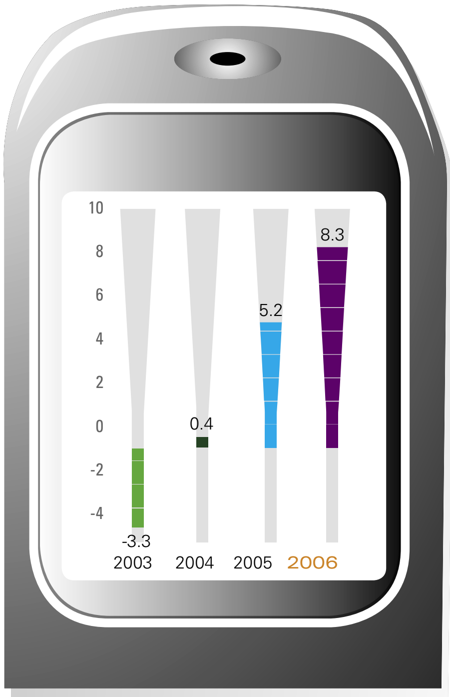
Walter Sousa
Executive Chairman

Financial Highlights

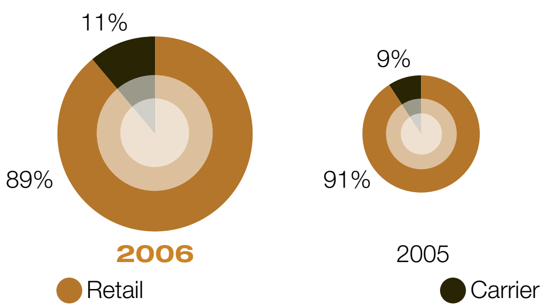
REVENUE
(US$ Million)



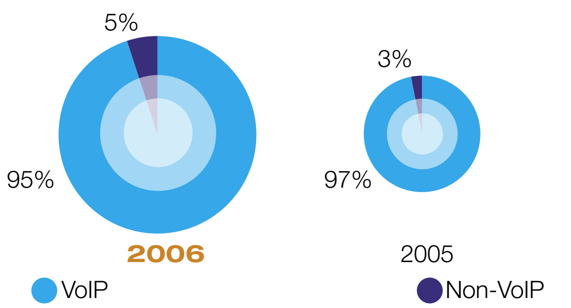
NET PROFIT/(LOSS)
(US$ Million)



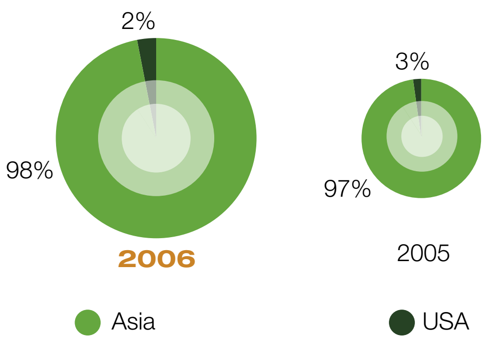
REVENUE BY BUSINESS SEGMENTS (%)



REVENUE BY PRODUCT SEGMENTS (%)



REVENUE BY GEOGRAPHICAL MARKETS (%)



A Dialogue with our CEO: Review of Operations in 2006

For the first time, our revenue crossed the* US$100 million *mark and it feels great to be able to say we are a hundred million dollar company.

"There were two areas that were particularly vital to us in FY2006, namely to maintain our leadership position in the VoIP business; and to transform MediaRing from a pure-play VoIP player to a full-fledged IP communications player."

Khaw Kheng Joo
Chief Executive Officer

Q: Well once again, MediaRing has turned in another excellent financial performance. Tell us more about your results for the year ended 2006.

Khaw: 2006 indeed has been a good year for us. For the first time, our revenue crossed the US$100 million mark and it feels great to be able to say we are a hundred million dollar company.

We closed the year at US$117 million, registering a growth of 23% over US$95.2 million in the previous corresponding period FY2005. Our growth in FY2006 was broad-based with marked improvements across all of our business and product segments.

Revenue from our Retail Operations, which contributed 89% of our total revenue in FY2006, increased 19% to reach US$103.8 million, as compared to US$86.9 million in FY2005. Growth was propelled primarily by our core PC-to-Phone services, which accounted for 79% and 90% of Group and Retail Operations revenue respectively. At the same time, our Carrier Operations increased 59% to US$13.2 million from US$8.3 million in FY2005.

A Dialogue with our CEO: Review of Operations in 2006

Within our product segments, our VoIP segment grew 20% to reach US$111.1 million in FY2006, from US$92.5 million previously, whilst our Non-VoIP segment increased 119% to US$5.9 million, from US$2.7 million. Our VoIP and Non-VoIP segments accounted for 95% and 5% respectively of Group revenue in FY2006.

Our profitability in FY2006 far outpaced our revenue growth. Our Net Profit After Tax grew by 60% to US$8.3 million. Worth highlighting is that our Net Profit After Tax would have been US$9.1 million, equivalent to 75% improvement over FY2005's, if we were to exclude the one-off costs associated with the take over bid for PacNet.

Our financial achievements were made possible by our results-minded business people who collaborated as a cohesive team to generate innovative solutions and delivered sustainable results throughout the year. My heartfelt thanks to each and every member of the MediaRing team. There is absolutely no doubt about it - we have a great team of people at MediaRing.

People are the most important asset at MediaRing. We are fortunate to have a crew of very talented and committed staff who are passionate about their jobs and are dedicated to the success of our business. This, to me, is the most important ingredient for a good set of financial results.

I would also like to take this opportunity to thank our valued business partners and customers who have lent their support to MediaRing in the past year.

Q: What were your strategic thrusts in FY2006?

Khaw: There were two areas that were particularly vital to us in FY2006, namely to maintain our leadership position in the VoIP business; and to transform MediaRing from a pure-play VoIP player to a full-fledged IP communications player.

I am pleased to say that, our focus on VoIP is paying off handsomely for MediaRing and we have successfully maintained our dominance in the VoIP segment in 2006.

Our traditional PC-to-Phone business has consistently been core to MediaRing and we have kept up with our efforts to grow this business in FY2006. I am hence delighted to note that our PC-to-Phone business continued to perform well during the year.

We have also successfully maintained our market share in the regions where we have customarily done well, such as the Middle East and Indochina, and have started to venture into new regions such as Africa and South America. Indeed, we consolidated our market presence in the Middle East and Indochina and, as a result, netted a 21% increase in revenue to US$90.1 million in FY2006 as compared to US$74.3 million previously.

There are many reasons for MediaRing's continued success in our core VoIP business. An important success factor is that we continue to bring to market products and services that are relevant to and well received by our customers. We also make it our mission to provide top-notch technical support and customer service to our business partners and end customers. We believe that our dedication to the success of our business partners is imperative to our own success in the market. We can safely say that in the pure-play VoIP segment, we are definitely one of the leading players in the world.

With rapid voice and data convergence today, our second strategic thrust is to transform MediaRing into a full-fledged IP communications solution provider with the ability to provide our customers with both voice and data solutions. And data is the last piece of the jigsaw puzzle that MediaRing needs to provide for this transformation. I am pleased to state that we have successfully achieved this in FY2006.

MediaRing marked our foray into the data business by acquiring NetPlus in July 2006 for US$6.0 million. This is the second investment in an ISP for MediaRing, following the strategic stake we took in a company in Cambodia in 2005. NetPlus is a communications service provider offering Internet access and IT consultancy services to corporate customers. With these additions, MediaRing is now able to offer customers both VoIP voice solutions and data solutions in the Asia Pacific region.

Talking about Cambodia, if you ever find yourself in Phnom Penh, you could sign up for MediaRing's broadband services under the 'AngkorNet' brand, a wireless broadband using WiMAX technology. While the rest of the world is debating the merits of WiMAX and are having discussions of when trials are to be run, MediaRing has it up and running in Cambodia since May 2006.

A Dialogue with our CEO: Review of Operations in 2006

Q: What were some of the highlights for MediaRing in FY2006?

Khaw: There were several corporate developments that we are particularly proud of in FY2006. In terms of new products, we successfully launched our feature-rich, on-line PC client branded as MediaRing Talk (www.mediaringtalk.com), which is intended for consumers worldwide. The initial take-up rate has been encouraging as, shortly after the launch, MediaRing won a tender from Republic Polytechnic to outfit their laptops with MediaRing Talk. MediaRing is pleased to provide a mobile voice solution that complements the vision of Republic Polytechnic, which is to include voice communication in mobile computing calls.

We are very excited about this project with Republic Polytechnic. It is significant because MediaRing will help to redefine the way future corporate communications is structured. Ultimately, being a fully IP-based solution, MediaRing Talk will pave the way for the installation of wireless and fixed line office voice communications in the future and do away with the traditional PABX hardware and twisted wires.

MediaRing also secured a breakthrough deal with Singapore Airlines' call centre, which puts us at the forefront of being a telecommunications solutions provider for call centre business. Under this project, MediaRing was contracted to pipe calls from all over the world back to the Singapore Airlines' call centre in Singapore. The project is now live and we are currently handling call traffic from the UK, Australia, New Zealand and the US. Other countries will be added in 2007.

Q: What is in the pipeline for MediaRing? Can you share with us the management's strategic focus in FY2007 for each of your business segments?

Khaw: 2007 will be another very busy and exciting year for MediaRing. Going forward, our game plan is to defend and develop our mature markets through consolidation and extension of our distribution networks; and expand into new ones through strategic partnerships, acquisitions and alliances with quality product offerings. In particular we intend to focus on our data, consumer and enterprise business segments.

We will concentrate on expanding our data services to more countries in the East Asia region, and try to establish a foothold in the North Asia market. We will also cross sell to our current customers who are using our VoIP services.

Leveraging on MediaRing's position as a founding member of the Google Federation, we intend to expand MediaRing Talk's client base worldwide, thereby creating a community of MediaRing Talk users who can not only communicate using voice and data with one another seamlessly, but also with other users outside the MediaRing Talk community.

In the enterprise space, we will continue to provide IP communications solutions for users, and customise unique solutions specific to their industry. MediaRing Talk Enterprise solution will be customised to serve industry and customer specific needs. In addition, we intend to replicate our success with Singapore Airlines' call centres to win business from other call centres.

In summary, we will continue to focus on defending the areas where we have done well and expanding into new regions and new products and services for growth.

Khaw Kheng Joo
Chief Executive Officer

WOW!

LET'S KEEP TALKING! SIGN UP FOR MEDIARING TALK TODAY.

MediaRing Talk offers a convenient way to place calls over the Internet using your computer: Free unlimited calls between users, inexpensive rates to mobile & landlines along with instant messaging (IM), text collaboration and multi-user voice conferencing

Free yourself from expensive calling rates – adopt MediaRing Talk for outstanding voice quality and experience the next wave of rich collaboration!

3 easy steps to get started with MediaRing Talk at www.mediaringtalk.com:

1. Sign-up for a unique MediaRing Talk ID
2. Download MediaRing Talk client software
3. Start making phone calls

THE GROUP

continued to generate increasing volume of call traffic, attesting to the rising acceptance and usage of VoIP worldwide. In FY2006, total call traffic volume surged approximately 26% to 1.3 billion minutes compared to 1.0 billion minutes in FY2005. Monthly call traffic has reached more than 100 million minutes since May 2006. VoIP-based traffic accounted for 97% of the Group's total traffic.

1. Walter Sousa (Executive Chairman)
2. Koh Boon Hwee (Executive Director)
3. Khaw Kheng Joo (Chief Executive Officer)
4. Thomas Henrik Zilliacus (Independent Director)
5. Eileen Tay-Tan Bee Kiew (Independent Director)
6. Sin Hang Boon (Independent Director)
7. Lucas Chow Wing Keung (Independent Director)

Board of Directors

Walter Sousa

Mr. Sousa, our Executive Chairman, joined the Board in October 1999 and was appointed to his current position in September 2001. Mr. Sousa was last re-elected as Director on 26 April 2006. Previously, Mr. Sousa was the Chairman and Chief Executive Officer of AT&T Asia/Pacific, and has also been involved in private equity investments. Prior to his appointment at AT&T Asia/Pacific, Mr. Sousa was the Chief Operating Officer of London Stock Exchange-listed Astec (BSR) PLC where he was responsible for its worldwide operations. From 1985 to 1991, Mr. Sousa held the position of the President of Hewlett-Packard Far East in Hong Kong. He holds a Masters degree in Public Administration from America University.

Koh Boon Hwee

Appointed to MediaRing's Board in April 1998, Mr. Koh was elected as an Executive Director in February 2002 and was last re-elected as Director on 26 April 2004. Among other Board appointments, Mr. Koh serves as the Chairman of DBS Group Holdings Limited and Nanyang Technological University Board of Trustees; and the Executive Chairman and CEO of Sunningdale Tech Ltd. He was also previously the Chairman of Singapore Airlines Ltd (2001 to 2005); SIA Engineering Co. Ltd (2003 to 2005); the Singapore Telecommunications Group and its predecessor organisation (1986 to 2001); Omni Industries Ltd (1996 to 2001); the Executive Chairman of the Wuthelam Group (1991 to 2000) and the Managing Director of Hewlett-Packard Singapore (1985 to 1990). Mr. Koh holds a degree in Mechanical Engineering (First Class Honours) from the Imperial College of Science and Technology, University of London, and an MBA (Distinction) from the Harvard Business School.

Khaw Kheng Joo

Mr. Khaw joined the Board in February 2002 and was appointed as Chief Executive Officer on 1 November 2002. Mr. Khaw was last re-elected to his position on 27 April 2005. Mr. Khaw was previously the President of Omni Electronics (2000-2001), a wholly owned subsidiary of SGX Main Board-listed Omni Industries Ltd, one of the largest electronic contract manufacturers in Asia before being acquired by Celestica Inc in 2001. After the acquisition, Mr. Khaw served as Senior Vice President at Celestica Inc. Prior to Omni Industries, Mr. Khaw spent 26 years (1973-1999) at Hewlett-Packard. Mr. Khaw currently sits on the boards of Senoko Power and Singapore Airport Terminal Services Limited. Mr. Khaw holds a Bachelor of Science degree in Electronic and Computer Engineering from Oregon State University, Oregon and a Master of Business Administration from Santa Clara University, California.

Thomas Henrik Zilliacus

Mr. Zilliacus was appointed as Non-executive Director in February 2002 and was last re-elected to his position on 27 April 2005. Mr. Zilliacus is the founder and Executive Chairman of Mobile FutureWorks Inc, a company which develops and invests in mobile space. Mr. Zilliacus is also the Executive Chairman of OpenMobile Corporation, a leading global enabler of premium-priced mobile originated mobile value-added services and the former head of Nokia's Asian operations. Mr. Zilliacus holds a Master of Science in Economics and Business Administration from the Swedish School of Economics and Business Administration, Helsinki.

Eileen Tay-Tan Bee Kiew

Ms. Tay was appointed to the Board in October 2002 and was last re-elected as Director on 26 April 2006. Possessing more than 25 years of experience in the public accounting field, Ms. Tay was a partner with KPMG. Her experience includes auditing, taxation, public listing, due diligence, mergers and acquisitions and business advisory. Ms. Tay currently sits on the boards of Asia Growth Capital (Shanghai) Co Ltd and Namberry Ltd. Ms. Tay is an Associate of Chartered Institute of Management Accountants (UK), Fellow of CPA Australia, Fellow of the Institute of Certified Public Accountants of Singapore and Licentiate of Trinity College (London). Ms. Tay holds an Honours degree in Accountancy from the Singapore University.

Sin Hang Boon

Mr. Sin joined the Board in June 2003 and was last re-elected as Director on 26 April 2004. Currently, he is also a Director of Idea Services Pte Ltd and Sirius Consulting Pte Ltd. Mr. Sin has been in the telecommunications industry for 41 years before his retirement in 2002. From 1996 to 1998, he was a senior executive in Belgacom S.A. in Belgium. From 1999 to 2001, he headed SingTel International, the strategic investment arm of the SingTel Group. From 2002 to March 2004, Mr. Sin was advisor to SingTel and represented SingTel on the boards of several of its associated companies overseas, including Belgacom S.A., ADSB Telecommunications B.V. in The Netherlands and New Century Infocomm Tech Co Ltd in Taiwan. Mr. Sin holds a Bachelor of Science (Physics) degree from Nanyang University, Singapore.

Lucas Chow Wing Keung

Mr. Chow, who brings with him more than 28 years of experience in senior management roles, was appointed to the Board on 1 January 2007. Currently the CEO and Director of The MediaCorp Group, Mr. Chow started his working career with Hewlett-Packard and in 1998, joined the senior management team in SingTel. Mr. Chow chairs the Communications Advisory Group of the National Art Gallery and serves as a consultant to British Telecom's Asia Pacific Advisory Board. He sits on various boards of directors and international advisory committees including Singapore Tourism Board, Health Promotion Board, SingHealth IT, National Art Gallery Implementation Steering Committee, DesignSingapore Council and Creative Community Singapore partnership. Most recently, he was appointed member of the National University of Singapore Board of Trustees. Mr. Chow graduated with a Bachelor of Science (honours) from the University of Aston, Birmingham (United Kingdom).

Senior Management

Yeo Siew Chai

Chief Financial Officer

Appointed Chief Financial Officer of MediaRing in 2006, Mr. Yeo heads the Corporate Services, which include Accounting, Corporate Finance, Merger & Acquisition activities and Legal functions. Mr. Yeo comes from a strong finance background and brings to MediaRing over 20 years of experience in senior management roles. Prior to joining MediaRing, Mr. Yeo was the CFO of NETS since 2003. At NETS, he was responsible for its Corporate Services. Mr. Yeo graduated from the National University of Singapore with a Bachelor of Accountancy and is a member of the Institute of Chartered Accountants in England and Wales and Institute of Certified Public Accountants of Singapore.

William Tan Yew Lek

Senior Vice President (Sales and Marketing)

Mr. Tan joined MediaRing in 1997 and is currently the Senior Vice President of Sales and Marketing. Prior to his appointment, Mr. Tan served as the Managing Director of PK Electronics (Asia Pacific) Pte Ltd, a manufacturer of uninterruptible power supply units, overseeing its Asia Pacific sales and operations, Mr. Tan was the General Manager of Ingram Micro, Inc., one of the world's largest wholesalers and distributors of information technology products from 1992 to 1997. Under his leadership, the company's business grew from S$5 million to S$110 million. From 1989 to 1992, Mr. Tan was employed as the Marketing Manager of Pacific Technology Pte Ltd, a local distributor of information technology products. Mr. Tan holds a Diploma in Marketing from the Chartered Institute of Marketing in Singapore.

Corporate Governance

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

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

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

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

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

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

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

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

		Executive Committee	Nominating Committee	Remuneration Committee	Audit Committee
Board Member					
Walter Sousa (Chairman)	E	Member			
Koh Boon Hwee	E	Chairman	Member		
Khaw Kheng Joo	E	Member			
Thomas Henrik Zilliacus*	I N		Member	Chairman	Member
Eileen Tay-Tan Bee Kiew	I N			Member	Member
Sin Hang Boon**	I N		Member	Member	Chairman
Lucas Chow Wing Keung***	I N		Chairman		
Non-Board Member					
William Tan Yew Lek****		Member			

E - denotes Executive   I – denotes Independent   N – denotes Non-executive

* Appointed as Chairman of RC on 26 February 2007.
** Appointed as Chairman of AC on 26 February 2007.
*** Appointed as Independent and Non-executive Director on 1 January 2007. Appointed as Chairman of NC on 12 March 2007.
**** Appointed as Ex-co member on 14 August 2006.

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

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

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

During the year, the Board held 9 meetings. The agenda for meetings were prepared in consultation with the Chairman and Chief Executive Officer. The Company's Articles of Association provide for participation in a meeting of the Board by means of conference telephone or similar communications equipment. Attendance of each Director at those meetings of the Board and Board Committees, as well as the frequency of such meetings, are provided below:

	Board		**Audit Committee**		**Nominating Committee**		**Remuneration Committee**	
	No. of Meeting		**No. of Meeting**		**No. of Meeting**		**No. of Meeting**	
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Walter Sousa	9	8 (1 via tele-conference)	-	-	-	-	-	-
Koh Boon Hwee	9	9 (1 via tele-conference)	-	-	2	2 (1 via tele-conference)	-	-
Khaw Kheng Joo	9	9 (2 via tele-conference)	-	-	-	-	-	-
Thomas Henrik Zilliacus	9	9 (1 via tele-conference)	4	4 (1 via tele-conference)	2	2 (1 via tele-conference)	4	4
Eileen Tay-Tan Bee Kiew	9	9 (1 via tele-conference)	4	4	-	-	4	4
Sin Hang Boon	9	9 (1 via tele-conference)	4	4	2	2 (1 via tele-conference)	4	4
Lucas Chow Wing Keung	-	-	-	-	-	-	-	-

The Executive Committee consults with each other on a daily basis mainly via emails and telephone discussions.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER
(Principle 3 of the Code)

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

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

EXECUTIVE COMMITTEE

The Ex-co was re-constituted on 31 January 2002 to act for the Board in supervising the Group's business and affairs. It comprises Mr. Koh Boon Hwee, the Chairman, Mr. Walter Sousa, Mr. Khaw Kheng Joo, all of whom are Executive Directors, and Mr. William Tan Yew Lek, the Senior Vice President (Sales & Marketing), who was co-opted to be a member of the Ex-co.

The key functions of the Ex-co are:

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

NOMINATING COMMITTEE
(Principles 4 & 5 of the Code)

The NC was constituted on 8 November 2002 comprising Mr. Lucas Chow Wing Keung, Mr. Thomas Henrik Zilliacus, Mr. Koh Boon Hwee and Mr. Sin Hang Boon. The NC is chaired by Mr. Chow who was appointed on 12 March 2007. The Chairman, Mr. Chow, Mr. Zilliacus and Mr. Sin are Non-executive and Independent Directors. The Chairman is not a substantial shareholder nor directly associated with a substantial shareholder (5% or more). Mr. Koh is not an Independent Director by virtue of his executive position on a part-time basis. However, the Board believes that Mr. Koh is well respected in the industry and is better able to seek and convince a new candidate to join the Board. Nevertheless, it is the Board's goal to eventually have the NC comprising all Independent Directors.

The NC ensures that the Board comprises of directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

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

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

Our Articles of Association currently require one-third of our Directors to retire by rotation at each Annual General Meeting.

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

REMUNERATION COMMITTEE
(Principles 7 & 8 of the Code)

The RC comprises Mr. Thomas Henrik Zilliacus, Mr. Sin Hang Boon and Ms. Eileen Tay-Tan Bee Kiew, all of whom are Non-executive and Independent Directors. The RC is chaired by Mr. Thomas Henrik Zilliacus who was appointed on 26 February 2007.

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

1. Review and recommend to the Board a framework of remuneration, and to determine the specific remuneration packages and terms of employment for each of the Executive Directors and Senior Executives.

2. Recommend to the Board the Employees' Share Option Schemes ("ESOS"), Restricted Share Plan ("RSP"), Performance Share Plan ("PSP") or any long-term incentive schemes.

3. Function as the committee referred to in the MediaRing's ESOS, RSP and PSP.

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

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

The Group adopts ESOS, RSP and PSP that reward Directors and employees who contribute to the Group and are valuable to retain, using vesting schedules.

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

For key executives, the Group adopts a remuneration policy that comprises a fixed and a variable component. The variable component is in the form of a variable bonus that is linked to the Group's key performance indicators approved by the RC in consultation with the Board.

DISCLOSURE OF REMUNERATION
(Principles 8 & 9 of the Code)

The annual remuneration of Directors for FY 2006 is as follows:

	Fees %	Salary %	Bonus %	Share-based Payment %	Total %
Executive Directors					
S$500,000 and above					
Khaw Kheng Joo	-	71.17%	6.17%	22.66%	100%
S$250,000 to S$499,999					
Walter Sousa	-	92.31%	7.69%	-	100%
Below S$250,000					
Koh Boon Hwee	-	91.78%	8.19%	0.03%	100%
Non-executive Directors					
Below S$250,000					
Thomas Henrik Zilliacus	65.20%	-	-	34.80%	100%
Eileen Tay-Tan Bee Kiew	67.00%	-	-	33.00%	100%
Sin Hang Boon	64.40%	-	-	35.60%	100%
Lucas Chow Wing Keung*	-	-	-	-	-

* Appointed as Independent and Non-executive Director on 1 January 2007. Appointed as Chairman of Nominating Committee on 12 March 2007.

1. The Directors' fee amount is based on an accrual basis.
2. The salary and bonus amounts are inclusive of employer's CPF.

The annual remuneration of key management who are not Directors for FY 2006 is as follows:

	No. of Employees
S$500,000 and above	-
S$250,000 to S$499,999	2
Below S$250,000	4

The amount shown is inclusive of salary, bonuses, allowances, share-based payment and employer's CPF. Information on the Group's ESOS, RSP and PSP is set out in the Directors' Report on pages 20 to 27.

AUDIT COMMITTEE
(Principles 11, 12 & 13 of the Code)

The AC, which has a set of written terms of reference, is chaired by Mr. Sin Hang Boon and the other members are Ms. Eileen Tay-Tan Bee Kiew and Mr. Thomas Henrik Zilliacus; all of whom are Non-executive Directors and are independent. Mr. Sin. was appointed as Chairman on 26 February 2007 and he possesses more than 41 years experience in the telecommunication industry.

The roles of the AC are to assist the Board with discharging its responsibilities to:

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

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

The AC reviews significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to financial performance.

The AC, on behalf of the Board, reviews the effectiveness of the Group's system of internal controls and risk management policies and systems in the light of key business and financial risks affecting its business, through meetings with the internal and external auditors. This is carried out at least annually.

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

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

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

The AC reviewed the nature and extent of non-audit services provided by the external auditors during the year, which included tax services. It was satisfied that the quantum of non-audit services was not significant enough to call into question the external auditor's independence.

The AC has put in place procedures for staff of the Company who may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The AC has also ensured that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action.

INTERNAL CONTROLS
(Principle 12 of the Code)

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

The Ex-co reviews the detailed budgets prepared for each business unit and presents the consolidated budget for approval by the Board. Monthly performance indicators and operating results are prepared and monitored against budgets by the Ex-co and Management. Any material difference will be highlighted and explained at Board Meetings. The Board, through the AC, the CEO and the Chief Financial Officer, considers that the Group's framework of internal controls and procedures is adequate to provide reasonable assurance of integrity, confidentiality and availability of critical information and the effectiveness and efficiency of operations, safeguarding of assets and compliance with rules and regulations. It is also satisfied that problems are identified on a timely basis and there is in place a process for follow up actions to be taken promptly to minimise unnecessary lapses.

COMMUNICATION WITH SHAREHOLDERS
(Principles 10, 14 & 15 of the Code)

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

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

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

All shareholders of the Company receive the annual report and Notice of the Annual General Meeting ("AGM"). The Notice is also advertised in the press and published via SGXNET.

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

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

DEALINGS IN SECURITIES

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

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

RISK ASSESSMENT

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

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

Amounts in United States dollars unless otherwise stated

The Directors present their report together with the audited financial statements of the Company and of the Group for the financial year ended 31 December 2006.

Directors

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

Walter Sousa	(Chairman)
Koh Boon Hwee	
Khaw Kheng Joo	(CEO)
Thomas Henrik Zilliacus	
Eileen Tay-Tan Bee Kiew	
Sin Hang Boon	
Lucas Chow Wing Keung	(Appointed on 1 January 2007)

Arrangements to enable directors to acquire shares or debentures

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

Directors' interest in shares and debentures

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

	Direct interest as at		Deemed interest as at	
	1 January 2006	31 December 2006	1 January 2006	31 December 2006
Ordinary shares				
Walter Sousa	650,000	812,500	-	9,395,635
Koh Boon Hwee	1,300,000	1,625,000	2,915,190	13,039,622
Eileen Tay-Tan Bee Kiew	-	151,250	370,000	462,500
Sin Hang Boon	-	61,250	-	-
Options to subscribe for ordinary shares at S$0.0898 per share				
Koh Boon Hwee	16,986	18,918	-	-
Thomas Henrik Zilliacus	168,219	187,355	-	-
Eileen Tay-Tan Bee Kiew	49,863	17,667	-	-
Khaw Kheng Joo	134,795	150,129	-	-
Options to subscribe for ordinary shares at S$0.0925 per share				
Khaw Kheng Joo	10,000,000	11,137,602	-	-
Options to subscribe for ordinary shares at S$0.1213 per share				
Khaw Kheng Joo	5,000,000	5,568,801	-	-

Amounts in United States dollars unless otherwise stated

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

	Direct interest as at		Deemed interest as at	
	1 January 2006	31 December 2006	1 January 2006	31 December 2006
Options to subscribe for ordinary shares at S$0.1231per share				
Walter Sousa	3,000,000	3,341,280	-	-
Options to subscribe for ordinary shares at S$0.1356 per share				
Thomas Henrik Zilliacus	200,000	222,752	-	-
Eileen Tay-Tan Bee Kiew	200,000	222,752	-	-
Sin Hang Boon	200,000	222,752	-	-
Options to subscribe for ordinary shares at S$0.1383 per share				
Walter Sousa	10,000,000	11,137,602	-	-
Koh Boon Hwee	10,000,000	11,137,602	-	-
Options to subscribe for ordinary shares at S$0.1392 per share				
Walter Sousa	138,333	154,069	-	-
Koh Boon Hwee	200,000	222,752	-	-
Options to subscribe for ordinary shares at S$0.1428 per share				
Khaw Kheng Joo	1,500,000	1,670,640	-	-
Options to subscribe for ordinary shares at S$0.1626 per share				
Khaw Kheng Joo	750,000	835,320	-	-
Options to subscribe for ordinary shares at S$0.176 per share				
Thomas Henrik Zilliacus	200,000	222,752	-	-
Eileen Tay-Tan Bee Kiew	200,000	125,854	-	-
Sin Hang Boon	112,877	71,143	-	-
Options to subscribe for ordinary shares at S$0.2245 per share				
Koh Boon Hwee	6,000,000	6,682,561	-	-
Options to subscribe for ordinary shares at S$0.2837 per share				
Eileen Tay-Tan Bee Kiew	-	334,128	-	-
Sin Hang Boon	-	334,128	-	-

Amounts in United States dollars unless otherwise stated

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

	Direct interest as at		Deemed interest as at	
	1 January 2006	31 December 2006	1 January 2006	31 December 2006
Options to subscribe for ordinary shares at S$0.316 per share				
Thomas Henrik Zilliacus	-	300,000	-	-
Options to subscribe for ordinary shares at S$0.417 per share				
Khaw Kheng Joo	-	1,400,000	-	-

There was no change in any of the abovementioned interests between the end of the financial year and 21 January 2007.

Directors' contractual benefits

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

Options

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

(a) 1999 MediaRing Employees' Share Option Scheme

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

The Scheme is administered by the RC. The members of the RC are:

Thomas Henrik Zilliacus	(Chairman with effect from 26 February 2007)
Sin Hang Boon	(Chairman for the financial year ended 31 December 2006 till 26 February 2007)
Eileen Tay-Tan Bee Kiew	

Details of all the options to subscribe for ordinary shares of the Company pursuant to the 1999 MediaRing Employees' Share Option Scheme outstanding as at 31 December 2006 are as follows:

Expiry date	Exercise price (S$)	Number of options
30 October 2009	0.0898	4,983,684

Amounts in United States dollars unless otherwise stated

Options (cont'd)

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

Details of the options to subscribe for ordinary shares in the Company granted to Directors of the Group pursuant to the Scheme are as follows:

	No. of shares under option		
	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year
Name of Director			
Walter Sousa	650,000	650,000	-
Koh Boon Hwee	1,300,000	1,300,000	-

Aggregate options of 72,400,126 were granted under this Scheme since the commencement of the Scheme to the end of the financial year.

No new options under this Scheme were granted during the financial year. The Company conducted a rights issue during the financial year, which increased the number of options granted by 600,196.

Aggregate options of 36,524,930 have lapsed since the commencement of this Scheme.

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

(b) 1999 MediaRing Employees' Share Option Scheme II

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

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

Amounts in United States dollars unless otherwise stated

Options (cont'd)

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

Details of all the options to subscribe for ordinary shares of the Company pursuant to the 1999 MediaRing Employees' Share Option Scheme II outstanding as at 31 December 2006 are as follows:

Expiry date	Exercise price (S$)	Number of options
11 January 2010	1.3160	417,660
13 June 2010	0.4032	1,574,855
21 May 2011	0.1383	372,240
6 September 2011	0.1231	3,341,280
5 November 2011	0.0916	4,566,416
31 January 2012	0.2245	6,682,561
31 January 2012	0.1383	26,173,364
27 June 2012	0.1078	3,511,371
15 July 2012	0.1392	376,821
1 November 2012	0.0925	11,137,602
27 January 2013	0.0907	14,478
4 February 2013	0.0898	8,910
18 February 2013	0.0898	891,008
16 April 2013	0.0898	51,280
28 May 2013	0.0898	374,069
11 September 2013	0.1213	13,124,612
16 January 2014	0.1626	4,755,028
26 April 2014	0.1760	419,749
28 February 2015	0.1428	8,471,118
27 April 2015	0.1356	668,256
27 April 2016	0.3160	300,000
27 April 2016	0.2837	668,256
24 May 2016	0.4170	2,200,000
	Total	**90,100,934**

Amounts in United States dollars unless otherwise stated

Options (cont'd)

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

Details of the options to subscribe for ordinary shares in the Company granted to employees and Directors of the Group pursuant to the Scheme are as follows:

	No. of shares under option				
	Options granted during financial year	Adjustment for rights issue during financial year	Aggregate options granted since commencement of Scheme to end of financial year	Aggregate options exercised since commencement of Scheme to end of financial year	Aggregate options outstanding as at end of financial year
Name of Director					
Walter Sousa	-	1,494,618	13,138,333	-	14,632,951
Koh Boon Hwee	-	1,844,847	16,216,986	-	18,061,833
Khaw Kheng Joo	1,400,000[(1)]	1,977,697	18,784,795	-	20,762,492
Thomas Henrik Zilliacus	300,000[(2)]	64,640	868,219	-	932,859
Eileen Tay-Tan Bee Kiew	300,000[(3)]	71,538	749,863	121,000	700,401
Sin Hang Boon	300,000[(3)]	64,146	612,877	49,000	628,023

(1) These options are exercisable between the period from 1 July 2007 to 24 May 2016 at the exercise price of S$0.417 if the vesting conditions are met.

(2) These options are exercisable between the period from 1 July 2007 to 27 April 2016 at the exercise price of S$0.316 if the vesting conditions are met.

(3) These options are exercisable between the period from 1 July 2007 to 27 April 2016 at the exercise price of S$0.2837 if the vesting conditions are met.

Aggregate options of 126,614,221 were granted under this Scheme since the commencement of the Scheme to the end of the financial year. The options granted during the financial year under this Scheme were 4,100,000 and the adjustment for rights issue was 9,192,469. Aggregate options of 24,936,831 ordinary shares have lapsed since the commencement of this Scheme.

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

During the financial year under review, no options have been granted at a discount.

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

(c) MediaRing Restricted Share Plan ("MediaRing RSP") and MediaRing Performance Share Plan ("MediaRing PSP")

Objectives

The MediaRing RSP and MediaRing PSP were established in the financial year 2006 with the objectives of increasing the Group's flexibility and effectiveness in its continuing efforts to reward, retain and motivate employees to achieve superior performance and sustaining long-term growth for the Group.

Options (cont'd)

(c) MediaRing Restricted Share Plan ("MediaRing RSP") and MediaRing Performance Share Plan ("MediaRing PSP") (cont'd)

Eligibility

The following persons, unless they are also controlling shareholders (as defined in the Listing Manual) of MediaRing Ltd or associates (as defined in the Listing Manual) of such controlling shareholders, shall be eligible to participate in both MediaRing RSP and MediaRing PSP (provided that such persons are not un-discharged bankrupts):

1. any employee of the Group (including any Group Executive Directors and any Parent Group Executive or Non-executive Director of the Parent Group who meet the relevant age and rank criteria and whose services have been seconded to a company within the Group) selected by the RC to participate in the MediaRing RSP and MediaRing PSP;

2. Non-executive Directors; and

3. any employee of associated companies (including Executive Director) selected by the RC to participate in both Plans.

Awards

Awards represent the right of a participant to receive fully paid shares, their equivalent cash value or combinations thereof, free of charge, upon the participant achieving prescribed performance targets and/or service conditions or otherwise having performed well and/or made a significant contribution to the Group.

Types of awards

Awards granted under the MediaRing RSP and MediaRing PSP may be performance-based or time-based. Such pre-determined performance targets may be shorter term targets aimed at encouraging continued service such as completion of project and/or stretched targets aimed at sustaining longer term growth. Time-based awards are awards granted after the satisfactory completion of time-based service conditions, that is, after the participant has served the Group for a specified number of years, as may be determined or pre-determined by the RC. Such awards may also be granted as a sign-on bonus.

The Company has the flexibility to grant awards under both MediaRing RSP and MediaRing PSP to the same participant simultaneously. No minimum vesting periods are prescribed under both MediaRing RSP and MediaRing PSP and the length of vesting periods will be determined on a case-by-case basis. The RC may also grant the awards at any time where in its opinion a participant's performance and/or contribution justifies such award.

The release of the shares awarded under both MediaRing RSP and MediaRing PSP can take the form of either a new issue of shares and/or the purchase of existing shares (subject to applicable laws).

Awards granted during the financial year

During the financial year, 1,525,000 performance shares (@ S$0.36 per share) were granted to key executives of the Group, as part of the incentive plan on retention of key employees. Of these performance shares granted, 30,000 shares had lapsed during the year. None of these recipients held directorships in the Company.

Amounts in United States dollars unless otherwise stated

Audit Committee

The AC comprises the following three independent Non-executive Directors:

Sin Hang Boon	(Chairman with effect from 26 February 2007)
Eileen Tay-Tan Bee Kiew	(Chairperson for the financial year ended 31 December 2006 till 26 February 2007)
Thomas Henrik Zilliacus	

The AC performs the functions set out in the Companies Act, the Listing Manual and Best Practices Guide of the Singapore Exchange. In performing those functions, the AC reviewed the overall scope of the internal audit functions, external audit functions and the assistance given by the Company's officers to the auditors. The AC met with the auditors to discuss the results of their audit and their evaluation of the systems of internal controls. The AC also reviewed the financial statements of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2006, as well as the external auditors' report thereon.

The AC held 4 meetings during the financial year ended 31 December 2006.

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

The AC has recommended to the Board of Directors that Ernst & Young be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

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

On behalf of the Board of Directors,

Koh Boon Hwee
Director

Khaw Kheng Joo
Director

Singapore
21 March 2007

Statement by Directors Pursuant to Section 201(15)

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

(a) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereto, set out on pages 30 to 74 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 2006 and of the results of the business, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors authorised these financial statements for issue on 21 March 2007.

On behalf of the Board of Directors,

Koh Boon Hwee
Director

Khaw Kheng Joo
Director

Singapore
21 March 2007

Independent Auditors' Report to the members of MediaRing Ltd

Amounts in United States dollars unless otherwise stated

We have audited the accompanying financial statements of MediaRing Ltd (the "Company") and its subsidiaries (the "Group") set out on pages 30 to 74, which comprise the balance sheets of the Group and the Company as at 31 December 2006, the profit and loss account, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion:

(a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2006 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
21 March 2007

Balance Sheets as at 31 December 2006

Amounts in United States dollars unless otherwise stated

	Note	Group 2006 $'000	Group 2005 $'000	Company 2006 $'000	Company 2005 $'000
Share Capital and Reserves					
Share capital	3	**154,208**	54,113	**154,208**	54,113
Share premium		-	75,887	-	75,887
Accumulated losses	4	**(74,873)**	(83,163)	**(71,592)**	(83,703)
Other reserves	5	**713**	215	**713**	215
Translation reserve	6	**44**	(146)	**14**	5
		80,092	46,906	**83,343**	46,517
Fixed assets	7	**3,699**	2,542	**1,702**	1,190
Intangible assets	8	**10,263**	186	**255**	129
Investment in subsidiaries	9	-	-	**10,002**	433
Investment in associates	10	**39,403**	154	**39,202**	200
Investment in long-term bonds and deposits	11	**1,827**	5,661	**1,827**	5,661
Other investment securities	12	**116**	3,716	**116**	3,716
Long-term loans and advances to subsidiaries	13	-	-	**6,720**	3,849
Current Assets					
Stocks	14	**411**	276	**368**	215
Trade debtors	15	**5,646**	2,172	**2,921**	1,618
Other debtors and deposits	16	**805**	1,210	**585**	1,087
Prepayments	17	**4,298**	3,178	**3,992**	2,847
Due from subsidiaries	19	-	-	**4,800**	1,904
Due from associates	19	**868**	333	**868**	333
Investment in short-term bonds	11	**1,655**	2,420	**1,655**	2,420
Fixed deposits	18	**29,241**	37,437	**23,508**	33,168
Cash and bank balances	18	**3,327**	1,461	**2,035**	408
		46,251	48,487	**40,732**	44,000
Current Liabilities					
Trade creditors		**4,035**	2,834	**2,085**	1,814
Other creditors and accruals	20	**8,206**	4,614	**6,083**	3,775
Deferred revenue		**7,735**	6,392	**7,330**	5,763
Due to subsidiaries	19	-	-	**1,715**	1,309
Tax payable		**263**	-	-	-
		20,239	13,840	**17,213**	12,661
Net Current Assets		**26,012**	34,647	**23,519**	31,339
Non-Current Liabilities					
Deferred tax liabilities	21	**(1,164)**	-	-	-
Accrued employee entitlement	22	**(64)**	-	-	-
		80,092	46,906	**83,343**	46,517

The accounting policies and explanatory notes on pages 34 to 74 form an integral part of the financial statements.

Consolidated Profit and Loss Account for the year ended 31 December 2006

Amounts in United States dollars unless otherwise stated

	Note	Group 2006 $'000	2005 $'000
Turnover	23	**116,985**	95,153
Other income		**63**	1
Costs and expenses			
Direct service fees incurred		**(49,764)**	(41,907)
Commissions and other selling expenses		**(36,612)**	(30,340)
Personnel costs	24	**(12,210)**	(11,389)
Infrastructure costs		**(3,813)**	(2,195)
Depreciation of fixed assets	7	**(2,363)**	(1,310)
Amortisation of intangible assets	8	**(458)**	(113)
Marketing expenses		**(639)**	(317)
Foreign exchange gain/(loss)		**457**	(237)
Other operating expenses	25	**(5,414)**	(3,652)
Share of results of associates		**245**	(46)
Profit from operations		**6,477**	3,648
Interest income	26	**1,729**	1,066
Non-operating income	27	**285**	453
Non-operating expenses – impairment in value of unquoted investments		**(146)**	-
Profit before taxation		**8,345**	5,167
Taxation	28	**(55)**	-
Profit for the year		**8,290**	5,167
Earnings per share (cents)			
- basic	29	**0.79**	0.64
- diluted	29	**0.75**	0.63

The accounting policies and explanatory notes on pages 34 to 74 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity as at 31 December 2006

Amounts in United States dollars unless otherwise stated

	Share capital (Note 3) $'000	Share premium $'000	Accumulated losses (Note 4) $'000	Other reserves (Note 5) $'000	Translation reserve $'000	Total $'000
2006						
Group						
Balance at 1 January 2006	54,113	75,887	(83,163)	215	(146)	46,906
Net change in fair value adjustment reserve	-	-	-	341	-	341
Net effect of exchange differences	-	-	-	-	190	190
Net income recognised directly in equity	-	-	-	341	190	531
Profit for the year	-	-	8,290	-	-	8,290
Total recognised income and expenses for the year	-	-	8,290	341	190	8,821
Transfer of share premium reserve to share capital	75,887	(75,887)	-	-	-	-
Issuance of ordinary shares	22,924	-	-	-	-	22,924
Exercise of employee share options	1,284	-	-	(149)	-	1,135
Share issue costs	-	-	-	(220)	-	(220)
Value of employee services received	-	-	-	526	-	526
Balance at 31 December 2006	**154,208**	**-**	**(74,873)**	**713**	**44**	**80,092**

	Share capital (Note 3) $'000	Share premium $'000	Accumulated losses (Note 4) $'000	Other reserves (Note 5) $'000	Translation reserve $'000	Total $'000
2005						
Group						
Balance at 1 January 2005	45,044	70,418	(88,330)	557	(136)	27,553
Net change in fair value adjustment reserve	-	-	-	(698)	-	(698)
Net effect of exchange differences	-	-	-	-	(10)	(10)
Net income recognised directly in equity	-	-	-	(698)	(10)	(708)
Profit for the year	-	-	5,167	-	-	5,167
Total recognised income and expenses for the year	-	-	5,167	(698)	(10)	4,459
Issuance of ordinary shares	8,916	5,404	-	-	-	14,320
Exercise of employee share options	153	65	-	(25)	-	193
Value of employee services received	-	-	-	381	-	381
Balance at 31 December 2005	**54,113**	**75,887**	**(83,163)**	**215**	**(146)**	**46,906**

The accounting policies and explanatory notes on pages 34 to 74 form an integral part of the financial statements.

Consolidated Statement of Cash Flows for the year ended 31 December 2006

Amounts in United States dollars unless otherwise stated

	2006 $'000	2005 $'000
Cash flows from operating activities		
Profit before taxation	**8,345**	5,167
Adjustments for:		
Allowance for doubtful trade debts	**158**	316
Allowance for doubtful non-trade debts	**5**	86
Allowance for stock obsolescence	**233**	4
Amortisation of intangible assets	**458**	113
Depreciation of fixed assets	**2,363**	1,310
Dividend income	**(226)**	-
Fixed assets written off	**11**	171
Gain on disposal of investment	**(59)**	(453)
Impairment loss on investment securities	**146**	-
Interest income from bonds and deposits	**(1,729)**	(1,066)
Loss/(gain) on disposal of fixed assets	**3**	(27)
Share-based payments	**526**	381
Share of results of associates	**(245)**	46
Translation differences	**(130)**	141
Operating profit before working capital changes	**9,859**	6,189
Increase in stocks	**(372)**	(9)
Increase in trade debtors	**(2,693)**	(127)
Decrease/(increase) in other debtors and deposits	**430**	(599)
Increase in prepayments	**(1,039)**	(937)
Increase in amount due from associates	**(535)**	(333)
Increase in trade creditors	**58**	852
Increase in other creditors and accruals	**1,593**	1,130
Increase in deferred revenue	**1,268**	1,095
Cash flows generated from operating activities	**8,569**	7,261
Tax paid	**(10)**	-
Net cash flows generated from operating activities	**8,559**	7,261
Cash flows from investing activities		
Dividend income received	**226**	-
Proceeds from redemption of short-term bonds	**2,591**	1,983
Investment in subsidiaries, net of cash acquired (Note 9)	**(8,096)**	-
Purchase of fixed assets	**(2,197)**	(1,843)
Proceeds from disposal of fixed assets	**56**	67
Purchase of intangible assets	**(274)**	(130)
Interest income received from bonds and deposits	**1,791**	1,158
Proceeds from disposal of long-term bonds and other investments	**2,291**	3,478
Investment in associates	**(34,970)**	(200)
Purchase of investment securities	**(146)**	(4,032)
Net cash (used in)/generated from investing activities	**(38,728)**	481
Cash flows from financing activities		
Proceeds from issuance of ordinary shares	**22,924**	14,320
Transaction costs of issuance of ordinary shares	**(220)**	-
Proceeds from exercise of employee share options	**1,135**	193
Net cash generated from financing activities	**23,839**	14,513
Net (decrease)/increase in cash and cash equivalents	**(6,330)**	22,255
Cash and cash equivalents at beginning of year	**38,898**	16,643
Cash and cash equivalents at end of year (Note 18)	**32,568**	38,898

The accounting policies and explanatory notes on pages 34 to 74 form an integral part of the financial statements.

1. Corporate information

The financial statements of MediaRing Ltd (the "Company") for the year ended 31 December 2006 were authorised for issuance in accordance with a Directors' resolution dated 21 March 2007.

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

The principal activities of the Company and its subsidiaries are telecommunication and Internet Service Provider ("ISP") services rendered, and the sale of software licences and hardware. The Company is also engaged in research and development, design and marketing of telecommunication software. During the year, the Group expanded its operations to include the marketing and sale of ISP services. Other than this, there are no other significant changes in the nature of these activities during the year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on a historical cost basis except for available-for-sale financial assets that have been measured at their fair values.

The financial statements are presented in United States Dollars ("USD" or "$") which is the Company's functional currency and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies have been consistently applied by the Group and the Company and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below.

(a) Adoption of new and revised FRS

On 1 January 2006, the Group and the Company adopted all the new and revised FRS mandatory for annual financial periods beginning on or after 1 January 2006. The adoption of these FRS does not have a financial impact on the Group and the Company.

(b) FRS and INT FRS not yet effective

The Group and the Company have not applied the following FRS and INT FRS that have been issued but not yet effective:

			Effective date (Annual periods beginning on or after)
FRS 1	:	Amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)	1 January 2007
FRS 40	:	Investment Property	1 January 2007
FRS 107	:	Financial Instruments: Disclosures	1 January 2007
FRS 108	:	Operating Segments	1 January 2009
INT FRS 107	:	Applying the Restatement Approach under FRS 29, Financial Reporting in Hyperinflationary Economies	1 March 2006
INT FRS 108	:	Scope of FRS 102, Share-based Payment	1 May 2006
INT FRS 109	:	Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	:	Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111	:	Group and Treasury Share Transactions	1 March 2007
INT FRS 112	:	Service Concession Arrangements	1 January 2008

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

2.2 Changes in accounting policies (cont'd)

(b) FRS and INT FRS not yet effective (cont'd)

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 107 and the amendment to FRS 1 as indicated below.

FRS 107, Financial Instruments: Disclosures and amendment to FRS 1 (revised), Presentation of financial statements (Capital Disclosures)

FRS 107 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. The amendment to FRS 1 requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. The Group will apply FRS 107 and the amendment to FRS 1 from annual period beginning 1 January 2007.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Depreciation of fixed assets**

  Fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 2 to 5 years. The carrying amounts of the Group's and Company's fixed assets at 31 December 2006 are approximately $3,699,000 and $1,702,000 respectively (2005: $2,542,000 and $1,190,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

- **Amortisation of intangible assets**

  Intangible assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 1 to 10 years. The carrying amounts of the Group's and Company's intangible assets at 31 December 2006 are approximately $10,263,000 and $255,000 respectively (2005: $186,000 and $129,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

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

2.3 Significant accounting estimates and judgements (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

- **Share-based payments**

  The Group complies with FRS 102, Share-based Payment, where equity-settled share-based payments are measured at fair value at the date of grant and expensed over the expected vesting period. The carrying amount of the Group's and Company's employee share-based reserve as at 31 December 2006 is approximately $1,069,000 (2005: $692,000). At each balance sheet date, the Group revises estimates of the number of share options and performance shares that are expected to vest based on non-market vesting conditions. The assumptions of the valuation model used to determine the fair values of share options are set out in Note 30 to the financial statements.

(b) Critical judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

- **Impairment of investment in subsidiaries and associates**

  The Company follows the guidance of FRS 36 in determining the recoverability of its investment in subsidiaries and associates. This requires assessment as to whether the carrying value of its investment in subsidiaries and associates can be supported by the net present value of future cash flows derived from such investments using cash flow projections which have been discounted at an appropriate rate. This determination requires significant judgement, the Company determines forecasts of future cash flows based on its estimates of future revenues and operating expenses using historical and industry trends, general market conditions, forecasts and other available information.

2.4 Investment in subsidiaries

(a) Subsidiaries

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

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

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

2.4 Investment in subsidiaries (cont'd)

(b) Principles of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. The goodwill is accounted for in accordance with the accounting policy for goodwill stated in Note 2.8 below.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the profit and loss account on the date of acquisition.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated balance sheet within equity, separately from the parent shareholders' equity, and are separately disclosed in the consolidated profit and loss account.

2.5 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the Board of Directors.

The Group's investment in associates are accounted for using the equity method. Under the equity method, the investment in an associate is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the profit or loss of the associate is recognised in the consolidated profit and loss account. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes.

Goodwill, representing the excess of the Group's cost of investment over its share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities, is included in the carrying amount of the investment.

After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

In the Company's separate financial statements, investment in associates are accounted for at cost less impairment losses.

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

2.6 Functional and foreign currency

(a) Functional currency

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be USD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in USD.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

(c) Foreign currency translation

The results and financial position of foreign operations are translated into USD using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the profit and loss account as a component of the gain or loss on disposal.

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

2.7 Fixed assets

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of fixed assets.

An item of fixed assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

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

Furniture, fixtures and fittings	3 - 5 years
Computer equipment	2 - 5 years
Office equipment	3 - 5 years
Motor vehicles	3 - 5 years
Leasehold improvements	3 - 5 years (or period of lease whichever is the shorter)

Computer equipment include office computers, telecommunication equipment and network equipment.

2.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite useful lives is recognised in the profit and loss account through the 'amortisation of intangible assets' line item.

Intangible assets with indefinite useful lives are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

(a) Patents, trademarks and licences

The initial costs of acquiring patents, trademarks and licences are capitalised and charged to the profit and loss account over the licence period but not more than 10 years. The costs of applying for and renewing patents and licences are charged to the profit and loss account.

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

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

2.8 Intangible assets (cont'd)

(b) Customer contracts

Customer contracts were acquired through business combinations, and measured at fair value as at the date of acquisition. Subsequently, customer contracts are amortised on a straight-line basis over its estimated useful lives of 10 years.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.9 Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

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

2.9 Financial assets (cont'd)

(a) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative financial instruments are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in the profit and loss account.

The Group does not designate any financial assets not held for trading as financial assets at fair value through profit and loss.

(b) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the assets to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost using the effective interest method.

This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount and minus any reduction for impairment or uncollectibility.

This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in the profit and loss account when the investments are derecognised or impaired, as well as through the amortisation process.

(c) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses being recognised in the fair value adjustment reserve until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant Exchange's quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost less impairment losses.

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

2.10 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the profit and loss account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Assets carried at cost

If there is objective evidence that an impairment loss on a financial asset carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the profit and loss account, is transferred from equity to the profit and loss account. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the profit and loss account. Reversals of impairment losses on debt instruments are reversed through the profit and loss account, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the profit and loss account.

2.11 Quoted bonds and long-term deposits

Quoted bonds intended to be held to maturity are classified as held-to-maturity investments under FRS 39, while other quoted bonds which are not identified as held-to-maturity investments are classified as available-for-sale financial assets under FRS 39. Long-term deposits are classified as loans and receivables under FRS 39.

The accounting policies for these financial assets are stated in Note 2.9.

2.12 Other investments

Quoted equity investments are classified as available-for-sale financial assets under FRS 39. The accounting policy for this category of financial asset is stated in Note 2.9.

2.13 Stocks

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

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

2.14 Trade and other debtors

Trade and other debtors, including amounts due from subsidiaries and associates, and long-term loans and advances to subsidiaries are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.9.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details on the accounting policy for impairment of financial assets are stated in Note 2.10.

2.15 Cash and cash equivalents

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and bank balances and short-term fixed deposits, and are classified as loans and receivables under FRS 39. The accounting policy for this category of financial assets is stated in Note 2.9.

2.16 Trade and other creditors

Liabilities for trade and other creditors, which are normally settled on 30-90 day terms, and payables to related parties are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit and loss account when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

2.17 Provisions

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

2.18 Operating lease

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

2.19 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

2.19 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the profit and loss account as 'impairment losses' or treated as a revaluation decrease for assets carried at revalued amount to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for that same asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the profit and loss account unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the profit and loss account is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

2.20 Revenue recognition

Revenue of the Group comprises fees earned from telecommunication and ISP services rendered, and the sale of software licences and hardware. These revenues are categorised into business segments as detailed in Note 2.24.

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

Retail Operations

- Revenue from telecommunication services (other than to carriers and service providers), and ISP services is recognised at the time when such services are rendered. Revenue billed in advance of the rendering services is deferred on the balance sheet as "deferred revenue".

- Revenue from rendering of prepaid telecommunication services comprises the gross value of services rendered. Commissions and other incentives given to resellers are separately classified under commissions and other selling expenses as these are part of the distribution costs. Revenue and the related distribution costs from such services are recognised when services are provided. Collections from prepaid telecommunication services are deferred and recognised as revenue as and when the services are provided. Unused prepaid telecommunication services are included in the balance sheet as "deferred revenue". Upon termination of the prepaid telecommunication services, any unutilised value of the prepaid telecommunication services will be taken to the profit and loss account.

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

2.20 Revenue recognition (cont'd)

Retail Operations (cont'd)

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

Carrier Operations

- Revenue from the provision of wholesale traffic terminating services to carriers and service providers is recognised at the time when such services are rendered.

- Revenue from software customisation and system integration services to telecommunication carriers and wholesale clearing houses is recognised upon completion and delivery of the services to the customer, based on the percentage of completion method.

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

Others

- Interest and management fees income are recognised on an accrual basis.

2.21 Research and development costs

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

2.22 Employee benefits

(a) Pensions and other post employment benefits

The Group has complied with the mandatory contribution schemes including national pension schemes as defined by the laws of the countries in which it has operations. These contributions are recognised as an expense in the period in which the related service is performed.

(b) Defined benefits plans

A subsidiary of the Group contributes to a defined benefit pension plan in accordance with the regulations in its country of operations.

Accrued employee entitlement is assessed using the projected unit credit actuarial valuation method. The cost of providing for retirement benefits is charged to the profit and loss account so as to spread the regular cost over the service lives of employees in accordance with the actuarial valuation carried out during the year. Accrued employee entitlement is measured as the present value of the estimated future cash outflows using the yield of long-term government bonds in its country of operations, which have terms to maturity approximating the terms of the related liability . Actuarial gains and losses are recognised in the year these gains and losses arise. Such benefits are unfunded. The expenses relating to accrued employee entitlement are included as part of personnel costs.

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

2.22 Employee benefits (cont'd)

(c) Employee leave entitlements

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

(d) Employee equity compensation benefits

Employees (including senior executives and Directors) of the Group receive remuneration in the form of share options and performance shares as consideration for services rendered ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options and performance shares are granted.The Group has plans that are time-based and performance-based. In valuing the performance-based plans, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the employee share-based reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the profit and loss account for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

2.23 Income tax

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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

2.23 Income tax (cont'd)

(b) Deferred tax (cont'd)

- In respect of temporary differences associated with investment in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences (other than those mentioned above), carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income tax relating to items recognised directly in equity is recognised directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.24 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. The primary format, by business segments, is based on the Group's management and internal reporting structure. Inter-segment pricing, if any, is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

(a) Business Segments

The main business segments of the Group comprise:

- Retail Operations comprising mainly:

  (i) PC-Phone service that allows users to make calls from their PC to any phone in the world;
  (ii) Enterprise service that allows corporate users to make calls via their existing corporate PABX and internet access;
  (iii) IDD and VoIP telephony services to corporate users and consumers;
  (iv) Global Calling Card ("GCC") that offers users the means to make low cost calls via IP infrastructure; and
  (v) ISP service covers the provision of data services including Broadband, Leaseline Access, Private Network, Network Security, Hosted Services and IT Solutions to corporate user and consumers.

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

2.24 Segment reporting (cont'd)

(a) Business Segments (cont'd)

- Carrier Operations comprising mainly:

  (i) wholesale traffic terminating services to carriers and service providers; and
  (ii) Technology Licensing that offers connectivity and interoperability solutions to telecommunication carriers and wholesale clearing houses.

- Others

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

(b) Geographical Segments

The Group has operating offices in two main geographical areas of Asia and USA. Because of the nature of its business, the Group is unable to determine the exact location of its customers. Hence, the location of its operations is used as an indication of the location of its customers. Assets and capital expenditure are based on the location of the assets.

2.25 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration given and (b) any cumulative gain or loss that has been recognised directly in equity is recognised in the profit and loss account.

3. Share capital

	Group and Company	
	2006	**2005**
	$'000	$'000
Issued and fully paid up:		
Balance at 1 January		
- 903,870,279 (2005: 750,974,565) ordinary shares	**54,113**	45,044
Issuance of ordinary shares during the year		
- 228,512,819 (2005: 150,330,214) ordinary shares	**22,924**	8,916
Exercise of employee share options		
- 13,464,768 (2005: 2,565,500) ordinary shares	**1,135**	153
Transfer from employee share-based reserve	**149**	-
Transfer of share premium reserve to share capital	**75,887**	-
Balance at 31 December:		
- 1,145,847,866 (2005: 903,870,279) ordinary shares	**154,208**	54,113

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

The Company has two employee share option plans (Note 30) under which options to subscribe for the Company's ordinary shares have been granted to employees.

3. Share capital (cont'd)

In accordance with the Companies (Amendment) Act 2005, on 30 January 2006, the shares of the Company ceased to have a par value and the amount standing in the share premium reserve became part of the Company's share capital.

4. Accumulated losses

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Opening balance at 1 January	**(83,163)**	(88,330)	**(83,703)**	(88,517)
Profit for the year	**8,290**	5,167	**12,111**	4,814
Closing balance at 31 December	**(74,873)**	(83,163)	**(71,592)**	(83,703)

5. Other reserves

	Group and Company	
	2006	**2005**
	$'000	$'000
Fair value adjustment reserve	**(136)**	(477)
Employee share-based reserve	**1,069**	692
Less: share issue cost	**(220)**	-
Total other reserves	**713**	215

(a) Fair value adjustment reserve

Fair value adjustment reserve records the cumulative fair value changes of available-for-sale financial assets until they are derecognised or impaired.

	Group and Company	
	2006	**2005**
	$'000	$'000
Opening balance at 1 January	**(477)**	221
Net change in the reserve	**341**	(698)
Closing balance at 31 December	**(136)**	(477)
Net change in the reserve arises from:		
– net gain on fair value changes during the year	**391**	(698)
– recognised in the profit and loss account:		
on disposal of investment securities	**(50)**	-
Closing balance at 31 December	**341**	(698)

(b) Employee share-based reserve

Employee share-based reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the period in which the performance and/or service conditions are fulfilled.

	Group and Company	
	2006	**2005**
	$'000	$'000
Opening balance at 1 January	**692**	336
Value of employee services received	**526**	381
Transfer to share capital	**(149)**	(25)
Closing balance at 31 December	**1,069**	692

6. Translation Reserve

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Opening balance at 1 January	**(146)**	(136)	**5**	16
Net effect of exchange differences	**190**	(10)	**9**	**(11)**
Closing balance at 31 December	**44**	(146)	**14**	5

7. Fixed assets

	Furniture, fixtures and fittings	Computer equipment	Office equipment	Motor vehicles	Leasehold improvement	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 January 2005	190	6,267	335	49	151	6,992
Additions	163	1,609	71	-	-	1,843
Disposals/write-offs	-	(514)	-	-	-	(514)
Net exchange differences	1	(3)	(1)	1	-	(2)
At 31 December 2005 and 1 January 2006	354	7,359	405	50	151	8,319
Additions	20	2,138	29	10	-	2,197
Arising from acquisition of subsidiaries (Note 9)	36	6,428	85	43	17	6,609
Disposals/write-offs	(30)	(261)	(36)	(44)	(2)	(373)
Net exchange differences	2	10	-	-	-	12
At 31 December 2006	**382**	**15,674**	**483**	**59**	**166**	**16,764**
Accumulated depreciation						
At 1 January 2005	171	4,118	298	38	149	4,774
Depreciation charge for the year	17	1,260	26	6	1	1,310
Disposals/write-offs	-	(303)	-	-	-	(303)
Net exchange differences	1	(5)	(1)	1	-	(4)
At 31 December 2005 and 1 January 2006	189	5,070	323	45	150	5,777
Depreciation charge for the year	39	2,264	53	5	2	2,363
Arising from acquisition of subsidiaries (Note 9)	35	5,048	60	37	10	5,190
Disposals/write-offs	(29)	(198)	(35)	(39)	(2)	(303)
Net exchange differences	2	36	-	-	-	38
At 31 December 2006	**236**	**12,220**	**401**	**48**	**160**	**13,065**
Net carrying amount						
At 31 December 2005	165	2,289	82	5	1	2,542
At 31 December 2006	**146**	**3,454**	**82**	**11**	**6**	**3,699**

7. **Fixed assets (cont'd)**

	Furniture, fixtures and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Company				
Cost				
At 1 January 2005	108	2,549	258	2,915
Additions	163	742	70	975
Disposals	-	(66)	-	(66)
At 31 December 2005 and 1 January 2006	271	3,225	328	3,824
Additions	14	1,277	21	1,312
Disposals	-	(78)	(29)	(107)
At 31 December 2006	**285**	**4,424**	**320**	**5,029**
Accumulated depreciation				
At 1 January 2005	107	1,724	241	2,072
Depreciation charge for the year	9	575	17	601
Disposals	-	(39)	-	(39)
At 31 December 2005 and 1 January 2006	116	2,260	258	2,634
Depreciation charge for the year	35	702	35	772
Disposals	-	(50)	(29)	(79)
At 31 December 2006	**151**	**2,912**	**264**	**3,327**
Net carrying amount				
At 31 December 2005	155	965	70	1,190
At 31 December 2006	**134**	**1,512**	**56**	**1,702**

8. Intangible assets

	Goodwill	Licensing, patents and trademarks	Customer contracts	Total
	$'000	$'000	$'000	$'000
Group				
Cost				
At 1 January 2005	-	1,395	-	1,395
Additions	-	130	-	130
At 31 December 2005 and 1 January 2006	-	1,525	-	1,525
Additions	-	274	-	274
Arising from acquisition of subsidiaries (Note 9)	5,458	3,044	1,965	10,467
Net exchange differences	-	3	-	3
At 31 December 2006	**5,458**	**4,846**	**1,965**	**12,269**
Analysis of accumulated amortisation				
At 1 January 2005	-	1,226	-	1,226
Amortised during the year	-	113	-	113
At 31 December 2005 and 1 January 2006	-	1,339	-	1,339
Arising from acquisition of subsidiaries (Note 9)	-	209	-	209
Amortised during the year	-	360	98	458
At 31 December 2006	-	**1,908**	**98**	**2,006**
Net Carrying Amount				
At 31 December 2005	-	186	-	186
At 31 December 2006	**5,458**	**2,938**	**1,867**	**10,263**

The remaining amortisation periods range between 1 to 10 years for licensing, patents and trademarks, and 10 years for customer contracts.

8. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill acquired through business combinations for PT. Atlasat Solusindo and NetPlus Communications Pte Ltd has been determined provisionally, and hence, the amount has not been allocated to the Group's cash-generating units for impairment testing.

Licensing, patents and trademarks

	Total
	$'000
Company	
Cost	
At 1 January 2005	1,372
Additions	58
At 31 December 2005 and 1 January 2006	1,430
Additions	264
At 31 December 2006	**1,694**
Analysis of accumulated amortisation	
At 1 January 2005	1,208
Amortised during the year	93
At 31 December 2005 and 1 January 2006	1,301
Amortised during the year	138
At 31 December 2006	**1,439**
Net Carrying Amount	
At 31 December 2005	129
At 31 December 2006	**255**

9. Investment in subsidiaries

Investment in subsidiaries comprise:

	Company	
	2006	**2005**
	$'000	$'000
Unquoted equity shares, at cost	**27,925**	18,356
Less: impairment loss	**(17,923)**	(17,923)
Carrying amount after impairment loss	**10,002**	433

Amounts in United States dollars unless otherwise stated

9. Investment in subsidiaries (cont'd)

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

Name	Principal Activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2006 %	2005 %
Directly held by the Company				
MediaRing.com, Inc [(b)]	To market and sell telecommunication services	USA	**100**	100
Mellon Technology Pte Ltd (formerly known as MediaRing Technology Pte Ltd & Borderless Technology Pte Ltd)[(c) (e)]	To market and sell telecommunication services	Singapore	**100**	100
MediaRing (Europe) Limited [(b)]	Dormant	United Kingdom	**100**	100
MediaRing Communications Pte Ltd (formerly known as i2u Pte Ltd) [(e)]	To market and sell telecommunication and ISP services	Singapore	**100**	100
Alpha One Limited (formerly known as MediaRing (Hong Kong) Limited) [(a)]	To market and sell telecommunication services	Hong Kong	**100**	100
MediaRing TC, Inc[(b)]	To market and sell telecommunication services	Japan	**100**	100
MediaRing Sdn Bhd (formerly known as i2u Sdn Bhd) [(d) (f)]	To market and sell telecommunication services	Malaysia	**100**	100
NetPlus Communications Pte Ltd[(h)]	To market and sell ISP services	Singapore	**100**	-
PT. Atlasat Solusindo[(i)]	To market and sell telecommunication services	Indonesia	**95** [(j)]	-

Amounts in United States dollars unless otherwise stated

9. Investment in subsidiaries (cont'd)

Name	Principal Activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2006 %	2005 %
Held by subsidiaries				
MediaRing.com Shanghai Limited [(g)]	To market and sell telecommunication services	People's Republic of China	**100**	100
Nex Services Pte Ltd[(h)]	Dormant	Singapore	**100**	-
I Secure Services Pte Ltd[(h)]	Dormant	Singapore	**100**	-

(a) Audited by Ernst & Young, Hong Kong.
(b) Not required to be audited by the laws of its country of incorporation.
(c) Cost of investment is S$2 (2005: S$2).
(d) Cost of investment is RM2 (2005: RM2).
(e) Audited by Ernst & Young, Singapore.
(f) Audited by William C. H. Tan & Associates, Malaysia.
(g) Audited by Ernst & Young, Shanghai.
(h) Audited by LTC & Associates, Singapore.
(i) Audited by Ernst & Young, Jakarta.
(j) The Group holds 100% of voting power in PT. Atlasat Solusindo through the assignment of voting power by the remaining shareholders.

On 17 April 2006, the Company effectively acquired 100% of the voting shares in PT. Atlasat Solusindo, an Indonesian-based Public Internet Telephony Service Provider, after obtaining the approvals from the relevant Indonesian authorities. On 12 July 2006, the Company acquired all the issued shares in NetPlus Communications Pte Ltd, a Singapore-based ISP.

9. Investment in subsidiaries (cont'd)

In 2006, the fair value of the identifiable assets and liabilities of the subsidiaries acquired and the effect thereof as at the date of acquisition were as follows:

Summary of Effect on Acquisition of Interest in Subsidiaries:

	Fair value recognised on acquisition $'000	Carrying amount before combination $'000
Fixed assets	**1,419**	1,419
Intangible assets (net of accumulated amortisation of $209,000)	**4,800**	13
Investment in an associate	**2**	2
Trade debtors	**966**	966
Other debtors and prepayment	**214**	214
Cash and cash equivalents	**1,446**	1,446
Total assets	**8,847**	4,060
Trade creditors	**(1,143)**	(1,143)
Other creditors and accruals	**(2,301)**	(2,301)
Accrued employee entitlement	**(53)**	(53)
Deferred tax liabilities on fair value adjustment	**(1,239)**	-
Total liabilities	**(4,736)**	(3,497)
Net identifiable assets	**4,111**	
Goodwill arising on acquisition (Note 8)	**5,458**	
	9,569	
Cost of acquisition		
Cash paid for purchase consideration	**9,404**	
Cash paid for cost directly attributable to the acquisition	**165**	
Total cost of acquisition	**9,569**	
Cash outflow on acquisition		
Cash paid	**(9,569)**	
Net cash acquired with the subsidiaries	**1,446**	
Translation differences	**27**	
Net cash outflow on acquisition	**(8,096)**	

Included in the carrying amount before combination are the assets and liabilities of PT. Atlasat Solusindo and NetPlus Communications Pte Ltd.

The above fair values of these two subsidiaries are provisionally determined. The external fair value assessment by an external valuer is expected to be finalised within 12 months from the date of acquisition. Adjustments, if any, to the above provisionally determined fair values will be accounted for in the 2007 financial statements.

From the dates of acquisitions, the acquired subsidiaries have contributed a net loss of $305,000 to the net profit of the Group.

If the acquisitions had taken place at the beginning of the year, the revenue and net profit of the Group would have been $121,205,000 and $7,848,000 respectively.

10. Investment in associates

	Group		Company	
	2006	2005	**2006**	2005
	$'000	$'000	$'000	$'000
Quoted shares, at cost	**38,523**	-	**38,523**	-
Unquoted shares, at cost	**679**	200	**679**	200
	39,202	200	**39,202**	200
Share of post-acquisition reserves	**201**	(46)	-	-
Carrying amount of investments	**39,403**	154	**39,202**	200
Fair value of quoted investment in an associate	**37,722**	-	**37,722**	-

Quoted shares include a brought forward investment of $4,032,000 in Pacific Internet Ltd ("PacNet") that was previously classified as other investment securities in 2005 and an additional investment of $34,491,000 during the year.

The purchase price allocation of the Group's investment in PacNet to the fair values of intangible assets (other than goodwill), and other assets, and to goodwill, is currently being assessed. It is expected to be finalised within 12 months from the date of acquisition. Any adjustments to the fair values of these assets at the acquisition date, including the resultant amortisation impact for identified intangibles (if any), will be accounted for in the 2007 financial statements.

Name	Principal Activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2006 %	2005 %
Directly held by the Company				
(Cambodia) Data Communication Co. Ltd	To provide Internet access and Very Small Aperture Terminal ("VSAT") services	Cambodia	**40.0**	40.0
MediaRing Africa Limited	To market and sell telecommunication services	Hong Kong	**40.0**	-
Pacific Internet Limited [(a) (b) (c)]	To provide Internet access services and communications services, sales of network configuration equipment and the design and maintenance of websites.	Singapore	**29.4**	-
Vipafone Proprietary Limited	To market and sell telecommunication services	Africa	**40.0**	-
Held by a subsidiary				
NGV Pte Ltd	To market and sell telecommunication services	Singapore	**45.9**	-

[(a)] Audited by Ernst & Young, Singapore.

[(b)] Shares of PacNet were pledged as security for bank facility for the Voluntary General Offer ("VGO") of PacNet in May 2006. The security pledge was released and discharged on 9 February 2007.

[(c)] In 2005, the Group held an equity interest of approximately 4.67% in PacNet that was previously classified as other investment securities.

10. Investment in associates (cont'd)

The gross summarised financial information of the associates are as follows:

	2006 $'000	2005 $'000
Assets and liabilities		
Current assets	**70,466**	553
Non-current assets	**42,065**	775
Total assets	**112,531**	1,328
Current liabilities	**(36,212)**	(136)
Non-current liabilities	**(3,726)**	(833)
Total liabilities	**(39,938)**	(969)
Results		
Revenue	**124,436**	302
Profit/(loss) for the year	**3,182**	(141)

In 2006, the above gross summarised financial information of the Group's associates includes the gross summarised financial information of PacNet for the whole year.

The Group has recognised its share of PacNet's profits, amounting to $423,000 from July 2006, when it obtained a significant influence in PacNet, up to the year ended 31 December 2006.

11. Investment in bonds and long-term deposits

	Group and Company 2006 $'000	 2005 $'000
Current		
Quoted bonds (held-to-maturity financial assets)	**1,003**	-
Quoted bonds (available-for-sale financial assets)	**652**	2,420
	1,655	2,420
Non-current		
Quoted bonds (held-to-maturity financial assets)	**563**	1,595
Quoted bonds (available-for-sale financial assets)	-	2,823
	563	4,418
Long-term deposits (loans and receivables financial assets)	**1,264**	1,243
Investment in long-term bonds and deposits	**1,827**	5,661
Investment in bonds and long-term deposits	**3,482**	8,081
Quoted bonds and long-term deposits, at fair value	**3,473**	7,829

11. Investment in bonds and long-term deposits (cont'd)

Investment in bonds and long-term deposits are denominated in the following currencies:

	Group and Company	
	2006	**2005**
	$'000	$'000
United States Dollar	**2,830**	2,838
Singapore Dollar	**652**	5,243
	3,482	8,081

Quoted bonds mature on varying periods within 1 to 4 years (2005: within 1 to 11 years) from the financial year end. Interest is at rates ranging from 4.487% to 4.824% (2005: 1.55% to 5.022%) per annum, which are also the effective interest rates.

Long-term deposits are placed with banks and these deposits have maturing periods ranging from 2 to 7 years (2005: from 3 to 8 years) from the financial year end. Interest is at rates ranging from 8.0% to 15.5% (2005: 8.0% to 15.5%) over the term of the deposits.

The interest rates of long-term deposits reprice at intervals of 6 months.

Quoted bonds of $Nil (2005: $2.4 million) and fixed deposits of $1.49 million (2005: long-term deposits of $1.0 million) are pledged as security for bank guarantees, standby letters of credit and other bank services.

12. Other investment securities

Other investment securities relate to quoted equity investments which are classified as available-for-sale financial assets.

13. Long-term loans and advances to subsidiaries

	Company	
	2006	**2005**
	$'000	$'000
Long-term loans and advances treated as part of net investment in subsidiaries	**39,640**	39,519
Less: Allowance for doubtful loans and advances	**(32,920)**	(35,670)
	6,720	3,849

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

14. Stocks

Stocks are stated at lower of cost and net realisable value, after deducting allowance for stock obsolescence of $301,000 (2005: $123,000) for the Group and $247,000 (2005: $21,000) for the Company.

15. Trade debtors

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Trade debtors	**6,592**	3,232	**3,013**	2,185
Less: Allowance for doubtful debts	**(946)**	(1,060)	**(92)**	(567)
	5,646	2,172	**2,921**	1,618

Trade debtors are denominated in the following currencies:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Singapore Dollar	**1,100**	267	**108**	112
United States Dollar	**4,269**	1,856	**2,813**	1,506
Others	**277**	49	-	-
	5,646	2,172	**2,921**	1,618

16. Other debtors and deposits

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Other debtors	**248**	553	**184**	523
Deposits	**472**	571	**318**	478
Interest receivable	**85**	86	**83**	86
	805	1,210	**585**	1,087

Other debtors and deposits are denominated in the following currencies:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Singapore Dollar	**129**	194	**57**	182
United States Dollar	**498**	931	**473**	896
Others	**178**	85	**55**	9
	805	1,210	**585**	1,087

17. Prepayments

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Prepaid selling expenses	**3,097**	2,645	**2,978**	2,379
Other prepaid expenses	**1,201**	533	**1,014**	468
	4,298	3,178	**3,992**	2,847

18. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Fixed deposits	**29,241**	37,437	**23,508**	33,168
Cash on hand and at bank	**3,327**	1,461	**2,035**	408
	32,568	38,898	**25,543**	33,576

Cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Singapore Dollar	**4,576**	6,472	**2,540**	6,368
United States Dollar	**27,050**	31,289	**23,003**	27,208
Japanese Yen	**637**	614	-	-
Indonesia Rupiah	**236**	-	-	-
Renminbi	**44**	488	-	-
Others	**25**	35	-	-
	32,568	38,898	**25,543**	33,576

Fixed deposits with financial institutions mature on varying periods within 1 month (2005: within 1 month) from the financial year end. Interest is at rates ranging from 2.679% to 5.32% (2005: 0.85% to 4.31%) per annum, which are also the effective interest rates.

Cash at bank earns interest at floating rates based on daily bank deposits ranging from 0% to 3.3% (2005: 0% to 3.1%) per annum.

19. Due from/(to) subsidiaries and associates

Amounts due from subsidiaries are stated after deducting allowance for doubtful debts of $8,169,000 (2005: $8,390,000) for the Company.

Amounts due from/(to) subsidiaries and associates are non-trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash.

20. Other creditors and accruals

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Other creditors	**691**	511	**459**	290
Accrued operating expenses	**6,890**	3,730	**5,178**	3,161
Deposits received	**625**	373	**446**	324
	8,206	4,614	**6,083**	3,775

20. Other creditors and accruals (cont'd)

Other creditors and accruals are denominated in the following currencies:

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Singapore Dollar	**2,921**	1,479	**2,146**	1,344
United States Dollar	**4,549**	2,960	**3,937**	2,431
Others	**736**	175	-	-
	8,206	4,614	**6,083**	3,775

21. Deferred tax liabilities

	Group			
	Consolidated balance sheet		Consolidated profit and loss account	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Fair value adjustments on acquisition of subsidiaries	**1,164**	-	**(75)**	-
Deferred income tax credit (Note 28)			**(75)**	-

22. Accrued employee entitlement

A subsidiary of the Group in Indonesia contributes to a post-employment defined benefit plan for its employees. The principal assumptions used by an independent external actuary in determining accrued employee entitlements as of 31 December 2006 are as follows:

a. Discount rate : 12% p.a.
b. Salary increment rate : 10%
c. Normal retirement age : 55 years

Actuarial gains and losses are recognised in the year that these gains and losses arise, as allowed under *FRS 19, Employee Benefits*. The benefits are unfunded.

As the defined contribution plan is not material to the total staff cost of the Group, additional disclosures of the defined benefit plan are not shown.

23. Turnover

Turnover comprises the following:

	Group	
	2006	**2005**
	$'000	$'000
Retail Operations	**103,807**	86,922
Carrier Operations	**13,178**	8,231
	116,985	95,153

24. Personnel costs

	Group 2006 $'000	Group 2005 $'000
Salary and allowances	**10,135**	9,856
Central Provident Fund contributions	**866**	732
Defined benefit plan	**11**	-
Share-based payments	**526**	381
Staff accommodation	**1**	10
Staff recruitment	**80**	48
Staff welfare	**63**	48
Training	**32**	44
Provision for unpaid leave balance	**193**	32
Other personnel costs	**303**	238
	12,210	11,389

Personnel costs include the amount of Directors' remuneration as shown in Note 31.

25. Other operating expenses

Other operating expenses is stated after charging/(crediting) the following:

	Group 2006 $'000	Group 2005 $'000
Non-audit fees paid to		
- auditors of the Company	**17**	49
- other auditors	**56**	50
Directors' fees		
- Directors of the Company	**135**	143
Other professional fees	**824**	659
Travelling and transportation	**1,589**	908
Allowance for stock obsolescence	**233**	4
Allowance for doubtful trade debts	**158**	316
Fixed assets written off	**11**	171
Loss/(gain) on disposal of fixed assets	**3**	(27)

26. Interest income

	Group 2006 $'000	Group 2005 $'000
Interest income:		
- bonds and long-term deposits	**318**	407
- fixed deposits	**1,396**	646
- bank balances	**15**	13
	1,729	1,066

27. Non-operating income

	Group 2006 $'000	Group 2005 $'000
Dividend income from other investments	**226**	-
Gain on disposal of other investments	**59**	453
	285	453

28. Taxation

	Group 2006 $'000	Group 2005 $'000
Income tax on the profit for the year:		
- current tax	**130**	-
- deferred tax (Note 21)	**(75)**	-
	55	-

A reconciliation between the tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2006 and 2005 is as follows:

	Group 2006 $'000	Group 2005 $'000
Profit before taxation	**8,345**	5,167
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	**1,525**	**683**
Adjustments:		
Tax effect of expenses not deductible for tax purposes	**1,016**	132
Deferred tax assets not recognised	**740**	1,153
Utilisation of deferred tax assets previously not recognised	**(2,316)**	(1,849)
Income not subject to taxation	**(861)**	(128)
Share of result of associates	**(49)**	9
Current financial year's taxation charge	**55**	-

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

As at 31 December 2006, the Group has tax losses of approximately $53,517,000 (2005: $62,336,000) and unabsorbed capital allowances of approximately $6,126,000 (2005: $213,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax asset is recognised due to uncertainty of its recoverability.

The use of these tax losses and unabsorbed capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax assets have not been recognised in respect of the following items:

	Group 2006 $'000	Group 2005 $'000
Temporary differences	**2,679**	5,911
Unabsorbed capital allowances and tax losses	**59,643**	62,549
	62,322	68,460

On 15 February 2007, the Singapore Government announced a revision in the Singapore corporate tax rate from 20% to 18%. In accordance with *FRS 12, Income Taxes*, and *FRS 10, Events after the Balance Sheet Date*, this is a non-adjusting subsequent event.

29. Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. The following reflects the profit and share data used in the basic and diluted earnings per share computation for the years ended 31 December:

	Group	
	2006	**2005**
	$'000	$'000
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	**8,290**	5,167

	Group	
	2006	**2005**
	'000	'000
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**1,046,973**	802,149

(b) *Diluted earnings per share*

Diluted earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2006	**2005**
	'000	'000
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**1,046,973**	802,149
Effect of dilution:		
Share options	**55,255**	23,325
Performance shares	**377**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,102,605**	825,474

4,471,808 (2005: 23,473,668) of share options granted to employees under the existing employee share option plans have not been included in the calculation of diluted earnings per share because they are anti-dilutive for the years ended 31 December 2006 and 2005 respectively.

Since the end of the year, employees (including Senior Executives and Directors) have exercised options to acquire 4,821,636 (2005: 3,915,500) ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Amounts in United States dollars unless otherwise stated

30. Employee Benefits

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

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

(a) 1999 MediaRing Employees' Share Option Scheme

Options are granted for terms of 5 to 10 years to purchase the Company's ordinary shares at S$0.10 each. These options are vested proportionately over four years from the date of grant. Only options that have been vested can be exercised. The first 25% of the options are vested and can be exercised at any time after the end of the quarter following the first anniversary of the date of grant. The balance of 75% of options shall vest in 12 equal quarterly installments with the vesting of each installment taking place successively after the end of each successive calendar quarter.

Information with respect to the number of options granted under the Company's Employees' Share Option Scheme is as follows:

	Number of Options 2006	Weighted Average Exercise Price (S$) 2006	Number of Options 2005	Weighted Average Exercise Price (S$) 2005
Outstanding at beginning of year (1)	**9,457,000**	**0.1000**	10,393,000	0.1000
Adjustment for rights issue	**600,196**	**0.0898**	-	-
Lapsed	-	-	(171,000)	0.1000
Exercised (2)	**(5,073,512)**	**0.0982**	(765,000)	0.1000
Outstanding at end of year (1) (3)	**4,983,684**	**0.0898**	9,457,000	0.1000
Exercisable at end of year	**4,983,684**	**0.0898**	9,457,000	0.1000

(1) Included within these balances are equity-settled options that are exempted from recognition in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102.

(2) The weighted average share price at the date of exercise was S$0.3616 (2005: S$0.2070).

(3) The exercise price for options outstanding at the end of the year was S$0.0898 (2005: S$0.1000). The weighted average remaining contractual life for these options is 2.8 years (2005: 3.8 years).

(b) 1999 MediaRing Employees' Share Option Scheme II

Options are granted for terms of 10 years to purchase the Company's ordinary shares at the average of the closing prices for the 5 trading days prior to the issuance of the grant. These options are vested proportionately over four years from the date of grant. Only options that have been vested can be exercised. The first 25% of the options are vested and can be exercised at any time after the end of the quarter following the first anniversary of the date of grant. The balance of 75% of options shall vest in 12 equal quarterly installments with the vesting of each installment taking place successively after the end of each successive calendar quarter.

Amounts in United States dollars unless otherwise stated

30. Employee Benefits (cont'd)

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

Information with respect to the number of options granted under the Company's Employees' Share Option Scheme II is as follows:

	Number of Options 2006	Weighted Average Exercise Price (S$) 2006	Number of Options 2005	Weighted Average Exercise Price (S$) 2005
Outstanding at beginning of year [1]	**87,153,364**	**0.1613**	81,435,781	0.1614
Adjustment for rights issue	**9,192,469**	**0.1454**	-	-
Granted [4]	**4,100,000**	**0.3948**	8,900,000	0.1583
Lapsed	**(1,953,643)**	**0.3351**	(1,381,917)	0.1743
Exercised [2]	**(8,391,256)**	**0.1575**	(1,800,500)	0.1372
Outstanding at end of year [1] [3]	**90,100,934**	**0.1521**	87,153,364	0.1613
Exercisable at end of year	**75,847,213**	**0.1447**	58,501,343	0.1671

(1) Included within these balances are equity-settled options that have not been recognised in accordance with FRS 102 as these equity-settled options were granted on or before 22 November 2002. These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 102.

(2) The weighted average share price at the date of exercise for the options exercised was S$0.4227 (2005: S$0.2560).

(3) The range of exercise prices for options outstanding at the end of the year was S$0.0898 to S$1.3160 (2005: S$0.1000 to S$1.4656). The weighted average remaining contractual life for these options is 6.3 years (2005: 6.8 years).

(4) The weighted average fair value of options granted during the year was S$0.1881 (2005: S$0.0625).

The fair value of equity-settled share options as at the date of grant is estimated by an external valuer using the Trinomial model, taking into account the terms and conditions under which the options were granted.

The inputs to the model used for the years ended 31 December 2006 and 2005 are shown below:

	Group 2006	Group 2005
Dividend yield (%)	-	-
Expected volatility (%)	**52.2**	48
Average risk-free interest rate (%)	**2.8**	2.3
Contractual life of option (years)	**10**	10
Expected early exercise multiple (times)	**1.4 to 2.0**	1.4 to 2.0
Weighted average share price (S$)	**0.38**	0.15

30. Employee Benefits (cont'd)

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

The expected volatility is estimated based on historical data and reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The expected early exercise multiple is estimated based on historical experience and is also not necessarily indicative of exercise patterns that may occur.

No other features of the option grant were incorporated into the measurement of fair value.

(c) MediaRing Performance Share Plans

On 26 April 2006, the Company obtained the approval of its shareholders to establish and administer 2 new performance share plans, namely the MediaRing RSP and MediaRing PSP, as part of an incentive plan on retention of key employees.

Performance shares granted to key employees are vested over a period of 3 years, in the following manner:

At the end of the first anniversary of date of award	:	30% of total award
At the end of the second anniversary of date of award	:	30% of total award
At the end of the third anniversary of date of award	:	40% of total award

Information with respect to the number of shares granted under the MediaRing PSP is as follows:

Number of performance shares

At date of grant on 22 May 2006	1,525,000
Lapsed during the year	(30,000)
Outstanding at 31 December 2006	1,495,000

The Group has time-based and performance-based plans. Performance shares granted in 2006 were all time-based.

The fair value of performance shares granted during the year was US$0.226 (2005: Nil). The fair value was determined based on the market price of the shares at the grant date.

31. Related party information

(a) Sale and purchase of goods and services

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties who are not members of the Group took place during the year at terms agreed between the parties:

	Group	
	2006	**2005**
	$'000	$'000
Services rendered from associates	**(643)**	(301)
Services rendered to associates	**221**	-
Interest income from a related company	**12**	-

31. Related party information (cont'd)

(b) Compensation of key management personnel

	Group	
	2006	**2005**
	$'000	$'000
Short-term employee benefits	**1,473**	2,186
Pension benefits	**30**	27
Share-based payments	**288**	220
Total compensation paid to key management personnel	**1,791**	2,433
Comprise amounts paid to:		
- Directors of the Company	**917**	1,341
- Other key management personnel	**874**	1,092
	1,791	2,433

32. Contingent liabilities and commitments

(a) Contingent liabilities

The Company has undertaken to provide continuing financial support to its subsidiaries by not demanding payment for loans and receivables owing by them and when required, to provide sufficient working capital to enable them to operate as going concerns for a period of at least twelve months from the respective dates of the Directors' reports of the subsidiaries relating to the audited financial statements for the financial year ended 31 December 2006.

(b) Operating lease commitments

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

	Group		Company	
	2006	**2005**	**2006**	**2005**
	$'000	$'000	$'000	$'000
Within 1 year	**506**	433	**322**	309
Within 2 to 5 years	**391**	549	**276**	539
	897	982	**598**	848

33. Segment information

(a) Business Segments

	Retail Operations $'000	Carrier Operations $'000	Group $'000
2006			
Turnover	103,807	13,178	116,985
Operating profit/(loss)	9,216	(1,834)	7,382
Unallocated corporate income			908
Profit for the year			8,290
Allocated assets	64,694	4,118	68,812
Unallocated corporate assets			32,747
Total assets			101,559
Allocated liabilities	(17,061)	(4,406)	(21,467)
Capital expenditure	2,133	338	2,471
Depreciation and amortisation	2,555	266	2,821

	Retail Operations $'000	Carrier Operations $'000	Others $'000	Group $'000
2005				
Turnover	86,922	8,231	-	95,153
Operating profit/(loss)	6,608	(2,728)	(232)	3,648
Unallocated corporate income				1,519
Profit for the year				5,167
Allocated assets	7,496	1,520	-	9,016
Unallocated corporate assets				51,730
Total assets				60,746
Allocated liabilities	(12,940)	(900)	-	(13,840)
Capital expenditure	1,745	227	-	1,972
Depreciation and amortisation	1,172	251	-	1,423

(b) Geographical Segments

	Turnover		Assets		Capital expenditure	
	2006 $'000	2005 $'000	2006 $'000	2005 $'000	2006 $'000	2005 $'000
Asia	**114,706**	92,448	**99,923**	59,570	**1,763**	1,241
USA	**2,279**	2,705	**1,636**	1,176	**708**	731
Total	**116,985**	95,153	**101,559**	60,746	**2,471**	1,972

34. Directors' remuneration

	Executive Directors $'000	Number of directors in remuneration bands Non-executive Directors $'000	Total $'000
2006			
S$500,000 and above	1	-	1
S$250,000 to S$499,999	1	-	1
Below S$250,000	1	4	5
	3	**4**	**7**
2005			
S$500,000 and above	1	-	1
S$250,000 to S$499,999	1	-	1
Below S$250,000	1	4	5
	3	4	7

35. Financial instruments

Financial risk management objectives and policies

The Group's principal financial instruments comprise fixed deposits, investment in bonds and long-term deposits, and cash and bank balances. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as trade debtors and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, interest rate risk, liquidity risk, and foreign exchange risk. The Board reviews and agrees policies for managing these risks and they are summarised below.

Credit risk

The carrying amounts of trade and other debtors, fixed deposits, investment in bonds and long-term deposits, amount due from associates and cash and bank balances represent the Group's maximum exposure to credit risk. Cash and bank balances are placed with banks of good standing. The Group performs ongoing credit evaluation of its customers' financial conditions and maintains an allowance for doubtful trade debts based upon expected collectibility of all trade debts.

The Group has no significant concentration of credit risk.

Interest rate and liquidity risk

To manage interest rate and liquidity risks, surplus funds are placed with reputable banks and invested in bonds.

Interest rate risk

The following tables set out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk.

35. Financial instruments (cont'd)

Interest rate and liquidity risk **(cont'd)**

Interest rate risk (cont'd)

	Within 1 year $'000	1-2 years $'000	2-3 years $'000	3-4 years $'000	4-5 years $'000	More than 5 years $'000	Total $'000
2006							
Group							
Fixed rate							
Investment in bonds	1,655	-	-	563	-	-	2,218
Floating rate							
Cash and fixed deposits	32,568	-	-	-	-	-	32,568
Investment in long-term deposits	-	-	985	-	-	279	1,264
Company							
Fixed rate							
Investment in bonds	1,655	-	-	563	-	-	2,218
Floating rate							
Cash and fixed deposits	25,543	-	-	-	-	-	25,543
Investment in long-term deposits	-	-	985	-	-	279	1,264
2005							
Group							
Fixed rate							
Investment in bonds	2,420	1,618	-	620	577	1,603	6,838
Floating rate							
Cash and fixed deposits	38,898	-	-	-	-	-	38,898
Investment in long-term deposits	-	-	-	969	-	274	1,243
Company							
Fixed rate							
Investment in bonds	2,420	1,618	-	620	577	1,603	6,838
Floating rate							
Cash and fixed deposits	33,576	-	-	-	-	-	33,576
Investment in long-term deposits	-	-	-	969	-	274	1,243

The other financial instruments of the Group and the Company that are not included in the above tables are not subject to interest rate risks.

35. Financial instruments (cont'd)

Foreign exchange risk

Currently, the Group does not enter into foreign exchange contracts to hedge its foreign exchange risk resulting from cash flows from transactions denominated in foreign currencies, primarily the Singapore dollar. However, the Group reviews periodically that its net exposure is kept at an acceptable level. Approximately 95% (2005: 98%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 82% (2005: 95%) of costs are denominated in the unit's functional currency.

Fair values of financial instruments

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

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

Cash and cash equivalents, trade and other receivables, trade and other payables, amounts due from/(to) subsidiaries and associates.

The carrying amounts approximate fair values due to the relatively short-term maturity of these financial instruments.

Long-term loans and advances to subsidiaries.

Long-term loans and advances to subsidiaries are quasi-equity in nature. These have no repayment terms and are only repayable when the cash flows of the borrowers permit. Therefore the fair values of these loans and advances are not determinable as the timing of the future cash flows arising from these loans and advances cannot be estimated reliably.

Investment in bonds and long-term deposits.

The fair value of investment in bonds and long-term deposits, which is the market value, is disclosed in Note 11.

36. Comparative figures

Comparatives in the financial statements have been reclassified to better reflect the nature of the balances and to conform to the current year's classification.

	Reclassified 2005 $'000	Previous 2005 $'000
Presented in the Consolidated Profit and Loss Account		
Commissions and other selling expenses	(30,340)	(31,489)
Personnel costs	(11,389)	(10,240)
Presented in the Notes to Accounts		
Note 24 Personnel costs		
Salaries and allowances	(9,856)	(8,707)

Supplementary Information

MATERIAL CONTRACTS

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

INTERESTED PARTY TRANSACTIONS ("IPT")

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

Statistics Of Shareholdings as at 9 March 2007

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1-999	51	0.30	17,218	-
1,000 – 10,000	10,070	58.89	49,610,909	4.31
10,001 – 1,000,000	6,914	40.44	380,907,175	33.11
1,000,001 and above	64	0.37	719,912,200	62.58
Total	17,099	100.00	1,150,447,502	100.00

LOCATION OF SHAREHOLDINGS

Location	No. of Shareholders	%	No. of Shares	%
Singapore	16,734	97.86	1,009,123,973	87.71
Malaysia	131	0.77	5,637,460	0.49
Australia / New Zealand	31	0.18	4,598,500	0.40
USA	41	0.24	1,615,250	0.14
Hong Kong	36	0.21	1,563,000	0.14
UK	13	0.08	302,000	0.03
Japan	5	0.03	22,250	-
Europe	1	0.01	20,000	-
Others	107	0.62	127,565,069	11.09
Total	17,099	100.00	1,150,447,502	100.00

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Interest No. of Shares	%
1. Venture One Finance Limited	62,912,767	125,000,000	187,912,767	16.33
2. Paramount Assets Investments Pte Ltd	128,500,000	-	128,500,000	11.17

Statistics Of Shareholdings as at 9 March 2007

TWENTY LARGEST SHAREHOLDERS

Name		No. of Shares	%
1.	Paramount Assets Investments Pte Ltd	128,500,000	11.17
2.	Lim & Tan Securities Pte Ltd	103,856,250	9.03
3.	Venture One Finance Limited	62,912,767	5.47
4.	L & H Investment Company	53,092,270	4.61
5.	UOB Kay Hian Pte Ltd	45,135,250	3.92
6.	DBS Nominees Pte Ltd	39,025,250	3.39
7.	OCBC Securities Private Ltd	28,872,750	2.51
8.	United Overseas Bank Nominees Pte Ltd	22,200,750	1.93
9.	Chong Yean Fong	17,300,000	1.50
10.	Kim Eng Securities Pte. Ltd.	15,898,250	1.38
11.	HSBC (Singapore) Nominees Pte Ltd	14,204,750	1.23
12.	Phillip Securities Pte Ltd	11,794,104	1.03
13.	Raffles Nominees Pte Ltd	11,190,500	0.97
14.	Citibank Nominees Singapore Pte Ltd	10,405,500	0.90
15.	Tai Tak Securities Pte Ltd	9,750,000	0.85
16.	OCBC Nominees Singapore Pte Ltd	9,184,500	0.80
17.	Citibank Consumer Nominees Singapore Pte Ltd	8,978,500	0.78
18.	Hong Leong Finance Nominees Pte Ltd	7,550,000	0.66
19.	DBS Vickers Securities (S) Pte Ltd	7,497,250	0.65
20.	CIMB-GK Securities Pte. Ltd.	7,343,526	0.64
	Total	**614,692,167**	**53.42**

SHAREHOLDERS HELD BY THE PUBLIC

70.28% of MediaRing Ltd's issued ordinary shares is held by the public. Rule 723 of the SGX Listing Manual has been complied with.

(Incorporated in the Republic of Singapore)
Company Registration No.: 199304568R

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MediaRing Ltd ("the Company") will be held at Singapore Post Centre, 10 Eunos Road 8, #05-30 The Pavilion (Theatrette), Singapore 408600 on Tuesday, 17 April 2007 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts for the year ended 31 December 2006 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors retiring pursuant to Articles 104 and 108 of the Company's Articles of Association:

   (a) Mr. Koh Boon Hwee (retiring under Article 104) **(Resolution 2)**

   (b) Mr. Sin Hang Boon (retiring under Article 104) **(Resolution 3)**

   (c) Mr. Lucas Chow Wing Keung (retiring under Article 108) **(Resolution 4)**

   Mr. Sin Hang Boon will, upon re-election as a director of the Company, remain as the Chairman of the Audit Committee and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' Fees for Non-executive Directors for the year ended 31 December 2006 comprising:

   (a) S$216,000.00; (2005: S$236,232) and

   (b) (i) 100,000 Performance Shares each to be issued under the MediaRing Restricted Share Plan and/or Performance Share Plan or
   (ii) an equivalent value in share options to be awarded under the 1999 MediaRing Employees' Share Option Scheme II (2005: 300,000 share options each under the ESOS II) **(Resolution 5)**

4. To re-appoint Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 6)**

5. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

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

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

   "That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors be and are hereby authorised to issue and allot whether by way of bonus issue, rights issue or otherwise (including but not limited to the issue and allotment of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to offers, agreements or options made or granted by the Company while this authority remains in force) or otherwise dispose of shares in the Company (including making and granting offers, agreements and

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

options which would or which might require shares to be issued, allotted or otherwise disposed of, whether during the continuance of such authority or thereafter) at any time to such persons (whether or not such persons are members of the Company), upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit PROVIDED THAT:

(a) the aggregate number of shares to be 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 PROVIDED FURTHER THAT where members of the Company with registered addresses in Singapore are not given the opportunity to participate in the same on a pro rata basis, then the shares to be issued under such circumstances shall not exceed twenty per centum (20%) of the issued share capital of the Company for the time being;

(b) for the purpose of determining the aggregate number of shares that may be issued under (a) above, the percentage of issued share capital shall be based on the issued share capital of the Company at the time this Resolution is passed, after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options that are outstanding when this Resolution is passed.

Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier." [See Explanatory Note (i)] **(Resolution 7)**

7. Amendment of Rule 18 of the Rules of the 1999 MediaRing Employees' Share Option Scheme **("ESOS")**

"That Rule 18 of the ESOS be and is hereby deleted and replaced with the following paragraph:

"In the event of the death, resignation or termination of employment of an Eligible Person with the Company or its subsidiaries or in the event that the Compensation Committee in its sole discretion determines that the Eligible Person is guilty of misconduct, or in the event of the Eligible Person being adjudged bankrupt or entering into any composition with his creditors prior to the exercise of the Option in accordance with Clause 10, such Option shall forthwith cease and the Eligible Person shall have no claim against the Company provided always that subject to the written approval of the Compensation Committee in its absolute discretion:

(a) where the Eligible Person dies while in the employment of the Company and before the expiry of any Option Period and at the date of his death held an unexercised Option, such Option may be exercised by the personal representatives of the Eligible Person within the Option Period or the three month period after his death, whichever is the earlier; or

(b) where the Eligible Person ceases his employment with the Company by reasons of his: (i) retirement at or after attaining normal retirement age; (ii) retirement before that age with the consent of the Compensation Committee; (iii) ill-health or accident; or (iv) redundancy, he may exercise his unexercised Option within the relevant Option Period or the three month period after the date of cessation of his employment.

For the purpose of this rule, an Eligible Person shall be deemed to have ceased to be employed as of the date immediately following his last day of employment." [See Explanatory Note (ii)] **(Resolution 8)**

8. Amendment of Rule 19 of the Rules of the 1999 MediaRing Employees' Share Option Scheme II **("ESOS II")**

"That Rule 19 of the ESOS be and is hereby deleted and replaced with the following paragraph:

"In the event of the death, cessation of employment of an Eligible Person, or in the event that the Committee in its sole discretion determines that the Eligible Person is guilty of misconduct, or in the event of the Eligible Person being adjudged bankrupt or entering into any composition with his creditors prior to the exercise of the Option in accordance with Clause 10, such Option shall forthwith cease and the Eligible Person shall have no claim against the Company provided always that subject to the written approval of the Committee in its absolute discretion:

(a) where the Eligible Person dies while in the employment of the Group and before the expiry of any Option Period and at the date of his death held an unexercised Option, such Option may subject to the conditions of the Offer of the Option be exercised by the personal representatives of the Eligible Person within the Option Period or the 3 month period after his death, whichever is the earlier; or

(b) where the Eligible Person ceases his employment with the Group by reasons of his: (i) retirement at or after attaining normal retirement age; (ii) retirement before that age with the consent of the Committee; (iii) ill-health or accident; and (iv) redundancy, he may subject to the conditions of the Offer of the Option exercise his unexercised Option within the relevant Option Period or the 3 month period after the date of his cessation of employment, whichever is the earlier.

For the purpose of this rule, an Eligible Person shall be deemed to have ceased to be employed as of the date immediately following his last day of employment."" [See Explanatory Note (iii)] **(Resolution 9)**

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

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the ESOS upon the exercise of such options and in accordance with the terms and conditions of the ESOS, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS shall not exceed 65,921,470 ordinary shares and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier." [See Explanatory Note (iv)] **(Resolution 10)**

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

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the ESOS II upon the exercise of such options and in accordance with the terms and conditions of the ESOS II, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS II, MediaRing Restricted Share Plan and MediaRing Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier." [See Explanatory Note (v)] **(Resolution 11)**

11. Authority to allot and issue shares under the MediaRing Restricted Share Plan **("MediaRing RSP")**

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the selected employees of the Company and/or its subsidiaries, including directors of the Company, and other selected participants, whether granted during the subsistence of this authority or otherwise, under the MediaRing RSP in accordance with the terms and conditions of the MediaRing RSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the MediaRing RSP, ESOS II and MediaRing Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier." [See Explanatory Note (vi)]
(Resolution 12)

12. Authority to allot and issue shares under the MediaRing Performance Share Plan **("MediaRing PSP")**

"That pursuant to Section 161 of the Companies Act, Cap. 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the selected employees of the Company and/or its subsidiaries, including directors of the Company, and other selected participants, whether granted during the subsistence of this authority or otherwise, under the MediaRing PSP in accordance with the terms and conditions of the MediaRing PSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the MediaRing PSP, ESOS II and MediaRing RSP collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier." [See Explanatory Note (vii)] **(Resolution 13)**

13. Renewal of Share Buyback Mandate

"That:

(a) the exercise by the Directors of all powers of the Company to purchase or otherwise acquire Shares not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchase(s) ("Market Purchases") on the Singapore Exchange Securities Trading Limited ("the SGX-ST"); and/or;

(ii) off-market purchase(s) ("Off-Market Purchases") effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act;

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally ("the Share Buyback Mandate").

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

13. Renewal of Share Buyback Mandate (cont'd)

(i) the date of which the next annual general meeting of the Company is held; and

(ii) the date by which the next annual general meeting of the Company is required by law to be held.

(c) the Directors be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

(d) in this Resolution:

"Prescribed Limit" means ten per centum (10%) of the issued ordinary share capital of the Company as at the date of passing of this Resolution; and

"Maximum Price", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(i) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as defined below) of the Shares; and

(ii) in the case of an Off-Market Purchase, one hundred and ten per centum (110%) of the Average Closing Price of the Shares, and

where:

"Average Closing Price" means (1) the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase; and (2) deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

"day of the making of the offer" means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase. [See Explanatory Note (viii)] **(Resolution 14)**

By Order of the Board

Yeo Siew Chai
Amelia Lim Aik Kun
Company Secretaries
Singapore, 2 April 2007

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) The Ordinary Resolution 7 proposed in item 6 above, if passed, will empower the Directors from the date of this Meeting until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or when varied or revoked by the Company in general meeting, whichever is the earlier, to allot and issue shares in the Company. The maximum number of shares that the Directors may allot and issue under this resolution shall not exceed the quantum as set out in the resolution.

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

(ii) The Ordinary Resolution 8 in item 7 above, if passed, will effectively allow an employee of the Company or its subsidiaries who has been granted options under the ESOS, a longer time to exercise such options in the event his employment is terminated, since the effective date of termination of employment under Rule 18 of the ESOS is no longer pegged to the date the notice of termination of employment is tendered by or is given to him, but instead refers to the actual date of termination.

(iii) The Ordinary Resolution 9 in item 8 above, if passed, will effectively allow an employee of the Company, its subsidiary companies or its associated companies who has been granted options under ESOS II, a longer time to exercise such options in the event his employment is terminated, since the effective date of termination of employment under Rule 19 of ESOS II is no longer pegged to the date the notice of termination of employment is tendered by or is given to him, but instead refers to the actual date of termination.

(iv) The Ordinary Resolution 10 proposed in item 9 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company of up to a number not exceeding 65,921,470 ordinary shares from time to time pursuant to the exercise of the options under the ESOS.

(v) The Ordinary Resolution 11 proposed in item 10 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS II, MediaRing RSP and MediaRing PSP collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time pursuant to the exercise of the options under ESOS II.

(vi) The Ordinary Resolution 12 proposed in item 11 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the MediaRing RSP, ESOS II and MediaRing PSP collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time pursuant to the exercise of the options under MediaRing RSP.

(vii) The Ordinary Resolution 13 proposed in item 12 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the MediaRing PSP, ESOS II and MediaRing RSP collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time to time pursuant to the exercise of the options under MediaRing PSP.

Explanatory Notes: (cont'd)

(viii) The Ordinary Resolution 14 proposed in item 13 above, if passed, will empower the Directors of the Company, from the date of the above Meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to purchase or acquire up to ten per centum (10%) of the issued share capital of the Company as at the date of the passing of this Resolution. Details of the proposed Share Buyback Mandate are set out in Appendix I.

(a) As at the date of this Notice, the Company has not purchased or acquired its shares. The amount of financing required for the Company to purchase or acquire its shares, and the impact on the Company's financial position, cannot be ascertained as at the date of this Notice as this will depend on the number of the shares purchased or acquired and the price at which such shares were purchased or acquired.

(b) The financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Buyback Mandate on the Group's audited financial statements for the financial year ended 31 December 2006 are set out in Appendix I and are for illustration only.

Notes:

1) A member entitled to attend and vote at the Annual General Meeting ("the Meeting") is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a Member of the Company.

2) The instrument appointing a proxy must be deposited at the Registered Office of the Company at 750A Chai Chee Road, #05-01 Technopark @ Chai Chee, Singapore 469001 not less than 48 hours before the time appointed for holding the Meeting.

APPENDIX I

(as referred to in Resolution 14)

THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

1. Introduction

1.1 MediaRing Ltd (the "Company") proposes to seek the approval of Shareholders of the Company ("Shareholders") at the Annual General Meeting of the Company to be held at Singapore Post Centre, 10 Eunos Road 8, #05-30 The Pavilion (Theatrette), Singapore 408600 on Tuesday, 17 April 2007 at 4.00 p.m. ("2007 AGM") for the proposed renewal of the share buyback mandate to authorise the directors from time to time to purchase shares in the capital of the Company (whether by market purchases and/or off-market purchases on an equal access system) up to ten per centum (10%) of the issued ordinary share capital of the Company as at the date on which this Resolution is passed, at the price of up to but not exceeding the Maximum Price (as defined below), subject to the Memorandum and Articles of Association of the Company and in accordance with the "Guidelines on Share Purchases by the Company" as set out in Annexure A to this Appendix I and the Singapore Exchange Securities Trading Limited ("SGX-ST") rules ("the Share Buyback Mandate").

1.2 The Shareholders had approved the Share Buyback Mandate at the Extraordinary General Meeting ("EGM") of the Company held on 26 April 2006. The mandate will expire on the date of the forthcoming 2007 AGM. If the proposed resolution for the renewal of the Share Buyback Mandate is approved at the 2007 AGM, the mandate shall, unless revoked or varied by the Company in General Meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held, whichever is the earlier.

1.3 The purpose of this Appendix is to provide information relating to and explain the rationale for the proposed renewal of the Share Buyback Mandate.

2. Rationale for the Share Buyback Mandate

The Directors and management are constantly seeking to increase Shareholders' value and to improve, *inter alia*, the return on equity of the Group. A share buyback at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced. Share purchases or acquisitions provide the Company with an easy mechanism to facilitate the return of surplus cash over and above the ordinary capital requirements, in an expedient and cost efficient manner. Share purchases or acquisitions also allow the Directors to exercise control over the Company's share structure and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the Earnings Per Share ("EPS") and/or Net Tangible Assets ("NTA") per share of the Company.

The proposed Share Buyback Mandate will give the Directors the flexibility to purchase or acquire shares when and if the circumstances permit. The Share Buyback Mandate will also give the Company the opportunity to purchase or acquire shares when such shares are under-valued, to help mitigate short-term market volatility and to offset the effects of short term speculation.

While the proposed Share Buyback Mandate would authorise a purchase or acquisition of shares of up to ten per centum (10%) of the issued share capital of the Company as at the date of the 2007 AGM at which the Share Buyback Mandate is approved, Shareholders should note that purchases and acquisitions of shares pursuant to the Share Buyback Mandate may not be carried out to the full ten per centum (10%) limit as authorised and no purchases or acquisitions of shares would be made in circumstances which would have or may have a material adverse effect on the financial position of the Company or the Group.

3. Mandate

Approval is being sought from Shareholders at the 2007 AGM for the adoption of a general and unconditional Share Buyback Mandate for the purchase by the Company of its issued shares. If approved, the Share Buyback Mandate will take effect from the date of the 2007 AGM and continue in force until the date of the next annual general meeting of the Company or such date as the next annual general meeting is required by law to be held, unless prior thereto, share buybacks are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company in general meeting. The Share Buyback Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

3. Mandate (cont'd)

The authority and limitations placed on purchases of shares by the Company under the Share Buyback Mandate are summarised below:

3.1 *Maximum number of Shares*

Only shares which are issued and fully paid-up may be purchased by the Company. The total number of shares that may be purchased is limited to that number of shares representing not more than ten per centum (10%) of the issued ordinary share capital of the Company as at the date of the general meeting at which the Share Buyback Mandate or the renewal of the Share Buyback Mandate is approved.

Purely for illustrative purposes, on the basis of 1,150,669,502 shares in issue as at 21 March 2007 ("the Latest Practicable Date"), and assuming that no further shares are issued on or prior to the 2007 AGM, not more than 115,066,950 shares [representing 10 per centum (10%) of the shares in issue as at that date] may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

3.2 *Duration of Authority*

Purchases of shares may be made, at any time and from time to time, from the Approval Date up to the earliest of the date on which:

(a) the next annual general meeting of the Company is held or required by law to be held;

(b) the share buybacks have been carried out to the full extent mandated; or

(c) the authority contained in the Share Buyback Mandate is varied or revoked.

3.3 *Manner of Purchase*

Purchases of shares may be made on the SGX-ST ("Market Purchases") and/or otherwise than on the SGX-ST, in accordance with an equal access scheme ("Off-Market Purchases").

Market Purchases refer to purchases of shares by the Company transacted through the SGX-ST's Central Limit Order Book (CLOB) trading system through one or more duly licensed stockbrokers appointed by the Company for the purpose.

Off-Market Purchases refer to purchases of shares by the Company made under an equal access scheme or schemes for the purchase of shares from Shareholders. The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the SGX-ST's listing rules ("Listing Rules") and the Companies Act, Chapter 50 ("Companies Act") as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(i) offers for the purchase or acquisition of issued shares shall be made to every person who holds issued shares to purchase or acquire the same percentage of their issued shares;

(ii) all of those persons shall be given a reasonable opportunity to accept the offers made; and

(iii) the terms of all the offers are the same, except that there shall be disregarded:

(a) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

3. Mandate (cont'd)

3.3 *Manner of Purchase (cont'd)*

(b) (if applicable) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

(c) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, pursuant to the Listing Rules, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders which must contain at least the following information:

(i) the terms and conditions of the offer;

(ii) the period and procedures for acceptances;

(iii) the reasons for the proposed share buyback;

(iv) the consequences, if any, of share buybacks by the Company that will arise under the Singapore Code on Takeovers and Merger ("Take-over Code") or other applicable take-over rules;

(v) whether the share buybacks, if made, would have any effect on the listing of the shares on the SGX-ST; and

(vi) details of any share buybacks made by the Company in the previous 12 months (whether Market Purchases or Off-Market Purchases), giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases.

3.4 *Maximum Purchase Price*

The purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) to be paid for the shares will be determined by the Directors. However, the purchase price must not exceed:

(i) in the case of a Market Purchase, one hundred and five per centum (105%) of the Average Closing Price (as defined hereinafter); and

(ii) in the case of an Off-Market Purchase, one hundred and ten per centum (110%) of the Average Closing Price, in either case, excluding related expenses of the purchase or acquisition ("the **Maximum Price**").

For the above purposes:

"**Average Closing Price**" means (1) the average of the closing market prices of a share over the last five (5) Market Days, on which transactions in the shares were recorded, preceding the day of the Market Purchase; and (2) deemed to be adjusted for any corporate action that occurs after the relevant 5-day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

4. Status of Purchased Shares

Any share which is purchased by the Company is deemed cancelled immediately on purchase (and all rights and privileges attached to that share will expire on cancellation) unless such share is held by the Company as a treasury share. Accordingly, the total number of issued shares will be diminished by the number of shares purchased or acquired by the Company and which are not held as treasury shares.

Treasury Shares. Under the Companies Act, as amended by the Companies Amendment Act, shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Companies Act, as amended by the Companies Amendment Act, are as follows:

- *Maximum Holdings* - The number of shares held as treasury shares cannot at any time exceed ten per centum (10%) of the total number of issued shares.

- *Voting and Other Rights* - The Company will not have the right to attend or vote at meetings and or to receive any dividends in respect of the treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

- *Disposal and Cancellation* - The Company may dispose of treasury shares at any time in the following ways:

  (a) sell the treasury shares for cash;

  (b) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;

  (c) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

  (d) cancel the treasury shares; or

  (e) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

5. Source of Funds and Financial Effects

Previously, any purchase of shares could only be made out of the Company's distributable profits that are available for payment as dividends. However, the Companies Act, as amended by the Companies Amendment Act, now permits the Company to also purchase its own shares out of capital, as well as from its distributable profits, provided that:

(a) The Company is able to pay its debts in full at the time it purchases the shares and will be able to pay its debts as they fall due in the normal course of business in the 12 months immediately following the purchase; and

(b) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not after the purchase of shares become less than the value of its liabilities (including contingent liabilities).

The Company will use internal resources and/or external borrowings to finance purchases of its shares. It is not possible for the Company to realistically calculate or quantify the impact of purchases that may be made pursuant to the Share Buyback Mandate on the NTA and EPS as the resultant effect would depend on factors such as the aggregate number of shares purchased, the purchase prices paid at the relevant time, and the amount (if any) borrowed by the Company to fund the purchases.

5. Source of Funds and Financial Effects (cont'd)

Where the purchase of shares is made out of distributable profits, such purchase (excluding related brokerage, goods and services tax, stamp duties and clearance fees) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the purchase of shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the purchase of shares is financed through internal resources, it will reduce the cash reserves of the Group and of the Company, and thus the current assets and Shareholders' funds of the Group and the Company. This will result in an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company. The actual impact on the gearing and current ratios will depend on the number of shares purchased or acquired and the prices at which the shares are purchased or acquired.

Where the purchase or acquisition of shares is financed through external borrowings or financing, there would be an increase in the gearing ratios of the Group and the Company and a decline in the current ratios of the Group and the Company, with the actual impact dependent on the number of shares purchased or acquired and the prices at which the shares are purchased or acquired.

However, the Directors do not propose to exercise the Share Buyback Mandate to such an extent as would have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

Based on the audited accounts of the Company and Group for the financial year ended 31 December 2006 ("FY2006"), the Company has no distributable reserves to effect any buyback of its shares from the market. However, for illustrative purposes only, assuming that:

(i) the Company purchases 115,044,750 shares representing ten per centum (10%) of its issued share capital as at 12 March 2007; and

(ii) the aforesaid 115,044,750 shares are purchased at US$0.2646** per share, being a price representing one hundred and five per centum (105%) of the Average Closing Price as at 12 March 2007,

the impact of the purchase of shares by the Company pursuant to the Share Buyback Mandate on the Group's and the Company's audited financial statements for FY2006 would be as set out below.

***closing price of S$0.385@1.527 (exchange rate per Business Time of 13 March 2007).*

5. Source of Funds and Financial Effects (cont'd)

For purposes of this illustration, it is assumed that the Company is using only internal sources to finance purchases of its shares.

	Group		Company	
	Before Share Purchase US$'000	After Share Purchase US$'000	Before Share Purchase US$'000	After Share Purchase US$'000
At 31 December 2006				
Shareholders' Funds	80,092	49,651	83,343	52,902
Net Tangible Assets	69,829	39,388	83,088	52,647
Current Assets	46,251	15,810	40,732	10,291
Current Liabilities	20,239	20,239	17,213	17,213
Working Capital	26,012	(4,429)	23,519	(6,922)
Long Term Liabilities	1,228	1,228	-	-
Profit For The Year	8,290	8,290	12,111	12,111
Number of Shares	1,145,847,866	1,030,803,116	1,145,847,866	1,030,803,116
Financial Ratios				
Net Tangible assets per Share (US cents)	6.09	3.82	7.25	5.11
Gearing Ratio	NIL	NIL	NIL	NIL
Current Ratio (times)	2.29	0.78	2.37	0.60
Earnings Per Share (US Cents)	0.7235	0.8042	1.0569	1.1749

Notes:

(1) The NTA per share and basic EPS was calculated based on the number of shares in issue of 1,145,847,866 at the end of FY2006, before adjusting for the share buyback.

(2) The NTA per share and basic EPS was calculated based on the number of shares in issue of 1,030,803,116 at the end of FY2006, after adjusting for the share buyback.

As at 31 December 2006, the Group and the Company had cash and cash equivalent balances of US$32,568,000 and US$25,543,000 respectively. As illustrated above, the purchase of shares will have the effect of reducing the working capital and the NTA of the Group and the Company.

Assuming that the purchase of shares had taken place on 31 December 2006, the consolidated basic EPS of the Group for FY2006 would be increased from 0.7235 US cents per share to 0.8042 US cents per share while the basic EPS of the Company for FY 2006 would be increased from 1.0569 US cents per share to 1.1749 US cents per share as a result of the reduction in the number of issued shares.

Shareholders should note that the financial effects set out in this Clause 5 are purely for illustrative purposes only and are in no way indicative of the Company's real financial position or a forecast of the Company's financial figures.

6. Tax Implications

6.1 *Where the Company uses its Distributable Profits for the Share Buyback*

Under Section 10J of the Income Tax Act, a company which buys back its own shares using its distributable profits is regarded as having paid a dividend to the Shareholders from whom the shares are acquired. As the Company has already moved into the one-tier corporate tax system, the provisions under Section 44 of the Income Tax Act do not apply to the Company.

That is, the Company does not need to provide for the franking of the share buyback in the same way as if paying a taxed dividend under the Section 44 imputation system. As such, there will not be any tax implications to the Company. The tax treatment of the receipt from a share buyback in the hands of the Shareholders will depend on whether the disposal arises from a Market Purchase or an Off-Market Purchase.

In relation to a Market Purchase, as the Company is listed on the SGX-ST, the Company may apply to the SGX-ST for a special trading counter for the purposes of effecting the Market Purchase, subject to approval being obtained from Shareholders for the Share Buyback Mandate at the 2007 AGM.

Proceeds received by Shareholders who sell their shares to the Company in Market Purchases through the special trading counter set up on the SGX-ST will, subject to the fulfilment of certain conditions by the Shareholders, be treated for income tax purposes as the receipt of a dividend.

Proceeds received by Shareholders who sell their shares to the Company in Market Purchases through the normal ready counters will be treated for income tax purposes like any other disposal of shares and not as a dividend. Whether or not such proceeds are taxable in the hands of such shareholders will depend on whether such proceeds are receipt of an income or capital nature.

Proceeds received by shareholders who sell their shares to the Company in an Off-Market Purchase, where the share buyback is made otherwise than on the SGX-ST, made pursuant to an equal access scheme will be treated for income tax purposes as the receipt of a dividend.

6.2 *Where the Company uses its Contributed Capital for the Share Buyback*

There will be no tax implications to the Company when it uses its contributed capital to buy back its shares.

For its shareholders, the tax implications will depend on the tax payer's position as owners of the shares and whether the shares are sold in a Market Purchase, or an Off-Market Purchase.

Shareholders should note that the foregoing is not to be regarded as advice on the tax position of any Shareholder. Shareholders who are in doubt as to their respective tax positions or the tax implications of share purchases by the Company, or, who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

7. Listing Rules

Under the Listing Rules, a listed company may purchase shares by way of Market Purchases at a price per share which is not more than five per centum (5%) above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases were made ("the average closing market price").

The Maximum Price for a share in relation to Market Purchases by the Company, referred to in paragraph 3.4 above, conforms to this restriction.

7. Listing Rules (cont'd)

Additionally, the Listing Rules also specify that a listed company shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9.00 a.m. (a) in the case of a Market Purchase, on the Market Day following the day of purchase of any of its shares and (b) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer. Such announcement shall include details of the total number of shares authorised for purchase, the date of purchase, the total number of shares purchased, prices paid for the total number of shares purchased, the purchase price per share, the highest and lowest prices per share for the shares purchased to date and the number of issued shares after purchase, in the form prescribed under the Listing Rules.

While the Listing Rules do not expressly prohibit any purchase of shares by a listed company during any particular time(s), because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase of shares pursuant to the Share Buyback Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. In particular, in line with the best practices guide on securities dealings issued by the SGX-ST, the Company will not purchase or acquire any shares through Market Purchases during the period of one month immediately preceding the announcement of the Company's interim results and the annual (full-year) results respectively.

8. Listing Status

The Company is required under Clause 723 of the Listing Rules to ensure that at least ten per centum (10%) of its shares are in the hands of the public. The "public", as defined under the Listing Rules, are persons other than the Directors, chief executive officer, substantial Shareholders or controlling Shareholders of the Company and its subsidiaries, as well as the associates (as defined in the Listing Rules) of such persons.

As at the Latest Practicable Date, there are 808,708,978 shares in the hands of the public (as defined above), representing 70.28% of the issued share capital of the Company. Assuming that the Company purchases its shares through Market Purchases up to the full ten per centum (10%) limit pursuant to the Share Buyback Mandate, the number of shares in the hands of the public would be reduced to 693,642,028 shares, representing 66.98% of the reduced issued share capital of the Company.

In undertaking any purchases of its shares through Market Purchases, the Directors will use their best efforts to ensure that a sufficient number of shares remain in public hands so that the share buyback(s) will not:

(a) adversely affect the listing status of the shares on the SGX-ST;

(b) cause market illiquidity; or

(c) adversely affect the orderly trading of shares.

9. Obligation to make a Take-Over Offer

9.1 *Requirement to make General Offer*

Under the Take-over Code, a person will be required to make a general offer for a public company if:

(i) he acquires thirty per centum (30%) or more of the voting rights of the company; or

(ii) he holds between thirty per centum (30%) and fifty per centum (50%) of the voting rights of the company and he increases his voting rights in the company by more than one per centum (1%) in any six-month period.

9. Obligation to make a Take-Over Offer (cont'd)

9.1 *Requirement to make General Offer (cont'd)*

If, as a result of any purchase or acquisition by the Company of its shares, a Shareholder's proportionate interest in the voting capital of the Company increases, such increase will be treated as an acquisition for the purposes of the Take-over Code. If such increase results in a change of effective control, or, as a result of such increase, a Shareholder or group of Shareholders acting in concert obtains or consolidates effective control of the Company, such Shareholder or group of Shareholders acting in concert could become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code.

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons (*inter alia*) will be presumed to be acting in concert:

(i) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts); and

(ii) a company, its parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies, all with each other.

For this purpose, ownership or control of at least twenty per centum (20%) but not more than fifty per centum (50%) of the equity share capital of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with them respectively will incur an obligation to make a take-over offer under Rule 14 after a purchase or acquisition of shares by the Company are set out in Appendix 2 of the Take-over Code.

Under Appendix 2 of the Take-over Code, unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its shares, the voting rights in the Company of such Directors and their concert parties:

(i) increase to thirty per centum (30%) or more; or

(ii) if the voting rights of such Directors and their concert parties fall between thirty per centum (30%) and fifty per centum (50%) of the Company's voting rights, the voting rights of such Directors and their concert parties increase by more than one per centum (1%) in any period of six months.

A Shareholder not acting in concert with the Directors will not incur an obligation to make a take-over offer for the Company under Rule 14 if, as a result of the Company purchasing or acquiring its shares, the voting rights of such Shareholder in the Company increase to 30 per centum (30%) or more, or if the voting rights of such Shareholder fall between thirty per centum (30%) and fifty per centum (50%) of the Company's voting rights, the voting rights of such Shareholder increase by more than one per centum (1%) in any period of six months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buyback Mandate.

9. Obligation to make a Take-Over Offer (cont'd)

9.2 *Hypothetical Shareholdings resulting from Share Buyback*

Purely for illustrative purposes, on the basis of 1,150,669,502 shares in issue as at the Latest Practicable Date, and assuming that no further shares are issued on or prior to the 2007 AGM, not more than 115,066,950 shares (representing 10 per centum (10%) of the shares in issue as at that date) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate, if so approved by Shareholders at the 2007 AGM.

Further assuming that such granted Share Buyback Mandate is validly and fully exercised prior to the next Annual General Meeting of the Company for it to re-purchase the maximum allowed number of shares being 115,066,950 shares (on the basis that there would have been no change to the number of shares in issue at the time of such exercise) and that such re-purchased shares are not acquired from the substantial Shareholders and are deemed cancelled immediately upon purchase, the shareholdings of the substantial Shareholders would be changed as follows:

	Before Share Buyback		After Share Buyback	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Venture One Finance Limited	187,912,767	16.33	187,912,767	18.15
Paramount Assets Investments Pte Ltd	128,500,000	11.17	128,500,000	12.41

Note:

As illustrated above, there are currently no potential Shareholders who may have to make a general offer to other Shareholders under the Take-over Code due to the Share Buyback Mandate.

10. No Share Buybacks in the Previous 12 Months

The Company has not made any share buybacks in the 12 months preceding the Latest Practicable Date.

11. Directors' Recommendation

The Directors are of the opinion that the proposed renewal of the Share Buyback Mandate are in the best interests of the Company and recommend that Shareholders vote in favour of the Ordinary Resolution 12 set out in the Notice of 2007 AGM.

12. Directors' Responsibility Statement

The Directors collectively and individually accept responsibility for the accuracy of the information given in this Appendix and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this Appendix are fair and accurate in all material respects as at the date hereof and that there are no other material facts the omission of which would make any statement in this Appendix misleading.

GUIDELINES ON SHARE BUYBACKS BY THE COMPANY

1. Shareholders' Approval

(a) Purchase of shares by the Company must be approved in advance by the Shareholders at a general meeting of the Company, by way of a general mandate.

(b) A general mandate authorising the purchase of shares by the Company will expire on the earlier of:

(i) the conclusion of the next annual general meeting of the Company; or

(ii) the expiration of the period within which the next annual general meeting of the Company is required to be held; or

(iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders of the Company in general meeting.

(c) The authority conferred on the Directors by the Share Buyback Mandate to purchase shares shall, unless varied or revoked by the Company in general meeting, continue in force until the next Annual General Meeting of the Company is held or is required by law to be held (i.e. not later than 30 April 2008), whichever is the earlier.

(d) The maximum number of shares which can be purchased pursuant to the Share Buyback Mandate shall be shares representing ten per centum (10%) of the issued ordinary share capital of the Company as at the date of the AGM at which the Share Buyback Mandate is approved.

(e) Purchases of shares can only be effected by the Company in either one of the following two ways or both:

(i) by way of on-market purchases on the SGX-ST ("Market Purchases"). Market Purchases means a purchase of shares transacted through the SGX-ST's trading system.

(ii) by way of an "off-market acquisition on an equal access scheme" as defined in section 76C of the Companies Act ("Off-Market Purchase Scheme").

2. Funding of Share Purchases

(a) In purchasing shares, the Company may only apply funds legally available for such purchase in accordance with its Memorandum and Articles of Association, and the applicable laws in Singapore.

(b) The Company may not purchase its shares on the SGX-ST for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the SGX-ST.

(c) Any purchase by the Company may be made out of profits that are available for distribution as dividends and/or from capital.

(d) The Directors do not propose to exercise the proposed Share Buyback Mandate to such an extent as would materially affect the working capital requirements of the Company and the Group.

3. Trading Restrictions

(a) The Company may not purchase any shares if, as a result of such purchase, the issued share capital of the Company will be reduced below the minimum capital specified in its Memorandum of Association.

(b) The Company will not effect a share purchase if immediately following the share purchase, the continuing shareholding spread requirement prescribed by the SGX-ST rules which are in force at the time of the intended share purchase cannot be maintained.

(c) The Directors will ensure that any share purchases will not have an effect on the listing of the Company's shares on the SGX-ST.

4. Off-Market Purchase Scheme

For purchases of shares to be made by way of an Off-Market Purchase Scheme, the Company will issue an offer document to all Shareholders. The offer document shall contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed Share Buyback;

(d) the consequences, if any, of share purchases by the Company that will arise under the Singapore Code on Take-overs and Mergers or any other applicable take-over rules;

(e) whether the share purchases, if made, would have any effect on the listing of the Company's securities on the SGX-ST; and

(f) details of any share purchases made by the Company in the previous 12 months whether through Market Purchases or the Off-Market Purchase Scheme, including the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such purchases of shares, where relevant, and the total consideration paid for such purchases.

5. Price Restrictions

The purchases of shares by the Company shall be at the price of up to but not exceeding the Maximum Price. In the case of Market Purchases by the Company, the Maximum Price is five per centum (5%) above the average closing market prices of the shares over the last five (5) market days, on which transactions in the shares were recorded before the day on which the market purchases are made by the Company. In the case of Off-Market Purchases by the Company on an equal access scheme, the Maximum Price is 10% above the average closing market prices of the shares over the last five (5) market days when transactions in the shares were recorded up to and including the closing date of the offer to purchase shares by way of an Off-Market Purchase Scheme.

6. Status of Purchased Shares

The listing of all purchased shares (whether on the SGX-ST or otherwise) will be automatically cancelled and the related certificates for those shares must be cancelled and destroyed. Under Singapore law, the Company's purchased shares can be held in treasury or will be treated as cancelled and the issued share capital of the Company will be diminished by the value of those shares accordingly.

If the shares are held in treasury, the maximum holding of treasury shares of any class of shares shall not exceed ten per centum (10%) of the total number of shares of that class. Any excess is required to be disposed within 6 months from the date of the contravention.

6. Status of Purchased Shares (cont'd)

The holder of the treasury shares does not have rights to voting, dividend or other distribution. The treasury shares can be subsequently be sold for cash, transferred pursuant to employees' share scheme or cancelled. In addition, any gains on treasury shares will not be distributable to Shareholders unless the purchase of the treasury shares is originally funded out of profits. The treasury shares are also excluded from determination the percentage of shareholdings in the Company's shares.

The Company has no intention, at this point in time, to hold the purchased shares as treasury shares. However, if the Company decides to do so in the future, the Company would take the necessary steps including obtaining the Shareholders' approval to amend the Articles of Association of the Company accordingly to allow the purchased shares to be held in treasury.

7. Reporting Requirements

(a) Accounting and Corporate Regulatory Authority ("ACRA")

Within thirty (30) days of the passing of a Shareholders' resolution to approve purchases of shares, the Company must lodge a copy of such resolution with the ACRA.

The Company must notify the ACRA within thirty (30) days of a purchase of shares on the SGX-ST or otherwise. Such notification shall include details of the date of the purchases, the total number and value of shares purchased by the Company, the Company's issued share capital as at the date of the Shareholders' resolution approving the share purchases and after the purchase of shares and the amount of consideration paid by the Company for the purchases.

(b) SGX-ST

The Company will notify the SGX-ST of Market Purchases of shares not later than 9.00 a.m. on the market day following the day on which the Market Purchases were effected, and of Off-Market Purchases not later than 9.00 a.m. on the second market day after the close of acceptances of the offer for Off-Market Purchases. The notification of such purchases of shares to the SGX-ST shall be in such form and shall include such details that the SGX-ST may prescribe.

(c) CDP

The Company will notify the CDP on the date and quantity of the Share Purchase on the market day following the date on which the purchase was made, or the dates and quantities of the Share Purchases on a weekly basis if the share buyback is an on-going process.

(d) The Company shall make arrangements with its stockbrokers to ensure that they provide to the Company in a timely fashion the necessary information which will enable the Company to make the aforesaid notifications to the SGX-ST and the CDP.

(e) When seeking the approval of Shareholders for the renewal of the Share Buyback Mandate, the Company is required to disclose details pertaining to purchases of shares made during previous 12 months, including the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for such purchases of shares, where relevant, and the total consideration paid for such purchases.

ANNEXURE A TO APPENDIX I

8. Interested Persons

In a Market Purchase, the Company is prohibited from knowingly purchasing shares on the SGX-ST from an interested person, that is, a Director, the Chief Executive Officer of the Company or Substantial Shareholder of the Company or any of their associates (as defined in the SGX-ST Listing Manual) and an interested person is prohibited from knowingly selling his shares to the Company.

9. Suspension of Purchases

The Company may not purchase shares after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been publicly announced.

In particular, the Company may not purchase its shares on the SGX-ST during the period commencing one month before the announcement of the Company's annual or half-year results, as the case may be, and ending on the date of announcement of the relevant results.

10. SGX-ST Rules

These guidelines are supplemental to the SGX-ST rules. In the event of any inconsistency between these guidelines and the SGX-ST Rules, the SGX-ST rules will prevail.

No amendments, deletions or additions which may be inconsistent with the SGX-ST rules shall be made to these guidelines.

MEDIARING LTD

(Incorporated in the Republic of Singapore)
Registration Number: 199304568R

IMPORTANT

1. For investors who have used their CPF monies to buy MediaRing Ltd's shares, this Annual Report 2006 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We ____ of

____

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

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

and/or (delete where appropriate)

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

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at Singapore Post Centre, 10 Eunos Road 8, #05-30 The Pavilion (Theatrette), Singapore 408600 on Tuesday, 17 April 2007 at 4.00 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the proxy/proxies will vote or abstain from voting at his/their discretion. The authority herein includes the right to demand or join in demanding a poll and to vote on a poll.

No.	Ordinary Resolutions	For	Against
1.	Directors' Reports and Audited Accounts for the year ended 31 December 2006		
2.	Re-election of Mr. Koh Boon Hwee as Director		
3.	Re-election of Mr. Sin Hang Boon as Director		
4.	Re-election of Mr. Lucas Chow Wing Keung as Director		
5.	Approval of Directors' Fees for Non-executive Directors amounting to S$216,000 and offer (i) 100,000 Performance Shares each under the MediaRing RSP and/or MediaRing PSP or (ii) an equivalent value in share options to be awarded under ESOS II		
6.	Re-appointment of Ernst & Young as Auditors		
7.	Authority to allot and issue shares		
8.	Amendment of Rule 18 of the Rules of the ESOS		
9.	Amendment of Rule 19 of the Rules of the ESOS II		
10.	Authority to allot and to issue shares under the ESOS		
11.	Authority to allot and to issue shares under the ESOS II		
12.	Authority to allot and to issue shares under the MediaRing RSP		
13.	Authority to allot and to issue shares under the MediaRing PSP		
14.	Renewal of Share Buyback Mandate		

Dated this ________day of ____________________ 2007

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

____
Signature(s) of Shareholder(s)/Common Seal of Corporate Shareholder

IMPORTANT: Please read notes overleaf

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 750A Chai Chee Road, #05-01 Technopark @ Chai Chee, Singapore 469001 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

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

Fold along this line (1)

Affix
Stamp
Here

The Company Secretary
MEDIARING LTD
750A Chai Chee Road
#05-01 Technopark @ Chai Chee
Singapore 469001

Fold along this line (2)

Corporate Information

BOARD OF DIRECTORS

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

Non-executive
Thomas Henrik Zilliacus (Independent Director)
Eileen Tay-Tan Bee Kiew (Independent Director)
Sin Hang Boon (Independent Director)
Lucas Chow Wing Keung (Appointed Independent Director on 1 January 2007)

COMPANY SECRETARIES
Yeo Siew Chai (Appointed on 14 August 2006)
Lim Aik Kun, Amelia (Appointed on 1 November 2006)

EXECUTIVE COMMITTEE
Koh Boon Hwee (Chairman)
Walter Sousa
Khaw Kheng Joo
William Tan Yew Lek (Appointed on 14 August 2006)

AUDIT COMMITTEE
Sin Hang Boon (Appointed Chairman on 26 February 2007)
Eileen Tay-Tan Bee Kiew
Thomas Henrik Zilliacus

REMUNERATION COMMITTEE
Thomas Henrik Zilliacus (Appointed Chairman on 26 February 2007)
Sin Hang Boon
Eileen Tay-Tan Bee Kiew

NOMINATING COMMITTEE
Lucas Chow Wing Keung (Appointed Chairman on 12 March 2007)
Thomas Henrik Zilliacus
Koh Boon Hwee
Sin Hang Boon

REGISTERED OFFICE
750A Chai Chee Road
#05-01 Technopark @ Chai Chee
Singapore 469001
T: (65) 6441 1213
F: (65) 6441 3013
www.mediaring.com

SHARE REGISTRAR
Lim Associate (Pte) Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

PRINCIPAL BANKERS
United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

DBS Bank Ltd
6 Shenton Way
DBS Building
Singapore 068809

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

AUDITORS
Ernst & Young
One Raffles Quay
#18-01 North Tower
Singapore 048583

Partner-in-charge: Eleanor Lee
(Appointed with effect from the financial year ended 31 December 2004)

LEGAL ADVISORS
Rajah & Tann (Corporate Commercial Matters)
4 Battery Road
#26-01 Bank of China Building
Singapore 049908

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

mediaring

HEAD OFFICE

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

SUBSIDIARIES, BRANCH, REPRESENTATIVE OFFICE AND ASSOCIATES

SINGAPORE

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

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

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

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

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

Pacific Internet Limited
Associate
89B Science Park Drive
#01-07 The Rutherford
Singapore 118261
Tel: +65 6872 0322
Email: business@pacific.net.sg

PRC

MediaRing.com (Shanghai) Limited
15/F, Block D, New Hua Lian
Mansion No. 755, Huai Hai Zhong
Road Shanghai 200020 P.R. China
Tel: +86 21 6431 5033
Fax: +86 21 6431 5030
Email: sales-shanghai@mediaring.com

MediaRing.com (Shanghai) Limited
Beijing Branch Office
Room 722, 7/F World Tower
No. 16, Ande Road,
Dong Cheng District Beijing 100011,
P.R. China
Tel: +86 10 8488 2390/91/92
Fax: +86 10 8488 2339
Email: sales-beijing@mediaring.com

Alpha One Limited
Unit A, 12/F, No. 133 Wanchai Road
Times Media Centre
Wan Chai, Hong Kong
Tel: +852 2836 6191
Fax: +852 2836 6477
Email: sales-hk@mediaring.com

MediaRing Africa Ltd
Associate
Room 101, Hang Bong Commercial
Centre, 28 Shanghai Street,
Kowloon , Hong Kong
Fax: +852 2861 2222

INDONESIA

PT Atlasat Solusindo
Gedung Cyber Lt, 6th Floor
Jl Kuningan Barat No. 8
Jakarta 12710, Indonesia
Tel: +62 21 520 9060
Fax: +62 21 520 9075
Email: sales@atlasat.co.id

EUROPE

MediaRing (Europe) Limited
Mailing Address
750A Chai Chee Road
#05-01 Technopark @ Chai Chee
Singapore 469001
Tel: +65 6441 1213
Fax: +65 6441 3013
Email: sales@mediaring.com

USA

MediaRing.com Inc
262 Santa Ana Court
Sunnyvale
CA 94085-4512, USA
Tel: +1 408 962 1251
Fax: +1 408 962 1252
Email: sales-usa@mediaring.com

MALAYSIA

MediaRing Sdn Bhd
Suite 23.02, 23rd Floor
Menara Haw Par, Jalan Sultan Ismail
50250 Kuala Lumpur, Malaysia
Tel:+60 3 2078 8878
Fax: +60 3 2078 9878
Email: sales-my@mediaring.com

JAPAN

MediaRing TC, Inc
Satokura Akebonobashi Bldg. 6F
1-19 Sumiyoshi-cho, Shinjuku-ku
Tokyo, 162-0065 Japan
Tel: +81 3 5919 1850
Fax: +81 3 5919 1851
Email: sales-jp@mediaring.com

TAIWAN

MediaRing Ltd
Taipei Representative Office
11F, No. 237, Sec.4, Cheng De Road
Shihlin District, Taipei,
Taiwan, ROC
Tel: +886 2 8861 5376
Fax: +886 2 8861 5409
Email: sales-tw@mediaring.com

SOUTH AFRICA

Vipafone (Proprietary) Limited
Associate
15 Court Road
Telecom House
Kenilworth
Cape Town, South Africa
Tel: +27 21 7629630
Fax: +27 21 7629635

CAMBODIA

(Camdodia) Data Communications Co., Ltd
Associate
Phnom Penh Centre Block A
Sihanouk Blvd-Phnom Penh
Cambodia
Tel: +855 23 211 543
Fax: +855 23 219 360

Designed+Produced by
Xpress
+65 6880 2881