ANNUAL REPORT 2008

mediaring

CORPORATE PROFILE

MediaRing is a one-stop service provider for Voice, Data and Computing services with a leading edge in VoIP technology. Through its strong technological capabilities and extensive distribution network, MediaRing brings a wide range of high-quality Voice services to carriers, enterprises, service providers and consumers. MediaRing's Data and Computing services offer the innovative Utility Computing to numerous enterprise customers. In addition, services such as IT Infrastructure Hosting and Outsourcing, Broadband Access, Managed Network as well as various network based services are within the scope of this unit. MediaRing is well-positioned as the preferred one-stop Enterprise Solutions service provider for Voice, Data and Computing Services.

Since its inception in 1993, MediaRing has grown to become a global enterprise with a strong presence in over eight cities worldwide. Headquartered in Singapore, we have a network of subsidiaries and branch offices, and associates in Kuala Lumpur, Tokyo, Shanghai, Beijing, Hong Kong, Cape Town, Cambodia and Sunnyvale (USA). MediaRing Limited is listed on the mainboard of Singapore Stock Exchange since 1999 and trades under ticker symbol SGX: M09.

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CHAIRMAN'S MESSAGE

Walter Sousa
Executive Chairman

Dear Shareholders,

"2008 was a challenging year. In the face of intense competition and a very difficult global market, MediaRing focused on executing the strategies put in place over the past years and on cost savings to ensure that the Group remains lean and competitive."

As you may have noticed, this year's annual report is printed in black and white. The decision to use this format is a reflection of our single-minded focus to save costs wherever we can.

Financial Highlights

The Group's focus on delivering consistent and sustainable growth has resulted in a reasonable financial performance in FY2008.

- Total revenue increased by 26% to a record high of US$140.8 million (S$200.0 million). *See Financial Highlights on Page 5*

- Net profit after tax ("NPAT") was US$0.7 million (S$1.0 million) a decline of 69% from FY2007. Part of the decline was due to a non-cash fair value market adjustment on a financial instrument. Without the adjustment, and excluding the gain from the disposal of the PacNet shares in FY2007, NPAT grew over the previous year.

- The balance sheet is stronger with total shareholders' equity of US$92.4 million (S$133.0 million) in FY2008, an improvement from last year's US$90.5 million (S$130.2 million).

- Our cash position remains strong at US$71.0 million (S$102.2 million) in cash, cash equivalents and bonds.

- Net Asset Value ("NAV") per share improved to 7.68 US cents (11.1 SG cents).

- Earnings Per Share ("EPS") was 0.06 US cents (0.08 SG cents) in FY2008.

CHAIRMAN'S MESSAGE

Geographically, Asia continues to be the major marketplace for our services, accounting for 99% of the Group's total revenue. In FY2008, sales in Asia grew to US$139.1 million, 28% higher than last year.

Business Segments: Review And Updates

Voice Services ("Voice")

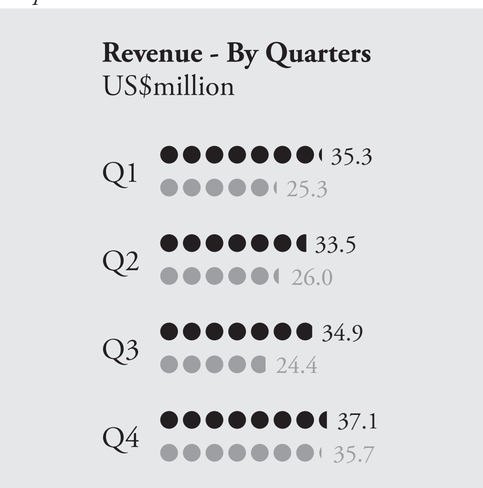
Our voice traffic minutes continue to be robust and reached a record high. In each quarter of FY2008, we recorded higher voice traffic minutes than the corresponding period the previous year and ended the year with close to 1.3 billion minutes, an increase of 15%. *See Graphs Below*

These minutes resulted in revenue of US$97.0 million compared to US$94.2 million the year before. With our wide range of high quality yet reasonably priced IP communications solutions, MediaRing is well-positioned to meet the needs of consumers and businesses alike searching for cost-effective voice solutions in these difficult economic times.

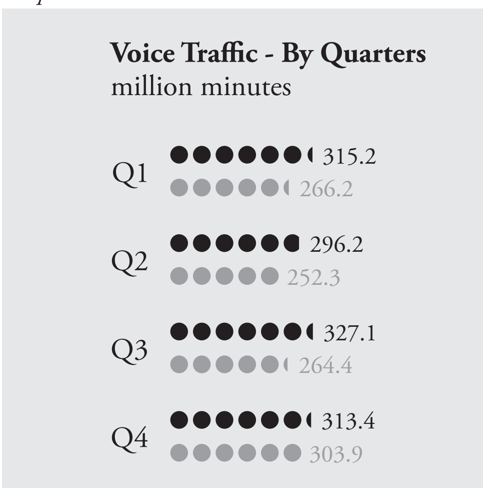
In June 2008, as part of the MediaRing Talk services, we launched an innovative mobile service that offers free mobile-to-mobile calls via MediaRing's global IP network. By connecting to WiFi, MediaRing MobileVoIP users can make free calls to other MediaRing MobileVoIP users regardless of their geographical location. Users are also able to call other fixed and mobile lines anywhere in the world at attractive IDD rates without incurring roaming or local airtime charges.

With this launch, the MediaRing Talk services are now available on three platforms: MediaRing Talk-Mobile, MediaRing Talk-PC, and MediaRing Talk-IP Phone.

Graph 1



Graph 2



2008 2007

CHAIRMAN'S MESSAGE

Regardless of which platform the user chooses, each solution allows free calls to other MediaRing Talk users as well as cost effective calls to non MediaRing Talk users worldwide. So far the acceptance of these solutions has been good and MediaRing Talk's user base continues to grow at a healthy rate.

We also launched MediaRing Talk's unique advertising platform that offers advertisers the option to customize MediaRing Talk's soft phone dialer with a customized message targeted at specific users. Since launching this service, several companies have tested this unique media and interest is strong.

Overall, this year voice services accounted for 69% of total revenue compared to the previous year's 84%. This is in line with the Group's efforts to diversify our revenue stream.

Data and Computing Services ("Data & Computing")

The strategic acquisition of Cavu in October 2007, followed by the acquisition of Delteq Pte Ltd ("Delteq") in November 2008, has enabled the Group to offer a wide range of Data and Computing services while diversifying our revenue stream from the MediaRing's Voice services. With these strategic acquisitions, MediaRing's Data & Computing business unit can offer business enterprises a comprehensive range of value-added services and solutions from the three top brands in the IT arena – HP, IBM and Sun, as well as our own unique and innovative Utility Computing and Managed Network services.

Revenue from MediaRing's Data & Computing services more than doubled to US$43.8 million in FY2008 compared to US$17.2 million a year earlier and this segment now contributes 31% of the group's revenue compared to 16% in FY2007.

CHAIRMAN'S MESSAGE

The Road Ahead

Given the global economic situation, there is no question that FY2009 will be a challenging year. We expect both consumers and businesses to reduce spending and try to save wherever possible, and whereas this presents an opportunity for our cost effective Voice services, our Data and Computing services might well be impacted as businesses reduce their capital spending.

Going forward, however, I believe MediaRing is well positioned to prosper and grow when the global economy recovers.

MediaRing Voice services are supported by excellent technology, a robust cost effective global IP network, and a very strong distribution channel. The MediaRing Talk service, with its unique advertising capability, gives us entry into the fast growing consumer on-line advertising business.

MediaRing's Data and Computing Services, with the acquisition of Delteq, now have the ability to offer a wide range solutions and services from the top vendors in the IT arena as well as our own unique solutions.

Our strong cash position and low gearing, from our unrelenting focus on prudent spending and cost management, allows us to continue to look for acquisitions that are synergistic with the Group's strategic direction.

On behalf of the Board of Directors, I'd like to thank all our stakeholders – management and staff, business partners, and shareholders – for your continued support.

Walter Sousa
Executive Chairman

FINANCIAL HIGHLIGHTS

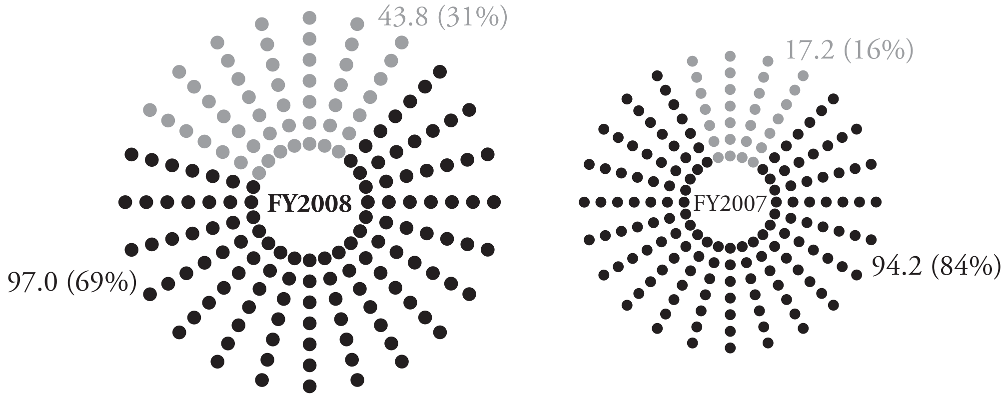
Revenue (5 Years Trend)
US$million

2008	140.8
2007	111.4
2006	117.0
2005	95.2
2004	51.9

Net Profit After Tax "NPAT" (5 Years Trend)
US$million

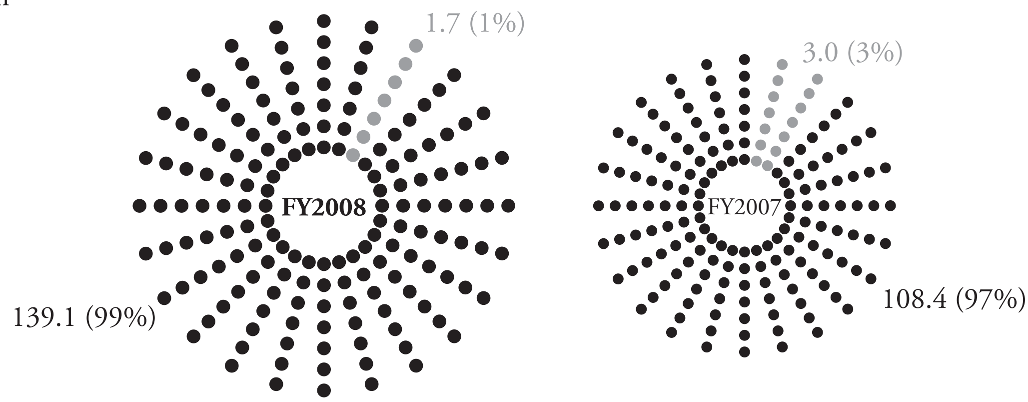
2008	0.7
2007	2.2
2006	8.3
2005	5.2
2004	0.4

Segmental Revenue
US$million



Data & Computing Services • Voice Services

Geographical Revenue
US$million



USA • Asia

BOARD OF DIRECTORS

Walter Sousa *Executive Chairman*

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

Koh Boon Hwee *Executive Director*

Mr Koh was appointed to the Board in April 1998. He was elected as an Executive Director in February 2002 and was last re-elected as Director on 17 April 2007. Mr Koh currently serves as the Chairman of DBS Group Holdings Limited and Nanyang Technological University Board of Trustees. Previously, Mr Koh was the Chairman of Singapore Airlines Ltd (2001 to 2005); SIA Engineering Co. Ltd (2003 to 2005); 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). He 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 *Chief Executive Officer*

Mr Khaw joined the Board in February 2002 and was appointed as Chief Executive Officer on 1 November 2002. He was last re-elected on 24 April 2008. From 2000 to 2001, Mr Khaw was the President of Omni Electronics, a wholly owned subsidiary of SGX Main Board-listed Omni Industries Ltd, one of Asia's largest electronic contract manufacturers. In 2001, following the acquisition of Omni Industries by Celestica Inc, he served as Senior Vice President at Celestica Inc. Prior to this, he spent 26 years, from 1973 to 1999, at Hewlett-Packard holding various key positions. Mr Khaw is a board member of Singapore Airport Terminal Services Limited. He 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 *Independent Director*

Mr Zilliacus was appointed as Non-Executive Director in February 2002 and was last re-elected to his position on 24 April 2008. Mr Zilliacus is the founder and Executive Chairman of Mobile FutureWorks Inc, a company which develops and invests in mobile space. He 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. He holds a Master of Science in Economics and Business Administration from the Swedish School of Economics and Business Administration, Helsinki.

BOARD OF DIRECTORS

Eileen Tay-Tan Bee Kiew *Independent Director*

Ms Tay was appointed to the Board in October 2002 and was last re-elected as Director on 26 April 2006. With more than 25 years of experience in the public accounting field, Ms Tay was a partner with KPMG and her experience includes auditing, taxation, public listing, due diligence, mergers and acquisitions and business advisory. She holds an Honours degree in Accountancy from the Singapore University. Ms Tay is a Fellow 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).

Sin Hang Boon *Independent Director*

Mr Sin joined the Board in June 2003 and was last re-elected as Director on 17 April 2007. He is currently also serving as a Director in Ideas Services Pte Ltd and Sirius Venture Consulting Pte Ltd. Mr Sin spent over 40 years in the telecommunications industry before his retirement in 2002. He was a senior executive in Belgacom S.A. in Belgium from 1996 to 1998. From 1999 till 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. He holds a Bachelor of Science (Physics) degree from Nanyang University, Singapore.

Lucas Chow Wing Keung *Independent Director*

Mr Chow was appointed to the Board on 1 January 2007 and was last re-elected as Director on 17 April 2007. He brings with him more than 28 years of experience in senior management roles. Currently the CEO and Director of The MediaCorp Group, Mr Chow began his career with Hewlett-Packard and in 1998, joined the senior management team in SingTel. Mr Chow serves as a member on the British Telecom's Asia Pacific Advisory Board. He sits on various boards and international advisory committees including Health Promotion Board. He was also appointed member of the National University of Singapore Board of Trustees. He graduated with a Bachelor of Science (Honours) from the University of Aston, Birmingham (United Kingdom).

Thomas Kalon Ng *Non-Independent Director*

Mr Ng joined the Board on 1 May 2008. He is the co-founder and managing partner of GGV Capital and founder of Venture TDF, a pioneer in high tech venture capital investments in Singapore and China. He advised Singapore's government in its development of technopreneurship and served on a number of its Advisory Boards. He has a wealth of management and investment experience in the high-technology industry. He has held senior management positions at Solar Energy Research Institute, E.I. DuPont de Nemours & Co. and Genelabs Technologies. He has numerous publications and patents worldwide, and currently holds three patents in practice. Mr Ng currently serves on the Board of Directors for HYB Co. Ltd. He earned a Bachelor's degree of Science in Bacteriology in 1975, a Master's degree of Science in Bacteriology in 1977 and a Doctorate degree in Bacteriology and Biochemistry in 1981 from the University of Wisconsin at Madison in the US.

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 function. He comes from a strong finance and operations background and brings to MediaRing over 20 years of experience in senior management roles. He has previously held senior positions in finance and operations with a few MNCs and has 10 years of overseas experience. Prior to joining MediaRing, Mr Yeo was the CFO of Network for Electronic Transfers Singapore Pte Ltd ("NETS").

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.

Goh Soon Liong *Senior Vice President (Engineering)*

A founding member, Mr Goh started work with the company as a Software Developer, working through the ranks and holding various positions within the organization. He has seen the company grew from a 10-member team to what it is today, gaining valuable experience and, at the same time, displaying dedication, grit and leadership. Now, he is the Senior Vice President of Engineering overseeing the company's operations and R&D Enterprise.

Mr Goh holds a Bachelor of Science (Honors) in Chemistry from Universiti Sains Malaysia, a Master of Science from University of Stirling in Software Engineering and a Postgraduate Diploma in Telecommunications Software (Data Communications & Networking Software) from the Information Communication Institute of Singapore.

Vesmond Wong Kok Khun *Senior Vice President (Computing Services)*

Mr Wong is the Group Managing Director of Cavu Corp Pte Ltd, a leading IT infrastructure company offering innovative solutions to customers with different options in refurbished hardware, utility packages and independent maintenance. With his strong IT background and business acumen, Cavu Corp, well-known for its unique utility model offerings, was recognized as one of the Fastest Growing 50 SMEs in 2007 by DP Information Group. Cavu Corp is part of the Group's business portfolio in Computing services and is on track to become the premier communications solutions provider in the Asia Pacific region under the helm of Mr Wong.

Prior to Cavu, Mr Wong was the Country General Manager for Vanda Systems (Singapore) – a wholly owned subsidiary of a Hong Kong listed IT company. He was instrumental in setting up Vanda Systems as the ASEAN regional headquarters in 1995. Under his stewardship, Vanda Systems received many major IBM awards and was named "IBM Business Partner of the Year" from 1995 to 1999.

CORPORATE GOVERNANCE

MediaRing (the "Company") and its subsidiaries (collectively called "the Group") are committed to achieving and maintaining high standards of corporate governance. While there will always be business risks, we believe that 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 the requirements of the Singapore Code of Corporate Governance 2005 (the "Code"). This corporate governance report ("Report") describes the Company's corporate governance framework with specific reference to the principles set out in the Code. The Company has also complied with the spirit and requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

(A) BOARD MATTERS

The Board's Conduct of its Affairs
Principle 1: Effective Board to lead and control the Company

The principal roles of Board of Directors (the "Board") are to decide on matters in respect of strategic direction, performance, resources, standard of conduct, corporate planning, major investments and divestments. The Board oversees and reviews key operational activities, business strategies and affairs of the Group, annual budget, management performance, the adequacy of internal controls and risk management. The Board also approves the financial results for release to SGX-ST, major funding, investment proposals and borrowings, and ensures effective human resources and management leadership of high quality and integrity are in place. Every Director is required to exercise independent judgment in the best interests of the Group and the shareholders.

To assist the Board in the discharge of its oversight function, the Board delegated specific responsibilities to various board committees ("Board Committees"), namely the Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee. In addition, an Investment Committee ("IC") was established on 28 February 2008. It comprises Mr. Koh Boon Hwee, the Chairman, Mr. Khaw Kheng Joo, Mr. Thomas Henrik Zilliacus and Mr. Yeo Siew Chai, the Chief Financial Officer, who was co-opted to be a member of the IC. The IC is responsible for overseeing the investment activities of the Group. It reviews and assesses any proposed investments before making recommendations to the Board on the same.

The Board meets regularly, with at least six scheduled Board meetings each year. Additional meetings are conducted as deemed appropriate by the Board. A total of seven Board meetings were held in the financial year ended 31 December 2008 ("FY 2008"), including one to review and approve the 2008 budget and another to set the business strategies of the Group. The Company's Articles of Association provide for participation in a meeting of the Board by means of conference telephone or similar communications equipment. The number of Board and Board Committee meetings held in FY 2008, as well as the attendance of each Board member at these meetings are set out in the table below.

	Board		Audit Committee		Remuneration Committee	
	No. of Meeting		No. of Meeting		No. of Meeting	
Name	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Walter Sousa	7	7 (1 via tele-conference)	-	-	-	-
Koh Boon Hwee	7	7 (1 via tele-conference)	-	-	-	-
Khaw Kheng Joo	7	7	-	-	-	-
Thomas Henrik Zilliacus	7	6 (2 via tele-conference)	4	3 (1 via tele-conference)	2	2
Eileen Tay-Tan Bee Kiew	7	7	4	4	2	2
Sin Hang Boon	7	7	4	4	2	2
Lucas Chow Wing Keung	7	4	-	-	-	-
Thomas Kalon Ng*	4*	3 (3 via tele-conference)	-	-	-	-

The members of Executive Committee, Nominating Committee as well as Investment Committee consult with each other mainly via emails and telephone discussions.
**Appointed as Director on 1 May 2008. Four Board meetings were held since 1 May 2008.*

CORPORATE GOVERNANCE

The Company has adopted a set of internal guidelines setting out the authority limit (including Board's approval) for capital and operating expenditure, investments and divestments, bank facilities and cheque signatories arrangements. The Company conducts orientation programme for newly appointed Directors which includes management presentations on the Group's businesses and strategic plans and objectives. The Directors are provided with regular updates on regulatory changes and any new applicable laws.

Board Composition and Guidance
Principle 2: Strong and independent element on the Board

The Board comprises eight Directors, of whom three are Executive Directors, namely, Mr. Walter Sousa, Mr. Khaw Kheng Joo and Mr. Koh Boon Hwee, four are Non-Executive and Independent Directors, namely, Mr. Lucas Chow Wing Keung, Mr. Thomas Henrik Zilliacus, Mr. Sin Hang Boon and Ms. Eileen Tay-Tan Bee Kiew and one is a Non-Executive and Non-Independent Director, Mr. Thomas Kalon Ng. Independent Directors constitute half of the Board.

Membership on the Board and various Board Committees are carefully constituted to ensure equitable distribution of responsibilities and appropriate combination of skills and experience, as well as balance of power and independence. The Nominating Committee continues to hold the view that as warranted by circumstances, the Board may form additional Board Committees to look into specific areas of oversight. All members of Audit Committee, Remuneration Committee and Nominating Committee are Independent Directors except for one Nominating Committee member who is an Executive Director. The chairpersons of the said Board Committees are all Independent Directors.

The Board consists of respected business leaders and professionals whose collective core competencies and experience are extensive, diverse and relevant to the principal activities of the Group.

The Nominating Committee reviews and assesses the size and composition of the Board, and is of the view that the Board (i) is of an appropriate size taking into account the nature and scope of the Group's operations; (ii) has an appropriate balance of Independent Directors; and (iii) comprises suitable and competent Directors who can address the relevant industry and business needs of the Group. The Nominating Committee is satisfied that the Board comprises 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, required for the Board to be effective.

Chairman and Chief Executive Officer
Principle 3: Clear division of responsibilities at the top of the Company, no one individual represents a considerable concentration of power

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. Each of them performs separate functions to ensure that there is an appropriate balance of power, authority and responsibility, and to ensure accountability and Board independence.

The Executive Committee ("Ex-co") was re-constituted on 31 January 2002 to act for the Board in supervising the Group's business and affairs. The Ex-co is chaired by Mr. Koh Boon Hwee and the other members are Mr. Walter Sousa and Mr. Khaw Kheng Joo, all of whom are Executive Directors.

The key functions of the Ex-co are:

(i) to supervise senior Management in the carrying out of the day-to-day executive functions of the Group; and

(ii) to evaluate and jointly make key decisions of an executive nature.

CORPORATE GOVERNANCE

The Chairman leads the Board and ensures that the members of the Board work together with Management on various matters, including strategic issues and business planning processes. The Chairman approves the agendas for the Board meetings, in consultation with the CEO, and ensures that the Board members are provided with complete, adequate and timely information, prior to the Board meetings. He also ensures effective communication with shareholders and promotes high standards of disclosure and corporate governance.

The CEO is charged with full executive responsibility for the day-to-day running of the Group's businesses, making operational decisions for the Group and implementing the Group's business directions, strategies and policies.

Board Membership
Principle 4: Formal and transparent process for the appointment of new Directors to the Board

The Company has established a Nominating Committee ("NC") to, among other matters, make recommendations to the Board on all board appointments and oversee the Company's succession and leadership development plans. The NC (which is guided by written term of reference) consists of Mr. Thomas Henrik Zilliacus, Mr. Koh Boon Hwee, Mr. Sin Hang Boon and Mr. Lucas Chow Wing Keung. The NC is chaired by Mr. Lucas Chow who was appointed on 12 March 2007. Except for Mr. Koh Boon Hwee who is an Executive Director, all the other NC members are Independent Directors. 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 have eventually the NC comprises only Independent Directors.

Board renewal is an ongoing process to ensure good governance and maintain relevance to the changing needs of the Group and business. The NC is responsible for identifying and selecting new Directors and ensuring there is equitable distribution of responsibilities among Board members to optimise the effectiveness of the Board. It reviews and assesses the nominations for the appointment, re-appointment or re-election of Directors before making recommendations to the Board on the same. Consideration is given to diversity of experience and appropriate skills, and also whether there are any conflicts of interests. The NC also evaluates the Directors' availability to commit themselves to carrying out the Board's duties and activities having regard to Director's contribution and performance (such as attendance, preparedness, participation and candour).

Pursuant to the respective Articles 104 and 108 of the Company's Articles of Association, one-third of the Directors shall retire from office at the forthcoming Annual General Meeting ("AGM"), and a newly appointed Director must submit himself for re-election at the AGM. Pursuant to section 153 of the Companies Act, Cap. 50 (the "Act"), any Director who is more than seventy years of age shall submit himself for retirement and re-appointment by the shareholders at the AGM. For this AGM, Mr. Walter Sousa, Ms. Eileen Tay-Tan Bee Kiew, Mr. Thomas Ng and Mr. Sin Hang Boon are due for retirement and re-election. All re-appointments of Directors are subject to recommendation of the NC.

The NC is also charged with determining the "independence" status of the Directors annually having regard to the guidelines provided in the Code. The NC has reviewed the Directors with multiple directorships and is of the view that sufficient time and attention has been given to the affairs of the Company, through attendance at Board and Board Committee meetings including meetings held in a less formal basis via tele-conference and is satisfied that all the Directors have adequately carried out their duties as Directors notwithstanding their multiple board representations.

CORPORATE GOVERNANCE

Key information of the Directors is set out in the following pages of the Annual Report: academic and professional qualifications are set out on page 6 to 7 of this Annual Report; age, date of initial appointment as well as last re-election are set out in the table below.

Name	Age	Position	Date of Last Re-election	Date of Initial Appointment
Walter Sousa	65	Chairman & Executive Director	26 Apr 2006	26 Oct 1999
Khaw Kheng Joo	60	CEO & Executive Director	24 Apr 2008	28 Feb 2002
Koh Boon Hwee	58	Executive Director	17 Apr 2007	6 Apr 1998
Thomas Henrik Zilliacus	55	Independent Director	24 Apr 2008	28 Feb 2002
Eileen Tay-Tan Bee Kiew	56	Independent Director	26 Apr 2006	2 Oct 2002
Sin Hang Boon	70	Independent Director	17Apr 2007	9 Jun 2003
Lucas Chow Wing Keung	55	Independent Director	17 Apr 2007	1 Jan 2007
Thomas Kalon Ng	54	Non-Executive Director	-	1 May 2008

Board Performance

Principle 5: Assessment of the effectiveness of the Board as a whole and the contribution by each Director to the effectiveness of the Board

The Company believes that Board performance is ultimately reflected in the performance of the Group. The Board, through the delegation of its authority to the NC, ensures that Directors appointed to the Board possess the background, experience, industry knowledge and skills critical to the Group's business so as to enable the Board to make sound and well-considered decisions.

One of the considerations when assessing the Board's performance is its ability to lend support to Management especially in times of crisis and to steer the Group in the right direction, including the sensitive but important issue of the CEO's succession. Other considerations include contribution by Board members, communications with the Management and the Board members' standard of conduct and compliance. The Board members should act in good faith, with due diligence and care in the best interests of the Company and our shareholders.

Throughout the year, the Board has maintained open lines of communication directly with senior Management on matters within their purview, over and above their attendance at convened meetings. Non-Executive Directors have constructively challenged and assisted in developing proposals on strategy and reviewed the Management's performance in meeting set goals and objectives. The Board has also provided valuable inputs, knowledge and raised insightful issues at Board and Board Committee meetings.

CORPORATE GOVERNANCE

Access to Information
Principle 6: Board members to have complete, adequate and timely information

Prior to each Board or Board Committee meeting and as warranted by circumstances, the Management provides the Board and the relevant Board Committees with adequate and complete information in a timely manner, relating to matters to be brought before them for decision. Monthly reports providing updates on key performance indicators and financial analysis on the performance of the Group, and regular analysts' reports on the Company are also circulated to the Board for their information. This enables the Board and the Board Committees to make informed, sound and appropriate decisions and keep abreast of key challenges and opportunities as well as developments for the Group.

The Board has independent and direct access to senior Management at all times. Frequent dialogue and interaction take place between senior Management and the Board members, as encouraged by the CEO.

The Board also has separate and independent access to the Company Secretary who attends all Board meetings. The Company Secretary is responsible for advising the Board, through the Chairman, to ensure that the Board procedures are followed, and that the applicable requirements of the Act and the SGX-ST Listing Manual are complied with. The Company Secretary also ensures that there is good information flow within and between the Board, the Board Committees and the senior Management.

The Board members may take independent professional advice, at the Company's expense, as and when necessary to enable them to discharge their responsibilities effectively.

(B) REMUNERATION MATTERS

Principle 7: Formal and transparent procedure for fixing the remuneration packages of individual Directors
Principle 8: Remuneration of Directors should be adequate but not excessive
Principle 9: Disclosure on remuneration policy and level and mix of remuneration

The Remuneration Committee ("RC") comprises entirely of Non-Executive Independent Directors, namely, Mr. Sin Hang Boon, Mr. Thomas Henrik Zilliacus and Ms. Eileen Tay-Tan Bee Kiew. The RC is chaired by Mr. Zilliacus who was appointed on 26 February 2007.

The main responsibilities of the RC include:-

(i) reviewing policy on executive remuneration and for determining the remuneration packages of individual Directors and senior Management;

(ii) reviewing and making recommendations to the Board for endorsing a framework of remuneration which covers all aspects of remuneration including Directors' fees, salaries, allowance, bonuses, options and benefits in kind and the specific remuneration packages for each Director and the CEO; and

(iii) reviewing the remuneration of senior Management.

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. The compensation structure is designed to enable the Company to stay competitive and relevant.

CORPORATE GOVERNANCE

Non-Executive Directors have no service contracts. Their remuneration packages consist of Directors' fees component based on the Directors' fee policy, share options component pursuant to the Company's ESOS and 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. Directors' fees for Non-Executive Directors are subject to the shareholders' approval at each AGM.

The Company adopts long-term incentive schemes such as 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 bonus and share options under the ESOS, RSP and PSP.

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 Board.

The level and mix of each of the Directors' remuneration, and that of each of the key executives (who are not also Directors), in bands of S$250,000 are set out below for the FY 2008.

	Fees %	**Salary %**	**Bonus %**	**Share-based Payment %**	**Total %**
Executive Directors					
S$500,000 and above Khaw Kheng Joo	-	84.6	7.2	8.2	100.0
S$250,000 to S$499,999 Walter Sousa	-	92.3	7.7	-	100.0
Below S$250,000 Koh Boon Hwee	-	92.1	7.9	-	100.0
Non Executive Directors					
Below S$250,000					
Thomas Henrik Zilliacus	77.3	-	-	22.7	100.0
Eileen Tay-Tan Bee Kiew	75.0	-	-	25.0	100.0
Sin Hang Boon	77.1	-	-	22.9	100.0
Lucas Chow Wing Keung	100.0	-	-	-	100.0
Thomas Kalon Ng	100.0	-	-	-	100.0

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

CORPORATE GOVERNANCE

The annual remuneration of key executives who are not Directors for FY 2008 is as follows:-

	No. of Employees
S$500,000 and above	-
S$250,000 to S$499,999	1
Below S$250,000	5

The amount shown is inclusive of salary, bonus, allowances, share-based payment and employer's CPF.

Information on the Group's ESOS, RSP and PSP is set out on pages 22 to 26 of Directors' Report.

(C) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the Company's performance, position and prospect

The Board has overall accountability to shareholders for the Group's performance and ensuring that the Group is well managed and guided by its strategic objectives. The Company continues to report the Group's operating performance and financial results on a quarterly basis and other price sensitive information via SGXnet in an effort to provide shareholders with a balanced and accurate assessment of the Group's performance, financial position and prospects. The Company believes that prompt compliance of statutory reporting requirements is a way to maintain shareholder confidence and trust in our capability and integrity.

Management provides the Board members with monthly business and financial reports which compare actual performance with budget and highlight the Company's performance, position and prospects. Other business reports are also provided on a timely and regular basis, to give up-to-date information and facilitate effective decision making.

Principle 11: Establishment of Audit Committee with written terms of reference

The Audit Committee ("AC") comprises the following Non-Executive Directors, all of whom are independent: Ms. Eileen Tay-Tan Bee Kiew (Chairperson who was appointed on 24 June 2008), Mr. Sin Hang Boon and Mr. Thomas Henrik Zilliacus.

The AC has explicit authority to conduct or authorize investigation into any matter within its terms of reference. It has full access to and co-operation by the 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 held four meetings during the year. The number of the Directors' participation and attendance at the AC meetings held during the FY 2008 can be found in page 9 of this Report.

The key roles of AC include:

(i) maintaining adequate accounting records;

(ii) reviewing the scope and results of the internal audit reports as well as Management's responses to the findings of the internal audit reports;

(iii) reviewing the quarterly, half-yearly and full-year financial statements and the integrity of financial reporting of the Company;

CORPORATE GOVERNANCE

(vi) reviewing the adequacy of the Company's internal controls;

(v) making recommendations to the Board on the appointment and re-appointment of auditors;

(vi) reviewing findings of internal investigations into matters where there is suspected fraud, irregularity, failure of internal controls or violation of any law likely to have a material impact on the financial reporting or other matters.

The AC reviewed the nature and extent of non-audit services provided by the external auditor during the year, which included tax services. It was satisfied that the nature and extent of such non-audit services will not prejudice the independence and objectivity of the external auditor.

The AC recommends to the Board the internal and external auditors to be reappointed. Such recommendation takes into account the independence and objectivity of the auditors.

The AC has adopted the practice to meet with both the external and internal auditors without the presence of Management at least once a year.

As approved by the Board, the Company has put in place a whistle-blowing policy and procedures, which provide for the mechanisms by which the employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters.

(D) INTERNAL CONTROLS AND RISK MANAGEMENT

Principle 12: Sound system of Internal Controls

The AC is delegated the full responsibility to review, together with the Company's external auditors, at least once a year, the effectiveness and adequacy of the Group's system of internal accounting controls, operational and compliance controls and risk management policies.

The AC also monitors Management's responses to audit findings and actions taken to correct any noted deficiencies. The key internal controls covered under such a review include:

(i) identification of risks and implementation of risk management policies and measures;

(ii) establishment of policies and approval limits for key financial and operational matters, and the rules relating to the delegation of authorities;

(iii) documentation of key processes and procedures;

(iv) ensuring the integrity, confidentiality and availability of critical information;

(v) maintenance of proper accounting records;

(vi) ensuring the effectiveness and efficiency of operations;

(vii) safeguarding of the Group's assets; and

(viii) ensuring compliance with applicable laws and regulations.

CORPORATE GOVERNANCE

The Company'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 Group has also put in place policies on proper employee behaviour and conduct which includes the observance of confidentiality obligations on information relating to the Group and customers, and the safeguarding of system integrity.

The internal audit function, as discussed under Principle 13, assists the Audit Committee and the Board in evaluating internal controls, financial and accounting matters, compliance and financial risk management. Based on the controls and systems that have been put in place, 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.

Principle 13: Independent internal audit function

In line with good corporate governance, the Company has also engaged PriceWaterhouseCoopers as the Company's independent internal auditor to provide an independent resource and perspective to the Board and the AC, on the processes and controls that help to mitigate major risks.

The AC is satisfied that PriceWaterhouseCoopers has the adequate resources to perform its functions and has appropriate standing within the Company. The internal auditor reports its findings and recommendations for improvement of any internal control weakness to the AC. The AC reviews and makes recommendations to the Board to adopt the internal audit plan drawn up on an annual basis and ensures that the approved audit recommendations are adequately performed.

(E) COMMUNICATIONS WITH SHAREHOLDERS

Principle 14: Regular, effective and fair communications with shareholders

The Company announces its performance and financial results on a quarterly basis, major business and operational developments, major investments and divestments in a timely manner via SGXnet and the press.

The Company issues announcements and news releases on an immediate basis when required under the SGX-ST 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 Company manages enquiries from shareholders and the public, and addresses shareholders' concerns through its investors' relations communications channels.

Principle 15: Greater shareholder participation at AGM

Shareholders are informed of the AGM through notices published in the newspapers and reports sent to all shareholders. At each AGM, shareholders are encouraged to participate in the question and answer session. The Board of Directors, the external auditors and the senior Management are present to respond to shareholders' questions.

If any shareholder is unable to attend the AGM, the Company's Articles of Association allow a shareholder to appoint up to two proxies to attend and vote on his or her behalf at the AGM. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

CORPORATE GOVERNANCE

The Company presents separate resolutions on each issue at Shareholders' meetings. Voting on each resolution is carried out systematically with proper recording of the votes cast and the resolutions passed.

The Company Secretary prepares minutes of shareholders' meetings, which incorporates substantial comments and responses from the Board and Management. These minutes are available to shareholders upon their requests.

Material Contracts

Other than those disclosed in the financial statements, the Company and its subsidiary companies did not enter into any material contracts involving interests of the Chief Executive Officer, Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

Dealings in the Company's Securities

In line with the recommended practices on dealings in securities set out under Rule 1207(18) of the SGX-ST Listing Manual, the Company has issued a directive to all employees and Directors not to deal in the Company's securities on short-term considerations and to abstain from dealing with the Company's securities for a period commencing two weeks before the announcement of the results of the first three quarters and one month before the announcement of full year results and ending on the date of the announcement of the relevant results.

DIRECTORS' REPORT

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 2008.

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	
Thomas Kalon Ng	(Appointed on 1 May 2008)

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, share options, performance shares or debentures of the Company, as stated below:

	Direct interest as at		**Deemed interest as at**	
	1 January 2008	**31 December 2008**	**1 January 2008**	**31 December 2008**
Ordinary shares				
Walter Sousa	812,500	812,500	–	–
Koh Boon Hwee	1,625,000	1,625,000	3,643,987	3,643,987
Thomas Henrik Zilliacus	–	75,000	–	–
Eileen Tay-Tan Bee Kiew	151,250	226,250	462,500	462,500
Sin Hang Boon	61,250	136,250	–	–
Options to subscribe for ordinary shares at S$0.0898 per share				
Koh Boon Hwee	18,918	18,918	–	–
Khaw Kheng Joo	150,129	150,129	–	–
Thomas Henrik Zilliacus	187,355	187,355	–	–
Eileen Tay-Tan Bee Kiew	17,667	17,667	–	–

DIRECTORS' REPORT

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

	Direct interest as at		Deemed interest as at	
	1 January 2008	31 December 2008	1 January 2008	31 December 2008
Options to subscribe for ordinary shares at S$0.0925 per share				
Khaw Kheng Joo	11,137,602	11,137,602	–	–
Options to subscribe for ordinary shares at S$0.1213 per share				
Khaw Kheng Joo	5,568,801	5,568,801	–	–
Options to subscribe for ordinary shares at S$0.1231 per share				
Walter Sousa	3,341,280	3,341,280	–	–
Options to subscribe for ordinary shares at S$0.1356 per share				
Thomas Henrik Zilliacus	222,752	222,752	–	–
Eileen Tay-Tan Bee Kiew	222,752	222,752	–	–
Sin Hang Boon	222,752	222,752	–	–
Options to subscribe for ordinary shares at S$0.1383 per share				
Walter Sousa	11,137,602	11,137,602	–	–
Koh Boon Hwee	11,137,602	11,137,602	–	–
Options to subscribe for ordinary shares at S$0.1392 per share				
Walter Sousa	154,069	154,069	–	–
Koh Boon Hwee	222,752	222,752	–	–
Options to subscribe for ordinary shares at S$0.1428 per share				
Khaw Kheng Joo	1,670,640	1,670,640	–	–
Options to subscribe for ordinary shares at S$0.1626 per share				
Khaw Kheng Joo	835,320	835,320	–	–

DIRECTORS' REPORT

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

	Direct interest as at		Deemed interest as at	
	1 January 2008	31 December 2008	1 January 2008	31 December 2008
Options to subscribe for ordinary shares at S$0.1760 per share				
Thomas Henrik Zilliacus	222,752	222,752	–	–
Eileen Tay-Tan Bee Kiew	125,854	125,854	–	–
Sin Hang Boon	71,143	71,143	–	–
Options to subscribe for ordinary shares at S$0.2245 per share				
Koh Boon Hwee	6,682,561	6,682,561	–	–
Options to subscribe for ordinary shares at S$0.2837 per share				
Eileen Tay-Tan Bee Kiew	334,128	334,128	–	–
Sin Hang Boon	334,128	334,128	–	–
Options to subscribe for ordinary shares at S$0.3160 per share				
Thomas Henrik Zilliacus	300,000	300,000	–	–
Options to subscribe for ordinary shares at S$0.4170 per share				
Khaw Kheng Joo	1,400,000	1,400,000	–	–
Performance shares to be delivered after 2007				
Thomas Henrik Zilliacus	75,000	–	–	–
Eileen Tay-Tan Bee Kiew	75,000	–	–	–
Sin Hang Boon	75,000	–	–	–
Performance shares to be delivered after 2008				
Thomas Henrik Zilliacus	25,000	25,000	–	–
Eileen Tay-Tan Bee Kiew	25,000	25,000	–	–
Sin Hang Boon	25,000	25,000	–	–

DIRECTORS' REPORT

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

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2009.

Except as disclosed in this report, no Director who held office at the end of the financial year had interests in shares, share options, performance shares or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment it later, or at the end of the financial year.

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 Remuneration Committee ("RC"). The members of the RC are:

Thomas Henrik Zilliacus (Chairman)
Sin Hang Boon
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 2008 are as follows:

Expiry date	Exercise price (S$)	Number of options
30 October 2009	0.0898	1,518,251

DIRECTORS' REPORT

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 Company 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.

Aggregate options of 36,525,636 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-ST") and the imposition of retention periods following the exercise of these options by the employees, if any.

DIRECTORS' REPORT

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 2008 are as follows:

Expiry date	Exercise price (S$)	Number of options
11 January 2010	1.3160	83,532
13 June 2010	0.4032	1,574,855
6 September 2011	0.1231	3,341,280
5 November 2011	0.0916	111,376
31 January 2012	0.2245	6,682,561
31 January 2012	0.1383	22,275,204
27 June 2012	0.1078	3,243,650
15 July 2012	0.1392	376,821
1 November 2012	0.0925	11,137,602
27 January 2013	0.0907	478
4 February 2013	0.0898	8,910
18 February 2013	0.0898	491,008
16 April 2013	0.0898	640
28 May 2013	0.0898	374,069
11 September 2013	0.1213	6,595,853
16 January 2014	0.1626	2,822,993
26 April 2014	0.1760	419,749
28 February 2015	0.1428	5,751,938
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	1,400,000
30 Oct 2017	0.2360	1,465,000
		69,794,031

DIRECTORS' REPORT

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 Directors of the Company 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	14,632,951	–	14,632,951
Koh Boon Hwee	18,061,833	–	18,061,833
Khaw Kheng Joo	20,762,492	–	20,762,492
Thomas Henrik Zilliacus	932,859	–	932,859
Eileen Tay-Tan Bee Kiew	821,401	121,000	700,401
Sin Hang Boon	677,023	49,000	628,023

Aggregate options of 128,134,221 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 Nil (2007: 1,520,000). Aggregate options of 27,444,713 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.

DIRECTORS' REPORT

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).

In 2007, 300,000 performance shares at S$0.22 per share were granted to independent Non-Executive Directors as part of the incentive plan for independent Non-Executive Directors and key employees. During the financial year, 144,000 (2007: 112,000) performance shares previously granted had lapsed.

DIRECTORS' REPORT

Audit Committee

The Audit Committee ("AC") comprises the following three independent Non-Executive Directors:

Eileen Tay-Tan Bee Kiew (Chairperson with effect from 24 June 2008)
Sin Hang Boon
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 2008, as well as the external auditors' report thereon.

The AC held four meetings during the financial year ended 31 December 2008.

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 LLP be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

Auditors

Ernst & Young LLP 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
18 March 2009

STATEMENT BY DIRECTORS

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 income statement, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereto, 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 2008 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 18 March 2009.

On behalf of the Board of Directors,

Koh Boon Hwee
Director

Khaw Kheng Joo
Director

Singapore
18 March 2009

INDEPENDENT AUDITORS' REPORT

To the members of MediaRing Ltd

We have audited accompanying financial statements of MediaRing Ltd (the "Company") and its subsidiaries (the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2008, the income statement, 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.

Management's Responsibility for the Financial Statements

Management is 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 devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheets and to maintain accountability of assets; 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 management, 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,

(i) 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 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 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) 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 LLP

Ernst & Young LLP

Public Accountants and
Certified Public Accountants

Singapore
18 March 2009

BALANCE SHEETS

As at 31 December 2008

Amounts in United States dollars unless otherwise stated

		Group		Company	
		2008	2007	2008	2007
	Note	$'000	$'000	$'000	$'000
Share Capital and Reserves					
Share capital	3	**161,723**	160,758	**161,723**	160,758
Accumulated losses	4	**(72,009)**	(72,686)	**(78,317)**	(75,743)
Other reserves	5	**564**	743	**564**	743
Translation reserve	6	**2,152**	1,676	**18**	43
		92,430	90,491	**83,988**	85,801
Property, plant and equipment	7	**5,220**	7,337	**1,964**	2,532
Intangible assets	8	**13,602**	12,547	**709**	380
Investment in subsidiaries	9	**–**	–	**23,125**	23,557
Investment in associates	10	**445**	432	**679**	679
Investment in long-term bonds and deposits	11	**7,906**	1,834	**7,906**	1,834
Investment securities	12	**7,918**	247	**7,808**	247
Long-term loans and advances to subsidiaries	13	**–**	–	**1,726**	3,163
Trade debtors, non-current	14	**1,038**	1,796	**–**	–
Current Assets					
Stocks	15	**4,284**	3,922	**428**	405
Trade debtors, current	14	**15,261**	10,824	**1,696**	2,444
Other debtors and deposits	16	**759**	1,154	**558**	646
Prepayments	17	**3,839**	5,144	**2,459**	3,363
Due from subsidiaries	18	**–**	–	**826**	4,044
Due from associates	18	**1,180**	1,450	**1,180**	1,450
Investment in short-term deposits	11	**1,009**	–	**1,009**	–
Fixed deposits	19	**52,037**	63,798	**42,529**	56,329
Cash and bank balances	19	**11,071**	12,057	**5,260**	4,463
		89,440	98,349	**55,945**	73,144
Current Liabilities					
Trade creditors		**8,594**	6,076	**1,978**	2,129
Other creditors and accruals	20	**11,489**	11,420	**4,665**	7,849
Deferred revenue		**8,609**	8,656	**4,726**	5,747
Lease obligations, current	21	**935**	426	**–**	–
Bank borrowings	22	**1,380**	2,979	**–**	–
Due to subsidiaries	18	**–**	–	**4,505**	4,010
Tax payable		**254**	698	**–**	–
		31,261	30,255	**15,874**	19,735
Net Current Assets		**58,179**	68,094	**40,071**	53,409
Non-Current Liabilities					
Deferred tax liabilities	23	**536**	714	**–**	–
Lease obligations, non-current	21	**1,342**	1,003	**–**	–
Accrued employee entitlement		**–**	79	**–**	–
		92,430	90,491	**83,988**	85,801

The accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

		Group	
		2008	2007
	Note	$'000	$'000
Turnover	24	**140,824**	111,440
Other income	25	**1,905**	7,278
Costs and expenses			
Direct service fees incurred		**(71,589)**	(55,468)
Commissions and other selling expenses		**(34,127)**	(30,021)
Personnel costs	26	**(16,536)**	(12,357)
Infrastructure costs		**(4,854)**	(4,496)
Depreciation of property, plant and equipment	7	**(4,300)**	(2,942)
Amortisation of intangible assets	8	**(1,423)**	(1,053)
Marketing expenses		**(1,879)**	(1,510)
Foreign exchange loss		**(817)**	(714)
Other expenses	27	**(6,661)**	(9,331)
Share of results of associates		**13**	595
Profit before taxation		**556**	1,421
Taxation	28	**121**	766
Profit for the year		**677**	2,187
Earnings per share (cents)			
- basic	29	**0.06**	0.21
- diluted	29	**0.06**	0.20

The accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

	Share capital (Note 3) $'000	Accumulated losses (Note 4) $'000	Other reserves (Note 5) $'000	Translation reserve (Note 6) $'000	Total $'000
2008					
Group					
Balance at 1 January 2008	160,758	(72,686)	743	1,676	90,491
Net change in fair value adjustment reserve	–	–	(42)	–	(42)
Net effect of exchange differences	–	–	–	476	476
Net income recognised directly in equity	–	–	(42)	476	434
Profit for the year	–	677	–	–	677
Total recognised income and expenses for the year	–	677	(42)	476	1,111
Exercise of employee share options	965	–	(299)	–	666
Value of employee services received	–	–	162	–	162
Balance at 31 December 2008	**161,723**	**(72,009)**	**564**	**2,152**	**92,430**

The accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

	Share capital (Note 3) $'000	Accumulated losses (Note 4) $'000	Other reserves (Note 5) $'000	Translation reserve (Note 6) $'000	Total $'000
2007					
Group					
Balance at 1 January 2007	154,208	(74,873)	713	44	80,092
Net change in fair value adjustment reserve	–	–	102	–	102
Net effect of exchange differences	–	–	–	1,632	1,632
Net income recognised directly in equity	–	–	102	1,632	1,734
Profit for the year	–	2,187	–	–	2,187
Total recognised income and expenses for the year	–	2,187	102	1,632	3,921
Shares issued for acquisition of a subsidiary	5,063	–	–	–	5,063
Exercise of employee share options	1,487	–	(351)	–	1,136
Value of employee services received	–	–	279	–	279
Balance at 31 December 2007	**160,758**	**(72,686)**	**743**	**1,676**	**90,491**

The accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

	2008 $'000	2007 $'000
Cash flows from operating activities		
Profit before taxation	**556**	1,421
Adjustments for:		
Allowance for doubtful trade debts	**362**	313
Amortisation of intangible assets (Note 8)	**1,423**	1,053
Bad debts written-off	**2**	–
Depreciation of property, plant and equipment (Note 7)	**4,300**	2,942
Fair value adjustment on sale of stocks acquired through business combination	**–**	257
Fair value loss on structured securities	**726**	–
Gain on disposal of an associate	**–**	(4,572)
Gain on disposal of property, plant and equipment	**(6)**	(66)
Impairment loss on goodwill	**–**	2,130
Impairment loss on intangible asset	**–**	2,374
Impairment loss on quoted equity investment	**74**	–
Interest expenses in borrowings	**157**	47
Interest income from bonds and deposits	**(1,773)**	(2,425)
Net loss on disposal of a subsidiary	**198**	–
Property, plant and equipment written off	**23**	1
Share of results of associates	**(13)**	(595)
Share-based payments	**163**	279
Write-back of allowance for doubtful trade debts	**(59)**	(196)
Write-down/(reversal of write-down) of stocks	**145**	(77)
Translation differences	**674**	851
Operating profit before working capital changes	**6,952**	3,737
Decrease in stocks	**39**	661
Increase in trade debtors	**(1,156)**	(698)
Decrease/(increase) in other debtors and deposits	**871**	(275)
Decrease in prepayments	**1,543**	240
Decrease/(increase) in amount due from associates	**269**	(582)
Increase in trade creditors	**841**	403
(Decrease)/increase in other creditors and accruals	**(519)**	1,310
Decrease in deferred revenue	**(489)**	(1,336)
Cash flows generated from operating activities	**8,351**	3,460
Interest paid	**(157)**	(47)
Tax paid	**(677)**	(236)
Net cash flows generated from operating activities	**7,517**	3,177

The accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

	2008 $'000	2007 $'000
Cash flows from investing activities		
Interest income received from bonds and deposits	**1,719**	2,380
Investment in subsidiaries, net of cash acquired (Note 9)	**(389)**	(9,547)
Net cash outflow on disposal of a subsidiary (Note 9)	**(116)**	–
Net proceeds from disposal of an associate	**–**	44,138
Proceeds from disposal of property, plant and equipment	**15**	96
Proceeds from redemption of short-term bonds	**–**	1,651
Purchase of intangible assets	**(718)**	(331)
Purchase of hybrid instrument	**(4,099)**	–
Purchase of long-term bonds	**(7,145)**	–
Purchase of structured securities	**(4,500)**	–
Purchase of property, plant and equipment	**(2,256)**	(3,629)
Net cash (used in)/generated from investing activities	**(17,489)**	34,758
Cash flows from financing activities		
Decrease in fixed deposits pledged	**3,314**	26
Proceeds from bank borrowings	**–**	600
Proceeds from exercise of employee share options	**665**	1,136
Obligations obtained under finance leases	**841**	812
Repayment of bank borrowings	**(4,281)**	–
Net cash generated from financing activities	**539**	2,574
Net (decrease)/increase in cash and cash equivalents	**(9,433)**	40,509
Cash and cash equivalents at beginning of year	**71,587**	31,078
Cash and cash equivalents at end of year (Note 19)	**62,154**	71,587

The accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

1. Corporate information

The financial statements of MediaRing Ltd (the "Company") for the year ended 31 December 2008 were authorised for issuance in accordance with a Directors' resolution dated 18 March 2009.

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 are rendering of telecommunication services and research and development, design and marketing of telecommunication software. The principal activities of the subsidiaries are disclosed in Note 9.

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 financial assets at fair value through profit or loss and 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.

(i) Adoption of new and revised FRS and Interpretation of Financial Reporting Standard ("INT FRS")

On 1 January 2008, the Group and the Company adopted all the new and revised FRS and INT FRS mandatory for annual financial periods beginning on or after 1 January 2008. The adoption of these FRS does not have a financial impact on the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

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

2.2 *Changes in accounting policies (cont'd)*

(ii) FRS and INT FRS not yet effective

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

			Effective date (Annual periods beginning on or after)
FRS 1	:	Presentation of Financial Statements – Revised presentation	1 January 2009
		Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 23	:	Borrowing costs	1 January 2009
FRS 27	:	Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 32	:	Financial Instruments: Presentation – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 July 2009
FRS 101	:	First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2009
FRS 102	:	Share-based Payments – Amendments relating to Vesting Conditions and Cancellations	1 January 2009
FRS 108	:	Operating Segments	1 January 2009
INT FRS 113	:	Customer Loyalty Programmes	1 July 2008
INT FRS 116	:	Hedges of a Net Investment in a Foreign Operation	1 October 2008
INT FRS 117	:	Distributions of Non-cash Assets to Owners	1 July 2009

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 1 and FRS 108 as indicated below.

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

2.2 *Changes in accounting policies (cont'd)*

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

FRS 1, Presentation of Financial Statements – Revised presentation

The revised standard introduces the statement of comprehensive income; it presents all items of income and expenses recognised in profit or loss, together with all other items of income and expenses recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

FRS 108, Operating Segments

FRS 108 requires entities to disclose segment information based on the information reviewed by the entity's chief operating decision maker. The impact of this standard on the other segment disclosures is still to be determined. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group when implemented in 2009.

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 property, plant and equipment**
  Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 5 years. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2008 are approximately $5,220,000 and $1,964,000 respectively (2007: $7,337,000 and $2,532,000). 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 amortised 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 the Company's intangible assets at 31 December 2008 are approximately $13,602,000 and $709,000 respectively (2007: $12,547,000 and $380,000). 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

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 the Company's employee share-based payment reserve at 31 December 2008 is approximately $860,000 (2007: $997,000). 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 judgement 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 amount 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 an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's 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 used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

Amounts in United States dollars unless otherwise stated

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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the balance sheet. The accounting policy for goodwill is stated in Note 2.8 below.

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement 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 income statement.

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.

2.5 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. 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.

The Group's investment in associates are accounted for using the equity method. Under the equity method, the investment in an associate is measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Any excess of the Group's share of the net fair value of the associate's identifiable asset, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of profit and loss of an associate in the period in which the investment is acquired.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

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 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 income statement 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 income statement on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the income statement.

(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 of exchange 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 of exchange ruling at the balance sheet date.

On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement as a component of the gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

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

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any accumulated impairment losses. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

The residual values, useful lives 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 property, plant and equipment.

An item of property, plant and equipment 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 income statement in the year the asset is derecognised.

Property, plant and equipment 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.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

2.8 *Intangible assets*

Intangible assets acquired separately are measured initially 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 income statement through the 'amortisation of intangible assets' line item.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

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

2.8 *Intangible assets (cont'd)*

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 amount 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 income statement over the licence period but not more than 10 years. The costs of applying for and renewing patents and licences are charged to the income statement.

The carrying amounts of patents, trademarks and licenses are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

(b) Customer contracts, order backlog and customer relationship

Customer contracts, order backlog and customer relationship were acquired through business combinations, and measured at fair value as at the date of acquisitions. Subsequently, customer contracts, order backlog and customer relationship are amortised on a straight-line basis over their estimated useful lives of 2 to 5 years.

The carrying amounts of customer contracts, order backlog and customer relationship are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Any impairment in amount is provided in full.

(c) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying amount may be impaired.

For the purpose of impairment testing, goodwill acquired is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating 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 fair values of the operations disposed of and the portion of the cash-generating unit retained.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
Amounts in United States dollars unless otherwise stated

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

2.8 *Intangible assets (cont'd)*

(c) Goodwill (cont'd)

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in USD at the rates prevailing at the date of acquisition.

2.9 *Financial assets*

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.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

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

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are acquired principally for the purpose of selling or repurchasing it in the near term or designated by management on initial recognition (designated under the fair value option).

Financial assets are designated under the fair value option when the financial asset contains an embedded derivative that would otherwise need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

The fair values of financial assets at fair value through profit or loss are based on valuation techniques as they are not traded in active markets. The valuation techniques include the use of recent arm's length transactions, reference to other instruments that are substantially the same and option pricing models refined to reflect the issuer's specific circumstances.

NOTES TO THE FINANCIAL STATEMENTS

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

2.9 *Financial assets (cont'd)*

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

(c) Held-to-maturity investments

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 investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.10 *Impairment of financial assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset 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 impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amount charged to the allowance account is written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
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2. Summary of significant accounting policies (cont'd)

2.10 *Impairment of financial assets (cont'd)*

(a) Assets carried at amortised cost (cont'd)

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

(b) Assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets 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

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

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 income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.11 *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 policy for this category of financial assets are stated in Note 2.9.

2.12 *Investment securities*

Investment securities include quoted and unquoted equity investments, structured securities and a hybrid instrument. Quoted and unquoted equity investments are classified as available-for-sale financial assets under FRS 39. The structured securities and the hybrid instrument contain embedded derivatives. In accordance with FRS 39, the Group has designated the entire instruments as financial assets at fair value through profit or loss. The accounting policy for these categories of financial assets is stated in Note 2.9.

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

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. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition. Net realisable value is the estimated selling price less anticipated cost of completion and disposal, and after making allowances for damaged, obsolete and slow-moving items.

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 income statement 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 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 it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
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2. Summary of significant accounting policies (cont'd)

2.18 *Interest bearing loans and borrowings*

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the amortisation process.

Borrowing costs are expensed as incurred.

2.19 *Financial liabilities*

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised or impaired, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income statement. Net gains or losses on derivatives include exchange differences.

2.20 *Leases*

(a) Finance leases – as lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

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

2.20 *Leases (cont'd)*

(b) Finance leases – as lessor

Finance leases, which transfer substantially all the risks and rewards incidental to legal ownership of the leased items, are recognised as a receivable at an amount equal to the net investment in the lease. Thus the lease payment receivable is treated by the Group as repayment of principal and finance income to reimburse and reward the Group for its investment and services.

The recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. The Group aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Group's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

(c) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 *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.

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 income statement 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 income statement unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the income statement 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. Summary of significant accounting policies (cont'd)

2.22 *Revenue recognition*

Revenue of the Group comprises fees earned from telecommunication and ISP services rendered, sale of software licences and the supply, rental, maintenance and servicing of computer hardware and peripheral equipment and systems integration service relating to computer equipment and peripherals, storage systems and networking products. These revenues are categorised into business segments as detailed in Note 2.26.

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.

Voice Services

- Revenue from postpaid telecommunication services is recognised at the time when such services are rendered.

- 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 rendered. Collections from prepaid telecommunication services are deferred and recognised as revenue as and when the services are rendered. 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 income statement.

- 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.

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

Data and Computing

- Revenue from ISP services is recognised at the time when such services are rendered.

- Revenue from the supply of computer hardware and peripheral equipment is recognised at the time when significant risk and rewards of ownership of the goods is transferred to the customer, which generally coincides with delivery and acceptance of goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

- Revenue from the maintenance and servicing of computer hardware and peripheral equipment, systems integration service and consultation services is recognised at the time when services are rendered.

- Revenue from the rental of computer hardware and peripheral equipment is recognised proportionately on a time basis over the contract period.

Others

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

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

2.23 *Research and development costs*

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

2.24 *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) 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.

(c) 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 payment 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 income statement 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.

2.25 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
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2. Summary of significant accounting policies (cont'd)

2.25 *Income tax (cont'd)*

(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

- 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.

2.26 *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.

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

2.26 *Segment reporting (cont'd)*

(a) Business Segments

The main business segments of the Group are:

- Voice Services, comprising:

  (i) PC-Phone service that allows users to make calls from their PC to any phone in the world;
  (ii) GCC service that offers users the means to make low cost calls via IP infrastructure;
  (iii) IDD and VoIP telephony services to corporate users and consumers;
  (iv) Enterprise service that allows corporate users to make calls via their existing corporate PABX and Internet access;
  (v) Wholesale Termination services to carriers and service providers; and
  (vi) Technology Licensing that offers connectivity and interoperability solutions to telecommunication carriers and wholesale clearing houses.

- Data & Computing, comprising:

  (i) ISP service that offers an extensive portfolio of data services include Broadband, Leaseline Access, Private Network, Network Security, Hosted Services and IT Solutions to corporate users and consumers;
  (ii) supply, rental, maintenance and servicing of computer hardware and peripheral equipment;
  (iii) systems integration service related to computer equipment and peripherals, storage systems and networking products;
  (iv) provide internet infrastructure, e-business applications consulting, project management and systems support services; and
  (v) provide computer advising and consultation services, training of personnel and sales and services of computer software.

- Others

  Included in others are 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.

2.27 *Share capital and share issue expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

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3. Share capital

	Group and Company	
	2008	2007
	$'000	$'000
Issued and fully paid up:		
Balance at 1 January		
- 1,193,502,367 (2007: 1,145,847,866) ordinary shares	**160,758**	154,208
Issuance of ordinary shares during the year		
- Nil (2007: 33,333,333) ordinary shares	–	5,063
Exercise of employee share options		
- 9,488,580 (2007: 14,321,168) ordinary shares	**666**	1,136
Transfer from employee share-based payment reserve	**299**	351
Balance at 31 December		
- 1,202,990,947 (2007: 1,193,502,367) ordinary shares	**161,723**	160,758

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 and two performance share plans (Note 30) under which, options to subscribe for the Company's ordinary shares and performance shares respectively, have been granted to Directors and employees.

4. Accumulated losses

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Opening balance at 1 January	**(72,686)**	(74,873)	**(75,743)**	(71,592)
Profit/(loss) for the year	**677**	2,187	**(2,574)**	(4,151)
Closing balance at 31 December	**(72,009)**	(72,686)	**(78,317)**	(75,743)

5. Other reserves

	Group and Company	
	2008	2007
	$'000	$'000
Fair value adjustment reserve	**(76)**	(34)
Employee share-based payment reserve	**860**	997
Less: Share issue cost	**(220)**	(220)
Total other reserves	**564**	743

5. Other reserves (cont'd)

(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	
	2008	2007
	$'000	$'000
Opening balance at 1 January	**(34)**	(136)
Net change in the reserve	**(42)**	102
Closing balance at 31 December	**(76)**	(34)
Net change in the reserve arises from:		
- net (loss)/gain on fair value changes during the year	**(118)**	102
- recognised in the income statement:		
impairment loss on quoted equity investment	**76**	–
Closing balance at 31 December	**(42)**	102

(b) Employee share-based payment reserve

Employee share-based payment 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	
	2008	2007
	$'000	$'000
Opening balance at 1 January	**997**	1,069
Transfer to share capital	**(299)**	(351)
Value of employee services received	**162**	279
Closing balance at 31 December	**860**	997

6. Translation reserve

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Opening balance at 1 January	**1,676**	44	**43**	14
Net effect of exchange differences	**476**	1,632	**(25)**	29
Closing balance at 31 December	**2,152**	1,676	**18**	43

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7. Property, plant and equipment

	Furniture, fixtures and fittings $'000	Computer equipment $'000	Office equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Total $'000
Group						
Cost						
At 1 January 2007	382	15,674	483	59	166	16,764
Additions	1	3,594	34	–	–	3,629
Arising from acquisition of a subsidiary	421	5,472	30	–	–	5,923
Disposals/write-offs	(5)	(592)	(34)	–	–	(631)
Net exchange differences	16	97	–	(2)	(1)	110
At 31 December 2007 and 1 January 2008	815	24,245	513	57	165	25,795
Additions	20	2,199	37	–	–	2,256
Arising from acquisition of a subsidiary (Note 9)	818	614	259	46	–	1,737
Arising from disposal of a subsidiary (Note 9)	(4)	(5,744)	(105)	(51)	(16)	(5,920)
Disposals/write-offs	(769)	(90)	(58)	–	–	(917)
Reclassification	–	(185)	–	–	–	(185)
Net exchange differences	42	108	14	2	1	167
At 31 December 2008	**922**	**21,147**	**660**	**54**	**150**	**22,933**

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7. Property, plant and equipment (cont'd)

	Furniture, fixtures and fittings $'000	Computer equipment $'000	Office equipment $'000	Motor vehicles $'000	Leasehold improvements $'000	Total $'000
Group						
Accumulated depreciation						
At 1 January 2007	236	12,220	401	48	160	13,065
Depreciation charge for the year	77	2,807	52	3	3	2,942
Arising from acquisition of a subsidiary	196	2,880	17	–	–	3,093
Disposals/write-offs	(5)	(563)	(33)	–	–	(601)
Net exchange differences	9	(47)	–	(2)	(1)	(41)
At 31 December 2007 and 1 January 2008	513	17,297	437	49	162	18,458
Depreciation charge for the year	190	4,057	51	1	1	4,300
Arising from acquisition of a subsidiary (Note 9)	815	580	259	46	–	1,700
Arising from disposal of a subsidiary (Note 9)	(4)	(5,734)	(91)	(44)	(15)	(5,888)
Disposals/write-offs	(747)	(81)	(57)	–	–	(885)
Reclassification	–	(116)	–	–	–	(116)
Net exchange differences	40	89	12	2	1	144
At 31 December 2008	**807**	**16,092**	**611**	**54**	**149**	**17,713**
Net carrying amount						
At 31 December 2007	302	6,948	76	8	3	7,337
At 31 December 2008	**115**	**5,055**	**49**	**–**	**1**	**5,220**

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7. Property, plant and equipment (cont'd)

Assets held under finance lease

During the financial year, the Group acquired property, plant and equipment with an aggregate fair value of $461,000 (2007: $454,000) by means of a finance lease.

Together with property, plant and equipment held under finance lease amounting to $Nil (2007: $644,000) that arose from acquisition of a subsidiary, the carrying amount of property, plant and equipment held under finance lease as at 31 December 2008 was $1,267,000 (2007: $1,013,000). The leased asset is pledged as security for the related finance liability.

	Furniture, fixtures and fittings $'000	Computer equipment $'000	Office equipment $'000	Total $'000
Company				
Cost				
At 1 January 2007	285	4,424	320	5,029
Additions	–	1,903	13	1,916
Disposals	–	(91)	(23)	(114)
At 31 December 2007 and 1 January 2008	285	6,236	310	6,831
Additions	–	762	18	780
Disposals	(57)	(41)	–	(98)
At 31 December 2008	**228**	**6,957**	**328**	**7,513**
Accumulated depreciation				
At 1 January 2007	151	2,912	264	3,327
Depreciation charge for the year	35	1,017	32	1,084
Disposals	–	(89)	(23)	(112)
At 31 December 2007 and 1 January 2008	186	3,840	273	4,299
Depreciation charge for the year	34	1,258	31	1,323
Disposals	(34)	(39)	–	(73)
At 31 December 2008	**186**	**5,059**	**304**	**5,549**
Net carrying amount				
At 31 December 2007	99	2,396	37	2,532
At 31 December 2008	**42**	**1,898**	**24**	**1,964**

NOTES TO THE FINANCIAL STATEMENTS

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8. Intangible assets

	Goodwill $'000	Licensing, patents and trademarks $'000	Customer contracts $'000	Order backlog $'000	Customer relationship $'000	Total $'000
Group						
Cost						
At 1 January 2007	5,458	4,846	1,965	–	–	12,269
Additions	–	331	–	–	–	331
Arising from acquisition of a subsidiary	5,577	–	–	476	957	7,010
Disposals	–	(1,124)	–	–	–	(1,124)
Adjustment to intangible assets arising from acquisition of subsidiaries in the prior year	207	28	(284)	–	–	(49)
Net exchange differences	535	(1)	–	–	–	534
At 31 December 2007 and 1 January 2008	11,777	4,080	1,681	476	957	18,971
Additions	–	718	–	–	–	718
Arising from acquisition of a subsidiary (Note 9)	1,089	–	–	–	518	1,607
Arising from disposal of a subsidiary (Note 9)	(2,130)	(3,062)	–	–	–	(5,192)
Reclassification	–	185	–	–	–	185
Net exchange differences	26	(15)	–	–	16	27
At 31 December 2008	**10,762**	**1,906**	**1,681**	**476**	**1,491**	**16,316**

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8. Intangible assets (cont'd)

	Goodwill $'000	Licensing, patents and trademarks $'000	Customer contracts $'000	Order backlog $'000	Customer relationship $'000	Total $'000
Group						
Analysis of accumulated amortisation and impairment						
At 1 January 2007	–	1,908	98	–	–	2,006
Amortised during the year	–	497	417	59	80	1,053
Disposals	–	(1,124)	–	–	–	(1,124)
Impairment loss	2,130	2,374	–	–	–	4,504
Net exchange differences	–	(4)	(11)	–	–	(15)
At 31 December 2007 and 1 January 2008	2,130	3,651	504	59	80	6,424
Amortised during the year	–	447	379	238	359	1,423
Arising from disposal of a subsidiary (Note 9)	(2,130)	(3,061)	–	–	–	(5,191)
Reclassification	–	116	–	–	–	116
Net exchange differences	–	(17)	(43)	–	2	(58)
At 31 December 2008	**–**	**1,136**	**840**	**297**	**441**	**2,714**
Net Carrying Amount						
At 31 December 2007	9,647	429	1,177	417	877	12,547
At 31 December 2008	**10,762**	**770**	**841**	**179**	**1,050**	**13,602**

8. Intangible assets (cont'd)

The remaining amortisation periods as at 31 December 2008 range between 1 to 9 years for licensing, patents and trademarks, 2 years for customer contracts, 1 year for order backlog and 2 to 3 years for customer relationship.

(a) *Allocation of goodwill to cash-generating units ("CGU")*

The carrying amounts of the Group's goodwill on acquisition of subsidiaries as at 31 December 2008 were assessed for impairment during the financial year. Goodwill is allocated for impairment testing purposes to the individual entity, which is also the CGU. Where the acquired business has been merged as a division of an entity, the CGU would be that division of the merged entity.

The carrying amounts of goodwill related to:

	MediaRing Network Services		*Cavu Corp*		*Delteq*		*Total*	
	2008	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group								
Goodwill	**3,899**	3,902	**5,741**	5,745	**1,122**	–	**10,762**	9,647

Goodwill acquired through business combination for Delteq Pte Ltd and its subsidiaries has been determined provisionally and expected to be finalised within 12 months from the date of acquisition.

(b) *Impairment losses on goodwill and intangible asset of P.T. Atlasat Solusindo ("P.T. Atlasat")*

In 2007, the Group carried out a review of the recoverable amount of its goodwill and intangible asset that arose from 2006 acquisition of P.T. Atlasat in view of the market conditions then. Impairment losses of $2,130,000 and $2,374,000 were recognised in the income statement under the line item "Impairment loss on goodwill" and "Impairment loss on intangible asset" respectively. P. T. Atlasat was disposed in 2008 (Note 9).

(c) *Basis of impairment assessment*

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five-year period are as follows:

	MediaRing Network Services		**Cavu Corp**	
	2008	**2007**	**2008**	**2007**
Growth rates	**1.0%**	1.0%	**1.0%**	N.A.
Pre-tax discount rates	**9.8%**	16.6%	**9.0%**	N.A.

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8. Intangible assets (cont'd)

(c) *Basis of impairment assessment (cont'd)*

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Forecasted gross margins – Gross margins are based on the value achieved in the year preceding the start of the budget period.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs.

Pre-tax discount rates – Discount rates reflect management's estimate of the risks specific to each CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

Licensing, patents and trademarks	**Total $'000**
Company	
Cost	
At 1 January 2007	1,694
Additions	283
Disposals	(1,124)
At 31 December 2007 and 1 January 2008	853
Additions	693
At 31 December 2008	**1,546**
Analysis of accumulated amortisation	
At 1 January 2007	1,439
Amortised during the year	158
Disposals	(1,124)
At 31 December 2007	473
Amortised during the year	364
At 31 December 2008	**837**
Net Carrying Amount	
At 31 December 2007	380
At 31 December 2008	**709**

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9. Investment in subsidiaries

Investment in subsidiaries comprise:

	Company 2008 $'000	Company 2007 $'000
Unquoted equity shares, at cost	**41,481**	44,960
Less: Impairment loss	**(18,356)**	(21,403)
Carrying amount after impairment loss	**23,125**	23,557

The details of subsidiaries are as follows:

Name	Principal Activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2008 %	2007 %
Directly held by the Company				
MediaRing.com, Inc [(b)]	To market and sell telecommunication services	USA	**100**	100
Mellon 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 [(e)]	To market and sell telecommunication and ISP services	Singapore	**100**	100
Alpha One 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 [(d)] [(f)]	To market and sell telecommunication services	Malaysia	**100**	100
MediaRing Network Services Pte Ltd (formerly known as NetPlus Communications Pte Ltd) [(e)]	To market and sell ISP services	Singapore	**100**	100
P.T. Atlasat Solusindo [(l)]	To market and sell telecommunication services	Indonesia	**–**	95[(k)]
Cavu Corp Pte Ltd [(e)]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	**100**	100

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9. Investment in subsidiaries (cont'd)

Name	Principal Activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2008 %	2007 %
Directly held by the Company (cont'd)				
Held by subsidiaries				
Held by Alpha One Limited				
MediaRing.com Shanghai Limited (g)	To market and sell telecommunication services	People's Republic of China	**100**	100
Held by MediaRing Network Services Pte Ltd				
Nex Services Pte Ltd (j)	Dormant	Singapore	**100**	100
I.SecureP Services Pte Ltd (j)	Dormant	Singapore	**100**	100
Held by Cavu Corp Pte Ltd				
Peremex Pte Ltd (e)	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	**100**	100
Centia Pte Ltd (e)	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	**100**	100
Peremex Sdn Bhd (h)	To provide systems integration service related to computer equipment and peripherals, storage systems and networking products	Malaysia	**100**	100
Delteq Pte Ltd (e)	To provide internet infrastructure, e-business applications consulting, project management and systems support services	Singapore	**100**	–
Held by Peremex Pte Ltd				
Peremex Computer Systems Private Limited (i)	To supply, rent, maintain and service computer hardware and peripheral equipment	India	**100**	100
Held by Centia Pte Ltd				
Centia Technologies Sdn Bhd (h)	To supply, rent, maintain and service computer hardware and peripheral equipment	Malaysia	**100**	100

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9. Investment in subsidiaries (cont'd)

Name	Principal Activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2008 %	2007 %
Held by subsidiaries (cont'd)				
Held by Delteq Pte Ltd				
Delteq Systems Pte Ltd [(e)]	To provide internet infrastructure, e-business applications consulting, project management and systems support services	Singapore	**100**	–
Delteq Systems (M) Sdn Bhd [(h)]	To market computer software and render computer related services	Malaysia	**100**	–
Held by Delteq Systems (M) Sdn Bhd				
Delteq (M) Sdn Bhd [(h)]	To market computer hardware and software and render computer related services.	Malaysia	**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 (2007: S$2).

(d) Cost of investment is RM2 (2007: RM2).

(e) Audited by Ernst & Young LLP, Singapore.

(f) Audited by William C. H. Tan & Associates, Malaysia.

(g) Audited by Ernst & Young, Shanghai.

(h) Audited by RSM Robert Teo, Kuan & Co, Malaysia.

(i) The Group commenced the liquidation of Peremex Computer Systems Private Limited on 24 September 2008.

(j) The Group commenced the liquidation of Nex Services Pte Ltd and I.SecureP Services Pte Ltd on 24 December 2008.

(k) The Group held 100% of voting power in P.T. Atlasat Solusindo through the assignment of voting power by the remaining shareholders.

(l) The Group disposed of its interest in P.T. Atlasat Solusindo on 31 July 2008.

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9. Investment in subsidiaries (cont'd)

Acquisition of a subsidiary

On 5 November 2008, Cavu Corp Pte Ltd effectively acquired 100% of the voting shares in Delteq Pte Ltd and its subsidiaries, a Singapore-based IT-infrastructure services provider.

In 2008, the fair value of the identifiable assets and liabilities of the subsidiary acquired and the effect thereof as at the date of acquisition were as follows:

	Fair value recognised on acquisition $'000	Carrying amount before combination $'000
Property, plant and equipment (Note 7)	37	37
Investment securities	104	104
Intangible assets (Note 8)	518	–
Stocks	556	556
Trade debtors	2,887	2,887
Lease receivables	22	22
Other debtors and prepayments	1,068	1,068
Cash and cash equivalents	116	116
Total assets	5,308	4,790
Trade creditors	1,722	1,722
Other creditors and accruals	875	875
Deferred revenue	473	473
Lease obligations	7	7
Bank borrowings	1,393	1,393
Bank overdrafts	1,289	1,289
Deferred tax liabilities on fair value adjustment	133	–
Total liabilities	5,892	5,759
Net identifiable liabilities	(584)	(969)
Provisional goodwill arising on acquisition (Note 8)	1,089	
	505	
Cost of acquisition:		
Cash paid for purchase consideration	337	
Cash paid for cost directly attributable to the acquisition	168	
Total cost of acquisition	505	
Cash outflow on acquisition:		
Cash paid	(505)	
Net cash acquired with the subsidiary	116	
Net cash outflow on acquisition	(389)	

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9. Investment in subsidiaries (cont'd)

Acquisition of a subsidiary (cont'd)

Included in the carrying amount before combination are the assets and liabilities of Delteq Pte Ltd and its subsidiaries.

The above fair values of Delteq Pte Ltd and its subsidiaries are provisionally determined. The 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 2009 financial statements.

Impact of acquisition on income statement

From the date of acquisition, the acquired subsidiary has contributed a net profit of $95,000 to the net profit of the Group. Based on the full 12 months results of Delteq Pte Ltd and its subsidiaries for 2008 excluding one-off impairment adjustments of $1,742,000, if the acquisition had taken place at the beginning of the financial year, the impact to the Group would have been:

	Total $'000
Revenue, increased by	23,000
Profit for the year, decreased by	26

Disposal of a subsidiary

On 31 July 2008, the Company completed the disposal of its 95% interest in P.T. Atlasat Solusindo.

The effect on the Group's cash flows arising from the disposal is shown in the statement at cash flows as a single item. The net assets and liabilities arising from the disposal of subsidiary are as follows:

	Total $'000
Property, plant and equipment (Note 7)	32
Intangible assets (Note 8)	1
Trade debtors	87
Other debtors and deposits	320
Prepayments	146
Cash and bank balances	40
	626
Trade creditors	(44)
Other creditors and accruals	(278)
Deferred revenue	(31)
Accrued employee entitlement	(91)
	(444)
Net identifiable assets	182
Less: Translation reserve	(60)
	122
Cash outflow on disposal:	
Cash received	40
Less: Cash and bank balances of subsidiary disposed	(40)
Professional fees incurred	(116)
	(116)

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10. Investment in associates

	Group 2008 $'000	Group 2007 $'000	Company 2008 $'000	Company 2007 $'000
Unquoted shares, at cost	**679**	679	**679**	679
Share of post-acquisition reserves	**(234)**	(247)	**–**	–
Carrying amount of investments	**445**	432	**679**	679

Name	Principal Activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2008 %	Percentage of equity interest held by the Group 2007 %
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**	40.0
Vipafone Proprietary Limited	To market and sell telecommunication services	Africa	**40.0**	40.0
Held by a subsidiary				
Held by MediaRing Network Services Pte Ltd				
NGV Pte Ltd	To market and sell telecommunication services	Singapore	**28.8**	28.8

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

	2008 $'000	2007 $'000
Assets and liabilities:		
Current assets	**1,722**	1,723
Non-current assets	**2,146**	2,684
Total assets	**3,868**	4,407
Current liabilities	**(1,149)**	(1,387)
Non-current liabilities	**(1,908)**	(2,231)
Total liabilities	**(3,057)**	(3,618)
Results:		
Revenue	**3,160**	2,513
Profit/(loss) for the year	**52**	(156)

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10. Investment in associates (cont'd)

Unrecognised share of losses of associates

The Group has not recognised losses relating to (Cambodia) Data Communications Co. Ltd., Vipafone Proprietary Limited and NGV Pte Ltd where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the balance sheet date were $89,989 (2007: $89,947), $7,528 (2007: $Nil) and $Nil (2007: $25,423) respectively, of which $42 (2007: $42,638), $7,528 (2007: $Nil) and $Nil (2007: $Nil) respectively, were the share of current year's losses. The Group has no obligation in respect of these losses.

11. Investment in bonds and deposits

	Group and Company	
	2008	**2007**
	$'000	**$'000**
Current		
Loans and receivables financial assets		
- Short-term deposits	**1,009**	–
Non-current		
Held-to-maturity financial assets		
- Quoted bonds	**7,622**	548
Loans and receivables financial assets		
- Long-term deposits	**284**	1,286
Investment in long-term bonds and deposits	**7,906**	1,834
Investment in bonds and deposits	**8,915**	1,834

Investment in bonds and deposits are denominated in USD.

Quoted bonds mature within 2 years to 3 years (2007: within 3 years) from the financial year end. Interest is ranging from 4.824% to 5.950% (2007: 4.824%) per annum, which is also the effective interest rate.

Long-term deposits are placed with banks and these deposits have maturing periods ranging from 1 to 5 years (2007: from 2 to 6 years) from the financial year end. Interest is at rates ranging from 8.0% to 15.5% (2007: 8.0% to 15.5%) over the term of the deposits.

The interest rates of deposits re-priced at intervals of 6 months.

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12. Investment securities

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Available-for-sale financial assets				
- Quoted equity investment	**102**	247	**102**	247
- Unquoted equity investment, at cost less impairment loss	**110**	–	**–**	–
Designated at fair value through profit or loss				
- Hybrid instrument	**3,932**	–	**3,932**	–
- Structured securities	**3,774**	–	**3,774**	–
	7,918	247	**7,808**	247

The hybrid instrument relates to a 5 year term loan that comes with 13,414,634 warrants. The loan is fully repayable on 4 March 2013, and is interest-free for the first 3 years, and bears interest at 5% per annum for the fourth and fifth year.

Each warrant entitled the Group to subscribe for 1 preferred share in the issuer at a fixed initial subscription price. The warrants are exercisable immediately when issued and will remain valid and exercisable by the Group at any time during the loan period.

The preferred shares are entitled to liquidation priority and shall be convertible into the ordinary shares of the issuer at the sole and absolute discretion of the Group at an initial conversion ratio of 1:1.

The structured securities have maturing periods within 2 years from the financial year end. Interest is ranging from 4.32% to 5.29% per annum, which is also the effective interest rate. The Group intend to hold the structured securities to maturity.

Investment securities are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Singapore Dollar	**4,144**	247	**4,034**	247
United States Dollar	**3,774**	–	**3,774**	–
	7,918	247	**7,808**	247

13. Long-term loans and advances to subsidiaries

	Company	
	2008	2007
	$'000	$'000
Long-term loans and advances treated as part of net investment in subsidiaries	**38,010**	39,819
Less: Allowance for doubtful loans and advances to subsidiaries	**(36,284)**	(36,656)
	1,726	3,163

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

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14. Trade debtors

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Lease receivables	**1,183**	1,974	**–**	–
Less: Unearned finance income	**(145)**	(178)	**–**	–
	1,038	1,796	**–**	–
Current				
Trade debtors	**15,575**	11,475	**1,916**	2,568
Less: Allowance for doubtful debts	**(805)**	(1,005)	**(220)**	(124)
	14,770	10,470	**1,696**	2,444
Lease receivables	**537**	392	**–**	–
Less: Unearned finance income	**(46)**	(38)	**–**	–
	15,261	10,824	**1,696**	2,444

During the financial year, the Group and the Company wrote back allowance of $59,000 (2007: $196,000) and $24,000 (2007: $Nil) respectively upon the collection of debts that were previously provided for.

During the financial year, the Group and the Company wrote off bad debts of $2,000 (2007: $Nil) and $2,000 (2007: $Nil) respectively.

Debtors that are past due but not impaired

The Group and the Company have trade debtors amounting to $6,679,000 (2007: $7,327,000) and $1,263,000 (2007: $1,896,000) that are past due at the balance sheet date but not impaired. These debtors are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Trade debtors past due for:				
Less than 30 days	**3,693**	4,449	**1,050**	1,163
30 to 60 days	**935**	1,165	**78**	214
61 to 90 days	**693**	393	**84**	48
More than 90 days	**1,358**	1,320	**51**	471
	6,679	7,327	**1,263**	1,896

Trade debtors are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Debtors that are impaired

Trade debtors that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These debtors are not secured by any collateral or credit enhancements.

14. Trade debtors (cont'd)

Debtors that are impaired (cont'd)

The Group's trade debtors that are impaired at the balance sheet date and the movement of the allowance accounts used to record the impairment are as follows:

	Group			
	Collectively impaired		Individually impaired	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Trade debtors – nominal amounts	**20**	79	**2,389**	1,427
Less: Allowance for impairment	**(15)**	(72)	**(790)**	(933)
	5	7	**1,599**	494
Movement in allowance accounts :				
At 1 January	**72**	50	**933**	896
Charge for the year	**25**	11	**337**	302
Arising from acquisition of subsidiary	**–**	14	**–**	–
Arising from disposal of subsidiary	**(45)**	–	**(7)**	–
Write-back	**(36)**	(2)	**(23)**	(194)
Write-off	**(2)**	–	**(442)**	(105)
Exchange differences	**1**	(1)	**(8)**	34
At 31 December	**15**	72	**790**	933

Lease receivables

During the financial year, the Group has finance lease arrangements with customers for the sale of computer hardware and peripheral equipment. The discount rate implicit to the lease is 3.3% (2007: 3.3%) per annum.

Future minimum lease payment receivable under finance lease together with the present value of the net minimum lease payment receivables are as follows:

	Minimum lease payments receivable 2008 $'000	Present value of payments receivable 2008 $'000	Minimum lease payments receivable 2007 $'000	Present value of payments receivable 2007 $'000
Group				
Not later than one year	**537**	**491**	392	354
Later than one year but not later than five years	**1,183**	**1,038**	1,974	1,796
Total minimum lease payments receivable	**1,720**	**1,529**	2,366	2,150
Less : Amounts representing finance incomes	**(191)**	**–**	(216)	–
Present value of minimum lease payments receivable	**1,529**	**1,529**	2,150	2,150

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14. Trade debtors (cont'd)

Trade debtors are denominated in the following currencies:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollar	**13,276**	7,756	**99**	135
United States Dollar	**2,867**	4,101	**1,521**	2,163
Others	**156**	763	**76**	146
	16,299	12,620	**1,696**	2,444

15. Stocks

During the financial year, stocks recognised as an expense in the income statement under the line item "Direct service fees incurred" were $25,456,000 (2007: $4,861,000) and $449,000 (2007: $330,000) for the Group and the Company respectively.

During the financial year, the Group and the Company wrote down stocks amounting to $145,000 (2007: $Nil) and $61,000 (2007: $Nil) respectively.

During the financial year, the Group and the Company reversed write down of stocks amounting to $Nil (2007: $77,000) and $Nil (2007: $47,000) respectively upon the sale of obsolete stocks that were previously wrote down. The stocks were sold above their carrying amounts.

16. Other debtors and deposits

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Other debtors	**124**	524	**110**	227
Deposits	**390**	503	**220**	331
Interest receivable	**245**	127	**228**	88
	759	1,154	**558**	646

Other debtors and deposits are denominated in the following currencies:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollar	**161**	115	**67**	23
United States Dollar	**503**	567	**474**	539
Others	**95**	472	**17**	84
	759	1,154	**558**	646

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17. Prepayments

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Prepaid selling expenses	**2,099**	2,559	**1,929**	1,025
Other prepaid expenses	**1,740**	2,585	**530**	2,338
	3,839	5,144	**2,459**	3,363

18. Due from/(to) subsidiaries and associates

Amounts due from subsidiaries are stated after deducting allowance for doubtful debts of $10,019,000 (2007: $11,153,000) 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.

19. Cash and cash equivalents

Cash and cash equivalents comprise the following:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Fixed deposits	**52,037**	63,798	**42,529**	56,329
Cash and bank balances	**11,071**	12,057	**5,260**	4,463
	63,108	75,855	**47,789**	60,792
Less: Fixed deposits pledged	**(954)**	(4,268)	**–**	(1,450)
	62,154	71,587	**47,789**	59,342

Fixed deposits and cash and bank balances are denominated in the following currencies:

	Group		Company	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
Singapore Dollar	**10,607**	9,392	**812**	1,444
United States Dollar	**50,573**	64,898	**46,977**	59,348
Japanese Yen	**1,640**	890	**–**	–
Indonesia Rupiah	**–**	157	**–**	–
Renminbi	**96**	53	**–**	–
Others	**192**	465	**–**	–
	63,108	75,855	**47,789**	60,792

19. Cash and cash equivalents (cont'd)

Fixed deposits with financial institutions mature on varying periods within 1 month to 3 months (2007: within 1 month) from the financial year end. Interest is at rates ranging from 0.12% to 3.73% (2007: 1.37% to 5.57%) 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 1.00% (2007: 0% to 1.06%) per annum.

Fixed deposits of $954,000 (2007: $1,450,000) are pledged as security for trust receipt, bank guarantees, standby letters of credit and other bank services.

20. Other creditors and accruals

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Other creditors	**1,325**	1,734	**829**	1,419
Accrued operating expenses	**9,916**	8,964	**3,717**	6,075
Deposits received	**248**	722	**119**	355
	11,489	11,420	**4,665**	7,849

Other creditors and accruals are denominated in the following currencies:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Singapore Dollar	**6,554**	6,556	**1,830**	4,267
United States Dollar	**4,426**	4,380	**2,824**	3,572
Others	**509**	484	**11**	10
	11,489	11,420	**4,665**	7,849

21. Lease obligations

The Group has a finance lease for computer equipment. The lease has terms of renewal at the option of the Group. There are no escalation clauses and no restrictions placed upon the Group by entering into this lease. The discount rate implicit to the lease is 2.5% (2007: 2.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
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21. Lease obligations (cont'd)

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2008 $'000	Present value of payments 2008 $'000	Minimum lease payments 2007 $'000	Present value of payments 2007 $'000
Group				
Not later than one year	**1,037**	**935**	468	426
Later than one year but not later than five years	**1,463**	**1,342**	1,104	1,003
Total minimum lease payments	**2,500**	**2,277**	1,572	1,429
Less : Amounts representing finance charges	**(223)**	**–**	(143)	–
Present value of minimum lease payments	**2,277**	**2,277**	1,429	1,429

22. Bank borrowings

Bank borrowing relates to trust receipt obtained for purchase of stocks and are payable within 1 year from the financial year end.

At 31 December 2008, the outstanding trust receipts have effective interest rates of 6.0% (2007: Nil%) per annum, and are secured by way of a fixed charge over a subsidiary's fixed deposits of $810,000 (2007: $Nil), as well as corporate guarantees given by the Company and two subsidiaries.

At 31 December 2007, trust receipts of $968,000 with an effective interest rate of 6.0% per annum, was secured by a second legal mortgage over a property co-owned by a Director of a subsidiary, and a person related to that Director, as well as personal guarantees by all the ex-Directors of that subsidiary.

At 31 December 2007, trust receipts of $2,011,000 with effective interest rates ranging from 5.0% to 7.13% per annum, was secured by way of a fixed charge over a subsidiary's fixed deposits of $2,818,000, as well as personal guarantees by all the ex-Directors of that subsidiary.

23. Deferred tax liabilities

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Differences in depreciation for tax purposes	**(130)**	(269)	**(150)**	(20)
Fair value adjustments on acquisition of subsidiaries	**(406)**	(445)	**(183)**	(947)
Reduction in tax rate	**–**	–	**–**	(32)
	(536)	(714)	**(333)**	(999)
Deferred income tax credit (Note 28)			**(333)**	(999)

Out of $183,000 (2007: $947,000) relating to fair value adjustments on acquisition of subsidiaries, $Nil (2007: $712,000) relates to the write-back of deferred tax expense following the impairment of intangible asset and $183,000 (2007: $235,000) relates to the realisation of deferred tax on the recognition of amortisation during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

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24. Turnover

Turnover comprises the following:

	Group	
	2008	**2007**
	$'000	**$'000**
Voice Services	**96,984**	94,193
Data & Computing	**43,840**	17,247
	140,824	111,440

25. Other income

	Group	
	2008	**2007**
	$'000	**$'000**
Gain on disposal of an associate	–	4,572
Interest income:		
- bonds and long-term deposits	**220**	66
- fixed deposits	**1,416**	2,339
- bank balances	**26**	11
- structured securities	**72**	–
- others	**39**	9
Others	**132**	281
	1,905	7,278

26. Personnel costs

	Group	
	2008	**2007**
	$'000	**$'000**
Salary and allowances	**14,226**	10,549
Central Provident Fund contributions	**1,307**	951
Defined benefit plan	**11**	18
Share-based payments	**162**	279
Staff accommodation	**1**	9
Staff recruitment	**113**	114
Staff welfare	**166**	58
Training	**45**	60
Provision/(write-back of provision) for unpaid leave balance	**159**	(83)
Other personnel costs	**346**	402
	16,536	12,357

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

NOTES TO THE FINANCIAL STATEMENTS

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27. Other expenses

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

	Group 2008 $'000	Group 2007 $'000
Non-audit fees paid to:		
- auditors of the Company	**11**	39
- other auditors	**119**	–
Directors' fees:		
- Directors of the Company	**207**	174
Other professional fees	**851**	1,050
Fair value loss on structured securities	**726**	–
Impairment loss on quoted equity investment	**74**	–
Impairment loss on intangible asset	**–**	2,374
Impairment loss on goodwill	**–**	2,130
Interest expenses on borrowings	**157**	47
Loss on disposal of a subsidiary	**198**	–
Travelling and entertainment	**891**	1,147
Equipment maintenance	**508**	424
Equipment rental	**972**	19
Allowance for doubtful trade debts	**362**	313
Write-back of allowance for doubtful trade debts	**(59)**	(196)
Write-down/(reversal of write-down) of stocks	**145**	(77)
Bad debts written off	**2**	–
Property, plant and equipment written off	**23**	1
Gain on disposal of property, plant and equipment	**(6)**	(66)

28. Taxation

	Group 2008 $'000	Group 2007 $'000
Income tax on profit before taxation:		
Current income tax		
- current income taxation	**273**	376
- overprovision	**(61)**	(143)
	212	233
Deferred income tax		
- effect of reduction in tax rate	**–**	(32)
- origination and reversal of temporary differences	**(333)**	(967)
	(333)	(999)
Current financial year's tax credit	**(121)**	(766)

28. Taxation (cont'd)

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 2008 and 2007 is as follows:

	Group	
	2008	**2007**
	$'000	**$'000**
Profit before taxation	**556**	1,421
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	**60**	173
Adjustments:		
Tax effect of expenses not deductible for tax purposes	**1,085**	2,767
Deferred tax assets not recognised	**114**	332
Utilisation of deferred tax assets previously not recognised	**(702)**	(498)
Income not subject to taxation	**(565)**	(3,253)
Overprovision in respect of previous years	**(61)**	(143)
Share of results of associates	**(3)**	(131)
Effect of partial tax exemption and tax relief	**(59)**	(5)
Others	**10**	(8)
Current financial year's tax credit	**(121)**	(766)

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

As at 31 December 2008, the Group has tax losses of approximately $48,241,000 (2007: $51,553,000) and unabsorbed capital allowances of approximately $727,000 (2007: $252,000) 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 subjected 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	
	2008	**2007**
	$'000	**$'000**
Temporary differences	**–**	5,937
Unabsorbed capital allowances and tax losses	**48,968**	51,805
	48,968	57,742

On 22 January 2009, the Singapore Government announced a revision in the Singapore corporate tax rate from 18% to 17% for year of assessment 2010 onwards. In accordance with *FRS 12, Income Taxes,* and *FRS 10, Events after the Balance Sheet Date*, this is a non-adjusting subsequent event.

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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	
	2008	**2007**
	$'000	**$'000**
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	**677**	2,187

	Group	
	2008	**2007**
	'000	**'000**
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**1,202,410**	1,061,904

(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	
	2008	**2007**
	'000	**'000**
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**1,202,410**	1,061,904
Effect of dilution:		
Share options	**1,641**	47,692
Performance shares	**620**	835
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,204,671**	1,110,431

Nil (2007: 5,177,511) 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 2008 and 2007 respectively.

Since the end of the year, employees (including senior executives and Directors) have exercised options to acquire Nil (2007: 9,061,080) 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.

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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. 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 2008	Weighted Average Exercise Price (S$) 2008	Number of Options 2007	Weighted Average Exercise Price (S$) 2007
Outstanding at beginning of year (1)	**1,518,957**	**0.0898**	4,983,684	0.0898
Exercised (2)	**–**	**–**	(3,464,727)	0.0898
Lapsed	**(706)**	**0.0898**	–	–
Outstanding at end of year (1) (3)	**1,518,251**	**0.0898**	1,518,957	0.0898
Exercisable at end of year	**1,518,251**	**0.0898**	1,518,957	0.0898

(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$Nil (2007: S$0.3838).

(3) The exercise price for options outstanding at the end of the year was S$0.0898 (2007: S$0.0898). The weighted average remaining contractual life for these options is 0.8 year (2007: 1.8 years).

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30. Employee Benefits (cont'd)

(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 4 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 II is as follows:

	Number of Options 2008	**Weighted Average Exercise Price (S$) 2008**	**Number of Options 2007**	**Weighted Average Exercise Price (S$) 2007**
Outstanding at beginning of year [(1)]	**79,062,062**	**0.1482**	90,100,934	0.1521
Granted [(4)]	**–**	**–**	1,520,000	0.2360
Lapsed	**(356,951)**	**0.1522**	(2,150,931)	0.4011
Exercised [(2)]	**(8,911,080)**	**0.1065**	(10,407,941)	0.1367
Outstanding at end of year [(1)] [(3)]	**69,794,031**	**0.1536**	79,062,062	0.1482
Exercisable at end of year	**66,747,257**	**0.1491**	72,515,056	0.1416

(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$0.1400 (2007: S$0.3714).

(3) The range of exercise prices for options outstanding at the end of the year was S$0.0898 to S$1.3160 (2007: S$0.0898 to S$1.3160). The weighted average remaining contractual life for these options is 4.5 years (2007: 5.5 years).

(4) The weighted average fair value of options granted in 2007 was S$0.1056.

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30. Employee Benefits (cont'd)

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

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.

During the year, there was no new options are granted under the above scheme. The detail of the share options previously granted are as follows:-

	2007
Group	
Dividend yield (%)	–
Expected volatility (%)	56.4
Average risk-free interest rate (%)	2.8
Contractual life of option (years)	10
Expected early exercise multiple (times)	1.4 to 2.0
Weighted average share price (S$)	0.23

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

The expected early exercise multiple was estimated based on historical experience and was also not necessarily indicative of exercise patterns that might 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 two new performance share plans, namely the "MediaRing Restricted Share Plan" ("RSP") and "MediaRing Performance Share Plan" ("PSP"), as part of an incentive plan for independent directors and key employees.

Performance shares granted in 2007 to independent directors and key employees were vested over a period of 2 years, in the following manner:

At the date of award	:	Nil% (2007: 50%) of total award
At the end of the 1st anniversary of date of award	:	Nil% (2007: 25%) of total award
At the end of the 2nd anniversary of date of award	:	Nil% (2007: 25%) of total award

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30. Employee Benefits (cont'd)

(c) *MediaRing Performance Share Plans (cont'd)*

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

	Group Number of shares	
	2008	**2007**
Outstanding at beginning of year	**1,234,500**	1,495,000
Granted during the year	**–**	300,000
Exercised during the year	**(577,500)**	(448,500)
Lapsed during the year	**(144,000)**	(112,000)
Outstanding at end of year	**513,000**	1,234,500

The Group has time-based and performance-based plans. Performance shares granted in 2007 were all time-based.

The fair value of performance shares granted in 2007 was S$0.22. The fair value was determined based on the market price of the shares at the grant date.

31. Related party information

An entity or individual is considered a related party of the Group for the purposes of the financial statements if:

(i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or

(ii) it is subject to common control or common significant influence.

(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	
	2008 $'000	**2007 $'000**
Services rendered from associates	**(4)**	(10)
Services rendered to associates	**1,190**	816
Interest income from a related party	**7**	14
Bank charges from a related party	**(1)**	(11)
Services rendered to related parties	**140**	153
Services rendered from a related party	**(98)**	(56)
Other income from an associate	**–**	33
Management fee from an associate	**49**	28
Purchase of Director's interest in a subsidiary	**85**	–

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31. Related party information (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2008	**2007**
	$'000	**$'000**
Short-term employee benefits	**1,497**	1,478
Pension benefits	**35**	7
Share-based payments	**124**	124
Total compensation paid to key management personnel	**1,656**	1,609
Comprise amounts paid to:		
• Directors of the Company	**994**	987
• Other key management personnel	**662**	622
	1,656	1,609

32. Contingent liabilities and commitments

(a) *Capital commitments*

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group and Company	
	2008	**2007**
	$'000	**$'000**
Capital commitments in respect of property, plant and equipment	**274**	955

(b) *Contingent liabilities*

Continuing financial support
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 concern 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 2008.

Corporate guarantees
Corporate guarantees were given by the Company to enable subsidiaries to obtain banking facilities of up to US$16,840,000 (2007: $Nil).

A corporate guarantee was given by the Company to enable a subsidiary to obtain credit facility of up to $3,470,000 (2007: $Nil) from a supplier.

32. Contingent liabilities and commitments (cont'd)

(c) *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, office equipment and leased equipment. There are no escalation clauses included in the contracts and no restrictions placed upon the Group and the Company by entering into these leases.

Future minimum lease payments for all leases with initial terms of one year or more are as follows:

	Group		Company	
	2008	**2007**	**2008**	**2007**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	**1,770**	2,998	**569**	304
Within 2 to 5 years	**1,216**	2,213	**1,112**	–
	2,986	5,211	**1,681**	304

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 December 2008 amounted to $3,278,000 (2007: $1,342,000) and $327,000 (2007: $286,000) for the Group and Company respectively.

33. Segment information

(a) *Business Segments*

	Voice Services $'000	Data & Computing $'000	Others $'000	Group $'000
2008				
Turnover – external sales	96,984	43,840	–	140,824
Segments results	(878)	319	(803)	(1,362)
Other income	162	151	1,592	1,905
Share of results of associates	13	–	–	13
(Loss)/profit before taxation	(703)	470	789	556
Taxation	3	118	–	121
(Loss)/profit for the year	(700)	588	789	677
Allocated assets	16,530	33,211	–	49,741
Associates	445	–	–	445
Unallocated corporate assets				75,383
Total assets				125,569
Allocated liabilities	(13,303)	(19,836)	–	(33,139)
Capital expenditure	1,608	1,366	–	2,974
Depreciation and amortisation	2,227	3,496	–	5,723

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33. Segment information (cont'd)

(a) *Business Segments (cont'd)*

	Voice Services $'000	Data & Computing $'000	Others $'000	Group $'000
2007				
Turnover – external sales	94,193	17,247	–	111,440
Segments results	(6,736)	656	(372)	(6,452)
Other income	378	132	6,768	7,278
Share of results of associates	(25)	620	–	595
(Loss)/profit before taxation	(6,383)	1,408	6,396	1,421
Taxation	799	(33)	–	766
(Loss)/profit for the year	(5,584)	1,375	6,396	2,187
Allocated assets	20,277	37,415	–	57,692
Associates	432	–	–	432
Unallocated corporate assets				64,418
Total assets				122,542
Allocated liabilities	(18,290)	(13,761)	–	(32,051)
Capital expenditure	2,614	1,346	–	3,960
Depreciation and amortisation	2,804	1,191	–	3,995
Impairment loss on intangible asset	2,374	–	–	2,374
Impairment loss on goodwill	2,130	–	–	2,130

(b) *Geographical Segments*

	Turnover		Assets		Capital expenditure	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Asia	**139,109**	108,356	**125,016**	121,401	**2,823**	3,705
USA	**1,715**	3,084	**553**	1,141	**151**	255
Total	**140,824**	111,440	**125,569**	122,542	**2,974**	3,960

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34. Directors' remuneration

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
2008			
S$500,000 and above	1	–	1
S$250,000 to S$499,999	1	–	1
Below S$250,000	1	5	6
	3	5	8
2007			
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 risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments.

The Group's principal financial instruments comprise investment in bonds and long-term deposits, investment securities, fixed deposits, cash and bank balances, lease obligations and bank borrowings. 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 creditors, which arise directly from its day-to-day operations.

It is the Group's policy not to engage in foreign exchange and/or derivatives speculation or trading for profit purpose. It is not in the interest of the Group to engage in trading for profit or to speculate or trade in treasury instruments.

The key financial risks include credit risk, liquidity risk, interest rate risk, foreign exchange risk and market price risk. The Board reviews and agrees policies for managing these risks and they are summarised below.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other debtors. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subjected to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the credit control team.

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35. Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

The carrying amounts of investment in long-term bonds and deposits, investment securities, trade and other debtors, amount due from associates, fixed deposits 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. Information regarding trade debtors that are either past due or impaired is disclosed in Note 14.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

To manage liquidity risk, the Group and the Company monitors its net operating cash flow and maintains an adequate level of cash and cash equivalents and secured committed funding facilities from financial institutions. In assessing the adequacy of these funding facilities, management reviews its working capital requirements regularly.

The table below summarises the Group's and the Company's financial liabilities at end of the financial year based on the contractual undiscounted payments.

	Within 1 year $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
2008				
Group				
Trade and other creditors	9,919	–	–	9,919
Lease obligations	935	1,342	–	2,277
Bank borrowings	1,380	–	–	1,380
Company				
Trade and other creditors	2,807	–	–	2,807
Due to subsidiaries	4,505	–	–	4,505
2007				
Group				
Trade and other creditors	7,810	–	–	7,810
Lease obligations	426	1,003	–	1,429
Bank borrowings	2,979	–	–	2,979
Company				
Trade and other creditors	3,548	–	–	3,548
Due to subsidiaries	4,010	–	–	4,010

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For the year ended 31 December 2008
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35. Financial risk management objectives and policies (cont'd)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their investment in long-term deposits, investment securities, fixed deposits and cash and bank balances.

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

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.

	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
2008							
Group							
Fixed rate							
Investment in bonds	–	4,790	2,832	–	–	–	7,622
Investment securities	–	2,431	–	–	3,932	–	6,363
Bank borrowings	1,380	–	–	–	–	–	1,380
Floating rate							
Cash and fixed deposits	63,108	–	–	–	–	–	63,108
Investment in long-term deposits	1,009	–	–	–	284	–	1,293
Investment securities	–	1,343	–	–	–	–	1,343
Company							
Fixed rate							
Investment in bonds	–	4,790	2,832	–	–	–	7,622
Investment securities	–	2,431	–	–	3,932	–	6,363
Floating rate							
Cash and fixed deposits	47,789	–	–	–	–	–	47,789
Investment in long-term deposits	1,009	–	–	–	284	–	1,293
Investment securities	–	1,343	–	–	–	–	1,343

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

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35. Financial risk management objectives and policies (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
2007							
Group							
Fixed rate							
Investment in bonds	–	–	548	–	–	–	548
Bank borrowings	2,979	–	-	–	–	–	2,979
Floating rate							
Cash and fixed deposits	75,855	–	–	–	–	–	75,855
Investment in long-term deposits	–	1,001	–	–	–	285	1,286
Company							
Fixed rate							
Investment in bonds	–	–	548	–	–	–	548
Floating rate							
Cash and fixed deposits	60,792	–	–	–	–	–	60,792
Investment in long-term deposits	–	1,001	–	–	–	285	1,286

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.

Sensitivity analysis for interest rate risk

At the balance sheet date, if USD interest rates had been 75 (2007: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $379,000 (2007: $454,000) lower/higher, arising mainly as a result of lower/higher interest income from floating rate USD fixed deposits.

At the balance sheet date, if SGD interest rates had been 75 (2007: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $80,000 (2007: $24,000) lower/higher, arising mainly as a result of lower/higher interest income from floating rate SGD fixed deposits.

Foreign exchange risk

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group's entities, primarily USD and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly USD and SGD.

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. However, the Group reviews periodically that its net exposure is kept at an acceptable level. Approximately 92% (2007: 90%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 85% (2007: 76%) of costs are denominated in the respective functional currencies of the Group's entities.

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35. Financial risk management objectives and policies (cont'd)

Foreign exchange risk (cont'd)

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Singapore – SGD, Hong Kong – Hong Kong Dollar ("HKD"), People's Republic of China – Renminbi ("RMB"), Malaysia – Malaysian Ringgit ("MYR") and Japan – Japanese Yen ("JPY").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the respective exchange rates, with all other variables held constant, of the Group's profit net of tax and equity.

	Group	
	Profit net of tax	
	2008	**2007**
	$'000	**$'000**
Against USD		
SGD - strengthened 3% (2007: 3%)	**21**	29
- weakened 3% (2007: 3%)	**(21)**	(29)
HKD - strengthened 1% (2007: 1%)	**5**	(18)
- weakened 1% (2007: 1%)	**(5)**	18
RMB - strengthened 3% (2007: 3%)	77	90
- weakened 3% (2007: 3%)	(77)	(90)
IDR - strengthened Nil% (2007: 4%)	–	(101)
- weakened Nil% (2007: 4%)	–	101
MYR - strengthened 4% (2007: 4%)	–	(41)
- weakened 4% (2007: 4%)	–	41
JPY - strengthened 8% (2007: 8%)	–	39
- weakened 8% (2007: 8%)	–	(39)
Against SGD		
USD - strengthened 3% (2007: 3%)	**(95)**	75
- weakened 3% (2007: 3%)	**95**	(75)

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as held for trading or available-for-sale financial assets. The Group does not have exposure to commodity price risk.

It is the Group's policy not to engage in shares speculation or trading for profit purpose. The Group's objective is to invest in shares of companies with growth potential. The Group's equity portfolio consists of shares included in the Straits Times Index ("STI").

Sensitivity analysis for equity price risk

At the balance sheet date, if the STI had been 2% (2007: 2%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been $2,000 (2007: $4,000) lower/higher, arising as a result of a decrease/increase in the fair value of equity instruments classified as available-for-sale.

36. 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, and bank borrowings

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 deposits

The fair value of investment in bonds and deposits, which is the market value, is disclosed below.

Lease receivables and lease obligations

The fair values of lease receivables and lease obligations have been determined using discounted cash flows. The discount rates used are the current market incremental lending rates for similar types of lending and leasing arrangements.

Investment securities

Quoted equity investment
The fair value of investment in quoted equity investment, which is the market value, is disclosed in Note 12.

Unquoted equity investment
The fair value of investment in unquoted equity investment that is carried at cost less impairment loss has not been disclosed because it is not practicable to determine the fair value due to the lack of quoted market prices and the assumptions used in valuation models to value this instrument cannot be reliably measured. The Group does not intend to dispose this investment in the foreseeable future. The Group intends to eventually dispose of this investment through sale to institutional investors.

Hybrid instrument and structured securities
The fair values of hybrid instrument and structured securities are disclosed in Note 12. The fair values are based on valuation techniques performed by independent valuers with experience in valuing such instruments. Structured securities valuation included the use of recent transactions of similar instruments. Hybrid instrument valuation used option pricing models refined to reflect the issuer's specific circumstances.

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For the year ended 31 December 2008
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36. Fair values of financial instruments (cont'd)

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group		Company	
	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
2008				
Financial assets				
Investment in bonds and deposits	8,915	8,276	8,915	8,276
Lease receivables	1,529	1,582	–	–
Financial liabilities				
Lease obligations	2,277	2,277	–	–
2007				
Financial assets				
Investment in bonds and deposits	1,834	1,781	1,834	1,781
Lease receivables	2,150	2,388	–	–
Financial liabilities				
Lease obligations	1,429	1,429	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

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36. Fair values of financial instruments (cont'd)

Set out below is a comparison by category of carrying amounts of the Group's and the Company's financial instruments that are carried in the financial statements:

	Loans and receivables $'000	Fair value through profit or loss $'000	Held-to-maturity investments $'000	Available for sale $'000	Liabilities at amortised cost $'000	Non-financial assets/ (liabilities) $'000	Total $'000
2008							
Group							
Assets							
Property, plant and equipment	–	–	–	–	–	5,220	5,220
Intangible assets	–	–	–	–	–	13,602	13,602
Investment in associates	–	–	–	–	–	445	445
Investment in long-term bonds and deposits	284	–	7,622	–	–	–	7,906
Investment securities	–	7,706	–	212	–	–	7,918
Trade debtors, non-current	1,038	–	–	–	–	–	1,038
Stocks	–	–	–	–	–	4,284	4,284
Trade debtors, current	15,261	–	–	–	–	–	15,261
Other debtors and deposits	759	–	–	–	–	–	759
Prepayments	–	–	–	–	–	3,839	3,839
Due from associates	1,180	–	–	–	–	–	1,180
Investment in short-term deposits	1,009	–	–	–	–	–	1,009
Fixed deposits	52,037	–	–	–	–	–	52,037
Cash and bank balances	11,071	–	–	–	–	–	11,071
Liabilities							
Trade creditors	–	–	–	–	(8,594)	–	(8,594)
Other creditors and accruals	–	–	–	–	(11,489)	–	(11,489)
Deferred revenue	–	–	–	–	–	(8,609)	(8,609)
Lease obligations, current	–	–	–	–	(935)	–	(935)
Bank borrowings	–	–	–	–	(1,380)	–	(1,380)
Tax payable	–	–	–	–	–	(254)	(254)
Deferred tax liabilities	–	–	–	–	–	(536)	(536)
Lease obligations, non-current	–	–	–	–	(1,342)	–	(1,342)
Net Assets							**92,430**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008
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36. Fair values of financial instruments (cont'd)

	Loans and receivables $'000	Fair value through profit or loss $'000	Held-to-maturity investments $'000	Available for sale $'000	Liabilities at amortised cost $'000	Non-financial assets/ (liabilities) $'000	Total $'000
2008							
Company							
Assets							
Property, plant and equipment	–	–	–	–	–	1,964	1,964
Intangible assets	–	–	–	–	–	709	709
Investment in subsidiaries	–	–	–	–	–	23,125	23,125
Investment in associates	–	–	–	–	–	679	679
Investment in long-term bonds and deposits	284	–	7,622	–	–	–	7,906
Investment securities	–	7,706	–	102	–	–	7,808
Long-term loans and advances to subsidiaries	1,726	–	–	–	–	–	1,726
Stocks	–	–	–	–	–	428	428
Trade debtors, current	1,696	–	–	–	–	–	1,696
Other debtors and deposits	558	–	–	–	–	–	558
Prepayments	–	–	–	–	–	2,459	2,459
Due from subsidiaries	826	–	–	–	–	–	826
Due from associates	1,180	–	–	–	–	–	1,180
Investment in short-term deposits	1,009	–	–	–	–	–	1,009
Fixed deposits	42,529	–	–	–	–	–	42,529
Cash and bank balances	5,260	–	–	–	–	–	5,260
Liabilities							
Trade creditors	–	–	–	–	(1,978)	–	(1,978)
Other creditors and accruals	–	–	–	–	(4,665)	–	(4,665)
Deferred revenue	–	–	–	–	–	(4,726)	(4,726)
Due to subsidiaries	–	–	–	–	(4,505)	–	(4,505)
Net Assets							83,988

NOTES TO THE FINANCIAL STATEMENTS

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36. Fair values of financial instruments (cont'd)

	Loans and receivables $'000	Held-to-maturity investments $'000	Available for sale $'000	Liabilities at amortised cost $'000	Non-financial assets/ (liabilities) $'000	Total $'000
2007						
Group						
Assets						
Property, plant and equipment	–	–	–	–	7,337	7,337
Intangible assets	–	–	–	–	12,547	12,547
Investment in associates	–	–	–	–	432	432
Investment in long-term bonds and deposits	1,286	548	–	–	–	1,834
Investment securities	–	–	247	–	–	247
Trade debtors, non-current	1,796	–	–	–	–	1,796
Stocks	–	–	–	–	3,922	3,922
Trade debtors, current	10,824	–	–	–	–	10,824
Other debtors and deposits	1,154	–	–	–	–	1,154
Prepayments	–	–	–	–	5,144	5,144
Due from associates	1,450	–	–	–	–	1,450
Fixed deposits	63,798	–	–	–	–	63,798
Cash and bank balances	12,057	–	–	–	–	12,057
Liabilities						
Trade creditors	–	–	–	(6,076)	–	(6,076)
Other creditors and accruals	–	–	–	(11,420)	–	(11,420)
Deferred revenue	–	–	–	–	(8,656)	(8,656)
Lease obligations, current	–	–	–	(426)	–	(426)
Bank borrowings	–	–	–	(2,979)	–	(2,979)
Tax payable	–	–	–	–	(698)	(698)
Deferred tax liabilities	–	–	–	–	(714)	(714)
Lease obligations, non-current	–	–	–	(1,003)	–	(1,003)
Accrued employee entitlement	–	–	–	(79)	–	(79)
Net Assets						**90,491**

NOTES TO THE FINANCIAL STATEMENTS

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36. Fair values of financial instruments (cont'd)

	Loans and receivables $'000	Held-to-maturity investments $'000	Available for sale $'000	Liabilities at amortised cost $'000	Non-financial assets/ (liabilities) $'000	Total $'000
2007						
Company						
Assets						
Property, plant and equipment	–	–	–	–	2,532	2,532
Intangible assets	–	–	–	–	380	380
Investment in subsidiaries	–	–	–	–	23,557	23,557
Investment in associates	–	–	–	–	679	679
Investment in long-term bonds and deposits	1,286	548	–	–	–	1,834
Investment securities	–	–	247	–	–	247
Long-term loans and advances to subsidiaries	3,163	–	–	–	–	3,163
Stocks	–	–	–	–	405	405
Trade debtors, current	2,444	–	–	–	–	2,444
Other debtors and deposits	646	–	–	–	–	646
Prepayments	–	–	–	–	3,363	3,363
Due from subsidiaries	4,044	–	–	–	–	4,044
Due from associates	1,450	–	–	–	–	1,450
Fixed deposits	56,329	–	–	–	–	56,329
Cash and bank balances	4,463	–	–	–	–	4,463
Liabilities						
Trade creditors	–	–	–	(2,129)	–	(2,129)
Other creditors and accruals	–	–	–	(7,849)	–	(7,849)
Deferred revenue	–	–	–	–	(5,747)	(5,747)
Due to subsidiaries	–	–	–	(4,010)	–	(4,010)
Net Assets						**85,801**

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37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2008 and 2007.

The Group is currently in a strong net cash position. With a strong net cash position, the Group has greater leverage in targeting a wider range of potential strategic partnerships and alliances as well as investment opportunities in synergistic businesses that can accelerate the Group's growth. The Group will continue to be guided by prudent financial policies of which gearing is an important aspect.

	Group	
	2008	**2007**
	$'000	**$'000**
Total gross debt		
- Bank borrowings	**1,380**	2,979
Shareholders' Equity		
- Share capital	**161,723**	160,758
- Accumulated losses	**(72,009)**	(72,686)
- Other reserves	**564**	743
- Translation reserve	**2,152**	1,676
	92,430	90,491
Gross debt equity ratio	**1.49%**	3.29%
Cash and bank balances and fixed deposits	**63,108**	75,855
Less: Total gross debt	**1,380**	2,979
Net cash position	**61,728**	72,876

SUPPLEMENTARY INFORMATION

Interested Party Transactions ("IPT")

The aggregate value of all IPT during the financial year 31 December 2008 is as follows:

Name of the interest person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000.00 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Koh Boon Hwee	USD 85,000

STATISTICS OF SHAREHOLDINGS

As at 13 March 2009

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	67	0.40	26,890	-
1,000 - 10,000	9,049	53.93	44,162,627	3.67
10,001 - 1,000,000	7,589	45.23	460,191,318	38.26
1,000,001 and above	73	0.44	698,610,112	58.07
Total	**16,778**	**100.00**	**1,202,990,947**	**100.00**

LOCATION OF SHAREHOLDINGS

Location	No. of Shareholders	%	No. of Shares	%
Singapore	16,422	97.88	1,111,932,654	92.43
Malaysia	133	0.79	8,521,210	0.71
Hong Kong	29	0.17	566,000	0.05
Japan	2	0.01	22,000	-
USA	40	0.24	2,091,284	0.17
UK	12	0.07	269,000	0.02
Europe	1	0.01	2,000	-
Australia / New Zealand	36	0.22	7,288,500	0.61
Others	103	0.61	72,298,299	6.01
Total	**16,778**	**100.00**	**1,202,990,947**	**100.00**

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest	No. of Shares Deemed Interest	Total Interest	%
1. Venture One Finance Limited	62,912,767	125,000,000	187,912,767	15.62
2. Paramount Assets Investments Pte Ltd	177,555,000	-	177,555,000	14.76

STATISTICS OF SHAREHOLDINGS

As at 13 March 2009

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Paramount Assets Investments Pte Ltd	177,555,000	14.76
2.	Lim & Tan Securities Pte Ltd	100,806,750	8.38
3.	Venture One Finance Limited	62,912,767	5.23
4.	UOB Kay Hian Pte Ltd	35,999,500	2.99
5.	OCBC Securities Private Ltd	27,281,250	2.27
6.	DBS Nominees Pte Ltd	25,297,050	2.10
7.	United Overseas Bank Nominees Pte Ltd	21,173,250	1.76
8.	Citibank Nominees Singapore Pte Ltd	18,803,320	1.56
9.	Chong Yean Fong	18,800,000	1.56
10.	HSBC (Singapore) Nominees Pte Ltd	12,281,750	1.02
11.	OCBC Nominees Singapore Pte Ltd	11,005,950	0.92
12.	Tai Tak Securities Pte Ltd	9,750,000	0.81
13.	Kim Eng Securities Pte. Ltd.	9,257,918	0.77
14.	Phillip Securities Pte Ltd	9,078,292	0.75
15.	Phua Soo Hong	8,600,000	0.71
16.	Citibank Consumer Nominees Pte Ltd	7,407,000	0.62
17.	DBS Vickers Securities (S) Pte Ltd	6,320,500	0.53
18.	Lee Seng Tee	6,250,000	0.52
19.	Goh Yong Peow	6,100,000	0.51
20.	BNP Paribas Nomines Singapore Pte Ltd	5,765,000	0.48
	Total	**580,445,297**	**48.25**

SHAREHOLDING HELD BY THE PUBLIC

69.0% of MediaRing Ltd's issued ordinary shares is held by the public. Rule 723 of the SGX Listing Manual has been complied with.

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, 21 April 2009 at 4.00 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements for the year ended 31 December 2008 together with the Auditors' Report thereon. **(Resolution 1)**

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

   (a) Mr. Walter Sousa (retiring under Article 104) **(Resolution 2)**

   (b) Ms. Eileen Tay-Tan Bee Kiew (retiring under Article 104) **(Resolution 3)**

   (c) Mr. Thomas Kalon Ng (retiring under Article 108) **(Resolution 4)**

   Ms. Eileen Tay-Tan Bee Kiew will, upon re-election as a Director of the Company, remain as the Chairperson 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 re-appoint Mr. Sin Hang Boon as a Director of the Company, pursuant to Section 153(6) of the Companies Act, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 5)**

   Mr. Sin Hang Boon will, upon re-election as a Director of the Company, remain as a Member 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.

4. To approve the payment of Directors' Fees of S$290,776.00 for Non-executive Directors for the year ended 31 December 2008 (2007: S$264,000.00) **(Resolution 6)**

5. To re-appoint Messrs Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. 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:

7. Authority to allot and issue shares up to fifty per centum (50%) of the total number of issued shares, excluding treasury shares, in the capital of the Company

NOTICE OF ANNUAL GENERAL MEETING

"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 allot and issue ordinary shares in the capital of the Company whether by way of bonus issue, rights issue or otherwise (including but not limited to the allotment and issue of ordinary 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 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 ordinary shares to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares, excluding treasury shares, in the capital of the Company, of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company does not exceed twenty per centum (20%) of the total number of issued shares, excluding treasury shares, in the capital of the Company;

(b) for the purpose of determining the aggregate number of shares that may be issued under (a) above, the percentage of issued shares shall be based on the total number of issued shares, excluding treasury shares, in the capital of the Company at the time this Resolution is passed, after adjusting for new ordinary shares arising from the conversion or exercise of any convertible securities or share options or vesting of shares awards which are outstanding or subsisting at the time this Resolution is passed, and any subsequent bonus issue, consolidation or subdivision of shares.

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 8)**

8. 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 (including but not limited to the allotment and issue of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to options made or 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: (a) the total number of ordinary shares allotted and issued shall not exceed 65,921,470 ordinary shares from time to time pursuant to the exercise of the options under the ESOS; and (b) the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS, 1999 MediaRing Employees' Share Option Scheme II, MediaRing Restricted Share Plan and MediaRing Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the 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 (ii)] **(Resolution 9)**

NOTICE OF ANNUAL GENERAL MEETING

9. 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 (including but not limited to the allotment and issue of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to options made or 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, ESOS II, MediaRing Restricted Share Plan and MediaRing Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the 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 (iii)] **(Resolution 10)**

10. 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 (including but not limited to the allotment and issue of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to options made or granted by the Company 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 ESOS, ESOS II, MediaRing RSP and MediaRing Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the 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 (iv)] **(Resolution 11)**

11. 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 (including but not limited to the allotment and issue of shares in the capital of the Company at any time, whether during the continuance of such authority or thereafter, pursuant to options made or granted by the Company 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 ESOS, ESOS II, MediaRing RSP and MediaRing PSP collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the 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 12)**

NOTICE OF ANNUAL GENERAL MEETING

12. Renewal of Share Buy-Back Mandate

"That:

(a) the exercise by the Directors of all powers of the Company to purchase or otherwise acquire issued ordinary shares in the capital of the Company ("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 scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) 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 Buy-Back Mandate").

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back 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:

(i) the date on 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 the 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

NOTICE OF ANNUAL GENERAL MEETING

where:

"Average Closing Price" means (1) the average of the closing market prices of the Share over the last five (5) market days, on which transactions in the Shares were recorded on the SGX-ST immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to Off-Market Purchase, and (2) deemed to be adjusted for any corporate action that occurs after the relevant five-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 (vi)] **(Resolution 13)**

By Order of the Board

Yeo Siew Chai
Lim Aik Kun
Company Secretaries
Singapore, 6 April 2009

Explanatory Notes:

(i) The Ordinary Resolution 8 proposed in item 7 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 9 proposed in item 8 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 pursuant to the exercise of options under the ESOS, provided always that: (a) the total number of ordinary shares allotted and issued shall not exceed 65,921,470 ordinary shares from time to time pursuant to the exercise of the options under the ESOS; and (b) the aggregate number of additional ordinary shares to be allotted and issued pursuant to outstanding options and options to be granted under the ESOS, ESOS II, MediaRing RSP and MediaRing PSP collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

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(iii) 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 pursuant to the exercise of the options under the ESOS II, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to outstanding options and options to be granted under the ESOS, ESOS II, MediaRing RSP and MediaRing PSP collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time.

(iv) 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 pursuant to the exercise of the options under the MediaRing RSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to outstanding options and options to be granted under the ESOS, ESOS II, MediaRing RSP and MediaRing PSP collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time .

(v) 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 pursuant to the exercise of options under the MediaRing PSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to outstanding options and options to be granted under the ESOS, ESOS II, MediaRing RSP and MediaRing PSP collectively shall not exceed fifteen per centum (15%) of the total number of issued shares, excluding treasury shares, in the capital of the Company from time to time .

(vi) 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 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 Buy-Back Mandate and financial effects of the purchase or acquisition of shares by the Company pursuant to the proposed Share Buy-Back Mandate on the Group's audited financial statements for the financial year ended 31 December 2008 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 13)

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK 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, 21 April 2009 at 4.00 p.m. ("2009 AGM") for the proposed renewal of the share buy-back 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 Buy-Back Mandate").

1.2 The Shareholders of the Company had at the Extraordinary General Meeting held on 26 April 2006, approved the Share Buy-Back Mandate ("**2006 Mandate**") for the Directors to exercise all the powers of the Company to purchase or acquire up to ten per centum (10%) of the issued ordinary share capital of the Company on the terms of that mandate. The 2006 Mandate was approved for renewal ("**2007 Mandate**") at the Annual General Meeting held on 17 April 2007 and further renewed the 2007 Mandate at the Annual General Meeting held on 24 April 2008 ("**2008 Mandate**").

1.3 The 2008 Mandate will expire on the date of the forthcoming 2009 AGM. If the proposed resolution for the renewal of the Share Buy-Back Mandate is approved at the 2009 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.

1.4 The purpose of this Appendix is to provide information relating to and explain the rationale for the proposed renewal of the Share Buy-Back Mandate.

2. Rationale for the Share Buy-Back Mandate

2.1 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 buy-back 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.

2.2 The proposed Share Buy-Back Mandate will give the Directors the flexibility to purchase or acquire shares when and if the circumstances permit. The Share Buy-Back 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.

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(AS REFERRED TO IN RESOLUTION 13)

2.3 While the proposed Share Buy-Back 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 2009 AGM at which the Share Buy-Back Mandate is approved, Shareholders should note that purchases and acquisitions of shares pursuant to the Share Buy-Back 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

3.1 Approval is being sought from Shareholders at the 2009 AGM for the adoption of a general and unconditional Share Buy-Back Mandate for the purchase by the Company of its issued shares. If approved, the Share Buy-Back Mandate will take effect from the date of the 2009 AGM ("Approval Date") 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 buy-backs are carried out to the full extent mandated or the Share Buy-Back Mandate is revoked or varied by the Company in general meeting. The Share Buy-Back Mandate will be put to Shareholders for renewal at each subsequent annual general meeting of the Company.

3.2 The authority and limitations placed on purchases of shares by the Company under the Share Buy-Back Mandate are summarised below:

3.2.1 ***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 Buy-Back Mandate or the renewal of the Share Buy-Back Mandate is approved.

Purely for illustrative purposes, on the basis of 1,202,990,947 shares in issue as at 13 March 2009 (the "Latest Practicable Date"), and assuming that no further shares are issued on or prior to the 2009 AGM, not more than 120,299,094 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 Buy-Back Mandate.

3.2.2 ***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 buy-backs have been carried out to the full extent mandated; or

(c) the authority contained in the Share Buy-Back Mandate is varied or revoked.

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(AS REFERRED TO IN RESOLUTION 13)

3.2.3 ***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 Buy-Back 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;

(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 buy-back;

(iv) the consequences, if any, of share buy-backs 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 buy-backs, if made, would have any effect on the listing of the shares on the SGX-ST; and

APPENDIX I
(AS REFERRED TO IN RESOLUTION 13)

(vi) details of any share buy-backs 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.

3.2.4 ***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**").

3.3 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 on the SGX-ST immediately preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-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; and

"**Market Day**" means a day on which SGX-ST is open for security trading.

4. Status of Purchased Shares

4.1 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.

4.2 ***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.

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- ***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

5.1 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).

5.2 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 Buy-Back 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.

5.3 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.

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5.4 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.

5.5 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.

5.6 However, the Directors do not propose to exercise the Share Buy-Back 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.

5.7 Based on the audited financial statements of the Company and Group for the financial year ended 31 December 2008 ("FY2008"), the Company has no distributable reserves to effect any buy-back of its shares from the market. However, for illustrative purposes only, assuming that:

(i) the Company purchases 120,299,094 shares representing ten per centum (10%) of its issued share capital as at 13 March 2009; and

(ii) the aforesaid 120,299,094 shares are purchased at US$0.0381** per share, being a price representing one hundred and five per centum (105%) of the Average Closing Price as at 13 March 2009.

****closing price of S$0.056 @ 105%@ S$1.544 per US Dollars (exchange rate per Business Time of 16 March 2009).**

5.8 The impact of the purchase of shares by the Company pursuant to the Share Buy-Back Mandate on the Group's and the Company's audited financial statements for FY2008 would be as set out below.

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5.9 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
As at 31 December 2008				
Shareholders' Funds	92,430	87,823	83,988	79,381
Net Tangible Assets	78,828	74,221	83,279	78,672
Current Assets	89,440	84,833	55,945	51,338
Current Liabilities	31,261	31,261	15,874	15,874
Working Capital	58,179	53,572	40,071	35,464
Long Term Liabilities	1,878	1,878	-	-
Profit For The Year	677	677	(2,574)	(2,574)
Number of Shares	1,202,990,947	1,082,691,853	1,202,990,947	1,082,691,853
Financial Ratios				
Net Tangible assets per Share (US cents)	6.55	6.86	6.92	7.27
Gearing Ratio	1.5%	1.6%	NIL	NIL
Current Ratio (times)	2.86	2.71	3.52	3.23
Earnings Per Share (US Cents)	0.0563	0.0625	(0.2140)	(0.2377)

Notes:

(1) The NTA per share and basic EPS was calculated based on the number of shares in issue of 1,202,990,947 at the end of FY2008, before adjusting for the share buy-back.

(2) The NTA per share and basic EPS was calculated based on the number of shares in issue of 1,082,691,853 at the end of FY2008, after adjusting for the share buy-back.

5.10 As at 31 December 2008, the Group and the Company had cash and cash equivalent balances of US$62,154,000 and US$47,789,000 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.

5.11 Assuming that the purchase of shares had taken place on 31 December 2008, the consolidated basic EPS of the Group for FY2008 would be increased from 0.0563 US cents per share to 0.0625 US cents per share while the basic EPS of the Company for FY2008 would be increased from 0.2140 US cents per share to 0.2377 US cents per share as a result of the reduction in the number of issued shares.

5.12 **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.**

APPENDIX I
(AS REFERRED TO IN RESOLUTION 13)

6. Tax Implications

6.1 ***Where the Company uses its Distributable Profits for the Share Buy-Back***

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 buy-back 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 buy-back 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 Buy-Back Mandate at the 2009 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 buy-back 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 Buy-Back***

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.

APPENDIX I
(AS REFERRED TO IN RESOLUTION 13)

7. Listing Rules

7.1 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").

7.2 The Maximum Price for a share in relation to Market Purchases by the Company, referred to in paragraph 3.2.4 above, conforms to this restriction.

7.3 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.

7.4 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 Buy-Back 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

8.1 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.

8.2 As at the Latest Practicable Date, there are 830,541,693 shares in the hands of the public (as defined above), representing 69.0% 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 Buy-Back Mandate, the number of shares in the hands of the public would be reduced to 710,242,599 shares, representing 65.6% of the reduced issued share capital of the Company.

8.3 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 buy-back(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.

APPENDIX I
(AS REFERRED TO IN RESOLUTION 13)

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.

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.

APPENDIX I
(AS REFERRED TO IN RESOLUTION 13)

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 Buy-Back Mandate.

9.2 ***Hypothetical Shareholdings resulting from Share Buy-Back***

Purely for illustrative purposes, on the basis of 1,202,990,947 shares in issue as at the Latest Practicable Date, and assuming that no further shares are issued on or prior to the 2009 AGM, not more than 120,299,094 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 Buy-Back Mandate, if so approved by Shareholders at the 2009 AGM.

Further assuming that such granted Share Buy-Back 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 120,299,094 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 Buy-Back				After Share Buy-Back			
	Direct Interests		Deemed Interests		Direct Interests		Deemed Interests	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Venture One Finance Limited	62,912,767	5.2	125,000,000	10.4	62,912,767	5.8	125,000,000	11.5
Paramount Assets Investments Pte Ltd	177,555,000	14.8	-	-	177,555,000	16.4	-	-

	Before Share Buy-Back				After Share Buy-Back			
	Direct Interests		Deemed Interests		Direct Interests		Deemed Interests	
Directors	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Walter Sousa	812,500	0.1	-	-	812,500	0.1	-	-
Khaw Kheng Joo	-	-	-	-	-	-	-	-
Koh Boon Hwee	1,625,000	0.1	3,643,987	0.3	1,625,000	0.2	3,643,987	0.3
Eileen Tay-Tan Bee Kiew	226,250	-	462,500	-	226,250	-	462,500	-
Sin Hang Boon	136,250	-	-	-	136,250	-	-	-
Thomas Henrik Zilliacus	75,000	-	-	-	75,000	-	-	-
Lucas Chow Wing Keung	-	-	-	-	-	-	-	-
Thomas Kalon Ng	-	-	-	-	-	-	-	-

Note:

(i) 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 Buy-Back Mandate.

(ii) The per centum of the shareholding is rounded up to the nearest 1 decimal point.

APPENDIX I
(AS REFERRED TO IN RESOLUTION 13)

10. No Share Buy-Backs in the Previous 12 Months

The Company has not made any share buy-backs 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 Buy-Back Mandate are in the best interests of the Company and recommend that Shareholders vote in favour of the Ordinary Resolution 13 set out in the Notice of 2009 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.

13. SGX-ST's Disclaimer

The SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained or opinion expressed in this Appendix I and its accompanying Appendix.

ANNEXURE A TO APPENDIX 1

GUIDELINES ON SHARE BUY-BACKS 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 Buy-Back 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 2010), whichever is the earlier.

(d) The maximum number of shares which can be purchased pursuant to the Share Buy-Back 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 Buy-Back 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 Buy-Back Mandate to such an extent as would materially affect the working capital requirements of the Company and the Group.

ANNEXURE A TO APPENDIX 1

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 buy-back;

(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.

ANNEXURE A TO APPENDIX 1

6. Status of Purchased Shares

A share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such 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.

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 buy-back 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 Buy-Back 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 1

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 two weeks before the announcement of the results of the first three quarters and one month before the announcement of the Company's full year results, , 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.
Registration Number: 199304568R
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. For investors who have used their CPF monies to buy MediaRing Ltd.'s shares, this Annual Report 2008 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.

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, 21 April 2009 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.

Resolution No.	**Ordinary Resolutions**	**For**	**Against**
1.	Adoption of Directors' Reports and Audited Financial Statements for the year ended 31 December 2008.		
2.	Re-election of Mr. Walter Sousa as Director.		
3.	Re-election of Ms. Eileen Tay-Tan Bee Kiew as Director.		
4.	Re-election of Mr. Thomas Kalon Ng as Director.		
5.	Re-appointment of Mr. Sin Hang Boon as Director.		
6.	Approval of Directors' Fees for Non-executive Directors amounting to S$290,776.00 for the year ended 31 December 2008.		
7	Re-appointment of Ernst & Young LLP as Auditors.		
8	Authority to allot and issue shares.		
9	Authority to allot and issue shares under the ESOS.		
10	Authority to allot and issue shares under the ESOS II.		
11	Authority to allot and issue shares under the MediaRing RSP.		
12	Authority to allot and issue shares under the MediaRing PSP.		
13	Renewal of Share Buy-Back Mandate.		

Dated this ____________ day of _____________ 2009

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

____

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

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, *Executive 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, *Independent Director*
Thomas Kalon Ng, *Non-Independent Director*

Company Secretaries
Yeo Siew Chai
Amelia Lim Aik Kun

Executive Committee
Koh Boon Hwee, *Chairman*
Walter Sousa
Khaw Kheng Joo

Audit Committee
Eileen Tay-Tan Bee Kiew, *Chairperson*
Sin Hang Boon
Thomas Henrik Zilliacus

Remuneration Committee
Thomas Henrik Zilliacus, *Chairman*
Sin Hang Boon
Eileen Tay-Tan Bee Kiew

Nominating Committee
Lucas Chow Wing Keung, *Chairman*
Thomas Henrik Zilliacus
Koh Boon Hwee
Sin Hang Boon

Investment Committee
Koh Boon Hwee, *Chairman*
Khaw Kheng Joo
Thomas Henrik Zilliacus
Yeo Siew Chai

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Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
3 Church Street
#08-01 Samsung Hub
Singapore 049483

Principal Bankers
United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1
Singapore 048624

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

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

Auditors
Ernst & Young LLP
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 States of America

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