MediaRing Ltd
annual report 2009

Engaging A Smart, New Generation

spice
i2i

CONTENTS

CORPORATE PROFILE

Since inception in 1993, MediaRing has grown into a global one-stop service provider for Voice, Data and Computing services with a leading edge in VoIP technology. Following integration into the Spice Global network and the launch of the new Spice i2i brand, MediaRing is now strengthening its operational footprint across the world, expanding into new geographies and driving growth through constant innovation.

Leveraging its strong technological expertise, VoIP edge and global distribution network, MediaRing delivers a wide range of Mobile, Voice, Data and Computing services to carriers, enterprises, service providers and consumers worldwide. MediaRing's service portfolio includes Mobile handsets, Voice Services, Utility Computing, IT Infrastructure, Hosting and Outsourcing, Broadband Access, Managed Network and various other Network based services.

MediaRing has acquired few companies outside Singapore and therefore wants to aggressively expand into the arena of business process outsourcing, design, manufacture, distribution of mobile handsets and value-added services, besides reinforcing its IT business through a series of mergers, acquisitions and joint ventures. Under the Spice i2i brand, MediaRing is being repositioned as a multi-product corporation having a strong Mobile Internet focus besides offering the complete range of IT hardware/software and services.

MediaRing Limited is listed on the mainboard of the Singapore Stock Exchange since 1999 and trades under the ticker symbol SGX: M09.

OUR BRAND VISION

To stay one step ahead of the dreams of the mobile society

OUR BRAND PROMISE

We deliver outstanding value by combining deep market knowledge with unconventional thinking. Knowledge guides us but imagination drives us.

OUR BRAND ATTRIBUTES

A vision can only be pursued when backed by a set of strong values. We shall aim to instill in ourselves some key attributes.

Today, a Spicean can be identified as:

IMAGINATIVE
FEARLESS
OPEN
VIBRANT

CHAIRMAN'S STATEMENT

Dear Shareholders,

I feel honoured to be communicating with you today from the MediaRing platform in Singapore. Our society has weathered the global crisis, limiting the economic contraction through proactive Government measures facilitating innovation and productivity. Even first world economies would note this excellent example how challenging obstacles can be tackled through a positive government-people partnership and mindset.

CHAIRMAN'S STATEMENT

MOBILE INTERNET IS THE TELECOMMUNICATIONS BATTLEGROUND OF THE FUTURE. SUCCESS CAN BE ACHIEVED THROUGH UNDERSTANDING AND ANTICIPATING THE TRENDS IN THIS ARENA, SERVICE INNOVATION, SERVICE DIFFERENTIATION AND VALUE CREATION.

Spice Global – Vision and Mission

As a professionally qualified techno-entrepreneur, my business investments and priorities are driven by a clear vision and firm belief.

I firmly believe that connectivity is the key to productivity. Mobile and internet connectivity will increasingly connect the common people, especially in Asia, with the global economic boom. Just 10 extra mobile phones per 100 people in a typical developing country precipitates noticeable additional growth in GDP per person.

Consequently, Spice Global has been developed as a multi-faceted management group committed towards establishing leadership in the emerging space created by the convergence of communications, computerisation, internet and entertainment technologies.

Our global brand positioning, Spice i2i, espouses our driving mantra "innovation to infinity". Leveraging our intelligence and experience in this sector, we are committed to innovative exploration of the market, offering customers emotional delight and enduring value. The Spice Mission is about continuously enriching and realising the dreams of the emerging mobile society.

Rationale for relocating Spice Group HQ to Singapore

The enabling culture of Singapore, its consonance with and infrastructural support for executing this vision has influenced me to relocate and establish the Spice Group global-headquarters here.

The government and senior officialdom have reiterated the belief that Singapore should become the epicentre of the global mobile and internet revolution. In my humble way, I am determined to realise this vision of mobile nirvana.

Execution of this vision will draw on conceptual and operational components that will also find some empathy with Singapore Government policies.

- Conceptually, I believe in the creation of economic value for all stakeholders in my businesses, including shareholders, employees and the society where we operate. In hypercompetitive environments, these objectives are best achieved through continuous innovation and re-engineering of priorities and skills towards creating higher value businesses which will ultimately yield higher revenue margins.
- Operationally, this vision is derived through consideration of several factors like performance of the specific business, the competitive arena, evolving market, category and consumer trends, scope of leveraging synergies across other group businesses, existing and potential revenue accrual.

MediaRing – Initial steps

MediaRing is our first major corporate investment in Singapore. We believe this company, with concerted effort and tactical re-engineering, can be transformed into a leading global player in the arena of mobile internet telephony.

Acquiring the management reins on 31st August 2009 in a recessionary climate, our first task was to execute necessary corporate restructuring, realigning the company's goals with Spice Group's vision and other proactive measures so that MediaRing achieves optimal efficiency and moves on to a growth trajectory.

To implement strategy, acquire relevant resources, extend business operations and expand customer base, we have acquired shareholding in 2 companies (Bharat IT and Spice BPO) and established a joint venture with the Malaysian CSL Group.

CHAIRMAN'S STATEMENT

The FY2009 financial results favourably reflect some of our initial efforts:

- Profit Before Tax (PBT) has increased to US$1.76 million, up by 217% over FY2008.
- Net Profit has increased to US$1.74 million, up by 157% over FY2008.
- Earnings per Share (EPS) has increased to US 0.14 cents, up by 133% over FY2008.
- Net Asset Value (NAV) has increased to US$101.14 million, up by 9% over FY2008.
- This has been achieved despite 18% lower turnover which has, inter alia, been influenced by weaker consumer sentiments in a recessionary climate, strong competition in the current telecommunication and computing segments and the US$1.9 million cost incurred during the restructuring, including payouts to staff.
- Financial details and company management structure are included in this Report.

The MediaRing Board, for the first time ever, has thus recommended a token dividend, subject to your approval.

MediaRing – Moving forward

To drive MediaRing performance towards optimising the envisioned economic value-creation objectives, we have taken **four vital steps.**

1. Management: We have expanded our executive management bandwidth to inject experience and accelerate operational speed, besides focusing efforts on strategic initiatives, mergers, acquisitions and inorganic growth.

   - In the relevant section of this Report you will particularly note the strong corpus of professional, technological, financial, legal, entrepreneurial and corporate administrative experience which now sits on the rejuvenated MediaRing Board.
   - Experienced and acclaimed professionals are now seated in the company's operational management team to provide leadership and execution of vision.

2. Strategic partnerships, mergers and acquisitions: Through strategic partnerships and M&A, we are building a Pan-Asian telecommunications conglomerate which will have adequate manufacturing, distribution and retail muscle to compete effectively against the leading global players.

- Bharat IT, besides IT Solutions expertise, will bring on board a wide customer-base for our voice products.
- Spice BPO will strengthen our capabilities in providing IT and CRM solutions to a diverse range of enterprises while empowering the clients to concentrate on their core competencies.
- Through the Spice CSL venture, we will participate in the fast moving mobile handset market which is growing more than 50% year-on-year. This new venture (owned 65% by MediaRing) will empower us with:
  a) An established distribution network across the ASEAN region, which can be strengthened and expanded to consolidate Spice Group's retail muscle.
  b) The CSL brand which has conspicuous (more than 17%) market share in Malaysia and around 5% in Indonesia.
  c) Benefit of manufacturing and assembly facilities in Malaysia.
  d) Working capital support through the shareholder loan.

3. Product Portfolio: We are reassessing the existing MediaRing product portfolio, redefining priorities and pursuing aggressive business expansion in line with our Spice i2i (innovation to infinity) vision and unequivocally stated leadership ambitions in mobile internet (including VoIP).
4. Spice i2i – Name Change: The Board has proposed that the company name be changed from MediaRing Ltd to Spice i2i Limited. Besides leveraging synergies, consonance with Spice Group and alignment with potential product/ brand portfolio, this name change will better reflect the company's rejuvenated business vision, revised priorities and execution focus as it evolves from a regional internet telephony player to becoming a global provider of mobile communication and entertainment solutions.

Product Portfolio Re-engineering and Integrated Service Delivery

Mobile internet is the telecommunications battleground of the future. Success can be achieved through understanding and anticipating the trends in this arena, service innovation, service differentiation and value creation. High definition voice, unified contact list and integration with social networks, messaging platforms and enterprise applications, particularly by offering an "all in one, multi-factor VoIP communication hub" will help in realising the dreams of an emerging mobile society.

Industry projections estimate that global mobile internet user-base will cross 500 million by 2013, yielding over US$11 billion in revenue. Almost 65% of this projected revenue will accrue from our targeted geographic zone which encompasses South Asia, ASEAN countries, Middle East and Africa. Even a 0.5% to 1% share of this market will generate US$350 million for MediaRing by 2013.

CHAIRMAN'S STATEMENT

DURING THIS JOURNEY, IT IS ALSO OUR STATED INTENTION TO PURSUE SHAREHOLDERS' VALUE-CREATION INITIATIVES.

Commercialisation will become the key success factor driving mobile VoIP revenue. Besides distributing and retailing pre-embedded Spice and Spice-CSL handsets, we intend to build a large subscriber base through appropriate branding, community building and technologically superior products, strategies and customer satisfying differentiators.

While building-up our mobile internet business we will simultaneously monetise this base, through additional sources of revenue such as advertising, Value Added Services, innovative financial transaction mechanism, healthcare 'phone-a-doctor' services and educational offerings.

To execute the Spice i2i vision and leadership intentions in mobile internet, we are re-engineering our product lines towards creating an integrated service delivery model. Our efforts will be concentrated on

1. Mobile Internet platforms: Offering easily affordable connectivity which will rival the current market leaders.
2. Mobile Phones: Design, manufacture and distribution (wholesale as well as retail) of branded mobile handsets with pre-installed sophisticated mobile-internet connectivity features.
3. Mobile VAS: Incorporation of entertainment, information, medical emergency, financial and transactional Value Added Services.

We will amalgamate these operations to integrate content, services and delivery platforms. Besides superior value for customers, this amalgamation will allow MediaRing to participate across the full spectrum of value creation in the mobility domain.

Evolving Customer Maturity

During this initial period we also observed that MediaRing revenue accruals depended largely upon call-shops. Revenue from this source has been declining, affected by falling prices, commoditisation, increased competition and cannibalisation from resellers, illegal dealers and undercutting by wholesalers besides increasing liberalisation influencing lower telco-prices.

Despite the declining trend, call-shop business remains a cash cow. Its geographical expansion in current call-termination countries and relatively untapped markets with large South Asian population will continue postulating sizeable revenue, till this market metamorphoses into inexpensive VoIP usage.

Funding Execution of this Vision

We will keep you updated on operational developments, progress achieved and financial results. However, realisation and execution of this vision will require additional funding. We will return to seek your support and that of other potential investors in due course.

Strong Branding and Partnership with Stakeholders

The Report will also reflect the strong branding and efficient brand management culture which we are infusing into the company.

The board and management team of MediaRing is determined to translate your investment, empathy and support into visible, quantifiable results, transforming today's Asia Pacific player into the world's premier mobile-internet integrated communications and solutions provider.

During this journey, it is also our stated intention to pursue shareholders' value-creation initiatives.

Dr. Bhupendra Kumar Modi
Chairman, MediaRing Limited

new brand

MediaRing is strengthening its footprint in the mobile internet industry with the launch of the new brand - Spice i2i. The new brand integrates MediaRing into the

US$2 billion

Spice Global Network.

new identity

The name **Spice** denotes **S**ynchronised **P**erformance through **I**nnovation in **C**ommunication and **E**ntertainment.

i2i represents **'innovation to infinity'**

new DNA

Spice is in our blood. It races through our veins. It is at the heart of our DNA that gives us our unique identity and allows us to stand out from the crowd;

instilling values that define us as...

...iMAGiNATiVE

We anticipate market needs to provide leading edge products and services, and constantly seek new ways to serve our constituents.

FEARLESS

We are entrepreneurial and challenge conventions to inspire change, so that our customers can expect more and expect better.

OPEN

We are not only accessible and responsive to our customers' comments and suggestions but also understand their needs and help fulfill them.

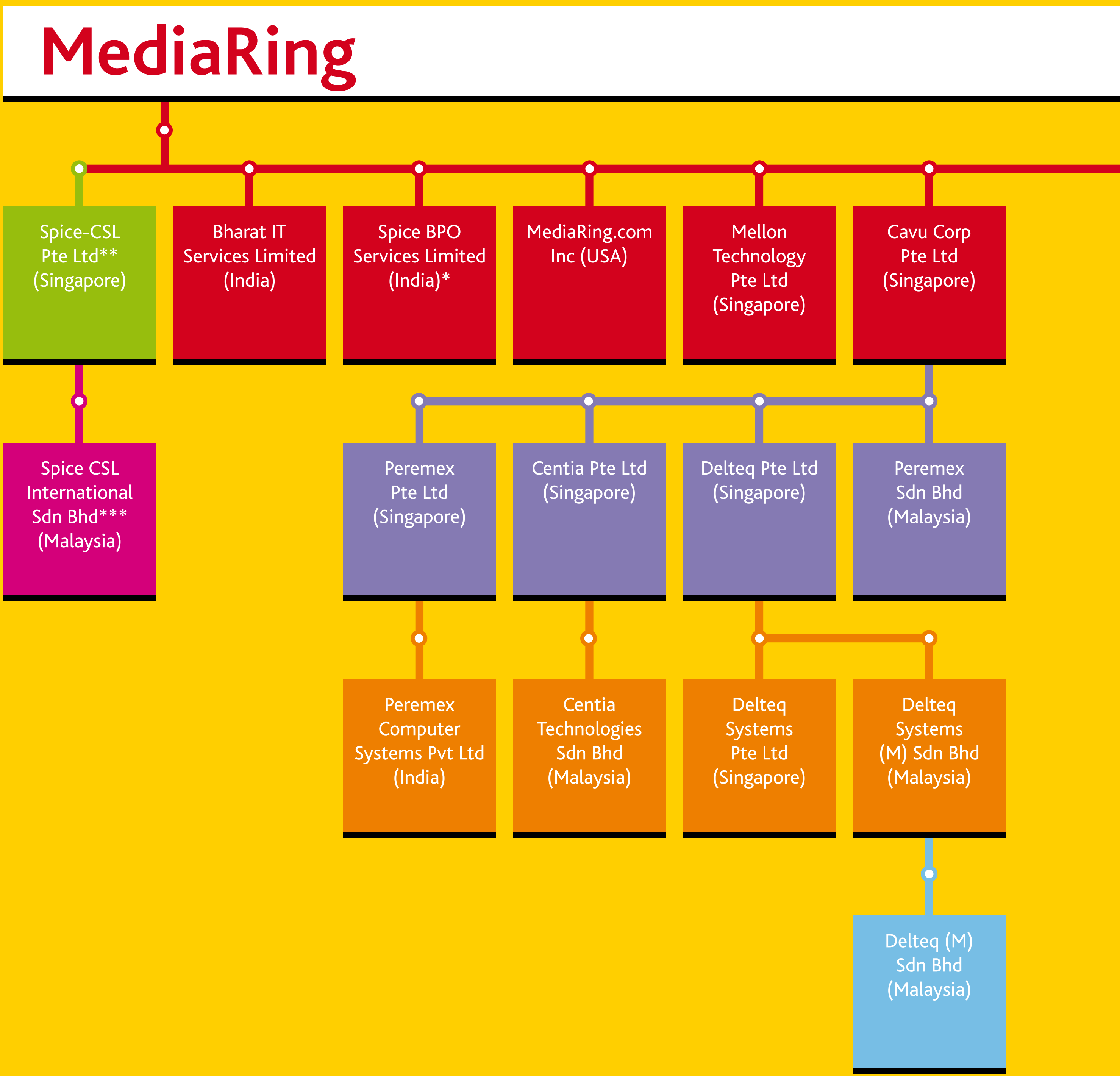
ViBRANT

We are professional but we are also fun, spontaneous and outgoing - thanks to our passion, dynamism and energy.

Guided by unconventional wisdom, we are shaping the dreams of a young mobile society. Delighting people in new and innovative ways. Pushing boundaries and thinking beyond the ordinary. Believing that,


THERE IS ALWAYS A
SMARTER
WAY

CORPORATE STRUCTURE



* Acquired in January 2010
** Incorporated in February 2010
*** Incorporated in March 2010

- MediaRing Communications Pte Ltd (Singapore)
- MediaRing (Europe) Limited (UK)
- MediaRing TC, Inc (Japan)
- MediaRing Network Services Pte Ltd (Singapore) –Formerly NetPlus Communications
- MediaRing Sdn Bhd (Malaysia)
- Alpha One Limited (Hong Kong)
  - MediaRing.com (Shanghai) Limited (China)

BOARD OF DIRECTORS

Dr. Bhupendra Kumar Modi
Chairman

Dr. BK Modi was appointed Non-Executive Chairman of the Board on 31st August 2009. A visionary entrepreneur, futurist, philanthropist, peacemaker, author and film producer, he is the Global Chairman of Spice Group.

Dr. BK Modi has set up joint ventures in partnership with global giants such as Xerox, Alcatel, Telstra, and Olivetti in the area of information technology, document processing, telecommunications and cellular telephony. He engineered the Spice Brand which is driving business involving technology-innovation, communication and entertainment.

He is a Chemical Engineering graduate, MBA (University of Southern California), Ph.D in Financial Management and has been conferred D. Litt in Industrial Management. He has also written several books on Management, heads the Asia Crime Prevention Foundation and has been proclaimed for his humanitarian efforts worldwide.

Ms. Divya Modi
Executive Director

Ms. Modi was appointed to the Board on 31st August 2009. Ms. Divya Modi is a CFA charterholder, a Graduate in Economics and Business Finance (Honors) from Brunel University, UK and a Masters in Accounting from the University of Southern California, USA.

She had worked closely with Jones Lang and Lasalle and Haldford Associates to develop Spice Corp's first Entertainment Centre "Spice World" where she has been credited for tying up with the Key Anchor Stores for the venture.

She was instrumental in setting-up the Management Assurance Services (Internal Audit function) for Spice Global and was also involved with various financial restructuring initiatives and investor relations for the group especially for its erstwhile listed entities.

Currently she manages Corporate Finance at the Group level as the Finance Director.

Mr. Ashok Goyal
Executive Director & CEO

Mr. Ashok Kumar Goyal was appointed to the Board on 31st August 2009. Mr. Goyal is a professional manager with rich experience of over 25 years in the fields of finance, taxation, corporate laws and general management. Prior to taking up this assignment at MediaRing, he was serving as Global President-Finance, Spice Group. In addition Mr. Goyal is also a member of the Board of directors in various companies inside and outside the group.

Mr. Goyal has deep experience in the field of telecom since opening up of this sector in India and has also led Spice Communications Limited, a renowned telecom company in India as their CEO.

Mr. Goyal had been the Chairman of Institute of Company Secretary India (Northern Region) and also served on expert committees formulated by various Chambers of Commerce and Industries on important matters related to corporate laws and taxation. He holds a degree in Masters of Business Administration, Brunel University London, Bachelors of Law and is also a fellow member of Institute of Chartered Accountants of India, Institute of Cost and Works Accountants of India and Institute of Company Secretary of India.

Ms. 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 21st April 2009. 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 University of Singapore. 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).

Mr. 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 24th April 2008. Mr. Zilliacus is the founder and Executive Chairman of Mobile FutureWorks Inc, a company which develops and invests in the mobile space. Amongst its investments is YuuZoo Corporation, a leading global mobile value-added services, payments and advertising company of which he is the Executive Chairman & CEO. Mr. Zilliacus is the former CEO of Nokia's Asia-Pacific operations, and the former global head of Nokia's overall marketing, branding and PR. He is a Board or Advisory Board member of listed companies in the USA, Australia and India. He holds a Master of Science in Economics and Business Administration from the Swedish School of Economics and Business Administration, Helsinki.

Mr. Lucas Chow Wing Keung

Independent Director

Mr. Chow was appointed to the Board on 1st January 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.

An active leader in the business and media communities, Mr. Chow chairs the Singapore Health Promotion Board as well as the National Tripartite Committee on Workplace Health, and sits on various other boards and advisory committees.

Mr. Chow graduated with a Bachelor of Science (Honours) from the University of Aston, Birmingham (United Kingdom).

Mr. Sin Hang Boon

Independent Director

Mr Sin joined the Board in June 2003 and was last re-elected as Director on 21st April 2009. 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.

Mr. Vijay Brijendra Chopra

Independent Director

Mr. Vijay B. Chopra was appointed to the Board on 14th October 2009. Mr. Chopra is a Senior International Financier with a robust TMT Executive track record, experienced in origination, structuring, and managing Equity and Debt investments across a wide range of sectors. Mr. Chopra is a veteran in M&A, private and traded equity, as well as in project/leveraged debt financing and loan/bond markets. Mr. Chopra is currently the Chief Executive Officer of Millennium Capital Pte. Ltd. Prior to this current assignment, Mr. Chopra was Managing Director with UBS Bank in Singapore and held senior executive positions in BNP/BNP Paribas/BNP Paribas Peregrine and ABN Amro. Mr. Chopra holds a degree in Masters of Commerce from University of Bombay and is an MBA (Finance) with distinction from University of Hull (UK). He is an Associate of the Institute of Cost and Works Accountants of India and a Certified Associate of the Indian Institute of Bankers.

Mr. Jai Swarup Pathak

Non-Independent & Non-Executive Director

Mr. Jai S. Pathak was appointed to the Board on 14th October 2009. He is currently the Partner-In-Charge of Pacific Asia for Gibson, Dunn & Crutcher LLP. Mr. Pathak has more than 20 years experience in cross-border mergers and acquisitions, takeovers, dispositions, privatisations, joint ventures, licensing, infrastructure development, as well as private equity and structured finance transactions. He has significant experience in the telecommunications, IT, banking, hospitality, oil/gas, pharmaceutical and chemical industries. Mr. Pathak graduated from law school (B.A. (Hons in Jurisprudence)) from Oxford University in 1984 (M.A., 1989) and received his LL.M from the University of Virginia in 1985. Having previously earned his B.A. (Hons.) and M.A. degrees from the University of Delhi and Jawaharlal Nehru University, he is fluent in Hindi. Mr. Pathak currently splits his time between Gibson Dunn's Los Angeles and Singapore offices.

PROPOSED DIRECTORS

Mr. Dilip Modi

will be joining the Board as Director on 30th April, 2010.

Currently Group President Global Operations – Spice Group and Managing Director Spice Televentures, Dilip started his professional career in 1996 working closely with McKinsey to help restructure the BK Modi Group businesses. This led to formation of Spice Corp (formerly Mcorp Global) and its vision to grow in the ICE (Internet, Communications and Entertainment) domain. He has since executed instrumental roles, amalgamating the inherited business acumen with contemporary professionalism to build the Group into a vibrating, energetic business entity with a highly skilled team managing the core and strong businesses forming the periphery.

He built Modi Telstra, India's first cellular service provider, and was later instrumental in divestment of this company through one of the smartest deals. As Chairman-MD of Spice Communications, he developed 'Spice Telecom' into one of the most valuable and enduring brands in Punjab and Karnataka, the two highly profitable mobile markets in India. Over the past five years, Dilip founded and set up Mobility businesses in the areas of Mobile Devices (Spice Mobile), Mobile Value Added Services (Spice Digital) & Mobile Retail (Spice Hotspot), which have since emerged as amongst the leading players in their respective domains in the fast growing Indian mobility landscape.

He is President designate of ASSOCHAM (Associated Chamber of Commerce), one of the leading business chambers of India for the year, starting 2010-11 and is the past Chairman-Cellular Operators Association of India (COAI). Dilip Modi holds a BSc from Brunel University and MBA from Imperial College London.

Mr. S Chandra Das

will be joining the Board as Director on 31st July, 2010.

At present he is the Managing Director of NUR Investment & Trading, Chairman of Southern Africa Investments (a subsidiary of Temasek Holdings) and Director of several other trading and manufacturing companies. He also sits on the board of two public listed companies Nera Telecommunications Ltd and Yeo Hiap Seng Ltd.

He is Singapore's non-resident Ambassador to Turkey, Pro-Chancellor of Nanyang Technological University and Board-Member of the Institute of South Asian Studies.

S Chandra Das has been simultaneously involved in the corporate sector and public/community services for over 4 decades, holding several high profile appointments.

He was a Member of Parliament (1980 to 1996), Chairman-Parliamentary Committee for Defence & Foreign Affairs (1985-90) and Chairman-Parliamentary Committee for Finance, Trade and Industry (1990-91); Chairman-Trade Development Board (1983-86); Chairman-Jurong Shipyard and Jurong Engineering Ltd; Chairman-NTUC Fairprice Co-operative (1993-2005) and Director-CIES Food Forum, Paris (1994-2006).

An economics graduate, Chandra Das has been conferred honorary doctorates in Business (by the University of Newcastle, Australia) and in Commercial Science (by St. John's University, NY).

His efforts across various fields have also earned significant recognition through several awards and citations. These include NTUC's Friend of Labour Award (1979), Meritorious Service Award (1997), Distinguished Service Award (2001) and Distinguished Service (Star) Award (2005); Poland's Golden Cross of Merit (1991), Rochdale Medal by Singapore National Co-operative Federation (1998) and President's Medal by Singapore Australian Business Council (2000).

Dato' Eric Chuah Seong Ling

will be joining the Board as Director on 30th April, 2010.

As an Engineer in Texas Instruments, Kuala Lumpur, he realised that his true interests were rooted in business and finance. Moving on, he founded a small CSL Computer business in Johor in 1998, which has since grown into a large corporate entity.

Today, he is the Founder-Managing Director of CSL Group of Companies, whose activities include manufacturing, trading, after sales/customer care services and third party logistics with a paid up capital of over RM5 million. Since 1998, CSL Group has grown in size, stature and reputation and has been appointed by several renowned hand phone brands as their contract manufacturer.

Today CSL Group of Companies has significant visibility, conspicuous market share and an established distribution network across major ASEAN countries.

Dato' Eric is an Electrical and Electronics Engineering graduate from University Technology Malaysia and a Ph.D in International Marketing from Inter America University, USA. An all round champion sportsman, he has also been a king scout and done Auxiliary Police and Military service. Currently he is a Reserve Military Lieutenant.

He was conferred the "Dato'" title by the Sultan of Pahang, Malaysia in February 2008. In recognition of his contribution and achievements as a young entrepreneur, Dato' Eric Chuah has been awarded Top 10 JCI Creative Young Entrepreneur Award (M) by Junior Chamber International Malaysia (JCI). In 2010 he has won another two awards, they are The 8th Asia Pacific International Honesty Enterprise – Keris Award 2009 which presented by Y.B. Senator Tan Sri Dr. Koh Tsu Koon and MRCA 8TV Entrepreneur Awards – Outstanding Entrepreneurship in 2009 presented by Mr. Lee Hwa Cheng – The President of Malaysia Retail Chains Association.

SENIOR MANAGEMENT

Mr. Maneesh Tripathi
Chief Executive Officer

Maneesh Tripathi was appointed CEO in March 2010, taking over the operational reins of a restructured MediaRing from incumbent Ashok Goyal. He will lead and drive MediaRing business expansion and operations, in line with the Spice i2i vision and stated strategy in mobile internet telephony.

Tripathi brings more than 23 years work experience across 3 continents with several major Multinational Corporations including IBM, Phillips, TCPL, WIPRO and Modi Olivetti. He has been based in Singapore and the Asia Pacific region for a decade in senior executive positions with IBM, before moving on as CEO and Director General of the Global Indian Foundation.

Mr.Tripathi, holds degrees in Engineering (Electronics and Telecommunications) and Management (PGCGM) from the prestigious Indian Institute of Management-Calcutta.

Mr. Avedhesh Kumar Tayal
Chief Financial Officer

Appointed Chief Financial Officer of MediaRing in Oct 2009, Mr. Tayal heads the Corporate Services, which include Accounting, Corporate Finance, Merger & Acquisition activities and the Carrier sales/buying function. He comes from a very strong finance and operations background. He has more than 27 years of experience and has worked with various Companies like Modi Rubber Ltd, Modi Xerox Ltd, Modi Olivetti Ltd, Spice Mobiles Ltd, Spice Communications Ltd, Spice Finance & Advisors Pvt Ltd and Spice Televentures Pvt Ltd at various levels. Before joining MediaRing, Mr. Tayal was working as Vice President – Finance with Spice Televentures Pvt Ltd.

Mr. Tayal graduated from Meerut University, India, with a Bachelor of Commerce (Honors) degree and is a member of the Institute of Chartered Accountants of India.

Mr. Goh Soon Liong
Chief Technology Officer

A founding member, Mr. Goh started work with the company as a Software Developer, working through the ranks and holding various positions within the organisation. He has seen the company grow 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 Chief Technology Officer 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 Sterling in Software Engineering and a Postgraduate Diploma in Telecommunications Software (Data Communications & Networking Software) from Information Communication Institute of Singapore.

Mr. Adrian Tan Boon Leng
Senior Vice President (Retail Sales)

Adrian joined the company in the year 2000 as an Account Manager in i2u Pte Ltd. He worked through the ranks and held various positions within the organisation, and, has been instrumental in the growth of the company's voice business for the past 8 years. Most of his time has been spent on developing new businesses while managing the Middle-East Market. He is responsible for the successful launch of the 1st VoIP calling card service in Bahrain, through a local partnership, and the recent launch of the Mobile Dialer.

Adrian is now the Senior Vice President (Sales), overseeing the company's international businesses in VoIP and Calling Cards. He holds a degree in Bachelor of Science (Honors) in Management from University of London.

Mr. Tan Choon Tee
Senior Vice President (IT & Managed Services)

Choon Tee heads the IT business of MediaRing. He was heading DELTEQ, a local company acquired by MediaRing in Nov 2008. 13.5 years in DELTEQ, he started as a Client Manager for the defence sector. Rising through the ranks, he was appointed General Manager in 2000, and then Senior General Manager in 2004. He was instrumental in leading DELTEQ through turbulent years including an IPO endeavour and the several global crises within the period. He built a trusted branding for DELTEQ in the market, with strong presence in the defence and education sectors. Before joining DELTEQ, Choon Tee spent 6 years in the Army Plans department, driving organisational transformation and development. He now holds the rank of Lieutenant Colonel in National Service. A combat graduate under the SAF Training Award, he holds a Bachelor of Science (Information Systems & Computer Sciences) from NUS and a Graduate Diploma in Marketing from the Marketing Institute of Singapore.

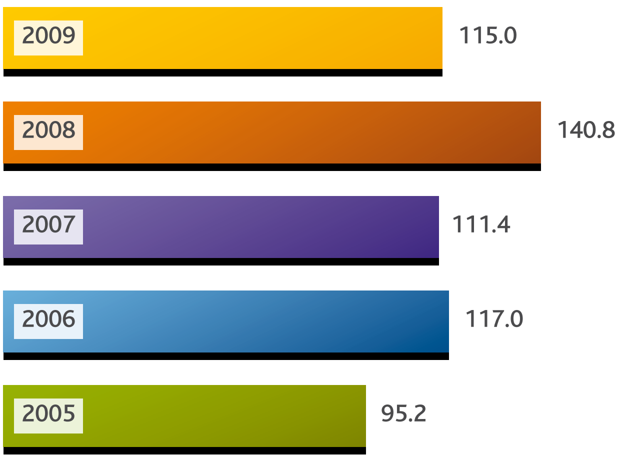
Mr. Kenneth Liew Jau Tze
Senior Vice President (Enterprise Sales)

Kenneth started work with the company as a Senior Director in Business Development, and has launched the first pre-WiMAX ISP, AngkorNet in Cambodia together with the company's JV partner, CDC Data Communications. He was the COO for AngkorNet for a year before he started heading the Enterprise Voice team in the Singapore market. Now, he is the Senior Vice President of Enterprise Sales team which oversees the IDD, ISP and VoIP business for corporates and SMEs in Singapore. Prior to this, Kenneth spent 10 years at Pacific Internet, where he was the VP for Corporate Business Group & Regional Corporate Sales as well as COO for Pacific Internet Malaysia.

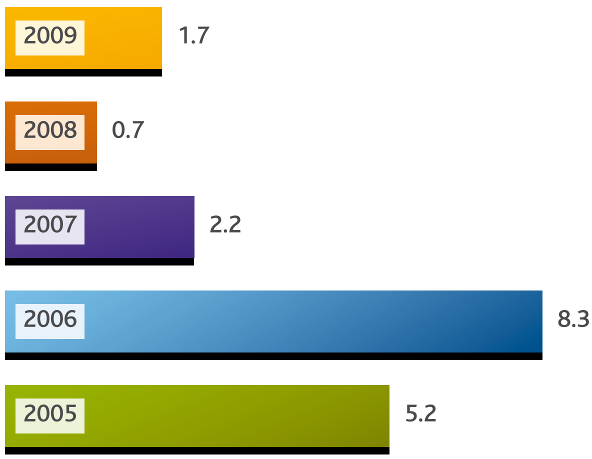
Kenneth holds a Bachelor of Science (Honors) degree in Electrical Engineering from Memorial University of Newfoundland, Canada. He has worked for companies such as Bell Northern Research, Newfoundland Telecom & Newfoundland Hydro in Canada.

FINANCIAL HIGHLIGHTS

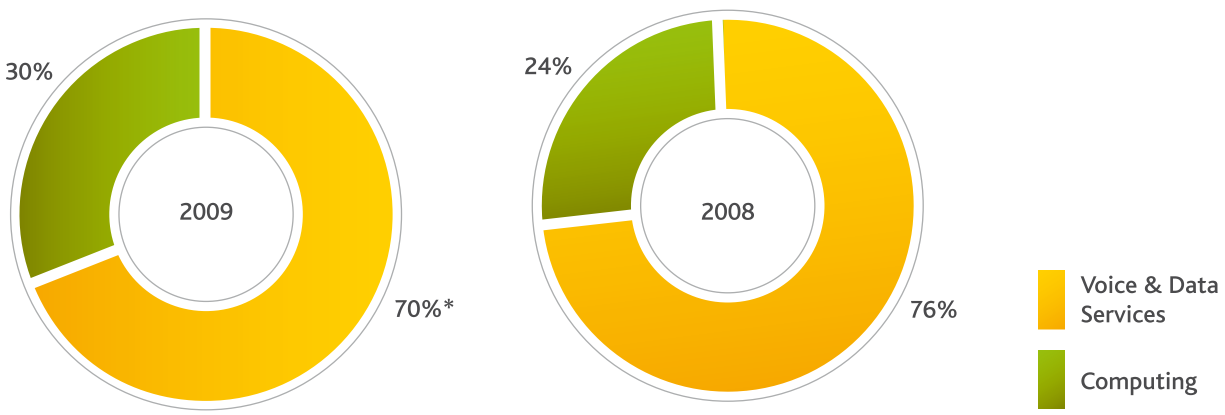
Revenue (5 Years Trend)
US$million



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

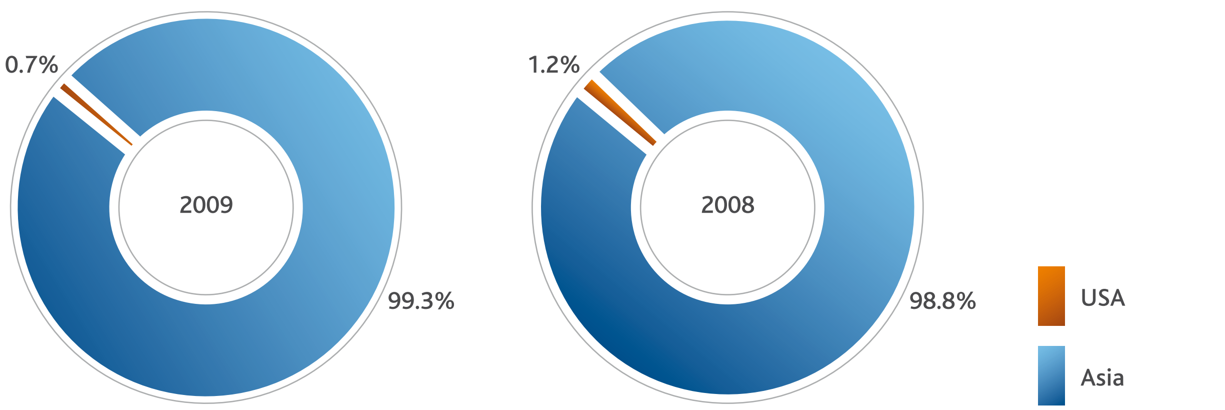


Segmental Revenue



*This includes 6.99% revenue from mobile devices amounting to US$5.59 million.

Geographical Revenue



CORPORATE GOVERNANCE

MediaRing Ltd (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 judgement in the best interest of the Group and the shareholders.

To assist the Board in the discharge of its oversight function, the Board delegates specific responsibilities to various board committees ("Board Committees"), namely the Executive Committee, Audit Committee, Nominating Committee and Remuneration Committee. In addition, a Shareholder Value Enhancement Committee ("SVEC") was established on 31 August 2009. The SVEC is chaired by Dr Bhupendra Kumar Modi and its members comprise Ms Divya Modi, Mr Ashok Kumar Goyal and Mr Thomas Henrik Zilliacus. The SVEC is responsible for exploring and identifying the various strategies that the Company may take in order to help in achieving the enhancement of the shareholders' value. It reviews and assesses any proposed strategies 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 10 Board meetings were held in the financial year ended 31 December 2009 ("FY 2009"), including one to review and approve the 2009 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 numbers of Board and Board Committee meetings held in FY 2009, as well as the attendance of each Board member at these meetings are set out in the table below: -

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Dr Bhupendra Kumar Modi #	4	4	–	–	–	–	–	–
Ashok Kumar Goyal #	4	4	–	–	–	–	–	–
Divya Modi #	4	1	–	–	–	–	–	–
Eileen Tay-Tan Bee Kiew	10	10	5	5	1	1	–	–
Sin Hang Boon	10	9	3	3	2	2	–	–
Lucas Chow Wing Keung	10	4	–	–	–	–	–	–
Thomas Henrik Zilliacus	10	10	3	3	1	1	1	1
Vijay Brijendra Chopra ##	2	2	2	2	1	1	1	1
Jai Swarup Pathak ##	2	1	2	1	1	1	1	1
Walter J Sousa *	6	6	–	–	–	–	–	–
Khaw Kheng Joo *	6	6	–	–	–	–	–	–
Thomas Kalon Ng *	6	4	–	–	–	–	–	–
Koh Boon Hwee **	9	8	–	–	–	–	–	–

Appointed as Directors on 31 August 2009. Total of 4 Board meetings had been held since 31 August 2009.
* Resigned as Directors on 31 August 2009. Total of 6 Board meetings had been held up to their date of resignation.
** Resigned as Director on 14 October 2009. Total of 9 Board meetings had been held up to the date of his resignation.
Appointed as Directors on 14 October 2009. Total of 2 Board, 2 Audit Committee, 1 Remuneration Committee and 1 Nominating Committee meetings had been held since 14 October 2009.

The Company has adopted a set of internal guidelines setting out the authority limits (including Board's approval) for capital and operating expenditure, investments and divestments, bank facilities and cheque signatories. The Company conducts orientation programmes 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 of Directors comprises of nine Directors, five of whom are Independent Directors. The Directors of the Company as at the date of this statement are:

1. Dr Bhupendra Kumar Modi (Non-Executive Chairman)
2. Mr Ashok Kumar Goyal (Executive Director)
3. Ms Divya Modi (Executive Director)
4. Mrs Eileen Tay-Tan Bee Kiew (Independent Director)
5. Mr Sin Hang Boon (Independent Director)
6. Mr Thomas Henrik Zilliacus (Independent Director)
7. Mr Vijay Brijendra Chopra (Independent Director)
8. Mr Lucas Chow Wing Keung (Independent Director)
9. Mr Jai Swarup Pathak (Non-Executive & Non-Independent Director)

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 the Audit Committee, Remuneration Committee and Nominating Committee are majority Independent Directors. The chairpersons of the Board Committees of Audit, Remuneration and Nominating 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 of 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 of Directors who as a group provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge, 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

Dr Bhupendra Kumar Modi is the Non-Executive Chairman of the Company who is involved at the Board level decision-making and charting the corporate direction for the Company while taking advice from the other members of the Board. Mr Ashok Kumar Goyal is the Executive Director and Chief Executive Officer. His role as Executive Director is to focus on shareholders' value enhancement initiatives, M&A activities, strategic setting and so forth. Mr Ashok Kumar Goyal relinquished his role as Chief Executive Officer on March 11, 2010, while continuing as Executive Director and Mr Maneesh Tripathi was appointed as Chief Executive Officer on the same date.

Each of the Chairman and the CEO perform separate functions to ensure that there is an appropriate balance of power, authority and responsibility, and to ensure accountability and Board independence. All major decisions involving the Company are only executed upon approval by a majority of the Board.

The Chairman leads the Board and ensures that the members of the Board work closely 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 the effective communication with shareholders and promotes high standards of disclosure and corporate governance.

The CEO is delegated 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

Nominating Committee

The Company has established a Nominating Committee ("NC") to, among other matters, make recommendations to the Board on all Board appointments and oversees the Company's succession and leadership development plans.

The NC, which is guided by its written terms of reference, comprises the following Directors as at the date of this report:

Mr Thomas Henrik Zilliacus	Independent Director	Chairman
Mr Vijay Brijendra Chopra	Independent Director	Member
Mr Jai Swarup Pathak	Non-Executive & Non-Independent Director	Member
Mr Lucas Chow Wing Keung *	Independent Director	Member

* Mr Lucas Chow Wing Keung will cease as member of the NC upon his retirement as the Director of the Company at the forthcoming Annual General Meeting to be held on 30 April 2010.

All the NC members are Independent Directors except for Mr Jai Swarup Pathak who is a Non-Executive Non-Independent Director. However, the Board believes that Mr Pathak has a deeper understanding on the needs of the Company and is better able to seek and convince a new candidate to join the Board. Nevertheless, it is the Board's goal to have the NC eventually comprise only of 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 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 of the same to the Board. Consideration is given to diversity of experience and appropriate skills as well as to 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 the Director's contribution and performance (such as attendance, preparedness, participation and candour).

In accordance with the Article 104 of the Company's Articles of Association, at least one-third of the Board of Directors shall retire from office by rotation at every Annual General Meeting ("AGM") and each Director is subject to retirement at least once in every three years. Mr Lucas Chow Wing Keung will retire at forthcoming AGM in accordance with the Article 104 of the Company's Articles of Association. The NC and the Board were informed that Mr Lucas Chow Wing Keung who is retiring at the forthcoming AGM will not seek re-election. In connection with this, he will cease as the member of NC upon his retirement as Director of the Company at the forthcoming AGM.

Directors who are newly appointed must submit themselves for re-election at the AGM pursuant to Article 108 of the Company's Articles of Association. Dr Bhupendra Kumar Modi, Ms Divya Modi, Mr Ashok Kumar Goyal, Mr Vijay Brijendra Chopra and Mr Jai Swarup Pathak will retire and be re-elected at the forthcoming AGM in accordance with the Article 108 of the Company's Articles of Association.

Any Director who is more than seventy years of age shall submit himself for retirement and re-appointment by the shareholders at the AGM in accordance with Section 153(6) of the Companies Act, Chapter 50 (the "Act"). Mr Sin Hang Boon is due for retirement and re-appointment pursuant to Section 153(6) of the Act.

The NC meets at least once a year. Additional meetings are scheduled when the Chairman of the NC deems necessary.

The NC is also delegated 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 on a less formal basis via telephone conference and is satisfied that all the Directors have adequately carried out their duties as Directors notwithstanding their multiple board representations.

Key information of the Directors is set out in the following pages of the Annual Report: academic and professional qualifications are set out on pages 24 & 25 of this Annual Report; age, date of first appointment as well as last re-election is set out in the table below.

Name	Age	Position	Date of Last Re-election	Date of Initial Appointment
Dr Bhupendra Kumar Modi	61	Non-Executive Chairman	–	31 August 2009
Ashok Kumar Goyal	52	Executive Director	–	31 August 2009
Divya Modi	26	Executive Director	–	31 August 2009
Eileen Tay-Tan Bee Kiew	57	Independent Director	21 April 2009	2 October 2002
Sin Hang Boon	71	Independent Director	21 April 2009	9 June 2003
Lucas Chow Wing Keung	56	Independent Director	17 April 2007	1 January 2007
Thomas Henrik Zilliacus	56	Independent Director	24 April 2008	28 February 2002
Vijay Brijendra Chopra ##	51	Independent Director	–	14 October 2009
Jai Swarup Pathak ##	50	Non-Executive & Non-Independent Director	–	14 October 2009

Board Performance

Principle 5: Formal 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 contributions by Board members, communication 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 the 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.

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 to 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

Remuneration Committee ("RC")

The RC comprises the following Directors as at the date of this report:

Mr Vijay Brijendra Chopra	Independent Director	Chairman
Mr Sin Hang Boon	Independent Director	Member
Mr Jai Swarup Pathak	Non-Executive & Non-Independent Director	Member

The main responsibilities of the RC, which is guided by its written terms of reference, include:-

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

(ii) reviewing and making recommendation to the Board for endorsement of a framework for remuneration which covers all aspects of remuneration including Directors' fees, salaries, allowances, 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.

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 are subject to the shareholders' approval at the forthcoming 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 Director's 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 2009.

	Fees[5] %	Salary[6] %	Bonus[6] %	Share-based Payment%	Total %
Executive Directors					
S$500,000 and above					
- **Khaw Kheng Joo[1]**	–	108.1	–	-8.1	100.0
S$250,000 to S$499,999	–	–	–	–	–
Below S$250,000					
- **Koh Boon Hwee[2]**	–	100.0	–	–	100.0
- **Walter Sousa[3]**	–	100.0	–	–	100.0
- **Ashok Kumar Goyal**	–	33.7	66.3	–	100.0
- **Dr Bhupendra Kumar Modi**	–	100.0	–	–	100.0
- **Divya Modi**	–	100.0	–	–	100.0
Non Executive Directors					
Below S$250,000					
- **Thomas Henrik Zilliacus**	91.4	–	–	8.6	100.0
- **Eileen Tay-Tan Bee Kiew**	91.1	–	–	8.9	100.0
- **Sin Hang Boon**	90.3	–	–	9.7	100.0
- **Lucas Chow Wing Keung**	100.0	–	–	–	100.0
- **Vijay Brijendra Chopra**	100.0	–	–	–	100.0
- **Jai Swarup Pathak**	100.0	–	–	–	100.0
- **Thomas Kalon Ng[4]**	–	–	–	–	–

1. Resigned as Executive Director and Chief Executive Officer on 31 August 2009
2. Resigned as Non-Executive Director on 14 October 2009
3. Resigned as Non-Executive Chairman on 31 August 2009
4. Resigned as Director on 31 August 2009
5. The Directors' fee amount is based on an accrual basis
6. The salary and bonus amounts are inclusive of employer's CPF

For the financial year ended 31 December 2009, the remuneration of each of the top 5 key executives who are not Directors of the Company was less than S$250,000. The Company believes that given the highly competitive industry conditions coupled with the sensitivity and confidentiality of staff remuneration matters, disclosure of the remuneration of individual executive on a named basis is disadvantageous to its business interests.

There were no employees of the Group who are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S$150,000 during the financial year ended 31 December 2009.

Information on the Group's ESOS, RSP and PSP is set out in the Directors' Report on pages 41 to 46 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 its 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

<u>Audit Committee ("AC")</u>

The AC comprises the following Directors as at the date of this report:

Mrs Eileen Tay-Tan Bee Kiew	Independent Director	Chairperson
Mr Vijay Brijendra Chopra	Independent Director	Member
Mr Jai Swarup Pathak	Non-Executive & Non-Independent Director	Member

The AC has explicit authority to conduct or authorise investigation into any matter within its terms of reference. It has full access to and co-operation by 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 five meetings during the year. The number of the Directors' participation and attendance at the AC meetings held during the FY 2009 can be found on page 30 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 and full-year financial statements and the integrity of financial reporting of the Company;

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

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

(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.

Both the AC and the Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associated companies and were satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Group. Accordingly, the Company has complied with Rule 716 of the Listing Rules of the SGX-ST.

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.

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 Chief Executive Officer 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 LLP as the Company's independent internal auditor to provide an independent resource and perspective to the Board and the AC in respect of the processes and controls that help to mitigate major risks.

The AC is satisfied that PricewaterhouseCoopers LLP 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 communication 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.

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.

(F) RISK MANAGEMENT

[Listing Manual Rule 1207(4)(d)]

The Group does not have a Risk Management Committee. However, the management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The management reviews all significant control policies and procedures and will highlight all significant matters to the AC and Board of Directors.

(G) MATERIAL CONTRACTS

[Listing Manual Rule 1207(8)]

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 CEO, Directors or controlling shareholders and no such material contracts still subsist at the end of the financial year.

(H) DEALINGS IN THE COMPANY'S SECURITIES

[Listing Manual Rule 1207(18)]

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.

FINANCIAL STATEMENTS

CONTENTS

DIRECTORS' REPORT

The Directors are pleased to present their report to the members together with the audited consolidated financial statements of MediaRing Ltd (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2009.

DIRECTORS

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

Dr Bhupendra Kumar Modi	(Chairman) (Appointed on 31 August 2009)
Thomas Henrik Zilliacus	
Eileen Tay-Tan Bee Kiew	
Sin Hang Boon	
Lucas Chow Wing Keung	
Divya Modi	(Appointed on 31 August 2009)
Ashok Kumar Goyal	(Appointed on 31 August 2009)
Vijay Brijendra Chopra	(Appointed on 14 October 2009)
Jai Swarup Pathak	(Appointed on 14 October 2009)

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 are, or one of 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 directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in the shares, share options, performance shares or debentures of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

	Direct interest		Deemed interest	
Name of Director	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
MediaRing Ltd				
Ordinary shares				
Dr Bhupendra Kumar Modi	–	–	248,607,043	278,681,860
Divya Modi	–	–	187,912,767	187,912,767
Thomas Henrik Zilliacus	75,000	600,000	–	–
Eileen Tay-Tan Bee Kiew	226,250	617,523	462,500	462,500
Sin Hang Boon	136,250	455,145	–	–
Options to subscribe for ordinary shares at S$0.0898 per share				
Thomas Henrik Zilliacus	187,355	187,355	–	–
Eileen Tay-Tan Bee Kiew	17,667	–	–	–

DIRECTORS' INTEREST IN SHARES AND DEBENTURES (cont'd)

Name of Director	Direct interest: At the beginning of financial year or date of appointment	Direct interest: At the end of financial year	Deemed interest: At the beginning of financial year or date of appointment	Deemed interest: At the end of financial year
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	–	–	–
Sin Hang Boon	222,752	–	–	–
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	–	–	–
Sin Hang Boon	71,143	–	–	–
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	–	–
Performance shares to be delivered after 2009				
Thomas Henrik Zilliacus	25,000	–	–	–
Eileen Tay-Tan Bee Kiew	25,000	–	–	–
Sin Hang Boon	25,000	–	–	–

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2010.

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 if 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:

Vijay Brijendra Chopra	(Chairman) (Appointed on 19 October 2009)
Sin Hang Boon	
Jai Swarup Pathak	(Appointed on 19 October 2009)

There is no option to subscribe for ordinary shares of the Company pursuant to the 1999 MediaRing Employees' Share Option Scheme as at 31 December 2009.

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.

No other Directors as at 31 December 2009 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.

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 2009 are as follows:

Expiry date	Exercise price (S$)	Number of options
11 January 2010	1.3160	83,532
13 June 2010	0.4032	444,389
28 May 2013	0.0898	187,355
26 April 2014	0.1760	222,752
27 April 2015	0.1356	222,752
27 April 2016	0.3160	300,000
27 April 2016	0.2837	668,256
30 October 2017	0.2360	356,252
27 February 2019	0.0620	1,700,000
		4,185,288

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			
Thomas Henrik Zilliacus	932,859	–	932,859
Eileen Tay-Tan Bee Kiew	821,401	487,273	334,128
Sin Hang Boon	677,023	342,895	334,128

Aggregate options of 130,334,221 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 2,200,000 (2008: Nil). Aggregate options of 31,861,899 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.

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.

OPTIONS (cont'd)

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

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 2009, Nil (2008: Nil) performance shares was granted to independent Non-Executive Directors as part of the incentive plan for independent Non-Executive Directors and key employees. During the financial year, 48,000 (2008: 144,000) performance shares previously granted had lapsed.

AUDIT COMMITTEE

The Audit Committee ("AC") comprises the following two independent Non-Executive Directors and one non-independent and Non-Executive Director:

Eileen Tay-Tan Bee Kiew	(Chairperson)
Jai Swarup Pathak	(Appointed on 19 October 2009)
Vijay Brijendra Chopra	(Appointed on 19 October 2009)

The AC performs the functions set out in the Singapore Companies Act, Cap. 50, 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 2009, as well as the external auditors' report thereon.

The AC held five meetings during the financial year ended 31 December 2009.

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.

DIRECTORS' REPORT

AUDITORS

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

On behalf of the Board of Directors,

Dr Bhupendra Kumar Modi
Director

Ashok Kumar Goyal
Director

23 March 2010

STATEMENT BY DIRECTORS

We, Dr Bhupendra Kumar Modi and Ashok Kumar Goyal, 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 comprehensive income, consolidated statement of changes in equity, and consolidated cash flow statement 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 2009 and 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 23 March 2010.

On behalf of the Board of Directors,

Dr Bhupendra Kumar Modi
Director

Ashok Kumar Goyal
Director

23 March 2010

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MEDIARING LTD

We have audited accompanying financial statements of MediaRing Ltd (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 49 to 120, which comprise the balance sheets of the Group and the Company as at 31 December 2009, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement 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 profit and loss account and balance sheet 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 2009 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

23 March 2010

BALANCE SHEETS

As at 31 December 2009

Amounts in United States dollars unless otherwise stated

	Note	Group		Company	
		2009 $'000	2008 $'000	2009 $'000	2008 $'000
Share Capital and Reserves					
Share capital	3	**168,534**	161,723	**168,534**	161,723
Accumulated losses	4	**(70,268)**	(72,009)	**(76,934)**	(78,317)
Other reserves	5	**(80)**	564	**(80)**	564
Translation reserve	6	**2,951**	2,152	**28**	18
Total Equity		**101,137**	92,430	**91,548**	83,988
Property, plant and equipment	7	**4,563**	5,220	**1,216**	1,964
Intangible assets	8	**18,486**	13,602	**556**	709
Investment in subsidiaries	9	**–**	–	**24,673**	23,125
Investment in associates	10	**463**	445	**479**	679
Investment in long-term bonds and deposits	11	**3,300**	7,906	**3,300**	7,906
Investment securities	12	**3,905**	7,918	**3,905**	7,808
Long-term loans and advances to subsidiaries	13	**–**	–	**1,214**	1,726
Trade debtors, non-current	14	**488**	1,038	**–**	–
Current Assets					
Stocks	15	**7,487**	4,284	**266**	428
Trade debtors, current	14	**16,327**	15,261	**6,866**	1,696
Other debtors and deposits	16	**1,792**	759	**577**	558
Prepayments	17	**4,499**	3,839	**2,378**	2,459
Due from subsidiaries	18	**–**	–	**4,572**	826
Due from associates	18	**28**	1,180	**28**	1,180
Investment in short-term bonds and deposits	11	**4,184**	1,009	**4,184**	1,009
Investment securities	12	**54,688**	–	**54,688**	–
Fixed deposits pledged	19	**147**	954	**–**	–
Cash and cash equivalents	19	**18,338**	62,154	**4,590**	47,789
		107,490	89,440	**78,149**	55,945
Current Liabilities					
Trade creditors		**11,860**	8,594	**6,704**	1,978
Other creditors and accruals	20	**8,619**	11,489	**3,625**	4,665
Deferred revenue		**6,180**	8,609	**2,636**	4,726
Lease obligations, current	21	**1,035**	935	**–**	–
Loans and bank borrowings, current	22	**4,246**	1,380	**–**	–
Due to subsidiaries	18	**–**	–	**8,957**	4,505
Due to associates	18	**22**	–	**22**	–
Tax payable		**376**	254	**–**	–
		32,338	31,261	**21,944**	15,874
Net Current Assets		**75,152**	58,179	**56,205**	40,071
Non-Current Liabilities					
Deferred tax liabilities	23	**1,715**	536	**–**	–
Lease obligations, non-current	21	**834**	1,342	**–**	–
Loans and bank borrowings, non-current	22	**2,671**	–	**–**	–
Net Assets		**101,137**	92,430	**91,548**	83,988

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

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2009

Amounts in United States dollars unless otherwise stated

	Note	Group	
		2009 $'000	2008 $'000
Turnover	24	**114,963**	140,824
Other income	25	**6,807**	1,905
Costs and expenses			
Direct service fees incurred		**(62,596)**	(71,589)
Commissions and other selling expenses		**(25,660)**	(34,127)
Personnel costs	26	**(15,418)**	(16,536)
Infrastructure costs		**(4,049)**	(4,854)
Depreciation of property, plant and equipment	7	**(3,452)**	(4,300)
Amortisation of intangible assets	8	**(1,417)**	(1,423)
Marketing expenses		**(1,931)**	(1,879)
Foreign exchange gain/(loss)		**272**	(817)
Finance costs		**(323)**	(157)
Other expenses	27	**(5,453)**	(6,504)
Share of results of associates		**18**	13
Profit before taxation		**1,761**	556
Taxation	28	**(20)**	121
Profit for the year		**1,741**	677
Profit for the year attributable to:			
Owners of the parent		**1,741**	677
Earnings per share attributable to owners of the parent (cents per share)			
- Basic	29	**0.14**	0.06
- Diluted	29	**0.14**	0.06

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2009

Amounts in United States dollars unless otherwise stated

	Group	
	2009 $'000	2008 $'000
Profit for the year, net of tax	**1,741**	677
Other comprehensive income:		
Foreign currency translation	**799**	476
Net gain/(loss) on available-for-sale financial assets	**34**	(42)
Other comprehensive income for the year, net of tax	**833**	434
Total comprehensive income for the year	**2,574**	1,111
Total comprehensive income attributable to:		
Owners of the parent	**2,574**	1,111

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 2009

Amounts in United States dollars unless otherwise stated

	Attributable to owners of the parent				
	Share capital (Note 3)	Accumulated losses (Note 4)	Other reserves (Note 5)	Translation reserve (Note 6)	Total
	$'000	$'000	$'000	$'000	$'000
2009					
Group					
Balance at 1 January 2009	161,723	(72,009)	564	2,152	92,430
Profit for the year, net of tax	–	1,741	–	–	1,741
Other comprehensive income for the year	–	–	34	799	833
Total comprehensive income for the year	–	1,741	34	799	2,574
Exercise of employee share options	6,811	–	(685)	–	6,126
Value of employee services received	–	–	7	–	7
Balance at 31 December 2009	**168,534**	**(70,268)**	**(80)**	**2,951**	**101,137**
2008					
Group					
Balance at 1 January 2008	160,758	(72,686)	743	1,676	90,491
Profit for the year, net of tax	–	677	–	–	677
Other comprehensive income for the year	–	–	(42)	476	434
Total comprehensive income 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 CASH FLOW STATEMENT

For the year ended 31 December 2009

Amounts in United States dollars unless otherwise stated

	Note	2009 $'000	2008 $'000
Cash flows from operating activities			
Profit before taxation		**1,761**	556
Adjustments for:			
Allowance for doubtful trade debts		**217**	362
Amortisation of intangible assets	8	**1,417**	1,423
Bad debts written-off		**288**	2
Depreciation of property, plant and equipment	7	**3,452**	4,300
Fair value (gain)/loss on structured securities		**(831)**	726
Gain on bargain purchase on provisional basis		**(4,476)**	–
Gain on disposal of property, plant and equipment		**(82)**	(6)
Loss on disposal of an unquoted equity investment		**4**	–
Impairment loss on quoted equity investment		**–**	74
Interest expenses on borrowings		**323**	157
Interest income from bonds, deposits and structured securities		**(910)**	(1,773)
Net loss on disposal of a subsidiary		**–**	198
Property, plant and equipment written off		**57**	23
Share of results of associates		**(18)**	(13)
Share-based payments		**7**	163
Write-back of allowance for doubtful trade debts		**(129)**	(59)
Write-down of stocks		**298**	145
Translation differences		**332**	674
Operating cash flows before working capital changes		**1,710**	6,952
(Increase)/decrease in stocks		**(3,141)**	39
Decrease/(increase) in trade debtors		**810**	(1,156)
Decrease in other debtors and deposits		**35**	871
(Increase)/decrease in prepayments		**(657)**	1,543
Decrease in amount due from associates		**391**	269
Increase in trade creditors		**901**	841
Decrease in other creditors and accruals		**(4,892)**	(519)
Decrease in deferred revenue		**(2,595)**	(489)
Cash flows (used in)/generated from operating activities		**(7,438)**	8,351
Interest paid		**(323)**	(157)
Income tax paid		**(219)**	(677)
Net cash flows (used in)/generated from operating activities		**(7,980)**	7,517

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

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2009

Amounts in United States dollars unless otherwise stated

	Note	2009 $'000	2008 $'000
Cash flows from investing activities			
Interest income received from bonds, deposits and structured securities		**1,050**	1,719
Net cash inflow/(outflow) on acquisition of subsidiary	9	**2,384**	(389)
Net cash outflow on disposal of a subsidiary		**–**	(116)
Proceeds from disposal of investment securities		**105**	–
Proceeds from disposal of property, plant and equipment		**93**	15
Proceeds from redemption of short-term bonds		**300**	–
Proceeds from redemption of long-term bonds		**1,000**	–
Additions to intangible assets		**(284)**	(718)
Purchase of a hybrid instrument		**–**	(4,099)
Purchase of long-term bonds		**–**	(7,145)
Purchase of structured securities		**(49,789)**	(4,500)
Purchase of property, plant and equipment		**(2,757)**	(2,256)
Net cash used in investing activities		**(47,898)**	(17,489)
Cash flows from financing activities			
Decrease in fixed deposits pledged		**807**	3,314
Proceeds from bank borrowings		**5,537**	–
Proceeds from exercise of employee share options		**6,126**	665
(Repayment of obligations)/obligations obtained under finance leases		**(408)**	841
Repayment of bank borrowings		**–**	(4,281)
Net cash generated from financing activities		**12,062**	539
Net decrease in cash and cash equivalents		**(43,816)**	(9,433)
Cash and cash equivalents at beginning of year		**62,154**	71,587
Cash and cash equivalents at end of year	19	**18,338**	62,154

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 2009

1. CORPORATE INFORMATION

The financial statements of MediaRing Ltd (the "Company") for the year ended 31 December 2009 were authorised for issuance in accordance with a Directors' resolution dated 23 March 2010.

The Company is a limited liability company, which is domiciled and incorporated in Singapore. The address of the Company's registered office and principal place of business 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, distribution of telecommunication handset, design and marketing of telecommunication software. The principal activities of the subsidiaries are disclosed in Note 9 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity 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 as disclosed in the accounting policies below.

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 2009, the Group and the Company adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 *Presentation of Financial Statements (Revised)*
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements* – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 *Share-based Payment* – Vesting Conditions and Cancellations
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and Measurement* – Embedded Derivatives
- INT FRS 118 *Transfers of Assets from Customers*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Changes in accounting policies (cont'd)

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

The adoption of these standards and interpretations did not have any significant impact to the Group and the Company, except for FRS 1, FRS 107 and FRS 108 as indicated below.

FRS 1 *Presentation of Financial Statements* – Revised Presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition, the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 36 and Note 35 to the financial statements respectively.

FRS 108 *Operating Segments*

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 *Segment Reporting*. Additional disclosures about each of the segments are shown in Note 33, including revised comparative information.

(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:

Description			Effective for annual periods beginning on or after
FRS 24	:	Related Party Disclosures (Revised)	1 January 2011
FRS 27	:	Consolidated and Separate Financial Statements – Amendments Relating to Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate	1 July 2009
FRS 32	:	Amendment to Financial instruments: Presentation – Amendment relating to Classification of Rights Issues	1 February 2010
FRS 39	:	Financial Instruments: Recognition and Measurement – Amendments relating to Eligible Hedged Items	1 July 2009
FRS 102	:	Share-based Payment – Amendments relating to Group Cash-settled Share-based Payment Transactions	1 January 2010
FRS 103	:	Business Combinations	1 July 2009
INT FRS 114	:	FRS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirements	1 January 2011
INT FRS 117	:	Distributions of Non-cash Assets to Owners	1 July 2009
INT FRS 119	:	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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)

Description	Effective for annual periods beginning on or after
Improvements to FRSs issued in 2009	
- Amendments to FRS 38 *Intangible Assets*	1 July 2009
- Amendments to FRS 102 *Share-based Payment*	1 July 2009
- Amendments to FRS 108 *Operating Segments*	1 July 2009
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives*	1 July 2009
- Amendments to INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*	1 July 2009
- Amendments to FRS 1 *Presentation of Financial Statements*	1 January 2010
- Amendments to FRS 7 *Statement of Cash Flows*	1 January 2010
- Amendments to FRS 17 *Leases*	1 January 2010
- Amendments to FRS 36 *Impairment of Assets*	1 January 2010
- FRS 39 *Financial Instruments: Recognition and Measurement*	1 January 2010
- Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2010
- Amendments to FRS 108 *Operating Segments*	1 January 2010

The Directors expect that the adoption of the above FRS and INT FRS will have no material impact to the financial statements in the period of initial application, except for the revised FRS 103 and the amendments to FRS 27 as indicated below.

Revised FRS 103 *Business Combinations* and Amendments to FRS 27 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 *Statement of Cash Flows*, FRS 12 *Income Taxes*, FRS 21 *The Effects of Changes in Foreign Exchange Rates*, FRS 28 *Investments in Associates* and FRS 31 *Interests in Joint Ventures*. The changes from revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group and the Company do not intend to early adopt.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 2009 are approximately $4,563,000 and $1,216,000 (2008: $5,220,000 and $1,964,000) respectively. 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 other than goodwill 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 other than goodwill at 31 December 2009 are approximately $7,462,000 and $556,000 (2008: $2,840,000 and $709,000) respectively. 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.

- **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 2009 is approximately $182,000 (2008: $860,000). 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 the following 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Significant accounting estimates and judgements (cont'd)

(b) Critical judgement made in applying accounting policies (cont'd)

- **Development costs**

  Development costs are capitalised in accordance with the accounting policy in Note 2.8(b)(iii). Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The carrying amount of development costs capitalised at the balance sheet date was $151,000 (2008: $Nil).

- **Fair value of financial instruments**

  Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. The valuation of financial instruments is described in more detail in Note 36.

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) Basis 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 to like transactions and events in similar circumstances.

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

Acquisitions of subsidiaries are accounted for by applying 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 as income in the income statement on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An 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. Goodwill relating to associate is included in the carrying amount of the investment. 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 results of the associate in the period in which the investment is acquired.

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 its associate. The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

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

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

2.6 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 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 operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Functional and foreign currency (cont'd)

(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 rate of exchange ruling at that balance sheet date; and

- Statement of comprehensive income 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 taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in the income statement.

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 less accumulated depreciation and 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 and adjusted prospectively, if appropriate, 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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated from the acquisition date, 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.

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.

(b) Other 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. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the income statement through the 'amortisation of intangible assets' line item.

Intangible assets with indefinite useful lives or not yet available for use 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 intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Intangible assets (cont'd)

(b) Other intangible assets (cont'd)

(i) 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 6 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.

(ii) 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.

(iii) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development. Deferred development costs have a finite useful life and are amortised over the period of 3 years from the completion of the related project on a straight line basis.

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.

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 had been recognised directly in other comprehensive income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Financial assets (cont'd)

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

Financial assets held for trading are classified as financial assets at fair value through profit or loss. Financial assets held for trading are financial assets acquired principally for the purpose of selling 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.

(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 in other comprehensive income, 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 other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 Impairment of financial assets (cont'd)

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

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.

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.

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 estimated cost of completion and the estimated costs necessary to make the sale.

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

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. The accounting policy for this category of financial liabilities is stated in Note 2.20.

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 (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources 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 appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

2.18 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants related to income are recognised in the income statement on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. They are presented as a credit in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.19 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 capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

The Group recognises other borrowing costs as an expense in the period in which it incurs them.

2.20 Financial liabilities

Financial liabilities within the scope of FRS 39 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.

For financial liabilities other than derivatives, gains and losses are recognised in the income statement when the liabilities are derecognised, 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.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or asset or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inceptions deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.21 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 – as lessee

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.

2.22 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 expected to be generated by the asset 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 written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 measured 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Revenue recognition

Revenue of the Group comprises fees earned from telecommunication and ISP services rendered, sale of software licences, distribution of telecommunication handset 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 operating 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. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised.

(a) Voice and Data 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.

- Revenue from the supply of telecommunication handset 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 good sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs of the possible return of goods.

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

(b) Computing

- 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.

(c) Others

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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. In particular, the Singapore companies in the Group makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the 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 and/or service conditions are satisfied. The employee share-based payment reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share-based payment reserve is transferred to share capital if new shares are issued.

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.

Current taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside the income statement, either in other comprehensive income or directly in equity.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.25 Income tax (cont'd)

(b) Deferred tax (cont'd)

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled 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, 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 except:

- where the deferred income tax asset relating to the deductible temporary difference 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 deductible temporary differences associated with investments in subsidiaries and associates, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 by the balance sheet date.

Deferred income tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income 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.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

(a) Operating Segments

The main operating segments of the Group are:

- Voice and Data 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, Mobile VoIP 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;
  (vi) Technology Licensing that offers connectivity and interoperability solutions to telecommunication carriers and wholesale clearing houses;
  (vii) 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;
  (viii) Provide internet infrastructure, e-business applications consulting, project management and systems support services; and
  (ix) Sale and distribution of telecommunication handset.

- Computing, comprising:

  (i) Supply, rental, maintenance and servicing of computer hardware and peripheral equipment;
  (ii) Systems integration service related to computer equipment and peripherals, storage systems and networking products;
  (iii) 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 operating segments.

(b) Geographical Information

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.

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group.

3. SHARE CAPITAL

	Group and Company	
	2009 $'000	2008 $'000
Issued and fully paid up:		
Balance at 1 January		
- 1,202,990,947 (2008: 1,193,502,367) ordinary shares	**161,723**	160,758
Exercise of employee share options		
- 65,374,808 (2008: 9,488,580) ordinary shares	**6,126**	666
Transfer from employee share-based payment reserve	**685**	299
Balance at 31 December		
- 1,268,365,755 (2008: 1,202,990,947) ordinary shares	**168,534**	161,723

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 restrictions. The ordinary shares have no par value.

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 of the Group.

4. ACCUMULATED LOSSES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Opening balance at 1 January	**(72,009)**	(72,686)	**(78,317)**	(75,743)
Profit/(loss) for the year	**1,741**	677	**1,383**	(2,574)
Closing balance at 31 December	**(70,268)**	(72,009)	**(76,934)**	(78,317)

5. OTHER RESERVES

	Group and Company	
	2009 $'000	2008 $'000
Fair value adjustment reserve	**(42)**	(76)
Employee share-based payment reserve	**182**	860
Less: Share issue cost	**(220)**	(220)
Total other reserves	**(80)**	564

5. OTHER RESERVES (cont'd)

(a) Fair value adjustment reserve

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

	Group and Company	
	2009 **$'000**	**2008** **$'000**
Opening balance at 1 January	**(76)**	(34)
Net change in the reserve	**34**	(42)
Closing balance at 31 December	**(42)**	(76)
Net change in the reserve arises from:		
- net gain/(loss) on fair value changes during the year	**34**	(118)
- recognised in the income statement: impairment loss on quoted equity investment	**–**	76
Closing balance at 31 December	**34**	(42)

(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	
	2009 **$'000**	**2008** **$'000**
Opening balance at 1 January	**860**	997
Transfer to share capital	**(685)**	(299)
Value of employee services received	**7**	162
Closing balance at 31 December	**182**	860

6. TRANSLATION RESERVE

	Group		Company	
	2009 **$'000**	**2008** **$'000**	**2009** **$'000**	**2008** **$'000**
Opening balance at 1 January	**2,152**	1,676	**18**	43
Net effect of exchange differences	**799**	476	**10**	(25)
Closing balance at 31 December	**2,951**	2,152	**28**	18

7. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and fittings	Computer equipment	Office equipment	Motor vehicles	Leasehold improvements	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Cost						
At 1 January 2008	815	24,245	513	57	165	25,795
Additions	20	2,199	37	–	–	2,256
Arising from acquisition of a subsidiary	818	614	259	46	–	1,737
Arising from disposal of a subsidiary	(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 and 1 January 2009	922	21,147	660	54	150	22,933
Additions	17	2,735	5	–	–	2,757
Arising from acquisition of a subsidiary (Note 9)	2	48	–	–	–	50
Disposals/write-offs	(84)	(2,618)	(126)	(39)	(145)	(3,012)
Net exchange differences	12	250	2	–	–	264
At 31 December 2009	**869**	**21,562**	**541**	**15**	**5**	**22,992**
Accumulated depreciation						
At 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	815	580	259	46	–	1,700
Arising from disposal of a subsidiary	(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 and 1 January 2009	807	16,092	611	54	149	17,713
Depreciation charge for the year	81	3,348	23	–	–	3,452
Arising from acquisition of a subsidiary (Note 9)	–	19	–	–	–	19
Disposals/write-offs	(83)	(2,557)	(121)	(39)	(145)	(2,945)
Net exchange differences	13	176	1	–	–	190
At 31 December 2009	**818**	**17,078**	**514**	**15**	**4**	**18,429**
Net carrying amount						
At 31 December 2008	115	5,055	49	–	1	5,220
At 31 December 2009	**51**	**4,484**	**27**	**–**	**1**	**4,563**

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 $731,000 (2008: $461,000) by means of a finance lease.

The carrying amount of property, plant and equipment held under finance lease as at 31 December 2009 was $1,154,000 (2008: $1,267,000). The leased asset is pledged as security for the related finance liability.

	Furniture, fixtures and fittings	Computer equipment	Office equipment	Total
	$'000	$'000	$'000	$'000
Company				
Cost				
At 1 January 2008	285	6,236	310	6,831
Additions	–	762	18	780
Disposals	(57)	(41)	–	(98)
At 31 December 2008 and 1 January 2009	228	6,957	328	7,513
Additions	–	349	3	352
Disposals	–	(25)	(4)	(29)
At 31 December 2009	**228**	**7,281**	**327**	**7,836**
Accumulated depreciation				
At 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 and 1 January 2009	186	5,059	304	5,549
Depreciation charge for the year	24	1,058	11	1,093
Disposals	–	(21)	(1)	(22)
At 31 December 2009	**210**	**6,096**	**314**	**6,620**
Net carrying amount				
At 31 December 2008	42	1,898	24	1,964
At 31 December 2009	**18**	**1,185**	**13**	**1,216**

8. INTANGIBLE ASSETS

	Goodwill	Licensing, patents and trademarks	Customer contracts	Order backlog	Customer relationship	Deferred development costs	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group							
Cost							
At 1 January 2008	11,777	4,080	1,681	476	957	–	18,971
Additions	–	718	–	–	–	–	718
Arising from acquisition of a subsidiary	1,089	–	–	–	518	–	1,607
Arising from disposal of a subsidiary	(2,130)	(3,062)	–	–	–	–	(5,192)
Reclassification	–	185	–	–	–	–	185
Net exchange differences	26	(15)	–	–	16	–	27
At 31 December 2008 and 1 January 2009	10,762	1,906	1,681	476	1,491	–	16,316
Additions	–	133	–	–	–	151	284
Arising from acquisition of a subsidiary (Note 9)	–	26	5,772	–	–	–	5,798
Adjustment to intangible assets arising from acquisition of a subsidiary in the prior year	(13)	–	–	–	(40)	–	(53)
Net exchange differences	275	9	–	–	11	–	295
At 31 December 2009	**11,024**	**2,074**	**7,453**	**476**	**1,462**	**151**	**22,640**
Analysis of accumulated amortisation and impairment							
At 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	(2,130)	(3,061)	–	–	–	–	(5,191)
Reclassification	–	116	–	–	–	–	116
Net exchange differences	–	(17)	(43)	–	2	–	(58)
At 31 December 2008 and 1 January 2009	–	1,136	840	297	441	–	2,714
Amortised during the year	–	416	337	179	485	–	1,417
Arising from acquisition of a subsidiary (Note 9)	–	6	–	–	–	–	6
Net exchange differences	–	8	–	–	9	–	17
At 31 December 2009	**–**	**1,566**	**1,177**	**476**	**935**	**–**	**4,154**
Net Carrying Amount							
At 31 December 2008	10,762	770	841	179	1,050	–	13,602
At 31 December 2009	**11,024**	**508**	**6,276**	**–**	**527**	**151**	**18,486**

8. INTANGIBLE ASSETS (cont'd)

The remaining amortisation periods as at 31 December 2009 range between 1 to 3 years for licensing, patents and trademarks, 1 to 5 years for customer contracts, 1 to 2 years for customer relationship and 3 years for deferred development costs.

(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 2009 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	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**	**2009 $'000**	**2008 $'000**
Group								
Goodwill	**3,997**	3,899	**5,884**	5,741	**1,143**	1,122	**11,024**	10,762

(b) 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		Delteq	
	2009	**2008**	**2009**	**2008**	**2009**	**2008**
Growth rates	**1.0%**	1.0%	**1.0%**	1.0%	**1.0%**	–
Pre-tax discount rates	**10.9%**	9.8%	**8.6%**	9.0%	**8.6%**	–

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.

8. INTANGIBLE ASSETS (cont'd)

(b) Basis of impairment assessment (cont'd)

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	Deferred development costs	Total
	$'000	$'000	$'000
Company			
Cost			
At 1 January 2008	853	–	853
Additions	693	–	693
At 31 December 2008 and 1 January 2009	1,546	–	1,546
Additions	61	151	212
At 31 December 2009	**1,607**	**151**	**1,758**
Analysis of accumulated amortisation			
At 1 January 2008	473	–	473
Amortised during the year	364	–	364
At 31 December 2008	837	–	837
Amortised during the year	365	–	365
At 31 December 2009	**1,202**	**–**	**1,202**
Net Carrying Amount			
At 31 December 2008	709	–	709
At 31 December 2009	**405**	**151**	**556**

9. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries comprise:

	Company	
	2009 $'000	2008 $'000
Unquoted equity shares, at cost	**42,596**	41,481
Less: Impairment losses	**(17,923)**	(18,356)
Carrying amount after impairment losses	**24,673**	23,125

9. INVESTMENT IN SUBSIDIARIES (cont'd)

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 2009 %	2008 %
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 [(e)]	To market and sell ISP services	Singapore	**100**	100
Cavu Corp Pte Ltd [(e)]	To supply, rent, maintain and service computer hardware and peripheral equipment	Singapore	**100**	100
Bharat IT Services Limited [(i)]	To supply, rent, maintain and service computer hardware	India	**100**	–
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

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2009 %	2008 %
Held by subsidiaries (cont'd)				
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**	100
Held by Peremex Pte Ltd				
Peremex Computer Systems Private Limited [j]	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
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**	100
Delteq Systems (M) Sdn Bhd [h]	To market computer software and render computer related services	Malaysia	**100**	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**	100

9. INVESTMENT IN SUBSIDIARIES (cont'd)

[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 (2008: S$2).

[d] Cost of investment is RM2 (2008: 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] Audited by Gupta Garg & Agrawal, India.

[j] The Group has put on hold the liquidation of Peremex Computer Systems Private Limited during the financial year.

Acquisition of a subsidiary

On 3 December 2009, the Company effectively acquired 100% of the voting shares in Bharat IT Services Limited, an Indian-based IT-infrastructure services provider.

In 2009, 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	Carrying amount before combination
	$'000	$'000
Property, plant and equipment (Note 7)	31	31
Intangible assets (Note 8)	5,792	20
Stocks	353	353
Trade debtors	1,382	1,382
Other debtors and prepayments	643	643
Cash and cash equivalents	3,500	3,500
Total assets	11,701	5,929
Trade creditors	2,365	2,365
Other creditors and accruals	2,197	2,197
Tax payable	239	239
Deferred tax liabilities on fair value adjustment	1,308	–
Total liabilities	6,109	4,801
Net identifiable assets	5,592	1,128
Gain on bargain purchase on provisional basis	(4,476)	
	1,116	
Cost of acquisition:		
Cash paid for purchase consideration	1,116	
Cash outflow on acquisition:		
Cash paid	(1,116)	
Net cash acquired with the subsidiary	3,500	
Net cash inflow on acquisition	2,384	

9. INVESTMENT IN SUBSIDIARIES (cont'd)

Acquisition of a subsidiary (cont'd)

Licensing, patents and trademarks and customer contracts have been identified as intangible assets arising from their acquisition. The Group has engaged an external valuer to determine the fair value of the intangible assets. As at 31 December 2009, the fair value of the intangible assets amounting to $5,792,000 has been determined on a provisional basis as the results of the external valuation had not been received by the date the financial statements were authorised for issue. The fair value assessment by the 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 2010 financial statements.

Impact of acquisition on the income statement

From the date of acquisition, the acquired subsidiary has contributed a net profit of $2,000 to the net profit of the Group. 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	7,247
Profit for the year, increased by	248

Adjustments to initial accounting for acquisitions that were determined provisionally in 2008

The purchase price allocation of the acquisitions of Delteq Pte Ltd and its subsidiaries in the financial year ended 31 December 2008 that were provisionally determined has been finalised in 2009. The finalised purchase price allocation showed that the fair values of intangible assets and deferred tax liabilities as at the date of acquisition were $479,000 and $81,000 respectively. The value of intangible assets and deferred tax liabilities decreased by $39,000 and $51,000 respectively. There was also a corresponding decrease in goodwill of $12,000, to give a total goodwill arising from the acquisition of $1,077,000.

10. INVESTMENT IN ASSOCIATES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Unquoted shares, at cost	**479**	679	**479**	679
Share of post-acquisition reserves	**(16)**	(234)	**–**	–
Carrying amount of investments	**463**	445	**479**	679

10. INVESTMENT IN ASSOCIATES (cont'd)

Name	Principal activities	Country of incorporation and place of business	Percentage of equity interest held by the Group 2009 %	2008 %
Directly held by the Company				
(Cambodia) Data Communication Co. Ltd	To provide internet access and Very Small Aperture Terminal ("VSAT") services	Cambodia	**–**	40.0
MediaRing Africa Ltd	To market and sell telecommunication services	Hong Kong	**40.0**	40.0
Vipafone (Proprietary) Ltd	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 is as follows:

	2009 $'000	2008 $'000
Assets and liabilities:		
Current assets	**619**	1,722
Non-current assets	**637**	2,146
Total assets	**1,256**	3,868
Current liabilities	**(169)**	(1,149)
Non-current liabilities	**–**	(1,908)
Total liabilities	**(169)**	(3,057)
Results:		
Revenue	**344**	3,160
Profit for the year	**57**	52

10. INVESTMENT IN ASSOCIATES (cont'd)

Disposal of an associate

During the financial year, the Group disposed off the investment in (Cambodia) Data Communication Co. Ltd. The 200,000 shares were sold for a cash consideration of $200,000, for which no gain/(loss) has been recognised in the income statement.

The above gross summarised information of the Group's associates excludes the gross summarised information of (Cambodia) Data Communication Co. Ltd for the whole year.

Unrecognised share of losses of associates

The Group has not recognised its share of the current year profit of $5,000 (2008: $Nil) relating to Vipafone (Proprietary) Limited as the Group's cumulative share of unrecognised losses with respect to that associate was $3,000 (2008: $8,000) at the balance sheet date. The Group has no obligation in respect of these losses.

11. INVESTMENT IN BONDS AND DEPOSITS

	Group and Company	
	2009 $'000	**2008 $'000**
Current		
Held-to-maturity financial assets		
- Quoted bonds	**4,184**	–
Loans and receivables financial assets		
- Short-term deposits	**–**	1,009
Investment in short-term bonds and deposits	**4,184**	1,009
Non-current		
Held-to-maturity financial assets		
- Quoted bonds	**3,300**	7,622
Loans and receivables financial assets		
- Long-term deposits	**–**	284
Investment in long-term bonds and deposits	**3,300**	7,906
Investment in bonds and deposits	**7,484**	8,915

Investment in bonds and deposits are denominated in USD.

Quoted bonds mature within 2 years (2008: within 2 years to 3 years) from the financial year end. Interest is ranging from 4.824% to 5.950% (2008: 4.824% to 5.950%) per annum, which is also the effective interest rate.

Long-term deposits have been fully redeemed during the financial year.

12. INVESTMENT SECURITIES

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Designated at fair value through profit or loss				
- Structured securities	**4,531**	–	**4,531**	–
Held for trading investment				
- Structured securities	**50,157**	–	**50,157**	–
	54,688	–	**54,688**	–
Non-current				
Available-for-sale financial assets				
- Quoted equity investment	**148**	102	**148**	102
- Unquoted equity investment, at cost less impairment loss	**–**	110	**–**	–
Designated at fair value through profit or loss				
- Hybrid instrument	**3,757**	3,932	**3,757**	3,932
- Structured securities	**–**	3,774	**–**	3,774
Investment in long-term securities	**3,905**	7,918	**3,905**	7,808
Total investment in securities	**58,593**	7,918	**58,593**	7,808

The hybrid instrument relates to a 5 years 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 1 year (2008: 2 years) from the financial year end. Interest is ranging from 0% to 5.29% (2008: 4.32% to 5.29%) per annum, which is also the effective interest rate. The Group intend to hold the structured securities to maturity.

13. LONG-TERM LOANS AND ADVANCES TO SUBSIDIARIES

	Company	
	2009 $'000	2008 $'000
Long-term loans and advances treated as part of net investment in subsidiaries	**37,634**	38,010
Less: Allowance for doubtful loans and advances to subsidiaries	**(36,420)**	(36,284)
	1,214	1,726

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

14. TRADE DEBTORS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Non-current				
Lease receivables	**563**	1,183	**–**	–
Less: Unearned finance income	**(75)**	(145)	**–**	–
	488	1,038	**–**	–
Current				
Trade debtors	**11,232**	15,575	**1,388**	1,916
Amount due from a related party	**5,586**	–	**5,586**	–
Less: Allowance for impairment	**(827)**	(805)	**(108)**	(220)
	15,991	14,770	**6,866**	1,696
Lease receivables	**409**	537	**–**	–
Less: Unearned finance income	**(73)**	(46)	**–**	–
	16,327	15,261	**6,866**	1,696
Total trade debtors	**16,815**	16,299	**6,866**	1,696

During the financial year, the Group and the Company wrote back allowance of $129,000 (2008: $59,000) and $27,000 (2008: $24,000) 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 $25,000 (2008: $2,000) and $Nil (2008: $2,000) respectively.

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.

Amount due from a related party is trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash.

Debtors that are past due but not impaired

The Group and the Company have trade debtors amounting to $5,283,000 (2008: $6,679,000) and $985,000 (2008: $1,263,000) 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade debtors past due for:				
Less than 30 days	**2,691**	3,693	**587**	1,050
30 to 60 days	**1,137**	935	**261**	78
61 to 90 days	**746**	693	**123**	84
More than 90 days	**709**	1,358	**14**	51
	5,283	6,679	**985**	1,263

14. TRADE DEBTORS (cont'd)

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.

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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade debtors – nominal amounts	**45**	20	**782**	2,389
Less: Allowance for impairment	**(45)**	(15)	**(782)**	(790)
	–	5	**–**	1,599
Movement in allowance accounts:				
At 1 January	**15**	72	**790**	933
Charge for the year	**61**	25	**156**	337
Arising from acquisition of a subsidiary	**–**	–	**49**	–
Arising from disposal of a subsidiary	**–**	(45)	**–**	(7)
Write-back	**(31)**	(36)	**(98)**	(23)
Write-off	**–**	(2)	**(129)**	(442)
Exchange differences	**–**	1	**14**	(8)
At 31 December	**45**	15	**782**	790

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% (2008: 3.3%) per annum.

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

	Minimum lease payments receivable	Present value of payments receivable	Minimum lease payments receivable	Present value of payments receivable
	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Group				
Not later than one year	**409**	**336**	537	491
Later than one year but not later than five years	**563**	**488**	1,183	1,038
Total minimum lease payments receivable	**972**	**824**	1,720	1,529
Less : Amounts representing finance incomes	**(148)**	**–**	(191)	–
Present value of minimum lease payments receivable	**824**	**824**	1,529	1,529

15. STOCKS

During the financial year, stocks recognised as an expense in the income statement under the line item "Direct service fees incurred" were $33,123,000 (2008: $25,456,000) and $5,581,000 (2008: $449,000) for the Group and the Company respectively.

During the financial year, the Group and the Company wrote down stocks amounting to $391,000 (2008: $145,000) and $49,000 (2008: $61,000) respectively.

During the financial year, the Group and the Company reversed write-down of stocks amounting to $93,000 (2008: $Nil) and $Nil (2008: $Nil) 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	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Other debtors	**1,164**	124	**317**	110
Deposits	**303**	390	**72**	220
Interest receivables	**325**	245	**188**	228
	1,792	759	**577**	558

17. PREPAYMENTS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Prepaid selling expenses	**1,151**	2,099	**1,088**	1,929
Other prepaid expenses	**3,348**	1,740	**1,290**	530
	4,499	3,839	**2,378**	2,459

18. DUE FROM/(TO) SUBSIDIARIES AND ASSOCIATES

Amounts due from subsidiaries to the Company are stated after deducting allowance for impairment of $9,936,000 (2008: $10,019,000).

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, except for loans from subsidiaries which bear interest at 3.5% per annum.

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Fixed deposits	**6,356**	52,037	**2,379**	42,529
Cash and bank balances	**12,129**	11,071	**2,211**	5,260
	18,485	63,108	**4,590**	47,789
Less: Fixed deposits pledged	**(147)**	(954)	**–**	–
	18,338	62,154	**4,590**	47,789

Fixed deposits with financial institutions mature on varying periods within 1 week to 24 months (2008: 1 month to 3 months) from the financial year end. Interest is at rates ranging from 0% to 8.00% (2008: 0.12% to 3.73%) 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 0.05% (2008: 0% to 1.00%) per annum.

Fixed deposits of $147,000 (2008: $954,000) are pledged as security for trust receipt, bank guarantees, standby letters of credit and other bank services.

20. OTHER CREDITORS AND ACCRUALS

	Group		Company	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Amounts due to related parties	**1,259**	–	**–**	–
Other creditors	**1,194**	1,325	**675**	829
Accrued operating expenses	**5,975**	9,916	**2,864**	3,717
Deposits received	**191**	248	**86**	119
	8,619	11,489	**3,625**	4,665

Amounts due to related parties are non-trade in nature, repayable on demand, unsecured, interest-free and are to be settled in cash.

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% (2008: 2.5%) per annum.

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

	Minimum lease payments	Present value of payments	Minimum lease payments	Present value of payments
	2009 $'000	2009 $'000	2008 $'000	2008 $'000
Group				
Not later than one year	**1,114**	**1,035**	1,037	935
Later than one year but not later than five years	**908**	**834**	1,463	1,342
Total minimum lease payments	**2,022**	**1,869**	2,500	2,277
Less : Amounts representing finance charges	**(153)**	**–**	(223)	–
Present value of minimum lease payments	**1,869**	**1,869**	2,277	2,277

22. LOANS AND BANK BORROWINGS

	Group	
	2009 $'000	2008 $'000
Current		
Trust receipts	**3,353**	1,380
5% per annum fixed rate SGD bank loan	**893**	–
Total short term loans and bank borrowings	**4,246**	1,380
Non-current		
5% per annum fixed rate SGD bank loan	**2,671**	–
Total long term loans and bank borrowings	**2,671**	–
Total loans and bank borrowings	**6,917**	1,380

As at 31 December 2009, the loan is secured by corporate guarantees given by the Company. Repayment is made on a monthly basis over a period of 48 months.

At 31 December 2009, the outstanding trust receipts which are repayable within 1 year from the financial year end have effective interest rates of 6.0% to 7.5% per annum, and are secured by way of corporate guarantees given by the Company and two subsidiaries.

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

23. DEFERRED TAX LIABILITIES

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Differences in depreciation for tax purposes	**(250)**	(130)	**109**	(150)
Fair value adjustments on acquisition of subsidiaries	**(1,435)**	(406)	**(148)**	(183)
Reduction in tax rate	**(30)**	–	**(30)**	–
	(1,715)	(536)	**(69)**	(333)
Deferred income tax credit (Note 28)			**(69)**	(333)

Out of $148,000 (2008: $183,000) relating to fair value adjustments on acquisition of subsidiaries, $148,000 (2008: $183,000) relates to the realisation of deferred tax on the recognition of amortisation during the financial year.

24. TURNOVER

Turnover comprises the following:

	Group	
	2009 $'000	2008 $'000
Voice & Data Services	**79,930**	107,613
Computing	**35,033**	33,211
	114,963	140,824

25. OTHER INCOME

	Group	
	2009 $'000	2008 $'000
Gain on bargain purchase on provisional basis	**4,476**	–
Interest income:		
- bonds and long-term deposits	**570**	220
- fixed deposits	**273**	1,416
- bank balances	**–**	26
- structured securities	**21**	72
- others	**46**	39
Fair value gain on structured securities	**1,126**	–
Others	**295**	132
	6,807	1,905

26. PERSONNEL COSTS

	Group	
	2009 $'000	**2008 $'000**
Salary and allowances	**14,072**	14,226
Central Provident Fund contributions	**1,212**	1,307
Defined benefit plan	**–**	11
Share-based payments	**7**	162
Staff accommodation	**–**	1
Staff recruitment	**76**	113
Staff welfare	**105**	166
Training	**76**	45
Provision for unpaid leave balance	**181**	159
Grant income from Job Credit Scheme	**(565)**	–
Other personnel costs	**254**	346
	15,418	16,536

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme ("Scheme"). Under the Scheme, the Group received a 12% cash grant on the first S$2,500 of each month's wages for each employee on their Central Provident Fund payroll. The Scheme is for one year, and the Group received its grant income of S$821,000 (2008: S$Nil) in four receipts in March, June, September and December 2009.

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

27. OTHER EXPENSES

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

	Group	
	2009 $'000	**2008 $'000**
Non-audit fees paid to:		
- auditors of the Company	**10**	11
- other auditors	**81**	119
Directors' fees:		
- Directors of the Company	**214**	207
Other professional fees	**724**	851
Fair value loss on structured securities	**295**	726
Impairment loss on quoted equity investment	**–**	74
Interest expenses on borrowings	**323**	157
Net loss on disposal of a subsidiary	**–**	198
Travelling and entertainment	**942**	891
Equipment maintenance	**539**	508
Equipment rental	**14**	972
Allowance for doubtful trade debts	**217**	362
Write-back of allowance for doubtful trade debts	**(129)**	(59)
Write-down of stocks	**298**	145
Bad debts written off	**288**	2
Property, plant and equipment written off	**57**	23
Gain on disposal of property, plant and equipment	**(82)**	(6)

28. TAXATION

	Group	
	2009 $'000	2008 $'000
Income tax on profit before taxation:		
Current income tax		
- current income taxation	**27**	273
- under/(over) provision in respect of previous years	**62**	(61)
	89	212
Deferred income tax		
- effect of reduction in tax rate	**(30)**	–
- origination and reversal of temporary differences	**(39)**	(333)
	(69)	(333)
Current financial year's tax expenses/(credit)	**20**	(121)

Foreign currency translation and net gain or loss on available-for-sale financial assets presented under other comprehensive income has no income tax impact.

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 2009 and 2008 is as follows:

	Group	
	2009 $'000	2008 $'000
Profit before taxation	**1,761**	556
Tax at the domestic rates applicable to pre-tax profit or loss in the countries concerned*	**290**	60
Adjustments:		
Tax effect of expenses not deductible for tax purposes	**278**	1,085
Effect of reduction in tax rate	**(30)**	–
Deferred tax assets not recognised	**803**	114
Utilisation of deferred tax assets previously not recognised	**(283)**	(702)
Income not subject to taxation	**(1,048)**	(565)
Under/(over) provision in respect of previous years	**62**	(61)
Share of results of associates	**(3)**	(3)
Effect of partial tax exemption and tax relief	**–**	(59)
Others	**(49)**	10
Current financial year's tax credit	**20**	(121)

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

A loss-transfer system of group relief (group relief system) for companies was introduced in Singapore with effect from year of assessment 2003. Under the group relief system, a company belonging to a group may transfer its current year unabsorbed capital allowances, current year unabsorbed trade losses and current year unabsorbed donations (loss items) to another company belonging to the same group, to be deducted against the assessable income of the latter company.

28. TAXATION (cont'd)

The Company intends to transfer current year tax losses of approximately $689,000 (2008: $Nil) to the Company's subsidiaries under the group relief system, subject to compliance with the relevant rules and procedures and agreement of the Inland Revenue Authority of Singapore. The current year tax expense of the Company is net of the tax effects of the unutilised tax losses transferred.

As at 31 December 2009, the Group has tax losses of approximately $49,047,000 (2008: $48,241,000) and unabsorbed capital allowances of approximately $246,000 (2008: $727,000) 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	
	2009 $'000	2008 $'000
Unabsorbed capital allowances and tax losses	**49,293**	48,968

The corporate income tax rate applicable to Singapore Companies of the Group was reduced to 17% for the year of assessment 2010 onwards from 18% for year of assessment 2009. The corporate income tax rate applicable to Malaysian companies of the Group was reduced from 27% to 26% and 25% for the year of assessment 2008 and the year of assessment 2009 onwards respectively.

Tax consequences of proposed dividends

There are no income tax consequences (2008: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 38).

29. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Group	
	2009 $'000	2008 $'000
Net profit attributable to ordinary shareholders for basic and diluted earnings per share	**1,741**	677

	Group	
	2009 '000	2008 '000
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**1,228,169**	1,202,410

29. EARNINGS PER SHARE (cont'd)

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit for the year attributable to owners of the parent 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	
	2009 '000	**2008 '000**
Weighted average number of ordinary shares in issue applicable to basic earnings per share	**1,228,169**	1,202,410
Effect of dilution:		
Share options	**6,511**	1,641
Performance shares	**237**	620
Weighted average number of ordinary shares adjusted for the effect of dilution	**1,234,917**	1,204,671

Since the end of the year, no employees (including senior executives and Directors) have exercised options to acquire ordinary shares (2008: Nil). 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.

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.

30. EMPLOYEE BENEFITS (cont'd)

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

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

	Number of Options 2009	Weighted Average Exercise Price (S$) 2009	Number of Options 2008	Weighted Average Exercise Price (S$) 2008
Outstanding at beginning of year [(1)]	**1,518,957**	**0.0898**	1,518,957	0.0898
Exercised [(2)]	**(1,518,957)**	**0.0898**	–	–
Lapsed	**–**	**–**	(706)	0.0898
Outstanding at end of year [(1)] [(3)]	**–**	**–**	1,518,251	0.0898
Exercisable at end of year	**–**	**–**	1,518,251	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$0.2335 (2008: S$Nil).

(3) The exercise price for options outstanding at the end of the year was S$Nil (2008: S$0.0898). The weighted average remaining contractual life for these options is Nil year (2008: 0.8 year).

(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 2009	Weighted Average Exercise Price (S$) 2009	Number of Options 2008	Weighted Average Exercise Price (S$) 2008
Outstanding at beginning of year [(1)]	**69,794,031**	**0.1536**	79,062,062	0.1482
Granted [(4)]	**2,200,000**	**0.0620**	–	–
Lapsed	**(4,417,186)**	**0.3045**	(356,951)	0.1522
Exercised [(2)]	**(63,391,557)**	**0.1366**	(8,911,080)	0.1065
Outstanding at end of year [(1)] [(3)]	**4,185,288**	**0.2029**	69,794,031	0.1536
Exercisable at end of year	**1,983,108**	**0.3100**	66,747,257	0.1491

30. EMPLOYEE BENEFITS (cont'd)

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

(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$0.2511 (2008: S$0.1400).

(3) The range of exercise prices for options outstanding at the end of the year was S$0.0620 to S$1.316 (2008: S$0.0898 to S$1.3160). The weighted average remaining contractual life for these options is 4.79 years (2008: 4.5 years).

(4) The weighted average fair value of options granted during the year was S$0.0361 (2008: $Nil).

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

The inputs to the model used for the year ended 31 December 2009 are shown below:

	2009
Group	
Dividend yield (%)	–
Expected volatility (%)	55.8
Average risk-free interest rate (%)	1.94
Contractual life of option (years)	10
Expected early exercise multiple (times)	2.36 to 2.41
Weighted average share price (S$)	0.065

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.

During the year, there was no new performance share plan granted under the above scheme.

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

	Group Number of shares	
	2009	2008
Outstanding at beginning of year	**513,000**	1,234,500
Exercised during the year	**(465,000)**	(577,500)
Lapsed during the year	**(48,000)**	(144,000)
Outstanding at end of year	–	513,000

31. RELATED PARTY TRANSACTIONS

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	
	2009 **$'000**	**2008** **$'000**
Services rendered from associates	**(58)**	(4)
Services rendered to associates	**623**	1,190
Interest income from a related party	**88**	7
Bank charges from a related party	**(1)**	(1)
Services rendered to related parties	**86**	140
Sale of goods to a related party	**5,586**	–
Services rendered from a related party	**(75)**	(98)
Management fee from an associate	**36**	49
Purchase of a Director's interest in a subsidiary	**805**	85

(b) Compensation of key management personnel

	Group	
	2009 **$'000**	**2008** **$'000**
Short-term employee benefits	**1,882**	1,497
Pension benefits	**45**	35
Share-based payments	**(6)**	124
Total compensation paid to key management personnel	**1,921**	1,656
Comprise amounts paid to:		
• Directors of the Company	**792**	994
• Other key management personnel	**1,129**	662
	1,921	1,656

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	
	2009 $'000	**2008 $'000**
Capital commitments in respect of property, plant and equipment	**179**	274

(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 2009.

Corporate guarantees

Corporate guarantees of $19,369,000 (2008: $18,287,000) were given by the Company to enable its subsidiaries to obtain banking facilities.

Corporate guarantees of $5,698,000 (2008: $3,470,000) were given by the Company to enable a subsidiary to obtain credit facility from a supplier.

Corporate guarantees of $3,708,000 (2008: $3,470,000) were given by the subsidiary to enable its subsidiaries to obtain credit facilities from a supplier.

(c) Operating lease commitments – as lessee

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	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Within 1 year	**2,385**	1,770	**570**	569
Within 2 to 5 years	**2,403**	1,216	**523**	1,112
	4,788	2,986	**1,093**	1,681

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 December 2009 amounted to $2,566,000 (2008: $3,278,000) and $411,000 (2008: $327,000) for the Group and Company respectively.

33. SEGMENT INFORMATION

(a) Operating Segments

	Voice & Data Services	Computing	Group
	$'000	$'000	$'000
2009			
Turnover – external sales	79,930	35,033	114,963
Results:			
Gain on bargain purchase on provisional basis	–	4,476	4,476
Fair value gain on structured securities	1,126	–	1,126
Interest income from bonds, deposits and structured securities	806	104	910
Direct service fees incurred	(37,272)	(25,324)	(62,596)
Commissions and other selling expenses	(25,460)	(200)	(25,660)
Personnel costs	(10,409)	(5,009)	(15,418)
Infrastructure costs	(3,540)	(509)	(4,049)
Depreciation of property, plant and equipment	(1,512)	(1,940)	(3,452)
Amortisation of intangible assets	(717)	(700)	(1,417)
Marketing expenses	(1,913)	(18)	(1,931)
Fair value loss on structured securities	(295)	–	(295)
Other expenses	(3,444)	(1,452)	(4,896)
(Loss)/profit before taxation	(2,700)	4,461	1,761
Taxation	46	(66)	(20)
(Loss)/profit after taxation	(2,654)	4,395	1,741
Assets:			
Investment in associates	463	–	463
Segment assets	94,627	44,068	138,695
Segment liabilities	15,089	22,469	37,558
Capital expenditure	700	2,341	3,041

33. SEGMENT INFORMATION (cont'd)

(a) Operating Segments (cont'd)

	Voice & Data Services $'000	Computing $'000	Group $'000
2008			
Turnover – external sales	107,613	33,211	140,824
Results:			
Interest income from bonds, deposits and structured securities	1,686	87	1,773
Direct service fees incurred	(47,584)	(24,005)	(71,589)
Commissions and other selling expenses	(33,962)	(165)	(34,127)
Personnel costs	(12,630)	(3,906)	(16,536)
Infrastructure costs	(4,463)	(391)	(4,854)
Depreciation of property, plant and equipment	(2,062)	(2,238)	(4,300)
Amortisation of intangible assets	(777)	(646)	(1,423)
Marketing expenses	(1,866)	(13)	(1,879)
Other expenses	(5,608)	(1,725)	(7,333)
Profit before taxation	347	209	556
Taxation	78	43	121
Profit after taxation	425	252	677
Assets:			
Investment in associates	445	–	445
Segment assets	89,815	35,754	125,569
Segment liabilities	15,741	17,398	33,139
Capital expenditure	1,776	1,198	2,974

The following items are (added to)/deducted from segment other expenses to arrive at "other expenses" presented in the consolidated income statement:

	Group	
	2009 $'000	2008 $'000
Segment results of other expenses	**(4,896)**	(7,333)
Segment results of fair value loss of structured securities	**(295)**	–
Foreign exchange differences	**(272)**	817
Finance costs	**323**	157
Other income – others	**(295)**	(132)
Share of results of associates	**(18)**	(13)
	(5,453)	(6,504)

33. SEGMENT INFORMATION (cont'd)

(b) Geographical information

	Turnover		Assets		Capital expenditure	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Asia	**114,182**	139,109	**138,390**	125,016	**2,957**	2,823
USA	**781**	1,715	**324**	553	**84**	151
Total	**114,963**	140,824	**138,714**	125,569	**3,041**	2,974

34. DIRECTORS' REMUNERATION

	Number of directors in remuneration bands		
	Executive Directors	Non-Executive Directors	Total
2009			
S$500,000 and above	1	–	1
S$250,000 to S$499,999	–	–	–
Below S$250,000	5	7	12
	6	7	13
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

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.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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.

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.

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets;
- A nominal amount of $19,369,000 (2008: $18,287,000) relating to corporate guarantees provided by the Company to enable its subsidiaries to obtain banking facilities; and
- A nominal amount of $5,698,000 (2008: $3,470,000) relating to corporate guarantees provided by the Company to a third party on a subsidiary's credit facilities.
- A nominal amount of $3,708,000 (2008: $3,470,000) relating to corporate guarantees provided by the subsidiary to enable its subsidiaries to obtain credit facilities from a supplier.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 14.

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.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investments in bonds and deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on the contractual undiscounted repayment obligations.

	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
2009				
Group				
Financial assets:				
Investment in bonds and deposits	4,184	3,300	–	7,484
Investment securities	54,688	3,905	–	58,593
Trade and other receivables	18,192	563	–	18,755
Due from associates	28	–	–	28
Fixed deposits	6,356	–	–	6,356
Cash and bank balances	12,129	–	–	12,129
Total undiscounted financial assets	95,577	7,768	–	103,345
Financial liabilities:				
Trade and other creditors	13,054	–	–	13,054
Due to a related party	1,259	–	–	1,259
Due to associates	22	–	–	22
Lease obligations	1,114	908	–	2,022
Loans and bank borrowings	4,493	3,072	–	7,565
Total undiscounted financial liabilities	19,942	3,980	–	23,922
Total net undiscounted financial assets	75,635	3,788	–	79,423

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk (cont'd)

	Within 1 year $'000	1 to 5 years $'000	After 5 years $'000	Total $'000
2009				
Company				
Financial assets:				
Investment in bonds and deposits	4,184	3,300	–	7,484
Investment securities	54,688	3,905	–	58,593
Trade and other receivables	7,443	–	–	7,443
Due from subsidiaries	4,572	–	–	4,572
Due from associates	28	–	–	28
Fixed deposits	2,379	–	–	2,379
Cash and bank balances	2,211	–	–	2,211
Long-term loans and advances to subsidiaries	–	1,214	–	1,214
Total undiscounted financial assets	75,505	8,419	–	83,924
Financial liabilities:				
Trade and other creditors	7,379	–	–	7,379
Due to subsidiaries	8,957	–	–	8,957
Due to associates	22	–	–	22
Total undiscounted financial liabilities	16,358	–	–	16,358
Total net undiscounted financial assets	59,147	8,419	–	67,566
2008				
Group				
Financial assets:				
Investment in bonds and deposits	1,009	7,906	–	8,915
Investment securities	–	7,918	–	7,918
Trade and other receivables	16,066	1,183	–	17,249
Due from associates	1,180	–	–	1,180
Fixed deposits	52,037	–	–	52,037
Cash and bank balances	11,071	–	–	11,071
Total undiscounted financial assets	81,363	17,007	–	98,370
Financial liabilities:				
Trade and other creditors	9,919	–	–	9,919
Lease obligations	1,037	1,463	–	2,500
Bank borrowings	1,380	–	–	1,380
Total undiscounted financial liabilities	12,336	1,463	–	13,799
Total net undiscounted financial assets	69,027	15,544	–	84,571

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Liquidity risk (cont'd)

	Within 1 year	1 to 5 years	After 5 years	Total
	$'000	$'000	$'000	$'000
2008				
Company				
Financial assets:				
Investment in bonds and deposits	1,009	7,906	–	8,915
Investment securities	–	7,808	–	7,808
Trade and other receivables	2,254	–	–	2,254
Due from associates	1,180	–	–	1,180
Due from subsidiaries	826	–	–	826
Fixed deposits	42,529	–	–	42,529
Cash and bank balances	5,260	–	–	5,260
Loans and advances to subsidiaries	–	1,726	–	1,726
Total undiscounted financial assets	53,058	17,440	–	70,498
Financial liabilities:				
Trade and other creditors	2,807	–	–	2,807
Due to subsidiaries	4,505	–	–	4,505
Total undiscounted financial liabilities	7,312	–	–	7,312
Total net undiscounted financial assets	45,746	17,440	–	63,186

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 and structured securities.

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	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2009							
Group							
Fixed rate							
Investment in bonds	4,184	3,300	–	–	–	–	7,484
Investment securities	53,192	–	–	–	3,757	–	56,949
Loans and bank borrowings	4,246	890	890	891	–	–	6,917
Floating rate							
Cash and fixed deposits	18,485	–	–	–	–	–	18,485
Investment securities	1,496	–	–	–	–	–	1,496

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Interest rate risk (cont'd)

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2009							
Company							
Fixed rate							
Investment in bonds	4,184	3,300	–	–	–	–	7,484
Investment securities	53,192	–	–	–	3,757	–	56,949
Floating rate							
Cash and fixed deposits	4,590	–	–	–	–	–	4,590
Investment securities	1,496	–	–	–	–	–	1,496
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
2008							
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

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Interest rate risk (cont'd)

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 (2008: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $50,000 (2008: $379,000) 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 (2008: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $6,000 (2008: $80,000) lower/higher, arising mainly as a result of lower/higher interest income from loans and bank borrowings.

At the balance sheet date, if INR interest rates had been 75 (2008: Nil) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $24,000 (2008: Nil) lower/higher, arising mainly as a result of lower/higher interest income from cash and bank balances.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility as in prior years.

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 94% (2008: 92%) of the Group's sales are denominated in the functional currency of the operating unit making the sale, while almost 80% (2008: 85%) of costs are denominated in the respective functional currencies of the Group's entities. The Group's trade and other receivables and trade and other payables balances at the balance sheet date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the balance sheet date, such foreign currency balances (mainly in SGD) amount to $7,712,000 and $428,000 for the Group and the Company respectively.

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") and Malaysia - Malaysia Ringgit ("MYR").

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Foreign exchange risk (cont'd)

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.

			Group Profit net of tax	
			2009 $'000	**2008 $'000**
Against USD				
SGD	-	strengthened 3% (2008: 3%)	**(94)**	21
	-	weakened 3% (2008: 3%)	**94**	(21)
HKD	-	strengthened 1% (2008: 1%)	**5**	5
	-	weakened 1% (2008: 1%)	**(5)**	(5)
RMB	-	strengthened 3% (2008: 3%)	**23**	77
	-	weakened 3% (2008: 3%)	**(23)**	(77)

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% (2008: 2%) lower/higher with all other variables held constant, the Group's fair value adjustment reserve would have been $680 (2008: $2,000) 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.

(a) Fair value of financial instruments that are carried at fair value

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	$'000	$'000	$'000	$'000
2009				
Group				
Financial assets:				
Designated at fair value through profit or loss (Note 12)				
- Structured securities (unquoted)	–	4,531	–	4,531
- Hybrid instrument (unquoted)	–	–	3,757	3,757
Held for trading investment (Note 12)				
- Structured securities (unquoted)	–	50,157	–	50,157
Available-for-sale financial assets (Note 12)				
- Equity investment (quoted)	148	–	–	148
Held-to-maturity financial assets (Note 11)				
- Bonds (quoted)	7,484	–	–	7,484
At 31 December 2009	7,632	54,688	3,757	66,077

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Determination of fair value

Unquoted structured securities and hybrid instrument (Note 12): The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for structured securities and hybrid instrument for disclosure purposes.

Quoted equity investment (Note 12): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Quoted bonds (Note 11): Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Movements in level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial instruments measured at fair value based on significant unobservable inputs (level 3):

	Designated at fair value through profit and loss $'000	Total $'000
2009		
Group		
Hybrid instrument (unquoted):		
Opening balance		
Total gains or losses:	**3,932**	3,932
- In the income statement (presented in other expenses)	**(175)**	(175)
Closing balance	**3,757**	3,757
Total losses for the period included in the income statement (presented in other expenses) for assets held at 31 December 2009	**(175)**	(175)

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(a) Fair value of financial instruments that are carried at fair value (cont'd)

Impact of changes to key assumptions on fair value of level 3 financial instruments

The following table shows the impact on fair value of level 3 financial instruments by using reasonably possible alternative assumptions:

	Carrying amount	Effect of reasonably possible alternative assumptions
	$'000	$'000
2009		
Group		
Designated at fair value through profit or loss		
- Hybrid Instrument (unquoted)	**3,757**	220

For unquoted hybrid instrument, the fair value had been determined using a valuation technique based on assumptions of certain dividend yield and discount rate that are not supported by observable market prices or data. The valuation requires management to make estimates about expected future cash flows of the hybrid instrument which are discounted at current market rates. The Group adjusted the assumptions by 3.5% from management's estimates, which are considered by the Group to be within a range of reasonably possible alternatives based on dividend yield and discount rate of companies with similar risk profiles.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Cash and cash equivalents, trade and other debtors, trade and other creditors, amounts due from/(to) subsidiaries and associates, and current loans and bank borrowings

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

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

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	Fair value	Carrying amount	Fair value
	$'000	$'000	$'000	$'000
2009				
Financial assets				
Investment in bonds and deposits	7,484	7,728	7,484	7,728
Lease receivables	824	958	–	–
Unquoted equity investment	–	–	–	–
Financial liabilities				
Lease obligations	1,869	1,869	–	–
Loans and bank borrowings, non-current	2,671	2,671	–	–
2008				
Financial assets				
Investment in bonds and deposits	8,915	8,276	8,915	8,276
Lease receivables	1,529	1,582	–	–
Unquoted equity investment	110	*	–	–
Financial liabilities				
Lease obligations	2,277	2,277	–	–

Determination of fair value

** 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 has disposed off the unquoted equity investment during the financial year and a loss of $4,000 was recognised in the income statement for the year ended 31 December 2009.

Investment in bonds and deposits

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

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.

Non-current loans and bank borrowings

The fair values of non-current loans and bank borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the balance sheet date.

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	Fair value through profit or loss	Held-to-maturity investments	Available for sale	Liabilities at amortised cost	Non-financial assets/ (liabilities)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2009							
Group							
Assets							
Property, plant and equipment	–	–	–	–	–	4,563	4,563
Intangible assets	–	–	–	–	–	18,486	18,486
Investment in associates	–	–	–	–	–	463	463
Investment in long-term bonds and deposits	–	–	3,300	–	–	–	3,300
Investment securities, non-current	–	3,757	–	148	–	–	3,905
Trade debtors, non-current	488	–	–	–	–	–	488
Stocks	–	–	–	–	–	7,487	7,487
Trade debtors, current	16,327	–	–	–	–	–	16,327
Other debtors and deposits	1,792	–	–	–	–	–	1,792
Prepayments	–	–	–	–	–	4,499	4,499
Due from associates	28	–	–	–	–	–	28
Investment in short-term bonds and deposits	–	–	4,184	–	–	–	4,184
Investment securities, current	–	54,688	–	–	–	–	54,688
Fixed deposits	6,356	–	–	–	–	–	6,356
Cash and bank balances	12,129	–	–	–	–	–	12,129
Liabilities							
Trade creditors	–	–	–	–	(11,860)	–	(11,860)
Other creditors and accruals	–	–	–	–	(8,619)	–	(8,619)
Deferred revenue	–	–	–	–	–	(6,180)	(6,180)
Lease obligations, current	–	–	–	–	(1,035)	–	(1,035)
Loans and bank borrowings, current	–	–	–	–	(4,246)	–	(4,246)
Due to associates	–	–	–	–	(22)	–	(22)
Tax payable	–	–	–	–	–	(376)	(376)
Deferred tax liabilities	–	–	–	–	–	(1,715)	(1,715)
Lease obligations, non-current	–	–	–	–	(834)	–	(834)
Loans and bank borrowings, non-current	–	–	–	–	(2,671)	–	(2,671)
Net Assets							**101,137**

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

	Loans and receivables	Fair value through profit or loss	Held-to-maturity investments	Available for sale	Liabilities at amortised cost	Non-financial assets/ (liabilities)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2009							
Company							
Assets							
Property, plant and equipment	–	–	–	–	–	1,216	1,216
Intangible assets	–	–	–	–	–	556	556
Investment in subsidiaries	–	–	–	–	–	24,673	24,673
Investment in associates	–	–	–	–	–	479	479
Investment in long-term bonds and deposits	–	–	3,300	–	–	–	3,300
Investment securities, non-current	–	3,757	–	148	–	–	3,905
Long-term loans and advances to subsidiaries	1,214	–	–	–	–	–	1,214
Stocks	–	–	–	–	–	266	266
Trade debtors, current	6,866	–	–	–	–	–	6,866
Other debtors and deposits	577	–	–	–	–	–	577
Prepayments	–	–	–	–	–	2,378	2,378
Due from subsidiaries	4,572	–	–	–	–	–	4,572
Due from associates	28	–	–	–	–	–	28
Investment in short-term bonds and deposits	–	–	4,184	–	–	–	4,184
Investment securities, current	–	54,688	–	–	–	–	54,688
Fixed deposits	2,379	–	–	–	–	–	2,379
Cash and bank balances	2,211	–	–	–	–	–	2,211
Liabilities							
Trade creditors	–	–	–	–	(6,704)	–	(6,704)
Other creditors and accruals	–	–	–	–	(3,625)	–	(3,625)
Deferred revenue	–	–	–	–	–	(2,636)	(2,636)
Due to subsidiaries	–	–	–	–	(8,957)	–	(8,957)
Due to associates	–	–	–	–	(22)	–	(22)
Net Assets							**91,548**

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

	Loans and receivables	Fair value through profit or loss	Held-to-maturity investments	Available for sale	Liabilities at amortised cost	Non-financial assets/ (liabilities)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'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**

36. FAIR VALUES OF FINANCIAL INSTRUMENTS (cont'd)

	Loans and receivables	Fair value through profit or loss	Held-to-maturity investments	Available for sale	Liabilities at amortised cost	Non-financial assets/ (liabilities)	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'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**

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 adjust the dividend payment to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2009 and 2008.

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	
	2009 **$'000**	**2008** **$'000**
Total gross debt		
- Loans and bank borrowings	**6,917**	1,380
Shareholders' Equity		
- Share capital	**168,534**	161,723
- Accumulated losses	**(70,268)**	(72,009)
- Other reserves	**(80)**	564
- Translation reserve	**2,951**	2,152
	101,137	92,430
Gross debt equity ratio	**6.84%**	1.49%
Cash and bank balances and fixed deposits	**18,485**	63,108
Less: Total gross debt	**6,917**	1,380
Net cash position	**11,568**	61,728

38. DIVIDENDS

	Group	
	2009 **S$'000**	**2008** **S$'000**
Proposed but not recognised as a liability as at 31 December 2009:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2009: S$0.001 (2008: Nil) per ordinary share	**1,268**	–

39. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

(a) Acquisition of Spice BPO Services Limited

On 30 December 2009, the Company has entered into Share Purchase Agreement to acquire the entire equity interest totalling 7,032,476 ordinary shares of INR10 each in Spice BPO Services Limited for a total cash consideration of $906,609. The acquisition was completed subsequent to the financial year ended 31 December 2009.

(b) Acquisition of Singapore Smart Telecommunications Pte Ltd

On 3 February 2010, the Company has offered to purchase 51% equity interest in Singapore Smart Telecommunications Pte Ltd and its related companies and wholly-owned subsidiaries for cash consideration of S$1. The completion of the acquisition is subject to the following:

- The shareholders of Singapore Smart Telecommunications Pte Ltd (the "seller") shall convert all the outstanding loans into share capital of Singapore Smart Telecommunications Pte Ltd;

- The provision of audited accounts for the financial year ended 31 December 2009 and of management accounts up to 31 January 2010; and

- The transfer of all shares held by the seller in the overseas subsidiaries into Singapore Smart Telecommunications Pte Ltd or its nominees by 31 March 2010.

(c) Establishment of a new subsidiary – Spice-CSL Pte Ltd

On 27 February 2010, the Company entered into a shareholders' agreement with Dato' Chuah ("DEC") for the formation of Spice-CSL Pte Ltd ("Spice-CSL"). Spice-SCL will have an initial paid-up share capital of S$100,000, with the Company holding a 65% stake and DEC holding the remaining 35% stake in Spice-CSL.

In addition, Spice-SCL has entered into an Asset Purchase Agreement with DEC and certain companies controlled by him for the sale of certain assets ("Sale Assets") to Spice-SCL. In consideration of DEC procuring the transfer of the Sale Assets to Spice-SCL as aforesaid, Spice-CSL will provide the following consideration to DEC (the "Consideration").

(i) As part of the Consideration, $10,000,000 in cash, of which S$500,000 has been paid as deposit and the balance will be paid upon the completion of the acquisition of the Sale Asset by Spice-CSL under the Asset Purchase Agreement.

(ii) Upon Completion, Spice-CSL, will also procure the allotment and issue to DEC of new shares in the Company amounting to 7.5% (102,840,466 ordinary shares) of the enlarged share capital of the Company calculated on the basis of the Company's share capital as at 12 February 2010 as the remainder part of the Consideration.

(d) Acquisition of properties

Subsequent to the financial year-end, a wholly owned subsidiary of the Company, MediaRing.com (Shanghai) Limited, has entered into a Sale and Purchase Agreement for the acquisition of an office floor in Shenzhen, People's Republic of China, at a total purchase consideration of RMB3,334,000.

SUPPLEMENTARY INFORMATION

INTERESTED PARTY TRANSACTIONS ("IPT")

The aggregate value of all IPT during the financial year 31 December 2009 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 S$100,000.00 and transactions conducted under shareholders' mandate pursuant to Rule 920)
Dr Bhupendra Kumar Modi	US$622,000
Divya Modi	US$183,000

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STATISTICS OF SHAREHOLDINGS

As at 17 March 2010

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders	%	No. of Shares	%
1 - 999	75	0.45	30,038	0.00
1,000 – 10,000	8,877	53.14	43,963,768	3.47
10,001 – 1,000,000	7,683	46.00	459,506,128	36.23
1,000,001 and above	68	0.41	764,865,821	60.30
	16,703	100.00	1,268,365,755	100.00

SUBSTANTIAL SHAREHOLDERS

	Name	Direct Interest	No. of Shares Deemed Interest	Total Interest	%
1.	Spice Innovative Technologies Private Limited	187,912,767	-	187,912,767	14.82
2.	Paramount Assets Management Pte Ltd	177,555,000	-	177,555,000	14.00
3.	Spice Global Holdings Pte Ltd	82,132,093	187,912,767 (3)	270,044,860	21.29
4.	Dr Bhupendra Kumar Modi	-	278,681,860 (1)	278,681,860	21.97
5.	Divya Modi	-	187,912,767 (2)	187,912,767	14.82

Notes:

(1) Dr Bhupendra Kumar Modi is deemed to have an interest in the shares of the Company through the following:

- 187,912,767 shares held directly by Spice Innovative Technologies Private Limited;
- 82,132,093 held by Spice Global Holdings Pte Ltd; and
- 8,637,000 shares held directly by Spice Bulls Pte Ltd.

(2) Ms Divya Modi is deemed to have an interest of 187,912,767 shares in the Company through Spice Innovative Technologies Private Limited.

(3) Spice Global Holdings Pte Ltd is deemed to have an interest of 187,912,767 shares in the Company through Spice Innovative Technologies Private Limited.

STATISTICS OF SHAREHOLDINGS
As at 17 March 2010

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	UOB Kay Hian Pte Ltd	228,024,584	17.98*
2.	Paramount Assets Investments Pte Ltd	177,555,000	14.00
3.	Spice Global Holdings Pte. Ltd.	52,057,276	4.10
4.	Phillip Securities Pte Ltd	24,112,486	1.90
5.	DBS Nominees Pte Ltd	23,558,111	1.86
6.	United Overseas Bank Nominees Pte Ltd	20,685,750	1.63
7.	OCBC Securities Private Ltd	19,643,250	1.55
8.	Chong Yean Fong	18,900,000	1.49
9.	Kim Eng Securities Pte. Ltd.	13,113,250	1.03
10.	Citibank Nominees Singapore Pte Ltd	12,858,320	1.01
11.	HSBC (Singapore) Nominees Pte Ltd	12,632,250	1.00
12.	Tai Tak Securities Pte Ltd	9,750,000	0.77
13.	OCBC Nominees Singapore Pte Ltd	9,617,850	0.76
14.	Phua Soo Hong	9,200,000	0.73
15.	DBS Vickers Securities (S) Pte Ltd	7,814,750	0.62
16.	Lee Seng Tee	6,250,000	0.49
17.	Lim & Tan Securities Pte Ltd	6,115,250	0.48
18.	Tan Boon Leong	6,000,000	0.47
19.	Chong Kah Lin	5,200,000	0.41
20.	CTI Limited	4,812,800	0.38
	TOTAL :	667,900,927	52.66

* Includes 14.82% Shareholdings of Spice Innovative Technologies Private Limited and 2.37% Shareholdings of Spice Global Holdings Pte Ltd.

SHAREHOLDING HELD BY THE PUBLIC

63.86% 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

MEDIARING LTD.

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

NOTICE IS HEREBY GIVEN that the Annual General Meeting of MediaRing Ltd. (the "Company") will be held at NTUC Centre, 1 Marina Boulevard, NTUC Auditorium Level 7, Singapore 018989 on Friday, 30 April 2010 at 2.30 p.m. to transact the following businesses:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2009 and the Directors' Report and the Auditors' Report thereon. **(Resolution 1)**

2. To declare a tax exempt (one-tier) final dividend of S$0.001 per ordinary share in respect of the financial year ended 31 December 2009. **(Resolution 2)**

3. To appoint Mr S. Chandra Das as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50, to hold such office from 31 July 2010 until the next Annual General Meeting of the Company. Key information on Mr S. Chandra Das is available on page 26 of this Report. **(Resolution 3)**

4. To appoint Mr Dilip Modi as a Director of the Company. Key information on Mr Dilip Modi is available on page 26 of this Report. **(Resolution 4)**

5. To appoint Dato' Chuah Seong Ling as a Director of the Company. Key information on Dato' Chuah Seong Ling is available on page 26 of this Report. **(Resolution 5)**

6. To re-appoint Mr Sin Hang Boon as a Director of the Company, who is retiring pursuant to Section 153(6) of the Companies Act, Chapter 50, to hold such office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 6)**

7 (a). To re-elect the following Directors retiring pursuant to Article 108 of the Company's Articles of Association:

(i)	Dr Bhupendra Kumar Modi	**(Resolution 7)**
(ii)	Ms Divya Modi	**(Resolution 8)**
(iii)	Mr Ashok Kumar Goyal	**(Resolution 9)**
(iv)	Mr Vijay Brijendra Chopra [See explanatory note (a)]	**(Resolution 10)**
(v)	Mr Jai Swarup Pathak	**(Resolution 11)**

7 (b). To record the retirement of Mr Lucas Chow Wing Keung as a Director of the Company pursuant to Article 104 of the Company's Articles of Association who will not be seeking re-election. [See explanatory note (b)]

8. To approve the proposed Directors' fees of S$332,639.00 for the financial year ended 31 December 2009. (2008: S$290,776.00) **(Resolution 12)**

9. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 13)**

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

NOTICE OF ANNUAL GENERAL MEETING

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

SPECIAL BUSINESS

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

11. **AUTHORITY TO ALLOT AND ISSUE SHARES**

"That pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(a) (i) issue ordinary shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

(b) issue Shares in pursuance of any Instruments made or granted by the Directors while such authority was in force (notwithstanding that such issue of Shares pursuant to the Instruments may occur after the expiration of the authority contained in this resolution).

provided that:

(1) the aggregate number of the Shares to be issued pursuant to such authority (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority), does not exceed 50% (unless paragraph (2) below applies) of the total number of issued Shares (as calculated in accordance with paragraph (3) below), and provided further that where shareholders of the Company ("**Shareholders**") are not given the opportunity to participate in the same on a pro-rata basis ("**non pro-rata basis**"), then the Shares to be issued under such circumstances (including the Shares to be issued in pursuance of Instruments made or granted pursuant to such authority) shall not exceed 20% of the total number of issued Shares (as calculated in accordance with paragraph (3) below);

(2) the 50% limit in paragraph (1) above may be increased to 100% for issues of Shares and/or Instruments by way of a renounceable rights issue where Shareholders are given the opportunity to participate in the same on a pro-rata basis;

(3) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of the Shares that may be issued under paragraph (1) above, the total number of issued Shares shall be based on the issued Shares of the Company (excluding treasury shares) at the time such authority was conferred, after adjusting for:

(a) new Shares arising from the conversion or exercise of any convertible securities;
(b) new Shares arising from the exercising share options or the vesting of share awards which are outstanding or subsisting at the time such authority was conferred; and
(c) any subsequent consolidation or subdivision of the Shares;

and, in relation to an Instrument, the number of Shares shall be taken to be that number as would have been issued had the rights therein been fully exercised or effected on the date of the making or granting of the Instrument;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the requirements imposed by the SGX-ST from time-to-time and the provisions of the Listing Manual of the SGX-ST for the time being in force (in each case, unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and otherwise, and the Articles of Association of the Company for the time being; and

(5) (unless revoked or varied by the Company in general meeting) the authority so conferred shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier except for paragraph (2) above which will expire on 31 December 2010 or any date to be extended by SGX-ST, subject to their review."
[See explanatory note (c)] **(Resolution 14)**

12. **INCREASE IN DISCOUNT LIMIT TO NOT MORE THAN 20% FOR NON PRO-RATA SHARE ISSUE**

(a) "That notwithstanding Rule 811 of the Listing Manual issued by SGX-ST, the Directors of the Company be and are hereby authorised, pursuant to the terms and conditions of the Share Issue Mandate under Resolution 14 above, to issue new shares of the Company to subscribers or places under a share placement at a discount that is more than 10% but not exceeding 20% to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. If, however, trading in the Company's shares is not available for a full market day, the weighted average price shall be based on trades done on the preceding market day up to the time the placement agreement or subscription agreement is signed.

(b) (unless revoked or varied by the Company in a general meeting), the authority so conferred shall continue in force until 31 December 2010 or any date to be extended by the SGX-ST, subject to their review."
[See explanatory note (d)] **(Resolution 15)**

13. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE 1999 MEDIARING EMPLOYEES' SHARE OPTION SCHEME ("ESOS")**

"That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the ESOS upon the exercise of such options and in accordance with the terms and conditions of the ESOS, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS shall not exceed 65,921,470 ordinary shares and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier."
[See explanatory note (e)] **(Resolution 16)**

14. **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, Chapter 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the holders of options granted by the Company, whether granted during the subsistence of this authority or otherwise, under the ESOS II upon the exercise of such options and in accordance with the terms and conditions of the ESOS II, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the ESOS II, MediaRing Restricted Share Plan and MediaRing Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time-to-time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier."
[See explanatory note (f)] **(Resolution 17)**

15. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE MEDIARING RESTRICTED SHARE PLAN ("MEDIARING RSP")**

"That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the selected employees of the Company and/or its subsidiaries, including directors of the Company, and other selected participants, whether granted during the subsistence of this authority or otherwise, under the MediaRing RSP in accordance with the terms and conditions of the MediaRing RSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the MediaRing RSP, 1999 MediaRing Employees' Share Option Scheme II and MediaRing Performance Share Plan collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time-to-time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier."
[See explanatory note (g)] **(Resolution 18)**

16. **AUTHORITY TO ALLOT AND ISSUE SHARES UNDER THE MEDIARING PERFORMANCE SHARE PLAN ("MEDIARING PSP")**

"That pursuant to Section 161 of the Companies Act, Chapter 50, the Directors be authorised and empowered to allot and issue shares in the capital of the Company to all the selected employees of the Company and/or its subsidiaries, including directors of the Company, and other selected participants, whether granted during the subsistence of this authority or otherwise, under the MediaRing PSP in accordance with the terms and conditions of the MediaRing PSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the MediaRing PSP, 1999 MediaRing Employees' Share Option Scheme II and MediaRing Restricted Share Plan collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time-to-time and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier."
[See explanatory note (h)] **(Resolution 19)**

By Order of the Board

Joanna Lim Lan Sim
Company Secretary
8 April 2010
Singapore

NOTICE OF ANNUAL GENERAL MEETING

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

Explanatory Notes:

(a) Mr Vijay Brijendra Chopra will, upon re-election as a Director of the Company, remain as 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.

(b) Mr Lucas Chow Wing Keung, upon his retirement at the conclusion of the Annual General Meeting, will step down as a member of the Nominating Committee.

(c) The ordinary resolution proposed in the item (11) above if passed, will empower the Directors of the Company from the date of the above meeting to issue shares in the Company up to an amount not exceeding in total 50 per centum of the total number of issued shares in the capital of the Company (or 100% in the case of pro-rata renounceable rights issue) with a sub-limit of 20% other than on a pro-rata basis to shareholders for the time being for such purposes as they consider would be in the interest of the Company. The authority will, unless previously revoked or varied at the general meeting, expire at the next Annual General Meeting (or on 31 December 2010 or a date to be extended by the SGX-ST, subject to their review, for pro-rata renounceable rights issue as mentioned in paragraph (2) of the proposed Resolution 14) of the Company or a date by which the Annual General Meeting is required by law to be held, whichever is earlier.

(d) The ordinary resolution proposed in item (12) above if passed, will empower the Directors of the Company to undertake placements of new shares on a non pro-rata basis priced at discounts of more than 10% but not exceeding 20% to the weighted average price of the shares determined in accordance with the requirement of SGX-ST. The authority will, unless previously revoked or varied at a general meeting, continue to be in force until 31 December 2010, or any date to be extended by the SGX-ST, subject to their review.

(e) The ordinary resolution proposed in item (13) above if passed, will empower the Directors of the Company, from the date of the above meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to 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.

(f) The ordinary resolution proposed in item (14) 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 optioned to be granted under the ESOS, ESOS II, MediaRing RSP, 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.

(g) The ordinary resolution proposed in item (15) 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 MediaRing RSP, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to outstanding option 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.

(h) The ordinary resolution proposed in item (16) above if passed, from the date of the above meeting until the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held or when varied or revoked by the Company in general meeting, whichever is earlier, to allot and issue shares in the Company, provided always that the aggregate number of additional ordinary shares to be allotted and issued pursuant to the MediaRing PSP, ESOS II and MediaRing RSP collectively shall not exceed fifteen per centum (15%) of the total issued share capital of the Company from time-to-time pursuant to the exercise of the options under MediaRing PSP.

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. Such 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.

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

IMPORTANT:
1. For investors who have used their CPF monies to buy MediaRing Ltd.'s shares, this Annual Report 2009 is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to vote should contact their CPF Approved Nominees.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____ (name)

of ____ (address)

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 as 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 NTUC Centre, 1 Marina Boulevard, NTUC Auditorium Level 7, Singapore 018989 on Friday, 30 April 2010 at 2.30 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.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2009 and the Reports of the Directors and the Auditors thereon.		
2.	To declare a tax exempt (one-tier) final dividend of S$0.001 per ordinary share for the financial year ended 31 December 2009.		
3.	To appoint Mr S. Chandra Das as Director of the Company with effect from 31 July 2010.		
4.	To appoint Mr Dilip Modi as Director of the Company.		
5.	To appoint Dato' Chuah Seong Ling as Director of the Company.		
6.	To re-appoint Mr Sin Hang Boon as Director of the Company.		
7.	To re-elect Dr Bhupendra Kumar Modi as Director of the Company.		
8.	To re-elect Ms Divya Modi as Director of the Company.		
9.	To re-elect Mr Ashok Kumar Goyal as Director of the Company.		
10.	To re-elect Mr Vijay Brijendra Chopra as Director of the Company.		
11.	To re-elect Mr Jai Swarup Pathak as Director of the Company.		
12.	To approve the payment of directors' fees amounting to S$332,369.00 for the financial year ended 31 December 2009.		
13.	To re-appoint Messrs Ernst & Young LLP as auditors of the Company and to authorise the Directors to fix their remuneration.		
14.	To authorise Directors to allot and issue shares.		
15.	To approve the increase in discount limit to not more than 20% for non pro-rata share issue.		
16.	To authorise Directors to allot and to issue shares under the ESOS.		
17.	To authorise Directors to allot and to issue shares under the ESOS II.		
18.	To authorise Directors to allot and to issue shares under the MediaRing RSP.		
19.	To authorise Directors to allot and to issue shares under the MediaRing PSP.		

Dated this ______________ day of ______________ 2010

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. Such 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
Dr Bhupendra Kumar Modi, Non-Executive Chairman
Ms Divya Modi, Executive Director
Mr Ashok Kumar Goyal, Chief Executive Officer & Executive Director
Mr Thomas Henrik Zilliacus, Independent Director
Ms Eileen Tay-Tan Bee Kiew, Independent Director
Mr Sin Hang Boon, Independent Director
Mr Lucas Chow Wing Keung, Independent Director
Mr Vijay Brijendra Chopra, Independent Director
Mr Jai Swarup Pathak, Non-Independent & Non-Executive Director

Company Secretary
Ms Joanna Lim Lan Sim

Executive Committee
Dr Bhupendra Kumar Modi, Chairman
Ms Divya Modi
Mr Ashok Kumar Goyal

Audit Committee
Ms Eileen Tay-Tan Bee Kiew, Chairperson
Mr Vijay Brijendra Chopra
Mr Jai Swarup Pathak

Remuneration Committee
Mr Vijay Brijendra Chopra, Chairman
Mr Sin Hang Boon
Mr Jai Swarup Pathak

Nominating Committee
Mr Thomas Henrik Zilliacus, Chairman
Mr Vijay Brijendra Chopra
Mr Jai Swarup Pathak
Mr Lucas Chow Wing Keung

Shareholders Value Enhancement Committee
Dr Bhupendra Kumar Modi, Chairman
Ms Divya Modi
Mr Ashok Kumar Goyal
Mr Thomas Henrik Zilliacus

Registered Office
750A Chai Chee Road
#05-01 Technopark @ Chai Chee
Singapore 469001
T: (65) 6514 9458
F: (65) 6441 3013
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Share Registrar
Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

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 Corporation Limited
21 Collyer Quay
#08-01 HSBC Building
Singapore 049320

Standard Chartered Bank
6 Battery Road, #22-00
Singapore 049909

Oversea Chinese Banking Corporation Limited
18 Church Street
#04-00 OCBC Centre South
Singapore 049479

Auditors
Ernst & Young LLP
One Raffles Quay
#18-01 North Tower
Singapore 048583
Partner-in-charge: Simon Yeo
(From financial year ended 31 December 2009)

spice
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