

MEDIASTREAM LIMITED (Company Registration No. 197901641K)
Full-Year Financial Statement And Dividend Announcement for the year ended 31 December 2004

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT FOR THE QUARTERLY (Q1, Q2 & Q3),
 HALF-YEAR AND FULL RESULTS**

1(a)(i) An income statement (for the Group) together with a comparative statement for corresponding period of the immediately preceding financial year.

	Group		
	S\$'000		%
	2004	2003	+ / (-)
Turnover	5,488	4,626	18.63%
Other revenue	1,318	1,001	31.67%
Total revenue	6,806	5,627	20.95%
Cost and expenses			
Changes in inventories	3	34	-91.18%
Raw material and consumables	140	86	62.79%
Salaries and employee benefits	3,159	3,097	2.00%
Foreign exchange gain	14	8	75.00%
Other operating expenses	3,952	3,758	5.16%
Total costs and expenses	7,268	6,983	4.08%
Loss	(462)	(1,356)	-65.93%
Finance costs	(644)	(617)	4.38%
Loss before exceptional items	(1,106)	(1,973)	-43.94%
Exceptional items	(486)	(138)	252.17%
Loss before taxation	(1,592)	(2,111)	-24.59%
Taxation	(19)	(27)	-29.63%
Loss after taxation	(1,611)	(2,138)	-24.65%
Minority interests	(7)	36	-119.44%
Loss attributable to members of the Company	(1,618)	(2,102)	-23.03%

Explanatory Note

- Taxation:

Current year	-	-	n/m
Underprovision in respect of previous years	(19)	(439)	-95.67%
Deferred taxation written back	-	412	-100.00%
	(19)	(27)	-29.63%

Explanatory notes to income statement

	Group		
	S\$'000		%
	2004	2004	+ / (-)
Operating Loss after (crediting)/ charging:			
Loss/(gain) on disposal of fixed assets	(335)	2	-16850.00%
Rental income	(922)	(985)	-6.40%
Other income including interest income	(61)	(18)	238.89%
Other revenue	(1,318)	(1,001)	31.67%
Depreciation of fixed assets	1,430	1,652	-13.44%
Amortisation of advance royalty	-	2	-100.00%
Provision for doubtful debts - Trade	73	79	-7.59%
Bad debt written-off - Trade	-	18	-100.00%
Provision for stock obsolescence	45	8	462.50%
Adjustment for under provision of tax in respective of prior years:	19	439	-95.67%
Exceptional items:			
Provision for doubtful - other debtor	100	-	n/m
- Settlement of claim for corporate guarantee provided by the Company	556	-	n/m
Fixed assets written off	-	94	-100.00%
Fixed assets impairment loss	259	44	488.64%
Dilution in subsidiary	(429)	-	n/m
	486	138	252.17%

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

	Group		Company	
	S\$'000		S\$'000	
	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
Fixed Assets	10,691	9,996	7,213	7,776
Subsidiary Companies Investment	-	-	1,498	1,178
	26	26	26	26
Current assets				
Stock	26	73	-	-
Trade debtors	1,540	1,451	58	31
Other debtors	201	282	21	135
Amounts receivable from subsidiaries	-	-	1,018	1,296
Cash and bank balances	1,932	63	29	19
	3,699	1,869	1,126	1,481
Current liabilities				
Trade creditors	412	357	166	160
Other creditors	3,455	2,167	2,950	1,758
Hire purchase creditors	265	37	-	-
Bank borrowings	6,691	6,822	6,572	6,434
Repayable grant from a government body (interest free)	98	-	-	-
Loan from minority shareholders of a subsidiary	1,000	-	-	-
Provision for taxation	51	52	16	36
	11,972	9,435	9,704	8,388
Net current asset / (liabilities)	(8,273)	(7,566)	(8,578)	(6,907)
Long term liabilities				
Hire purchase creditors	468	44	-	-
Bank borrowings	2,530	3,057	2,529	3,057
Repayable grant from a government body (interest free)	364	-	-	-
	3,362	3,101	2,529	3,057
	(918)	(645)	(2,370)	(984)
Share Capital	7,216	36,081	7,216	36,081
Share Premium	10,724	10,724	10,724	10,724
Reserve on Consolidation	235	235	-	-
Foreign Currency Translation Reserve	(288)	(270)	-	-
Revenue Reserve	(20,242)	(47,489)	(20,310)	(47,789)
	(2,355)	(719)	(2,370)	(984)
Minority Interests	1,437	74	-	-
	(918)	(645)	(2,370)	(984)
	-	-	-	-

Explanatory notes to balance sheet:

Other debtors - (Group and Company)

The decrease in other debtors in the current period as compared to 31 December 2003 was due mainly to the full provision of doubtful for \$100,000 placed with a debtor. The Company has taken legal action against the debtor to recover the amount.

Other Creditors (Group and Company)

	Group		Company	
	S\$'000		S\$'000	
	31-Dec-04	31-Dec-03	31-Dec-04	31-Dec-03
Amount due to directors	402	317	389	305
Accrued revenue	-	26	-	-
Accrued bank interest	478	210	478	210
Accrued expenses	523	532	273	274
Rental deposits received	218	216	218	216
Other creditors	1,834	866	1,592	753
	3,455	2,167	2,950	1,758

The increase in other creditors was mainly due payable of S\$556,000 arising from settlement of claim with a factoring company in respect of a corporate guarantee provided by the Company to its former subsidiary company, Allandes Corporation Pte Ltd which is currently under liquidation. The said amount due shall be satisfied by issuance and allotment of 27.5 million new ordinary shares of S\$0.01 each in the capital of the Company at an issue price of S\$0.02 per share in accordance to the term of the Settlement Agreement. In addition, the increase was also due to professional fees incurred to handle issues arising from ACPL, capital reduction, the various corporate transactions herein mentioned and issue of new shares of a subsidiary, additional audit fees charged, and other operating expenses.

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

Amount repayable in one year or less, or on demand

As at 31 December 2004		As at 31 December 2003	
Secured	Unsecured	Secured	Unsecured
(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
6,671	1,118	6,822	-

Amount repayable after one year

As at 31 December 2004		As at 31 December 2003	
Secured	Unsecured	Secured	Unsecured
(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
2,446	448	3,057	-

Details of collateral

The Company

Bank borrowing of the Company are secured by way of deeds of assignment, mortgage in escrow and lodgement of caveat at the Company's leasehold building.

Infinite Frameworks Pte Limited, a subsidiary

Bank borrowings of Infinite Frameworks Pte Limited, a subsidiary, amounting to \$118,519 (31 December 2003: \$388,067) are secured by a fixed and floating charge over the subsidiary's fixed assets and corporate guarantee given by the Company. In addition, a fixed deposit of S\$200,000 was placed with the bank as security and another corporate guarantee was provided by a shareholder of the subsidiary.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group	
	S\$'000	
	2004	2003
Cash flow from operating activities		
Loss before taxation	(1,592)	(2,111)
Adjustment for:		
Depreciation of fixed assets	1,430	1,652
Amortisation of advance royalty	-	2
Provision for stock obsolescence	45	8
(Gain)/Loss of disposal of fixed assets	(335)	2
Interest Income	(3)	(3)
Interest expenses	644	617
Currency realignment	(8)	5
Exceptional items	486	138
Operating loss before reinvestment in working capital	667	310
(Increase)/decrease in debtors	(108)	324
(Increase)/decrease in stocks	3	34
Increase(Decrease) in creditors	519	846
Cash generated from / (used in) operations	1,081	1,514
Interest income received	3	3
Interest expenses paid	(376)	(617)
Income tax paid	(20)	(42)
Net cash generated from/(used in) operations	688	858
Cash flow from investing activities		
Purchase of fixed assets	(1,869)	(60)
Proceeds from disposal of fixed assets	557	29
Net cash used in investing activities	(1,312)	(31)
Cash flow from financing activities		
Proceeds from issuance of share to minority shareholders in subsidiary companies	1,776	-
Repayment of secured bank overdrafts	(638)	(506)
Proceed from term loan - unsecured	105	-
Repayment of term loan - secured	(126)	(425)
Proceed from minority shareholders of a subsidiary	1,000	-
Proceed from repayable grant from MDA	461	-
Repayment of hire purchase instalment	(85)	(61)
Net cash provided by/(used in) financing activities	2,493	(992)
Net increase/(decrease) in cash and cash equivalent	1,869	(165)
Cash and cash equivalents at beginning of period	63	228
Cash and cash equivalents at end of period	1,932	63
Fixed deposits	300	-
Cash and bank balances	1,632	228
Cash and cash equivalents at end of period	1,932	228

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

	Group		Company	
	S\$'000		S\$'000	
	2004	2003	2004	2003
<u>Issued Share Capital</u>				
Balance as at 1 January	36,081	36,081	36,081	36,081
Reduction of par value of each ordinary share from \$0.05 to \$0.01	(28,865)		(28,865)	
Balance as at 31 December	7,216	36,081	7,216	36,081
<u>Share Premium</u>				
Balance as at 1 January	10,724	10,724	10,724	10,724
Balance as at 31 December	10,724	10,724	10,724	10,724
<u>Accumulated Losses</u>				
Balance as at 1 January	(47,489)	(45,387)	(47,789)	(45,706)
Written off of losses against share capital	28,865	-	28,865	-
Loss for the year	(1,618)	(2,102)	(1,386)	(2,083)
Balance as at 31 December	(20,242)	(47,489)	(20,310)	(47,789)
<u>Reserve on consolidation</u>				
Balance as at 1 January	235	235	-	-
Balance as at 31 December	235	235	-	-
<u>Foreign currency translation reserve</u>				
Balance as at 1 January	(270)	(270)	-	-
Foreign currency translation adjustment, net of tax	(18)	-	-	-
Balance as at 31 December	(288)	(270)	-	-
Total equity and share outstanding	(2,355)	(719)	(2,370)	(984)

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

Pursuant to Article 10 of the Company's articles of association and approved by the High Court of the Republic of Singapore, as announced on 30 June 2004, the Company had reduced its authorised share capital from S\$50,000,000 divided into 1,000,000,000 ordinary shares of S\$0.05 each to S\$10,000,000 divided into 1,000,000,000 ordinary shares of S\$0.01 each and the reduction of the issued and paid-up share capital from S\$36,080,542.50 comprising 721,610,850 ordinary shares of S\$0.05 each to S\$721,610,850 comprising 721,610,850 ordinary shares of S\$0.01 each, and such reduction effected by (a) cancelling the paid-up share capital which had been lost or was unrepresented by available assets to the extent of S\$0.04 on each of the 721,610,850 ordinary shares of the company which had been issued and were fully paid-up or credited as fully paid-up, representing S\$28,864,434; and (b) reducing the par value of all the Company's ordinary shares of S\$0.05 each, both issued and unissued, from S\$0.05 to S\$0.01 each.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The figures have not audited or reviewed by the auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

The Group has applied the same accounting policies and methods of computations in the financial statements for the current period with those of the audited financial statements as at 31 December 2003.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

6. **Earnings per ordinary share of the group for the current financial period report on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

Group	
Cents	Cents
2004	2003
(0.22)	(0.29)
(0.22)	(0.29)

- (a) Based on weighted average number of ordinary share in issue; and
 (b) On a fully diluted basis

Loss per share for the period calculated by dividing the Group's loss attributable to members of the company with 721,610,850 share issued (2003:721,610,850).

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of:-**
 (a) current financial period reported on; and
 (b) immediately preceding financial year.

Group		Company	
Cents		Cents	
2004	2003	2004	2003
-0.33	-0.10	-0.33	-0.14

Net asset value per ordinary share based on issued share capital at end of the period reported on

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

The Group's post production business continued to show improvement throughout the current year and recorded a turnover of \$5.2million. As a result, the Group turnover had improved by 18.63% or \$862,000, as compared to the corresponding year.

With the increased volume of projects in the post production business, additional manpower is engaged and resulting in an overall increase of manpower in the Group. The Group's cost in salaries and employee benefits had increased by \$62,000 or 2.0% as compared to year 2003. In addition, other operating expenses had also showed a net increase of \$181,000 or 4.8% where the movement of the major items are as follows:

	Increase/(decrease)
	\$'000
Post-production cost	321
Provision for stock obsolescence	37
Royalty expenses	67
Professional fees	(39)
Property tax	73
Repair and maintenance, mainly equipment	(66)
Depreciation of fixed assets	(222)
	171

Further to the Company's announcement made on 27 April 2004, the board of directors of the Company had on 26 July 2004 announced that pursuant to shareholders' agreement entered into among the existing shareholders of Infinite Frameworks Pte Limited ("IFWPL"), a subsidiary of the Company, and Kinema Entertainment Private Limited ("Kinema") and Mr Kris Taenar Wiluan ("Kris"), (the "Shareholders' Agreement") the authorised share capital of IFWPL had increased to S\$10 million from S\$5 million by the the creation of 5 million additional ordinary shares of S\$1.00 each in the capital of IFWPL and Kinema and Kris had each subscribed and paid in full for cash for 789,240 new ordinary shares and 986,546 new ordinary shares respectively in the capital of IFWPL at the price of S\$1.00 each new ordinary shares. Following the allotment and issue of the new shares aforementioned, the issued and paid-up capital of IFWPL has been increased from S\$2,104,212 to S\$3,880,000 ordinary shares of par value of each S\$1.00 each. The Company's interest in IFWPL has been diluted to 51.03% of the enlarged issued and paid-up capital of IFWPL from 94.10% previously. As a result of the dilution, the Group recorded an exceptional gain of S\$429,000.

In addition, Kinema and Kris had provided loan of S\$445,000 and S\$555,000 respectively to IFWPL. A call option has also been granted to Kinema and Kris to subscribe for up to a respective maximum of 2,273,118 and 2,263,882 new ordinary shares at par value of S\$1.00 each in the capital of IFWPL to be issued at par value of S\$1.00 each.

On 16 December 2004, the Company had announced that it had entered into a settlement agreement with International Factors (Singapore) Limited ("IFS") to settle the claim by IFS in relation to a corporate guarantee provided by the Company for its wholly-owned subsidiary, Allandes Corporation Pte Ltd, which is currently under liquidation. Under the agreement, a sum of S\$550,000 which is due and owing to IFS by the Company shall be satisfied by the issuance and allotment of 27,500,000 new ordinary shares of S\$0.01 each in the capital of the Company at issue price of S\$0.02 per share. The Company shall also bear all legal costs and expenses incurred by IFS (subject to a maximum of S\$6,000) in connection with the settlement agreement. The settlement was recorded as an exceptional loss during the year for \$556,000.

As a result of the improvement in turnover as mentioned above, the Group's net loss attributable to the members of the Company was reduced to \$1.6 million, an improvement of \$490,000 or 23.31% as compared to year 2003.

On 29 June 2004, the board of directors of the Company announced that the Company had mutually agreed with the vendors of Megatalk Pte Ltd to terminate the acquisition agreement signed on 11 February 2004. However, as a result of the Company's ongoing restructuring efforts to identify other investment opportunities to diversify its business portfolio as well as seek additional capital given the continued financial performance of the Company, the Company had on 12 August 2004 entered into a conditional sale and purchase agreement with Safuan Group International Limited (the "Vendor") to acquire from the vendor 70% equity interest in Saufan Bara-Link S.A. (Pty) Ltd (the "Agreement"). Under the Agreement, the purchase consideration in respect of the said acquisition is to be satisfied by issuance of 4,250,000,000 new ordinary shares of par value S\$0.01 each in the share capital of the Company at an issue price of S\$0.02 each.

In view of the fact the Companies Act prohibited the issuance of new shares below par value (subject to certain conditions) and the shares had been trading at an average share price of \$0.0271 and between \$0.005 and \$0.04 during twelve months prior to 8 April 2004 (Latest Practicable Date prior to the printing of the circular dated 16 April 2004), the Company had availed itself with the necessary flexibility to undertake future equity or equity-related fund raising activities by reducing the par value of the Company's share from \$0.05 to \$0.01. Please refer to 1(d)(ii) above for detail description.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Given the economic downturn over the last couple of years, IFWPL has undergone a consolidation phase and is now at a stage where it is ready to move forward to be a leading post-production facility in Singapore and to expand its services into regional markets. The proceeds from the recent subscription and loan have been primarily utilized for the upgrade of IFWPL's equipment and working capital to enable IFWPL to enhance its competitive position in Singapore. However, the proceeds from the exercise of the Call Option, if being exercised, are intended to be primarily utilized for regional expansion.

The Group's sound recording business and music and video business (children education) will continue to contribute marginally to the Group's performance.

As at 31 December 2004, the current liabilities of the Group and Company exceeded current assets by \$8.3 million million and \$8.6 million respectively. As at that date, the Group and Company also showed negative net assets of \$0.9 million and \$2.4 million respectively. The validity of the going concern assumption on which the financial statements are prepared depends on the continuing support of the Group's bankers and creditors, the profitability and cash flows of the Group's operations and the ability of the Group to raise additional funding in the next twelve months.

On 2 February 2005, the Company had announced that Oversea-Chinese Banking Corporation Limited ("OCBC") had petitioned for the grant of a judicial management order with respect to the Company. The hearing on 25 February 2005 has been adjourned by the Court to 18 March 2005.

Despite the difficult environment, the Company will continue its ongoing restructuring efforts.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on ? None.

(b) Corresponding Period of Immediately Preceding Financial Year

Any dividend recommended for the corresponding period of the immediately preceding financial year ? None.

(c) Date payable

Not applicable.

(d) Books closure dte

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

The directors do not recommend that a final dividend be paid for the financial year.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business Segment

2004

	Music	Studio	Post Production	Animation	Corporate/ Other	Eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment turnover							
Sales to external customers	70	248	5,170	-	-	-	5,488
Intersegment sales	-	-	-	-	-	-	-
	<u>70</u>	<u>248</u>	<u>5,170</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,488</u>
Segment result	17	(27)	144	75	(1,157)	-	(948)
Finance costs							(644)
Loss before taxation							(1,592)
Taxation							(19)
Minority interest net of tax							(7)
Loss attributable to members of the Company							<u>(1,618)</u>

2003

	Music	Studio	Post Production	Animation	Corporate/ Other	Eliminations	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment turnover							
Sales to external customers	118	162	4,337	9	-	-	4,626
Intersegment sales	-	-	-	-	-	-	-
Total turnover	<u>118</u>	<u>162</u>	<u>4,337</u>	<u>9</u>	<u>-</u>	<u>-</u>	<u>4,626</u>
Segment result	86	(189)	(407)	(164)	(820)	-	(1,494)
Finance costs							(617)
Loss before taxation							(2,111)
Taxation							(27)
Minority interest net of tax							36
Loss attributable to members of the Company							<u>(2,102)</u>

2004

	Music	Studio	Post Production	Animation	Corporate/ Other	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets	<u>67</u>	<u>179</u>	<u>6,818</u>	<u>4</u>	<u>7,348</u>	<u>14,416</u>
Segment liabilities	<u>105</u>	<u>51</u>	<u>552</u>	<u>32</u>	<u>3,127</u>	<u>3,867</u>
Unallocated liabilities						11,467
						<u>15,334</u>
Other segment information						
Capital expenditure	-	4	2,601	-	-	2,605
Depreciation	-	107	1,020	-	303	1,430

2003

	Music	Studio	Post Production	Animation	Corporate/ Other	Consolidated
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets	<u>94</u>	<u>247</u>	<u>3,558</u>	<u>4</u>	<u>7,988</u>	<u>11,891</u>
Segment liabilities	<u>136</u>	<u>73</u>	<u>355</u>	<u>32</u>	<u>1,928</u>	<u>2,524</u>
Unallocated liabilities						10,012
						<u>12,536</u>
Other segment information						
Capital expenditure	-	-	124	-	6	130
Depreciation	-	137	1,045	152	318	1,652
Amortisation	2	-	-	-	-	2

Geographical segment**2004**

	Singapore	Malaysia	Philippines	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment turnover					
Sales to external customers	5,488	-	-	-	5,488
Intersegment sales	-	-	-	-	-
Total turnover	5,488	-	-	-	5,488

Othe geographical information:

Segment assets	14,412	-	4		14,416
Capital expenditure	2,605	-	-		2,605

2003

	Singapore	Malaysia	Philippines	Elimination	Consolidation
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment turnover					
Sales to external customers	4,617	-	9	-	4,626
Intersegment sales	-	-	-	-	-
Total turnover	4,617	-	9	-	4,626

Othe geographical information:

Segment assets	11,887	-	4		11,891
Capital expenditure	130	-	-		130

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

15. A breakdown of sales

	Group		
	S\$'000		%
	2004	2003	Change
Sales reported for first half year	2,573	2,258	14%
Operating profit / (loss) after tax before deducting minority interest reported for first half year	(775)	(1,320)	-41%
Sales reported for second half year	2,915	2,368	23%
Operating profit / (loss) after tax before deducting minority interest reported for second half year	(836)	(818)	2%

16. A breakdown of th total annual dividend (in dollars value) for the issuer's latest full year and its previous full year.

Not applicable.

BY ORDER OF THE BOARD

George Thia Peng Heok
Executive Chairman
1 March 2005