

Corporate Directory

Directors

Ravindran Govindan	(Managing Director)
Arvind Thiagarajan	
Anand Thyagarajan	(Alternate to Arvind Thiagarajan; appointed on 12 May 2004)
Suk Jin Kim	
Noel Francis Robertson	(Independent Director; Appointed on 12 May 2004)
Myles Norman Davey	(Independent Director; Appointed on 12 May 2004)
Joanna Syan Hui Soh	(Resigned on 12 May 2004)
Young Jin Kim	(Resigned on 12 May 2004)

Company Secretary

Chai Foong Chiang

Registered offices & Principal Place of Business

Singapore

9 Shenton Way #05-02,
Singapore 068813,
Tel: 65 6336 2777
Fax: 65 6336 5505
Email: info@matrixview.com
Website: www.matrixview.com

Australia

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South Melbourne, VIC 3205,
Australia
Tel: 613 96908666
Fax: 613 96908010

Company Registration

200004950W (Singapore)
ARBN 109 317 151 (Australia)

Local Agent

Jay Jethwa

Auditor

Ernst & Young, Singapore
10 Collyer Quay,
#21-01 Ocean Building,
Singapore 049315

Bankers

Commonwealth Bank of Australia
The Bank of East Asia Limited, Singapore
The Hongkong and Shanghai Banking Corporation Limited
United Overseas Bank Limited, Singapore

Share Registry

Computershare Investor Services Pty Ltd
Level 5, 115 Grenfell Street,
Adelaide, SA 5000,
Australia
Tel: 618 82362300
Fax: 618 82362305

Solicitors & Patent Attorney

Alban Tay Mahtani & De Silva
39 Robinson Road,
#07-01 Robinson Point,
Singapore 068911

Sackville Wilks & Co
Level 2, 139 Collins Street,
Melbourne, VIC 3000, Australia

YL Wu & Co
3 Shenton Way,
#21-04 Shenton House,
Singapore 068805

Stock Exchange

ASX: MVU

Directors' Report

The Directors present their report to the members together with the audited consolidated financial statements of MatrixView Limited (the Company) and its subsidiary companies (the Group) for the financial year ended 30 June 2004 and balance sheet of the Company as at 30 June 2004.

Directors

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

Ravindran Govindan	(Managing Director)
Arvind Thiagarajan	
Anand Thyagarajan	(Alternate to Arvind Thiagarajan; appointed on 12 May 2004)
Suk Jin Kim	
Noel Francis Robertson	(Independent Director; Appointed on 12 May 2004)
Myles Norman Davey	(Independent Director; Appointed on 12 May 2004)

Arrangements to enable Directors to acquire shares and debentures

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

Directors' interests 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, an interest in shares of the Company as stated below:-

Name of Directors	Direct interest		Deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year
MatrixView Limited				
<i>Ordinary shares of S\$1 each</i>				
Ravindran Govindan	100	-	-	-
<i>Ordinary shares of US\$1 each</i>				
Ravindran Govindan	1,000,000	-	1,330,000	-
Arvind Thiagarajan	-	-	1,330,000	-
Anand Thyagarajan	-	-	1,330,000	-
Suk Jin Kim	420,000	-	-	-
<i>Ordinary shares of A\$0.055 each</i>				
Ravindran Govindan	-	24,049,146	-	12,793,383
Arvind Thiagarajan	-	-	-	19,190,075
Anand Thyagarajan	-	-	-	19,190,075
Suk Jin Kim	-	10,100,040	-	-

Directors' Report (cont'd)

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.

Auditors

Ernst & Young have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors,



Ravindran Govindan
Director



Myles Norman Davey
Director

Singapore
01 September 2004

Statement by Directors

We, Ravindran Govindan and Myles Norman Davey, being two of the Directors of MatrixView Limited, do hereby state that, in the opinion of the Directors :

- (i) the accompanying balance sheets, consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes thereto 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 30 June 2004 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,



Ravindran Govindan
Director



Myles Norman Davey
Director

Singapore
01 September 2004

Auditors' Report

To the Members of MatrixView Limited

We have audited the accompanying financial statements of MatrixView Limited (the Company) and its subsidiaries (the Group) set out on pages 7 to 21 for the financial year ended 30 June 2004. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

The financial statements for the financial year ended 30 June 2003 were audited by other auditors, whose report dated 10 November 2003 expressed an unqualified opinion. No Group financial statement for the financial year ended 30 June 2003 will be prepared.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2004 and the results, changes in equity and cash flows of the Group for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

The logo for Ernst & Young, featuring the company name in a stylized, handwritten font.

ERNST & YOUNG
Certified Public Accountants

Singapore
01 September 2004

Directors' Declaration

In accordance with a resolution of the directors of Matrixview Limited, I state that :

In the opinion of the Directors:

- (a) the financial statements and the notes of the Company and of the consolidated entity are in accordance with the Singapore Companies Act Cap. 50, including:
 - (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2004 and of their performance for the year ended on that date; and
 - (ii) complying with the Singapore Financial Reporting Standards; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Ravindran Govindan
Director

01 September 2004

Balance Sheets

As at 30 June 2004

	Note	Group 2004 S\$	2003 S\$ (unaudited)	Company 2004 S\$	2003 S\$ (restated)
Fixed assets	3	236,770	114,322	116,452	114,322
Intangible assets	4	278,465	-	278,465	-
Investment in subsidiary companies	5	-	-	38,479	10
Current assets					
Other debtors	6	69,598	20,630	50,918	20,630
Amounts due from subsidiary companies	7	-	-	184,521	2,701
Cash and bank balances		3,729,313	1,230,882	3,663,527	1,230,872
		3,798,911	1,251,512	3,898,966	1,254,203
Current liabilities					
Accruals		377,952	75,654	345,692	75,654
Other creditors		27,630	539	-	-
		405,582	76,193	345,692	75,654
Net current assets		3,393,329	1,175,319	3,553,274	1,178,549
		3,908,564	1,289,641	3,986,670	1,292,881
Equity					
Share capital	8	6,509,990	5,808,740	6,509,990	5,808,740
Share premium	9	3,522,725	-	3,522,725	-
Share application monies	10	353,400	-	353,400	-
Accumulated losses		(6,476,089)	(4,519,099)	(6,399,445)	(4,515,859)
Exchange translation reserve		(1,462)	-	-	-
		3,908,564	1,289,641	3,986,670	1,292,881

The accounting policies and explanatory notes on pages 11 through 21 form an integral part of the financial statements.

Consolidated Profit and Loss Accounts

For the financial year ended 30 June 2004

	Note	2004 S\$	Group 2003 S\$ (unaudited)
Other income		28,530	4,075
Costs and expenses			
Professional fees		(221,424)	(28,359)
Staff costs		(780,199)	(122,482)
Research expenses		(227,277)	(204,785)
Transport, travel and accommodation		(344,591)	(68,279)
Write off of intangibles		-	(4,037,980)
Other operating expenses		(412,029)	(56,814)
Total costs and expenses		(1,985,520)	(4,518,699)
Loss before taxation	11	(1,956,990)	(4,514,624)
Taxation	12	-	-
Net loss for the financial year		(1,956,990)	(4,514,624)

The accounting policies and explanatory notes on pages 11 through 21 form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2004

	Amount		Number of shares	
	2004 S\$	2003 S\$ (unaudited)	2004	2003 (unaudited)
Issued share capital ⁽¹⁾				
Balance at beginning of financial year	5,808,740	100	3,330,100	100
Issuance during the financial year	701,250	5,808,640	412,500	3,330,000
Cancellation of shares as a result of capital restructuring	(6,509,990)	-	(3,742,600)	-
Issuance of ordinary shares as a result of capital restructuring	6,509,990	-	90,000,000	-
Balance at end of financial year	6,509,990	5,808,740	90,000,000	3,330,100
Share premium				
Balance at beginning of financial year	-	-	-	-
Issuance of shares during the financial year	3,548,325	-	-	-
Expenses relating to private placement of shares during the financial year	(25,600)	-	-	-
Balance at end of financial year	3,522,725	-	-	-
Shares application monies				
	353,400	-	-	-
Accumulated losses				
Balance at beginning of financial year, restated/previously reported	(4,519,099)	(4,475)	-	-
Net loss for the financial year, restated (Note 13)	(1,956,990)	(4,514,624)	-	-
Balance at end of financial year, restated	(6,476,089)	(4,519,099)	-	-
Exchange translation reserve				
Balance at beginning of financial year	-	-	-	-
Foreign currency translation adjustment	(1,462)	-	-	-
Balance at end of financial year	(1,462)	-	-	-
Total equity outstanding	3,908,564	1,289,641	90,000,000	3,330,100

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

The accounting policies and explanatory notes on pages 11 through 21 form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 June 2004

	2004 S\$	2003 S\$ (unaudited)
Cash flow from operating activities :		
Loss before taxation	(1,956,990)	(4,514,624)
Adjustments for :-		
Depreciation of fixed assets	37,261	8,107
Intangible assets written off	-	4,037,980
Currency re-alignment	(1,462)	-
Operating profit before changes in working capital	(1,921,191)	(468,537)
Decrease in other debtors	(48,968)	(20,630)
Increase in accruals	302,298	74,728
Increase/(decrease) in other creditors	27,091	(3,010)
Net cash used in operating activities	(1,640,770)	(417,449)
Cash flow from investing activities :		
Purchase of fixed assets	(159,709)	(122,429)
Net cash used in investing activities	(159,709)	(122,429)
Cash flow from financing activities :		
Net proceeds from issuance of new shares	4,223,975	1,770,660
IPO shares application monies, net of related IPO expenses	74,935	-
Net cash provided by financing activities	4,298,910	1,770,660
Net increase in cash and bank balances	2,498,431	1,230,782
Cash and bank balances at beginning of year	1,230,882	100
Cash and bank balances at end of year	3,729,313	1,230,882

The accounting policies and explanatory notes on pages 11 through 21 form an integral part of the financial statements.

Notes to the Financial Statements

1. Corporate information

MatrixView Limited ("the Company") is a public limited company incorporated in Singapore. The financial statements of the Company for the financial year ended 30 June 2004 were authorised for issue in accordance with a resolution of the Directors on 01 September 2004.

The registered office of the Company is located at 9 Shenton Way #05-02, Singapore 068813.

The principal activities of the Company are to carry out research development and marketing of proprietary compression technology for application in various industries. The principal activities of subsidiary companies are set out in Note 5 of the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The Group operates in two countries. The Group and Company employed 50 and 10 (2003 : 3 and 3) employees as at 30 June 2004 respectively.

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS) as required by the Singapore Companies Act. In previous years, the financial statements were prepared in accordance with Singapore Statements of Accounting Standard (SAS). The transition from SAS to FRS did not result in any significant change in accounting policies.

The financial statements have been prepared on a historical cost basis and are presented in Singapore Dollars (SGD or \$).

The accounting policies have been consistently applied by the Company and the Group and are consistent with those used in the previous financial year.

(b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies, after the elimination of all material intragroup transactions and resulting unrealised profits. Unrealised losses resulting from intragroup transactions are also eliminated unless costs cannot be recovered.

Subsidiary companies are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which the Group cease to have control of the subsidiary companies. Acquisition of subsidiary companies are accounted for using the purchase method of accounting.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstance.

(c) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the profit and loss account.

Depreciation is calculated on the straight line method to write off the cost of the fixed assets over their estimated useful lives as follows :-

Office renovation	-	5 - 6 years
Furniture and fittings	-	5 - 6 years
Office equipment	-	5 - 7 years
Computers	-	2 - 3 years

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from the fixed assets.

(d) Intangible assets

Deferred expenditure

Deferred expenditure relates to expenses incurred in relation to Initial Public Offering ("IPO") of shares subsequent to year-end, which are capitalised on an incurrence basis. The amount will be charged against share premium arising from the IPO upon issuance of shares.

Research and development costs

Research and development costs are expensed as incurred, except for development costs which relate to the design and testing of new or improved products which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Deferred development costs are amortised from the date of commercial production of the product. Such costs are currently being amortised on a straight-line basis over their useful lives, not exceeding 5 years.

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

(e) Subsidiary companies

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

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

(f) Other debtors

Other receivables, which generally have been granted on 30 day credit terms, are recognised and carried at original invoice amount less impairment losses on any uncollectible amounts.

Amounts due from subsidiary companies are recognised and carried at cost less impairment losses on any uncollectible amounts.

(g) Other creditors

Liabilities for other creditors, which are normally settled on 30 day terms, are carried at cost.

(h) Deferred taxation

Deferred taxation is provided, using the liability method, on all 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 assets and liabilities are measured using the tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unabsorbed capital allowances, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward of unused tax credits and unused tax losses can be utilised.

At each balance sheet date, the Group re-assesses unrecognised deferred tax assets and the carrying amount of deferred tax assets. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilised.

Deferred taxation is charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

(i) Revenue recognition

Interest income is recognised on a time proportion basis, unless collectibility is in doubt.

(j) Foreign currency translation

Transactions in foreign currencies are measured in the respective measurement currencies and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at balance sheet date. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transaction dates or, in the case of items carried at fair value, the exchange rates that existed when the values were determined. All resultant exchange differences are recognised in the profit and loss account.

On consolidation, assets and liabilities of foreign entities are translated into Singapore Dollars at exchange rates ruling at balance sheet date. Revenues and expenses are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions. All resultant exchange differences are taken directly to exchange translation reserve. On disposal of a foreign entity, accumulated exchange differences are transferred from exchange translation reserve and are recognised in the profit and loss account as a component of the gain or loss on disposal.

(k) Employee benefits

Defined contribution plans

As required by law, the Group's companies in Singapore make contribution to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expenses in the same period as the employment that give rise to these contributions.

Employee leave entitlement

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

(l) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and bank balances and short-term deposits which are held to maturity are carried at cost.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and bank balances and fixed deposits.

(m) Leases

Operating leases

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

Notes to the Financial Statements (cont'd)

2. Significant accounting policies (cont'd)

(n) Impairment of assets

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. An impairment loss in respect of assets carried at revalued amount is recognised in the same way as a revaluation decrease. All other impairment losses are recognised in the profit and loss account.

Reversal of impairment loss

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss in respect of assets carried at revalued amount is recognised in the same way as a revaluation increase. All other reversals of impairment are recognised in the profit and loss account.

3. Fixed assets

Group	Office renovation S\$	Furniture, & fittings S\$	Office equipment S\$	Computers S\$	Total S\$
Cost					
Balance at beginning of financial year	-	8,611	7,915	105,903	122,429
Additions	53,722	22,820	23,402	59,765	159,709
Balance at end of financial year	53,722	31,431	31,317	165,668	282,138
Accumulated depreciation					
Balance at beginning of financial year	-	287	264	7,556	8,107
Charge during the financial year	8,754	3,035	3,163	22,309	37,261
Balance at end of financial year	8,754	3,322	3,427	29,865	45,368
Charge for 2003	-	287	264	7,556	8,107
Net book value					
At end of financial year	44,968	28,109	27,890	135,803	236,770
At beginning of financial year	-	8,324	7,651	98,347	114,322

Notes to the Financial Statements (cont'd)

3. Fixed assets (cont'd)

Company	Office renovation S\$	Furniture, & fittings S\$	Office equipment S\$	Computers S\$	Total S\$
Cost					
Balance at beginning of financial year	-	8,611	7,915	105,903	122,429
Additions	51,948	4,748	18,026	55,274	129,996
Transfer to subsidiary company	-	-	-	(110,053)	(110,053)
Balance at end of financial year	51,948	13,359	25,941	51,124	142,372
Accumulated depreciation					
Balance at beginning of financial year	-	287	264	7,556	8,107
Charge during the financial year	8,721	2,607	3,108	27,918	42,354
Transfer to subsidiary company	-	-	-	(24,541)	(24,541)
Balance at end of financial year	8,721	2,894	3,372	10,933	25,920
Charge for 2003	-	287	264	7,556	8,107
Net book value					
At end of financial year	43,227	10,465	22,569	40,191	116,452
At beginning of financial year	-	8,324	7,651	98,347	114,322

4. Intangible assets

Group and Company	Deferred expenditure S\$	Intellectual property rights S\$	Development costs S\$	Total S\$
Cost				
Balance at beginning of financial year	-	4,037,980	204,785	4,242,765
Prior year adjustments				
- Write off of intellectual property rights (Note 13A)	-	(4,037,980)	-	(4,037,980)
- Write off of development costs as research expenses (Note 13B)	-	-	(204,785)	(204,785)
Balance at beginning of financial year, restated	-	-	-	-
Additions during the financial year	278,465	-	-	278,465
Balance at end of financial year	278,465	-	-	278,465

Notes to the Financial Statements (cont'd)

5. Investment in subsidiary companies

	2004 S\$	Company 2003 S\$
Unquoted equity shares, at cost	38,479	10

Details of the subsidiary companies are as follows:

Name of subsidiary companies	Principal activities	Country of incorporation/ principal place of business	Equity interest		Cost	
			2004 %	2003 %	2004 S\$	2003 S\$
⁽¹⁾ FiniteView Pte. Ltd. (Formerly known as MobileView Pte Ltd)	Dormant	Singapore/ Singapore	100	100	4	4
⁽¹⁾ MediView Pte. Ltd.	Dormant	Singapore/ Singapore	100	100	3	3
⁽¹⁾ DigiView Pte. Ltd.	Dormant	Singapore/ Singapore	100	100	3	3
⁽¹⁾ DataView Pte. Ltd.	Dormant	Singapore/ Singapore	100	-	5	-
⁽²⁾ MatrixView Management Services Pte. Ltd.	Dormant	Singapore/ Singapore	100	-	2	-
⁽³⁾ MatrixView Technologies (India) Private Limited	Research & development and marketing of proprietary image compression technology	India/ India	100	-	38,462	-
					38,479	10

⁽¹⁾ Audited by Sim, Teo & Associates (Singapore).

⁽²⁾ Unaudited because the company is newly incorporated during the financial year and is not due for audit.

⁽³⁾ Audited by Sarathy & Vasu, Chartered Accountants (India).

Notes to the Financial Statements (cont'd)

6. Other debtors

	Group		Company	
	2004 S\$	2003 S\$ (unaudited)	2004 S\$	2003 S\$
Deposit	25,432	19,932	18,032	19,932
Prepayment	5,198	432	5,198	432
Other debtors	38,968	266	27,688	266
	69,598	20,630	50,918	20,630

7. Amounts due from subsidiary companies

Amounts due from subsidiary companies are non-trade in nature, unsecured, interest free and repayable on demand.

8. Share capital

	Amount		Number of shares	
	2004 S\$	2003 S\$	2004	2003
Authorised:				
Balance at beginning of financial year				
Ordinary shares of S\$1 each	100,000	100,000	100,000	100,000
Ordinary shares of US\$1 each	170,000,000	170,000,000	100,000,000	100,000,000
Cancellation of all shares as a result of capital restructuring	(170,100,000)	-	(100,100,000)	-
Authorised ordinary shares of A\$0.055 each as a result of capital restructuring	651,750,000	-	10,000,000,000	-
Balance at end of financial year				
Ordinary shares of A\$0.055 (2003 : 100,000 and 100,000,000 ordinary shares of S\$1 and US\$1 each respectively)	651,750,000	1,800,000	10,000,000,000	1,100,000
Issued and fully paid:				
Balance at beginning of financial year				
Ordinary shares of S\$1 each	100	100	100	100
Ordinary shares of US\$1 each	5,808,640	5,808,640	3,330,000	3,330,000
Issuance of ordinary shares of US\$1 each	701,250	-	412,500	-
Cancellation of all shares as a result of capital restructuring	(6,509,990)	-	(3,742,600)	-
Issuance of ordinary shares of A\$0.055 each as a result of capital restructuring	6,509,990	-	90,000,000	-
Balance at end of financial year				
Ordinary shares of A\$0.055 (2003 : 100 and 3,330,000 ordinary shares of S\$1 and US\$1 each respectively)	6,509,990	5,808,740	90,000,000	3,330,100

Notes to the Financial Statements (cont'd)

9. Share premium

	Group and Company	
	2004	2003
	S\$	S\$
Balance at beginning of financial year	-	-
Issuance of shares during the financial year	3,548,325	-
Expenses relating to private placement of shares during the financial year	(25,600)	-
Balance at end of financial year	3,522,725	-

10. Share application monies

Share application monies relates to cash received in respect of the initial Public Offering ("IPO") of the Company's shares before issuance of the shares (Note 17).

11. Loss before taxation

Loss before taxation is arrived at after charging/(crediting) the following:

	2004	Group	2003
	S\$		S\$
			(unaudited)
Auditors' remuneration			
Auditors of the Company:			
- audit services	36,000		900
- non-audit services	1,628		-
Other auditors:			
- audit services	4,220		-
- non-audit services	1,110		-
Foreign exchange loss			
- realised	(25,867)		-
- unrealised	10,180		6,524
Depreciation of fixed assets	37,261		8,107
Staff costs (including Executive Directors)			
- Salaries, bonus and other emoluments	670,449		95,878
- Defined contributions	58,750		11,104
- Consultancy fees	51,000		15,500

Notes to the Financial Statements (cont'd)

12. Taxation

A reconciliation of the statutory tax rate to the Group's effective tax rates applicable to loss before taxation for the years ended 30 June is as follows:

	2004 S\$	Group 2003 S\$ (unaudited)
Accounting losses	(1,956,990)	(4,514,624)
Tax at the applicable rate of 20% (2003 : 22%)	(391,398)	(993,217)
Adjustments:		
Expenses not deductible for tax purposes	387,835	991,434
Deferred tax assets not recognised	3,563	1,783
Tax expense	-	-
Tax effect of temporary differences for which no deferred tax asset is recognised:		
Differences in depreciation	5,184	1,783

No deferred tax assets have been recognised in the financial statements due to the uncertainty of their recoverability.

13. Prior year adjustments

The Group made the following adjustments to correct errors in the prior year's financial statements:-

- A. Write off of costs of intellectual property rights, previously acquired through the issuance of new ordinary shares, to the profit and loss account (Note 4).
- B. Write off of development costs previously capitalised, as research expenses to the profit and loss account (Note 4).
- C. Recognition of the Group's previously understated expenses and increase in accruals as at 30 June 2003.

	2004 S\$	Group 2003 S\$ (unaudited)
Effect of prior year adjustments on results of the Group:- Net loss for the year before effects of changes	(1,956,990)	(224,320)
Prior year adjustments - A (Note 4)	-	(4,037,980)
- B (Note 4)	-	(204,785)
- C	-	(47,539)
	-	(4,290,304)
Net loss for the year, restated	(1,956,990)	(4,514,624)

Notes to the Financial Statements (cont'd)

14. Related party disclosures

The following significant related party transactions took place during the year on terms agreed between the Group and the related parties :-

	2004 S\$	Group 2003 S\$ (unaudited)
<i>Director related company</i>		
Purchase of fixed assets	-	98,069
Research expenses	198,385	183,845
<i>Director related firm</i>		
Professional fees	4,200	8,400
<hr/>		
<i>Directors and key executives</i>		
Directors of the Company		
- Remuneration and other emoluments	270,779	53,000
- Defined contributions	16,250	4,800
- Fees	14,804	-
- Consultancy fees	51,000	15,500
Key executives' remuneration		
- Remuneration	124,000	20,000
- Defined contributions	14,970	3,200
<hr/>		

15. Operating lease commitments

As at 30 June 2004, the Group had non-cancellable lease commitments in respect of rental of office premises and office equipment. Rental expenses were \$87,978 and \$22,708 for years ended 30 June 2004 and 2003 respectively.

Future minimum lease payments payable under non-cancellable operating leases are as follows as 30 June :

	2004 S\$	Group 2003 S\$ (unaudited)
Within one year	68,469	56,771
After one year but not more than five years	44,874	52,287
	<hr/>	<hr/>
	113,343	109,058
	<hr/>	

16. Segmental information

The Group operates in a single business segment and did not generate any revenue since incorporation. Losses for the Group primarily arise from the research development and marketing of proprietary compression technology. The assets employed by the Group are largely located in Singapore. Accordingly, no segmental information is presented.

Notes to the Financial Statements (cont'd)

17. Subsequent event

Subsequent to the year-end, the Company issued 13 million ordinary shares of A\$0.055 each at A\$0.50 per share for cash and fully paid in connection with the IPO of the Company.

The Company was admitted to the official list of Australian Stock Exchange Limited on 02 August 2004.

18. Financial instruments

Financial risks

The Group's exposure to risks as defined in FRS 32 Financial Instruments : Disclosure and Presentation, arising from the Group's financial instruments are summarised below :

Foreign currency risk

The Group incurs foreign currency risk on its multi-currency transactions. In addition to this, the Group is also exposed to foreign exchange movements on its investment in a foreign subsidiary company.

The Group does not use derivative financial instruments to protect against the volatility associated with its foreign currency investments, foreign currency transactions and other financial assets and liabilities created in the ordinary course of business.

Credit risk

Credit risk arises mainly from the risk that counterparties defaulting on the terms of agreements. The carrying amounts of cash and bank balances and other debtors represent the Group's maximum exposure to credit risk in relation to financial assets. No other financial asset carries a credit risk of any significance.

Interest rate risk

The Group's financial instruments are short-term in nature. Carrying amounts of these financial instruments reported on the balance sheet approximate their fair values, hence there is no interest rate risk exposure in relation to these instruments.

Liquidity risk

The Group is not exposed to significant liquidity risk. It has surplus funds deposited with various banks.

Fair value

The carrying values of the Group's current financial instruments approximate their fair values due to their short-term nature.

Fair value estimates are made at a specific point in time and based on relevant market information about the financial instruments. These estimates are subjective in nature, involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

19. Comparative figures

- (a) Comparative figures for the Company were audited by another firm of Certified Public Accountants, Sim, Teo & Associates.
- (b) Comparative figures have been restated for the consolidated financial statements of the Group and balance sheet of the Company, due to the prior year adjustments disclosed in Note 13.
- (c) Consolidated financial statements of the Group were not presented in the prior year.

Corporate Governance Statement



Corporate Governance Statement (cont'd)

This statement outlines the extent to which MatrixView Limited ("MatrixView") has followed the ASX Corporate Governance Council Principles of Good Corporate Governance and Best Practice Recommendations throughout the reporting period.

Principle 1: Lay solid foundation for management and oversight

The responsibilities of the Board include:

- oversight of the company, including its control and accountability systems;
- appointing and removing the managing director, chief executive officer or its equivalent;
- ratifying the appointment of the chief financial officer (or its equivalent), and of the company secretary;
- the review and final approval of management's development of corporate strategy and performance objectives;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- monitoring senior management's performance and implementation of strategy and ensuring appropriate resources are available;
- approving the company's annual business plan including the annual budget, capital expenditure and operational plans;
- approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestments;
- approving and monitoring financial and other mandatory and statutory reporting;
- determining dividend policy and declaring dividends; and;
- reporting to shareholders.

These responsibilities will be incorporated into the Board Charter which will be finalised during the next reporting period.

Principle 2: Structure the board to add value

The Board has five members and one alternate director.

Board composition

Mr Ravindran Govindan (Executive Chairman and Managing Director)
Mr Arvind Thiagarajan (Executive director)
Mr Suk Jin Kim (Executive director)
Mr Noel Francis Robertson (Independent and non-executive director)
Mr Myles Norman Davey (Independent and non-executive director)
Mr Anand Thyagarajan (Alternate to Arvind Thiagarajan)

The Board is of the view that the current structure of the Board is appropriate taking into consideration the scope and nature, breadth of skills and experience required and at the same time to promote efficiency in decision making for MatrixView.

Mr Ravindran Govindan is Executive Chairman and Managing Director of the Company. It is the view of the Board that it is in the best interests of the Company to adopt a single leadership structure. This results in the Managing Director and the Chairman of the Board being the same person. It is the Board's view that the effectiveness of the Board is not impeded by such dual roles.

Independence and independent advice

The Board and the Nomination and Remuneration Committee will regularly assess the independence of each director in light of interests disclosed by them. Directors may, with the reasonable approval of the Chairman, obtain independent professional advice at the Company's cost in carrying out their duties.

Nomination and Remuneration Committee

A Nomination and Remuneration Committee was established comprising two independent directors and one executive director, namely:

Mr. Myles Norman Davey - Chairman
Mr. Noel Francis Robertson
Mr. Ravindran Govindan

As the Committee was only established on 19 May 2004, no meeting was held during the financial year ended 30 June 2004. The Committee is scheduled to meet at least once a year and at such other times as may be necessary to perform the duties and responsibilities delegated to it.

Corporate Governance Statement (cont'd)

The Board has approved the charter of this Committee which sets out the duties and responsibilities of the Committee. A copy of this charter can be found in the Corporate Governance section of the Company website.

The Company has not adopted the recommendation in respect to the appointment of non-executive directors for a specific term. There is no automatic re-appointment of directors. Article 91 of the Company's Articles of Association requires one third of the Directors in office (except the Managing Director) to retire and subject themselves for re-election by shareholders at every Annual General Meeting. Article 97 of the Company's Articles of Association requires a newly appointed Director to submit himself for re-election at the Annual General Meeting immediately following his appointment and, subsequently, be subjected to retirement by rotation in accordance with Article 91.

Principle 3: Promote ethical and responsible decision-making

Directors' Code of Conduct

A Directors' Code of Conduct to guide Directors and officers in relation to the standards that are expected of them is in the process of being prepared and will be posted on the Company's website during the next reporting period.

Share Trading Policy

The Board is preparing a Share Trading Policy to regulate dealing by officers and employees in shares and other securities issued by MatrixView. This policy will seek to ensure that officers and employees are aware of the legal restrictions on trading in the Company's shares while in possession of unpublished price-sensitive information and establishes a procedure for trading by officers and employees which ensures integrity and market confidence. Once finalised, this policy will be posted on the Company's website. This will occur during the next reporting period.

Conflict of interest

Directors must keep the Board apprised of any potential conflicts of interest they may have with the interests of the Company.

Principle 4: Safeguard integrity in financial reporting

The Board established an Audit and Risk Committee on 19 May 2004 and comprises:

Mr. Noel Francis Robertson - Chairman
Mr. Myles Norman Davey

It is a policy of the Board that the members of this Committee are non-executive independent directors. As such, this Committee presently has only two members. The first meeting of this Committee was held on 25 August 2004. It is anticipated that at least three meetings will be held during each financial year. This Committee operates within a Charter which can be found in the Corporate Governance section of the Company website.

Principle 5: Make timely and balanced disclosure

The Board acknowledges that under the ASX Listing Rules, the Company has an obligation to inform the market of information that may have a material affect on the price or value of the Company's securities. The Board is preparing a Continuous Disclosure Policy for adoption by the Board which will contain policies and procedures designed to ensure accountability at the senior management level for compliance with disclosure obligations. Once finalised and adopted, the Continuous Disclosure Policy will be posted in the Corporate Governance section of the Company website.

Corporate Governance Statement (cont'd)

Principle 6: Respect the rights of shareholders

The Company has been proactive in keeping shareholders informed of developments in its affairs. Since listing in August 2004, it has released several announcements to the ASX. Copies of these announcements are then posted to the Company website.

The Company website provides detailed information regarding the Company's affairs. Shareholders are encouraged to visit the Company's website and sign on to the email list services or contact the Company's investor relations department for any updates.

Principle 7: Recognise and manage risk

In view of the size of the Board and the current scale of operation of the Company, the Audit and Risk Committee is assigned with the relevant duties to maintain a sound system of risk oversight management and internal control. The Audit and Risk Committee is to review the adequacy of the internal audit controls and function from time to time.

In the opinion of the Board, the systems of internal controls currently in place are adequate to meet the needs of the current business environment.

The Board is finalising a written risk management strategy which will be posted to the Company's website when it is approved by the Board. This will be completed during the next reporting period.

Principle 8: Encourage enhanced performance

The performance of the Board, its committees and each individual director, is to be evaluated by the Nomination and Remuneration Committee. As MatrixView was listed on the Australian Stock Exchange in August 2004, a performance evaluation for the Board and its members did not take place in the last reporting period. A formal performance review procedure is being finalised and a performance evaluation will occur during the next reporting period.

The performance of key executives is evaluated in a formal review process on a half yearly basis against pre-agreed measurable performance criteria.

Principle 9: Remunerate fairly and responsibly

The shareholders will approve the total Directors' fees payable at Annual General Meeting and payment shall only be made upon approval. The total amount of fees so approved is inclusive of statutory superannuation entitlements. The Nomination and Remuneration Committee determines the fees payable to each director taking into account factors such as skills, effort, time spent, responsibilities and contribution to the Board.

The Company sets remuneration packages to ensure that it is competitive and sufficient to attract, retain and motivate its employees in particular the senior management of the required experience and expertise to run the Company successfully. The remuneration of key executives (who are not directors) and other employees in the Group are subject to annual review by the Managing Director or the respective executive director in charge.

Key executives have a base remuneration and a performance related component ranging from 10% to 30% of the base remuneration. Payment of the performance related component is based on achievement of personal goals as well as corporate goals.

Corporate Governance Statement (cont'd)

Currently, there is no long-term incentive scheme such as share option scheme for the Executive Directors because they are also the major shareholders of the Company and their interests are tied to the interests of the Company.

The Company does not have any employee share option scheme. However, it is reviewing and assessing the possibility of implementing such a scheme in the future.

Further information can be found in the Nomination and Remuneration Committee Charter.

Principle 10: Recognise the legitimate interests of stakeholders

As MatrixView was listed in August 2004, it has not formally adopted a Corporate Code of Conduct. This will be finalised and adopted in the next reporting period.

Additional Information



Directors and Key Executives Remuneration

The remuneration and emoluments of the Directors and five highest paid executive officers of the Company for the year ended 30 June 2004 were as follows:

Directors - Group

The remuneration and emoluments of each Director of the Group are set out below:

	Salary S\$	Director's Fees S\$	Consultancy Fees S\$	CPF Contribution By Employer S\$	Benefits-in-kind S\$	Total S\$
Ravindran Govindan	96,000	-	-	9,510	40,568	146,078
Arvind Thiagarajan	64,000	-	-	-	1,020	65,020
Suk Jin Kim	-	-	51,000	-	-	51,000
Joanna Syan Hui Soh ¹	52,000	-	-	6,740	-	58,740
Young Jin Kim ²	-	-	-	-	-	-
Anand Thyagarajan ³	16,444	-	-	-	747	17,191
Myles Norman Davey ⁴	-	7,402	-	-	-	7,402
Noel Francis Robertson ⁵	-	7,402	-	-	-	7,402

¹ Joanna Syan Hui Soh resigned as director on 12 May 2004.

² Young Jin Kim resigned as non-executive director on 12 May 2004.

³ Anand Thyagarajan resigned as director on 12 May 2004 and was appointed alternate director to Arvind Thiagarajan.

⁴ Myles Norman Davey was appointed non-executive director on 12 May 2004.

⁵ Noel Francis Robertson was appointed non-executive director on 12 May 2004.

Executive Officers - Group

The annual salary of each of the top five* most highly paid executive officers are set out below:

	Salary S\$	CPF Contribution By Employer S\$	Total S\$
Cheong Hian Soh	64,000	7,380	71,380
Francis Thian Kee Yeo	60,000	7,590	67,590

* For the reporting period, there were only two highest paid executive officers in the Group.

Shareholders' Information

The following shareholders' information is required by the Australian Stock Exchange and was the status on 10 September 2004.

Shareholding

a. Distribution of Ordinary Shareholders:

Category (Size of Holdings)	Total
1 to 1,000	29
1,001 to 5,000	247
5,001 to 10,000	107
10,001 to 100,000	166
100,001 and over	59
No of Shareholders	608

b. The ordinary share capital of MatrixView Limited as at 10 September 2004 comprised of 103,000,000 fully paid shares.

c. Shareholders holding parcel of shares that is not marketable: NIL

d. 20 largest shareholders - fully paid ordinary Shares.

Shareholder	Number of Ordinary Shares	% of Issued Ordinary Shares
1 Ravindran Govindan	24,049,146	23.35
2 HSP Capital Limited	19,190,075	18.63
3 Columbus Capital Holdings Ltd	12,793,383	12.42
4 Kim Suk Jin	10,100,040	9.81
5 Kim Young Jin	6,011,928	5.84
6 Y & S International Co Ltd	6,011,928	5.84
7 Sim Lee Wah	1,983,936	1.93
8 Chang You Hoon	1,923,817	1.87
9 Mcneil Nominees Pty Limited	1,128,000	1.10
10 Aberon Pty Limited	991,968	0.96
11 Susan Davinia Hadley	991,968	0.96
12 Ong Kok Wah	793,575	0.77
13 Robata Enterprise(S) Pte Ltd	731,568	0.71
14 Tenth Highwire Pty Ltd	567,000	0.55
15 Khoo Kee Cheok	396,787	0.39
16 Lian Seng Cheong	396,787	0.39
17 Seah Swee Hock	396,787	0.39
18 Lee Hwan Mooh	396,787	0.39
19 Kwon Eun Young	396,787	0.39
20 Chue Kin Khye	395,181	0.38
	89,647,448	87.07

Shareholders' Information (cont'd)

e. Substantial shareholders as at 10 September 2004:

Name	Number of Ordinary Shares	% of Issued Ordinary Shares
1 Ravindran Govindan	24,049,146	23.35
2 HSP Capital Limited	19,190,075	18.63
3 Columbus Capital Holdings Ltd	12,793,383	12.42
4 Kim Suk Jin	10,100,040	9.81
5 Kim Young Jin	6,011,928	5.84
6 Y & S International Co Ltd	6,011,928	5.84

f. Director's interest in equity as at 10 September 2004:

Name	No of Ordinary Shares	
	Beneficially Held	Non-Beneficially Held
1 Ravindran Govindan ¹	24,049,146	12,793,383
2 Arvind Thiagarajan ²	-	19,190,075
3 Anand Thyagarajan ² (Alternate to Arvind Thiagarajan)	-	19,190,075
4 Suk Jin Kim	10,100,040	-
5 Noel Francis Robertson	50,000	-
6 Myles Norman Davey	80,000	-

Notes:

- ¹ Ravindran Govindan is deemed to have an interest in the Company's shares held by Columbus Capital Holdings Ltd by virtue of his holding in aggregate not less than 20% of the voting shares of Columbus Capital Holdings Ltd.
- ² Arvind Thiagarajan and Anand Thyagarajan are each deemed to have an interest in the Company's shares held by HSP Capital Limited by virtue of their holding not less than 20% each of the voting shares of HSP Capital Limited.

g. Shares subject to voluntary escrow and the date that the escrow period ends.

Escrow Period ends on	No. of Ordinary shares
27 February 2005	480,136
12 March 2005	1,426,968
30 March 2005	1,299,073
05 August 2006	80,080,317