

**MATRIXVIEW LIMITED**  
(ABN 109 317 151)

**APPENDIX 4D**  
**HALF YEAR REPORT**  
**FOR THE SIX MONTH ENDED**  
**31<sup>ST</sup> DECEMBER 2007**

Reporting period : Six month ended 31<sup>st</sup> December 2007  
Previous corresponding period : Six month ended 31<sup>st</sup> December 2006

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**Results for announcement to the market**

<b>Key financial highlights</b>	<b>6 month ended</b>		<b>Percentage Change</b>
	<b>2007</b>	<b>2006</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
Revenue from ordinary activities	193	30	543.3
Loss from ordinary activities after tax attributable to members	2,825	3,188	-11.39
Net loss for the period attributable to members	2,825	3,188	-11.39

**Revenue**

Revenue of S\$192,867 for the six months ended 31<sup>st</sup> December 07 reflected sales of HealthCare application software. Revenue were below expectations due to a longer waiting period for obtaining certification for certain products.

**Share capital**

During the six month ended 31<sup>st</sup> December 2007 the Company increased its share capital by the issue of 3,106,667 shares in private placement for an amount of S\$1,211,200. The shares were issued to provide additional funds for the expansion of the Company's Research and Development efforts and would rank pari passu in all respects with the previously issued shares.

<b>Dividends</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
	<b>S\$ in cents</b>	<b>S\$ in cents</b>
Interim dividend – current reporting period	Nil	Nil
Interim dividend – previous corresponding period	Nil	Nil

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## Details of dividend or distribution reinvestment plans in operation

The Group did not pay any dividend for the six month ended 31<sup>st</sup> December 2007 and it does not operate a dividend reinvestment plan.

## Explanation of results

In spite of the revenue is lower than expected, losses were lower than the corresponding period in previous year as savings from corporate restructuring were realized.

## Net tangible assets

	6 month ended 31 <sup>st</sup> December	
	2007 S\$ in cents	2006 S\$ in cents
Net tangible asset per ordinary share	1.24	1.41

The computation of net tangible asset per ordinary share is based on 122,125,372 (2006: 106,510,500) ordinary shares issued as at the end of the financial period.

The tangible value excludes all intangibles assets whether or not it was reflected in balance sheet. An independent valuation of the Company IP rights was carried out but as group does not capitalize its value is excluded in the balance sheets.

## Earnings per share

	6 month ended 31 <sup>st</sup> December	
	2007 S\$ in cents	2006 S\$ in cents
Loss per ordinary share	2.33	2.99

The computation of earnings per ordinary share is based on the weighted average number of shares of 121,264,285 (2006: 106,510,500) for the financial period.

There were 1,364,500 options issued as at 31<sup>st</sup> December 2007. (1,653,000 as at 30/6/07)

## Contingent liabilities

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of six month after 31<sup>st</sup> December 2007 which, in the opinion of the Directors, may or may substantially affect the ability of the Company to meet its obligation as and when they fall due.

## Financial statements:

The Financial Statements of the Company for the six month ended 31<sup>st</sup> December 2007 is annexed hereto and form part of this Appendix 4D.

**Singapore Company Registration No. 200004950W**

Reviewed Interim Financial Statements

**MATRIXVIEW LIMITED AND SUBSIDIARY COMPANIES**

For the six month period ended 31 December 2007

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**MatrixView Limited and its Subsidiary Companies**

**Consolidated Profit and Loss Account  
For the six month period ended 31 December 2007**

	Note	Group 31/12/2007 \$	Group 31/12/2006 \$
<b>Revenue</b>		192,867	29,875
<b>Costs and expenses</b>			
Marketing and sales		(515,564)	(576,489)
Corporate administration		(1,426,279)	(1,646,163)
Research and development		(699,487)	(789,038)
Patent and trademark		(72,852)	(22,801)
Other operating expenses		(197,807)	(235,862)
<b>Total costs and expenses</b>		(2,911,989)	(3,270,353)
<b>Net operating loss</b>		(2,719,122)	(3,240,478)
Interest income		39,383	37,754
Foreign exchange loss		(150,850)	(197)
Other Income		-	8,000
<b>Loss before taxation</b>		(2,830,589)	(3,194,921)
Taxation		(6,397)	(3,220)
<b>Net loss for the period</b>		<b>(2,836,986)</b>	<b>(3,198,141)</b>
<b>Attributable to:</b>			
Equity holders of the Company		(2,825,136)	(3,187,634)
Minority interests		(11,850)	(10,507)
		<b>(2,836,986)</b>	<b>(3,198,141)</b>
<b>Loss per share :</b>			
- Basic	9	(2.33)	(2.99)
- Diluted	9	(2.33)	(2.99)

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

**MatrixView Limited and its Subsidiary Companies**

**Consolidated Balance Sheets as at 31 December 2007**

	Note	31/12/2007 S\$	GROUP 30/06/2007 S\$	31/12/2006 S\$
<b>Non-current assets</b>				
Property, plant and equipment	4	519,481	674,958	736,098
Intangible assets	5	406,097	112,301	112,301
Deferred tax assets	10	2,919	4,720	6,911
<b>Current assets</b>				
Trade receivables	6	166,655	39,054	2,076
Other receivables	6	401,487	361,879	251,692
Cash and bank equivalents		1,284,078	3,529,320	1,246,389
		1,852,220	3,930,253	1,500,157
<b>Current liabilities</b>				
Trade payables		79,727	187,536	131,188
Other payables and accruals	7	616,190	940,308	490,354
Advance from customers		–	–	14,336
Provision for taxation		155,078	136,251	76,566
		850,995	1,264,095	712,444
<b>Net current assets</b>		1,001,225	2,666,158	787,713
<b>Non-current liability</b>				
Deferred tax liabilities	10	(4,106)	(4,106)	(25,972)
<b>Net assets</b>		1,925,616	3,454,031	1,617,051
<b>Equity Attributable to Equity Holders of the Company</b>				
Share capital		28,293,403	27,082,203	22,261,675
Employee stock option reserve		555,705	407,517	294,085
Accumulated losses		(26,867,026)	(24,041,890)	(20,943,267)
Exchange translation reserve		(57,072)	(6,255)	(9,476)
		1,925,010	3,441,575	1,603,017
Minority interests		606	12,456	14,034
<b>Total equity</b>		1,925,616	3,454,031	1,617,051

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

**MatrixView Limited and its Subsidiary Companies****Consolidated Statement of Changes in Equity  
for the six month period ended 31 December 2007**

	<b>Group</b>	
	<b>31/12/2007</b>	<b>31/12/2006</b>
	\$	\$
<b>Issued share capital</b>		
Balance at beginning	27,082,203	22,261,675
Issuance of shares during the period	<u>1,211,200</u>	<u>–</u>
Balance at end	<u>28,293,403</u>	<u>22,261,675</u>
<b>Employee stock option reserve</b>		
Balance at beginning	407,517	126,037
Grant of employee stock options	<u>148,188</u>	<u>168,048</u>
Balance at end	<u>555,705</u>	<u>294,085</u>
<b>Accumulated losses</b>		
Balance at beginning	(24,041,890)	(17,755,633)
Net loss for the period	<u>(2,825,136)</u>	<u>(3,187,634)</u>
Balance at end	<u>(26,867,026)</u>	<u>(20,943,267)</u>
<b>Exchange translation reserve</b>		
Balance at beginning	(6,255)	4,712
Foreign currency translation adjustment	<u>(50,817)</u>	<u>(14,188)</u>
Balance at end	<u>(57,072)</u>	<u>(9,476)</u>
<b>Minority interests</b>		
Balance at beginning	12,456	71,850
Share of loss for the period	(11,850)	(10,507)
Increase in shareholding in a subsidiary company	–	(47,622)
Foreign currency translation adjustment	<u>–</u>	<u>313</u>
Balance at end	<u>606</u>	<u>14,034</u>
<b>Total equity</b>	<u><u>1,925,616</u></u>	<u><u>1,617,051</u></u>

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

**MatrixView Limited and its Subsidiary Companies**

**Consolidated Cash Flow Statement  
for the six month period ended 31 December 2007**

	<b>31/12/2007</b>	<b>Group 31/12/2006</b>
	\$	\$
<b>Cash flow from operating activities :</b>		
Loss before taxation	(2,830,589)	(3,194,921)
Adjustments for:		
Depreciation of property, plant and equipment	148,499	172,434
Loss/(gain) on disposal of property, plant and equipment	28,990	(584)
Interest income	(39,383)	(37,754)
Employee stock option expense	148,188	168,048
<b>Operating loss before changes in working capital</b>	<b>(2,544,295)</b>	<b>(2,892,777)</b>
(Increase)/decrease in other receivables	(39,608)	10,420
Decrease in other payables and accruals	(309,887)	(135,188)
(Increase)/decrease in trade receivables	(127,601)	59,945
Decrease in trade payables	(107,809)	(89,267)
<b>Cash used in operations</b>	<b>(3,129,200)</b>	<b>(3,046,867)</b>
Interest received	42,825	38,225
Income tax paid	-	(94,238)
<b>Net cash used in operating activities</b>	<b>(3,086,375)</b>	<b>(3,102,880)</b>
<b>Cash flow from investing activities:</b>		
Purchase of property, plant and equipment	(40,420)	(130,040)
Proceeds from disposal of property, plant and equipment	3,738	1,904
Additions to intangible asset	(293,796)	-
Additional investment in a subsidiary company	-	(25,128)
<b>Net cash used in investing activities</b>	<b>(330,478)</b>	<b>(153,264)</b>
<b>Cash flow from financing activity:</b>		
Net proceeds from issuance of new shares	1,211,200	-
<b>Net cash generated from financing activity</b>	<b>1,211,200</b>	<b>-</b>
Net increase in cash and cash equivalents	(2,205,653)	(3,256,144)
Cash and cash equivalents at beginning	3,529,320	4,524,947
Currency re-alignment	(39,589)	(22,414)
<b>Cash and cash equivalents at end</b>	<b>1,284,078</b>	<b>1,246,389</b>
Cash and cash equivalents comprises of:		
Cash and bank balances	561,828	511,483
Fixed deposits	722,250	734,906
<b>Cash and cash equivalents at end</b>	<b>1,284,078</b>	<b>1,246,389</b>

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

## MatrixView Limited and its Subsidiary Companies

### Notes to the Financial Statements - 31 December 2007

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#### 1.1 Corporate information

MatrixView Limited (“the Company”) is a limited liability company, which is incorporated in the Republic of Singapore and publicly traded on Australian Securities Exchange.

The registered office and principal place of business of the Company is located at No.35 Selegie Road, #09-17, Parklane Shopping Mall, Singapore 188307

The principal activities of the Company and the Group are to carry out research and development and marketing of proprietary compression software technology for application in various industries. There have been no significant changes in the nature of these activities during the financial period.

#### 1.2 Fundamental accounting concept

The financial statements of the Group have been prepared on a going concern basis as one of its shareholders has given an undertaking to provide continuing financial support to the Group to meet its liabilities as and when they fall due.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

The financial statements have been prepared on a historical cost basis.

The financial statements are presented in Singapore Dollars (SGD or \$).

#### 2.2 Future changes in accounting policies

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

		<i>Effective date (Annual periods beginning on or after)</i>
FRS 23	: Amendment to FRS 23, Borrowing Costs	1 January 2009
FRS 108	: Operating Segments	1 January 2009
INT FRS 111	: Group and Treasury Share Transactions	1 March 2007
INT FRS 112	: Service Concession Arrangements	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for FRS 108 as indicated below.

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

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

**2.3 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 SGD. Revenue and major operating expenses are primarily influenced by fluctuations in SGD.

**(b) Foreign currency**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies 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 profit and loss account except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies, which are recognised initially in equity as exchange translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary company.

The assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the balance sheet date and their profit and loss account are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity as exchange translation reserve. On disposal of a foreign operation, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the profit and loss account.

**2.4 Subsidiary companies and principles of consolidation**

**(a) Subsidiary companies**

A subsidiary company 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, investments in subsidiary companies are accounted for at cost less impairment losses.

**(b) Principles of consolidation**

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

## MatrixView Limited and its Subsidiary Companies

### Notes to the Financial Statements - 31 December 2007

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

##### 2.4 Subsidiary companies and principles of consolidation (cont'd)

###### (b) Principles of consolidation (cont'd)

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Acquisitions of subsidiary companies are accounted for using the purchase method. Subsidiary companies are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

##### 2.5 Revenue

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.

###### (i) Sales of licences

Revenue from sale of licences is recognised upon the acceptance of the software by the customers.

###### (ii) Interest income

Interest income is recognised using the effective interest method.

##### 2.6 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 measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

**2.6 Property, plant and equipment (cont'd)**

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of 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 on derecognition of the asset is included in the profit and loss account in the year the asset is derecognised.

**2.7 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 has been recognised directly in equity is recognised in the profit and loss account.

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.

**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 profit and loss account when the loans and receivables are derecognised or impaired, and through the amortisation process.

The Group has not classified any financial assets as held-to-maturity investments, available-for-sale financial assets and financial assets at fair value through profit and loss.

**2.8 Impairment of financial assets**

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

If there is objective evidence that an impairment loss on loans and receivables 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 profit and loss account.

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

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

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value 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 profit and loss account.

The Group has not classified any financial assets as assets carried at cost and available-for-sale.

**2.9 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 assessment 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. 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 profit and loss account except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity 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 increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss be recognised previously. Such reversal is recognised in the profit and loss account unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.10 Intangible asset**

***Goodwill***

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

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

**2.10 Intangible asset (cont'd)**

***Goodwill (cont'd)***

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, or 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 profit and loss account. 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 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 2.3.

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

***Research and development costs***

Research costs are expensed as incurred. Deferred development costs arising from development expenditure on an individual project is 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 expenditure during the development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project on a straight line basis.

**2.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and in bank and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

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

**2.12 Receivables**

Trade and other receivables, including amounts due from subsidiary companies 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 2.7.

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 2.8.

**2.13 Financial liabilities**

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

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

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

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

**2.14 Income taxes**

**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 profit and loss account except that tax relating to items recognised directly in equity is recognised 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.

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

**2.14 Income taxes (cont'd)**

**b) Deferred tax (cont'd)**

Deferred tax assets and liabilities are recognised for all temporary differences, except in respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and in respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset 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 utilised.

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

Deferred taxes are recognised in the profit and loss account except that deferred tax relating to items recognised directly in equity is recognised directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**2.15 Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

**2.16 Leases**

Operating lease payments are recognised as an expense in the profit and loss account 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.

**2.17 Employee benefits**

**(a) Defined contribution plan**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to the defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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

**2.17 Employee benefits (cont'd)**

**(b) Employee leave entitlement**

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

**(c) Employee stock option plan**

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in the profit and loss account, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised 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 options that will ultimately vest. The charge or credit to the profit and loss account for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

**2.18 Government grants**

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in the profit and loss account over the period necessary to match them on a systematic basis to the costs that it is intended to compensate. Grants related to income may be presented as a credit in the profit and loss account, either separately or under a general heading such as 'Other Income'. Alternatively, they are deducted in reporting the related expense.

**2.19 Segment reporting**

A business segment is a distinguishable component of the Group that is engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group that is engaged in providing products or services within a particular economic environment and that is subject to risks and returns that are different from those of components operating in other economic environments.

**3. Significant accounting judgements and estimates**

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**3.1 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:

**(i) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flow from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of the cash flow. The carrying amount of the Group's goodwill at 31 December 2007 was \$112,301 (30 June 2007: \$112,301).

**(ii) Depreciation of property, plant and equipment**

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives of 2 - 7 years. The carrying amount of property, plant and equipment as at 31 December 2007 was \$519,481 (30 June 2007: \$674,958). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

**(iii) Deferred development costs**

Deferred development costs are capitalised in accordance with the accounting policy in Note 2.10. 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. The carrying amount of deferred development costs capitalised at the balance sheet date was \$293,796 (2006: \$Nil).

**MatrixView Limited and its Subsidiary Companies**

**Notes to the Financial Statements - 31 December 2007**

**4. Property, plant and equipment**

<b>Group</b>	<b>Office renovation</b> \$	<b>Furniture &amp; fittings</b> \$	<b>Office equipment</b> \$	<b>Computers</b> \$	<b>Vehicles</b> \$	<b>Total</b> \$
<b>Cost</b>						
At 1 July 2006	282,074	125,201	132,467	643,175	26,040	1,208,957
Additions	367	12,901	20,417	120,161	–	153,846
Disposals	–	(1,117)	(838)	–	–	(1,955)
Net exchange differences	20,305	9,782	7,370	30,033	2,224	69,714
At 30 June 2007 and 1 July 2007	302,746	146,767	159,416	793,369	28,264	1,430,562
Additions	19,662	290	6,082	14,386	–	40,420
Disposals	(51,948)	(13,340)	(22,688)	(89,486)	–	(177,462)
Net exchange differences	(6,757)	(2,889)	(1,719)	(6,652)	(764)	(18,781)
At 31 December 2007	263,703	130,828	141,091	711,617	27,500	1,274,739
<b>Accumulated depreciation</b>						
At 1 July 2006	46,250	49,839	26,075	307,002	6,553	435,719
Charge during the year	79,044	19,536	25,036	198,803	5,179	327,598
Disposals	–	(405)	(214)	–	–	(619)
Net exchange differences	5,587	(18,369)	(685)	8,864	(2,491)	(7,094)
At 30 June 2007 and 1 July 2007	130,881	50,601	50,212	514,669	9,241	755,604
Charge during the period	33,465	29,392	9,939	70,555	5,148	148,499
Disposal	(44,218)	(11,592)	(16,355)	(72,569)	–	(144,734)
Net exchange differences	(2,824)	(450)	716	(1,280)	(273)	(4,111)
At 31 December 2007	117,304	67,951	44,512	511,375	14,116	755,258
<b>Net carrying amount</b>						
At 30 June 2006	235,824	75,362	106,392	336,173	19,487	773,238
At 30 June 2007	171,865	96,166	109,204	278,700	19,023	674,958
At 31 December 2007	146,399	62,877	96,579	200,242	13,384	519,481

**MatrixView Limited and its Subsidiary Companies**

**Notes to the Financial Statements - 31 December 2007**

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**5. Intangible assets**

	<b>Group</b>	
	<b>31/12/2007</b>	<b>30/06/2007</b>
	<b>\$</b>	<b>\$</b>
Goodwill	112,301	112,301
Deferred development costs	293,796	-
	<hr/>	<hr/>
	406,097	112,301
	<hr/>	<hr/>

**6. Trade and other receivables**

Bad debts written off directly to profit and loss account amounted to \$Nil (31 December 2006: \$35,601).

Other receivables as at 31 December 2007 and 30 June 2007 were:

	<b>Group</b>	
	<b>31/12/2007</b>	<b>30/06/2007</b>
	<b>\$</b>	<b>\$</b>
Deposits	386,270	326,949
Interest receivable	5,940	1,542
Sundry receivables	9,277	33,388
	<hr/>	<hr/>
	401,487	361,879
	<hr/>	<hr/>

As at 31 December 2007, the following amounts are included in other receivables for the Group:

- \$327,442 (30 June 2007: \$293,804) denominated in Indian Rupees.
- \$7,491 (30 June 2007: \$12,892) denominated in USD.
- \$1,632 (30 June 2007: \$1,632) denominated in other foreign currencies.

**7. Other payables and accruals**

	<b>Group</b>	
	<b>31/12/2007</b>	<b>30/06/2007</b>
	<b>\$</b>	<b>\$</b>
Accrued operating expenses	351,567	361,163
Accrued payroll and related expenses	264,160	579,048
Others	463	97
	<hr/>	<hr/>
	616,190	940,308
	<hr/>	<hr/>

## MatrixView Limited and its Subsidiary Companies

### Notes to the Financial Statements - 31 December 2007

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#### 8. Related party disclosures

The following significant related party transactions took place during the six month period ended 31 December 2007 and 2006 on terms agreed between the Group and the related parties :

	<b>Group</b>	
	<b>6 month ended 31/12/2007</b>	<b>6 month ended 31/12/2006</b>
	\$	\$
<i>Directors of the Company</i>		
- Remuneration and other emoluments	220,092	345,121
- Fees	25,807	40,233
- Consultancy fees	18,000	18,000
<i>Director related individual *</i>		
- Consultancy fees	28,142	19,079
<i>Director of subsidiary company</i>		
- Consultancy fees	199,485	211,196
<i>Key executives' remuneration</i>		
- Remuneration	230,696	347,540
- Defined contribution	9,213	31,862

\* This relates to consultancy fees paid to the spouse of a Director.

#### 9. Loss per share

	<b>Group</b>	
	<b>31/12/2007</b>	<b>31/12/2006</b>
	<b>S\$ in cents</b>	<b>S\$ in cents</b>
Loss per ordinary share	2.33	2.99

The computation of loss per ordinary share is based on the weighted average number of shares of 121,264,285 (2006: 106,510,500) for the financial period.

1,364,500 (30 June 2007: 1,653,000) options was issued as at 31 December 2007.

**MatrixView Limited and its Subsidiary Companies**

**Notes to the Financial Statements - 31 December 2007**

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**10. Taxation**

The taxation charge for the period represents mainly the foreign tax liability on the Australian interest income earned and in respect of an Indian subsidiary.

The Group has tax losses of \$19,379,000 (30 June 2007: \$17,098,000) and capital allowances of \$22,000 (30 June 2007: \$81,000) that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

**Deferred tax assets and liabilities**

	<b>Group</b>	
	<b>31/12/2007</b>	<b>30/06/2007</b>
	\$	\$
<b>Deferred tax liabilities</b>		
Differences in depreciation	(3,914)	(4,106)
Others	(192)	-
	<u>(4,106)</u>	<u>(4,106)</u>

	<b>Group</b>	
	<b>31/12/2007</b>	<b>30/06/2007</b>
	\$	\$
<b>Deferred tax assets</b>		
Provision for unutilised leave	2,919	2,919
Others	-	1,801
	<u>2,919</u>	<u>4,720</u>

**MatrixView Limited and its Subsidiary Companies**

**Notes to the Financial Statements - 31 December 2007**

**11. Segment reporting**

*Analysis by geographical segments*

The Group's operations are primary organized by geographical locations. Revenue and results have been allocated to the various geographical locations based on the locations of the companies which conduct the operations. As the Group operates in a single business segment, no business segmental information is presented.

	Singapore		India and others		Eliminations		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Revenue from external customers	162,606	–	30,261	29,875	–	–	192,867	29,875
Inter-segment revenue	–	–	1,516,616	1,326,020	(1,516,616)	(1,326,020)	–	–
Segment revenue	162,606	–	1,546,877	1,355,895	(1,516,616)	(1,326,020)	192,867	29,875
Segment result	(2,280,709)	(2,821,190)	(589,263)	(411,485)	–	–	(2,869,972)	(3,232,675)
Interest income							39,383	37,754
Loss before taxation							(2,830,589)	(3,194,921)
Taxation							(6,397)	(3,220)
Net loss for the period							(2,836,986)	(3,198,141)
Segment assets	3,952,567	2,510,866	1,092,637	1,070,821	(2,267,406)	(1,233,131)	2,777,798	2,348,556
Unallocated assets							2,919	6,911
Total assets							2,780,717	2,355,467
Segment liabilities	167,023	277,643	2,783,982	1,591,366	(2,255,088)	(1,233,131)	695,917	635,878
Unallocated liabilities							159,184	102,538
Total liabilities							855,101	738,416
Capital Expenditure	23,230	3,769	17,190	126,271	–	–	40,420	130,040
Depreciation	33,209	52,149	115,290	120,285	–	–	148,499	172,434

**12. Financial risk management objectives and policies**

The Group's principal financial instruments comprise fixed deposits as well as cash and bank balances. The Group raises its funding needs mainly through issuance of shares. Funds raised are placed in fixed deposits until needed. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees on the risk management policies for each of these risks and they are summarised below :

*Foreign currency risk*

The Group's surplus funds are held largely in its functional currency and foreign currency cash requirements are projected and purchased not more than three months ahead of requirements.

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

*Credit risk*

It is the Group's policy to place surplus funds with reputable banks.

Credit worthiness of trade receivables is checked and exposure is monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There is no significant concentration of credit risk within the Group or the Company.

*Liquidity risk*

The Group forecast its financial performance and cash requirements on a quarterly basis, taking into account the operating and capital expenditure and inflow from sales secured. One of the critical factors in the next financial year would be the attainment of such sales. Where the cash position is expected to fall below minimum operating requirements, plans for equity calls or issue of placements shares would be activated.

**13. Comparative figures**

The comparative figures have also been reclassified to align with current period's presentation.

**14. Fair values of financial instruments**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

*Cash and bank balances, fixed deposits, trade and other receivables, trade payables, other payables and accruals, amounts due from/to subsidiary companies*

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

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

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## MatrixView Limited and its Subsidiary Companies

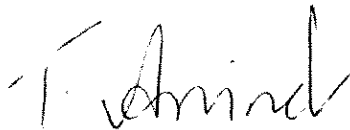
### Statement by Directors

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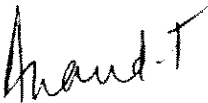
We, Arvind Thiagarajan and Anand Thyagarajan, being two of the Directors of MatrixView Limited, do hereby state that, in the opinion of the Directors,

- (a) the accompanying consolidated balance sheet, consolidated profit and loss account, consolidated statement of changes in equity and consolidated statement of cash flow together with notes thereto are drawn up in accordance with the Singapore Companies Act Cap.50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 31 December 2007 and of the results of the business, changes in equity and cash flows of the Group for the six month period then ended; 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.

On behalf of the Board of Directors,



Arvind Thiagarajan  
Director



Anand Thyagarajan  
Director

Singapore  
28 February 2008

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**MATRIXVIEW LIMITED  
DIRECTORS' REPORT**

The Board of Directors of MatrixView Limited has pleasure in presenting their report in respect of the six month period ended 31 December 2007.

**Directors**

The names of the Directors in office during or since the end of the six month period ended 31 December 2007 are:

Anand Thyagarajan  
Arvind Thiagarajan  
Noel Francis Robertson  
Kim Suk Jin  
Bruce Arthur Hauptman (Appointed on 31 August 2007)

All Directors except Bruce Arthur Hauptman, held their position as a Director throughout the entire six month period and up to the date of this report.

**Principal activities**

The principal activities of the Group during the six month period were:

Research, development and commercialization of software applications which optimizes the storage and communication of electronic data.

**Results**

The consolidated net loss after tax of the Group for the six month period ended 31<sup>st</sup> December 2007 was S\$2.825m (2006: S\$3.188m).

**Review of operations**

The result of the Group consisted of:

	Current period	Previous period
Operating revenue	S\$0.193 m	S\$0.030 m
Net loss after tax	S\$2.825 m	S\$3.188 m

**Revenue:**

Revenue of S\$0.193m for the six months ended 31<sup>st</sup> December 07 reflected sales of MViStream, a product used in medical imaging and HealthCare application software.

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## **Review of operations**

### **Operating Results**

Losses were lower than the corresponding period in previous year as savings from corporate restructuring were realized. In particular savings were made in manpower cost and office rentals as headcount was reduced.

### **Balance Sheet**

During the six months ending 31 December 2007, net assets of the Group decreased by S\$1.528m reflecting mainly the operating loss of S\$2.825m less non cash depreciation expenses of S\$0.148m.

### **Cash Flow**

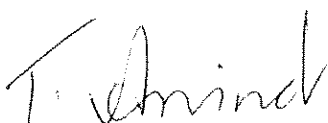
During the six months, cash used in operations amounted to S\$3.086m reflecting mainly the cash operating costs of S\$2.544m and working capital changes of S\$0.585m.

The Group maintained a cash balance of S\$1.284m as at 31 December 2007.

### **Rounding of amounts**

The amounts in the consolidated financial statements and the Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of directors.



Arvind Thiagarajan  
Executive Chairman & CEO



Anand Thyagarajan  
Director

28 February 2008

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The Board of Directors  
MatrixView Limited  
No. 35 Selegie Road #09-17  
Parklane Shopping Mall  
Singapore 188307

Dear Sirs,

**Review report on Interim Financial Statements  
For the six months ended 31 December 2007**

*Introduction*

We have reviewed the accompanying consolidated balance sheet of MatrixView Limited and its subsidiaries (the "Group") as at 31 December 2007, and the consolidated profit and loss account, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the six months ended on that date, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Singapore Financial Reporting Standard 34 Interim Financial Reporting ("FRS 34"). Our responsibility is to express a conclusion on these interim financial statements based on our review.

*Scope of Review*

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Group as at 31 December 2007, and of its financial performance and its cash flows for the six-month period then ended in accordance with FRS 34.

Yours faithfully,



ERNST & YOUNG  
Certified Public Accountants

Singapore  
28 February 2008

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