

**MATRIXVIEW LIMITED**  
(ARBN NO. 109 317 151)

**APPENDIX 4E**  
**PRELIMINARY FINAL REPORT**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2006**

Reporting period : year ended 30<sup>th</sup> June 2006  
Previous corresponding period : year ended 30<sup>th</sup> June 2005

**Results for announcement to the market**

<b>Key financial highlights</b>	<b>Year ended 30<sup>th</sup> June</b>		<b>Percentage change</b>
	<b>2006 S\$'000</b>	<b>2005 S\$'000</b>	
Revenue from ordinary activities	379	82	Up 362%
(Loss) from ordinary activities after tax attributable to members	(7,800)	(3,479)	Up 124%
Net loss for the period attributable to members	(7,800)	(3,479)	Up 124%

<b>Dividends</b>	<b>Amount per security (S\$ in cents)</b>	<b>Franked amount per security (S\$ in cents)</b>
Dividend for current year	Nil	Nil
Dividend for previous corresponding year	Nil	Nil
Record date for determining entitlements to the dividend	N. A.	N. A.

**Returns to shareholders**

There were no capital returns to shareholders during the year.

### **Details of any dividend or distribution reinvestment plan in operation**

The Group did not pay dividend for the year ended 30<sup>th</sup> June 2006 and it does not operate a dividend reinvestment plan.

<b>Net tangible assets</b>	<b>Year ended</b>	
	<b>30<sup>th</sup> June 2006</b>	<b>30<sup>th</sup> June 2005</b>
	<b>(S\$ in cents)</b>	<b>(S\$ in cents)</b>
Net tangible asset backing per ordinary share	4.30	6.80

The net tangible asset backing per ordinary share for the Group is computed based on 106,510,500 and 103,000,000 issued shares as at 30<sup>th</sup> June 2006 and 30<sup>th</sup> June 2005 respectively.

<b>Earnings per share</b>	<b>Year ended</b>	
	<b>30<sup>th</sup> June 2006</b>	<b>30<sup>th</sup> June 2005</b>
	<b>(S\$ in cents)</b>	<b>(S\$ in cents)</b>
(Loss)/Earnings per ordinary share	(7.41)	(3.41)

The earning per ordinary share for the Group is computed based on the weighted average number of shares of 105,202,478 (102,002,740 for 2005) in issue for the year ended 30<sup>th</sup> June 2006.

As at 30<sup>th</sup> June 2006, there were 1,832,000 outstanding options issued to employees under ESOP scheme.

### **Commentary on results for the period**

#### **Financial overview:**

The Group reported a net loss after tax of S\$7.80m as compared to a loss of S\$3.48m in the previous year. The loss was expected and is the result of the cost of the continuing development and commercialization of ABO exceeding the amount of revenue generated from sales and other income.

The Group's expenses increased from S\$4.63m to S\$7.86m over the previous year due to the Group's increased activities in Marketing, Research and Product Development.

Marketing expense for the year was S\$1.73m, an increase of S\$0.86m from previous year reflecting increased sales manpower and travelling expenses arising from the need to develop new markets in the North America and South Africa, where distribution networks have to be put in place.

Research and Product Development costs are expensed off as incurred. For the year ended 30 June 06, Research and Development costs increased by \$1.9m reflecting cost increases from the additional manpower being added both in Singapore and India, rental and depreciation cost arising from the shift to a new India research centre and cost of compensation arising from the organizational restructuring.

An exchange loss of \$570k (compared to a gain of \$471k in the previous year) was reported for the year as the Australian dollar depreciated against the Singapore dollar. .

Total Equity as at 30<sup>th</sup> June 2006 was S\$4.71m, which was a decrease of S\$2.42m reflecting the loss incurred. Net Current Assets were S\$3.82m as compared to S\$6.54m for 2005 due mainly to the \$6.7m cash used in operations and \$0.7m in capital expenditure exceeding the \$5.3m proceeds from the share placement carried out in November 2005.

The Group has no borrowings during this financial year and there were no contingent liabilities as at 30<sup>th</sup> June 2006.

### **Financial statements**

The Financial Statements comprising Consolidated Balance Sheet, Consolidated Profit and Loss Account, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flow and relevant notes are annexed hereto and marked as **Annexure A** and form part of this Appendix 4E.

### **Segmented results**

The segmented results were prepared and stated under Note 8 to the Financial Statements on page 20.

### **Basis of preparation of preliminary final report**

The preliminary final report and annexed financial statements have been prepared in accordance with the historical cost convention and have been drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards.

The financial statements are in the process of being audited. The status of the report is unaudited.

The currencies reflected in the preliminary final report and annexed financial statements are all denominated in Singapore dollars.

The average exchange rate as at 30<sup>th</sup> June 2006 was A\$1 = S\$1.18  
(Source Business Times HSBC bank rate, Singapore Branch)

## **Details of entities which control has been gained or lost during the period**

MatrixView USA Inc

On 16 February 2006, the Company incorporated a wholly-owned subsidiary, MatrixView USA Inc., in the United States of America. The principal activities of this subsidiary are research & development, sales and marketing activities of the Group in USA.

## **Subsequent events**

There are no material events subsequent to the year-end period that have not been reflected in the financial statements for the reporting period.

## **Review**

The Audit and Risk Committee of the Company consists of two Directors. Due to the resignation of one of the member of the Audit and Risk Committee, the Audit and Risk Committee could not hold a meeting to review and adopt the Preliminary Financial Statements and Auditors Report for the year ended 30 June 06

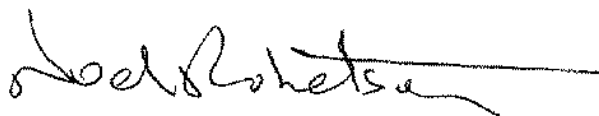
In-order that the Preliminary Financial Statements can be approved and disseminated to shareholders in a timely manner, the Board had requested the Management to present the statements and the External Auditors to present their report to the Audit Committee, directly to the Board of Directors. Two Directors of the Company are financial professionals and would be able to assume the duties of the Audit and Risk Committee in the review of the Financial Statements. This is only an interim measure.

Having reviewed the Report to the Audit Committee as prepared by the External Auditors and obtained all explanations and reasonable assurance from Management, it is the opinion of the Board that the Preliminary Financial Statements (Appendix 4E) are drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 30 June 2006.

## **3rd Annual general meeting**

The annual general meeting will be held on 16 Nov 2006 at the Sheraton on the Park, 161 Elizabeth Street on Hyde Park, Sydney 2000 Australia at 2.00 pm

Barring unforeseen events, the annual report will be available on 16 Oct 2006.



**NOEL ROBERTSON**  
Managing Director & CEO

Singapore Company Registration No. 200004950W

**Annexure A**

ARBN : 109 317 151

Unaudited Preliminary Financial Statements

**MATRIXVIEW LIMITED AND SUBSIDIARY COMPANIES**

For the year ended 30 June 2006

**Consolidated Balance Sheet as at 30 June 2006**

	<b>GROUP</b>	
	<b>30/06/2006</b> S\$ <b>(unaudited)</b>	<b>30/06/2005</b> S\$ <b>(audited)</b>
<b>Non-current assets</b>		
Fixed assets	773,238	487,739
Intangible assets	132,830	132,830
Deferred tax assets	5,231	28,372
<b>Current assets</b>		
Trade debtors	55,984	84,325
Other debtors	262,583	445,950
Cash and bank balances	4,524,947	6,652,793
	<u>4,843,514</u>	<u>7,183,068</u>
<b>Current liabilities</b>		
Trade creditors	220,455	110,793
Other creditors and accruals	625,542	313,654
Advance from customers	8,299	83,200
Provision for taxation	165,546	134,963
	<u>1,019,842</u>	<u>642,610</u>
<b>Net current assets</b>	3,823,672	6,540,458
<b>Non-current liabilities</b>		
Deferred tax liabilities	(26,330)	(55,170)
<b>Net assets</b>	<u>4,708,641</u>	<u>7,134,229</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	22,261,675	7,360,840
Share premium	-	9,589,754
Employees stock option reserve	126,037	-
Accumulated losses	(17,755,633)	(9,955,174)
Exchange translation reserve	4,712	856
	<u>4,636,791</u>	<u>6,996,276</u>
Minority interests	71,850	137,953
<b>Total equity</b>	<u>4,708,641</u>	<u>7,134,229</u>

**MatrixView Limited and its Subsidiary Companies**

**Consolidated Profit and Loss Account  
for the year ended 30 June 2006**

	<b>GROUP</b>	
	<b>30/06/2006</b> <b>S\$</b> <b>(unaudited)</b>	<b>30/06/2005</b> <b>S\$</b> <b>(audited)</b>
Sales revenue	379,308	82,200
Government grant	90,974	384,798
Other income	-	13,151
	<b>470,282</b>	<b>480,149</b>
<b>Costs and expenses</b>		
Marketing and sales	1,731,514	870,656
Corporate administration	2,142,513	1,823,155
Research and development	3,475,415	1,591,012
Patent and trademark	193,050	202,074
Other operating expenses	313,475	145,092
	<b>7,855,967</b>	<b>4,631,989</b>
<b>Net operating loss</b>	<b>(7,385,685)</b>	<b>(4,151,840)</b>
Interest income	233,185	351,042
Foreign exchange (loss) / gain	(569,617)	471,141
	<b>(336,432)</b>	<b>822,183</b>
<b>Loss before taxation</b>	<b>(7,722,117)</b>	<b>(3,329,657)</b>
Taxation	(132,363)	(160,667)
	<b>(7,854,480)</b>	<b>(3,490,324)</b>
<b>Loss for the year</b>	<b>(7,854,480)</b>	<b>(3,490,324)</b>
Attributable to:		
Equity holders of the Company	(7,800,459)	(3,479,085)
Minority interests	(54,021)	(11,239)
	<b>(7,854,480)</b>	<b>(3,490,324)</b>

**MatrixView Limited and its Subsidiary Companies**

**Consolidated Statement of Changes in Equity  
for the year ended 30 June 2006**

	Group	
	30/06/2006	30/06/2005
	S\$ (unaudited)	S\$ (audited)
<b>Issued share capital</b>		
Balance at beginning	7,360,840	6,509,990
Issuance of shares during the period	240,768	850,850
Transferred from share premium *	14,660,067	-
Balance at end	<u>22,261,675</u>	<u>7,360,840</u>
<b>Share premium</b>		
Balance at beginning	9,589,754	3,522,725
Issuance of shares during the period	5,362,552	6,530,750
Expenses on issuance of ordinary shares	(292,239)	(817,121)
Transfer from share application monies in relation to ordinary shares issued	-	353,400
Transferred to share capital *	(14,660,067)	-
Balance at end	<u>-</u>	<u>9,589,754</u>
<b>Accumulated losses</b>		
Balance at beginning	(9,955,174)	(6,476,089)
Net loss for the period	(7,800,459)	(3,479,085)
Balance at end	<u>(17,755,633)</u>	<u>(9,955,174)</u>
<b>Employee stock option reserve</b>		
Balance at beginning	-	-
Grant of employees stock option for the period	126,037	-
Balance at end	<u>126,037</u>	<u>-</u>
<b>Exchange translation reserve</b>		
Balance at beginning	856	(1,462)
Foreign currency translation adjustment	3,856	2,318
Balance at end	<u>4,712</u>	<u>856</u>
<b>Minority interest</b>		
Balance at beginning	137,953	-
Share of share capital and premium	-	149,192
Share of loss for the period	(54,021)	(11,239)
Foreign currency translation adjustment	(12,082)	-
Balance at end	<u>71,850</u>	<u>137,953</u>
<b>Total equity</b>	<u>4,708,641</u>	<u>7,134,229</u>

\* - Pursuant to Companies (Amendment) Act 2005 which came into effect on 30 January 2006, all amount standing to the credit of a company's share premium account shall become part of the company's share capital.

**Consolidated Statement of Cash Flow  
for the year ended 30 June 2006**

	<b>Group</b>	
	<b>30/06/2006</b>	<b>30/06/2005</b>
	<b>(unaudited)</b>	<b>(audited)</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flow from operating activities :</b>		
Loss before taxation	(7,722,117)	(3,329,657)
Adjustments for :-		
Depreciation of fixed assets	299,106	150,697
Fixed assets written off / disposed	88,190	1,628
Interest income	(233,185)	(351,042)
Other write off	2,721	-
Provision for employees stock option reserve	126,037	-
Currency realignment	(9,028)	(138)
<b>Operating loss before changes in working capital</b>	<b>(7,448,276)</b>	<b>(3,528,512)</b>
Decrease / (increase) in other debtors	121,436	(317,042)
Increase in accruals and creditors	421,550	18,865
Decrease / (increase) in trade debtors	28,341	(84,325)
(Decrease) / increase in advance from customers	(74,901)	83,200
<b>Cash used in operations</b>	<b>(6,951,850)</b>	<b>(3,827,814)</b>
Interest received	290,482	291,732
Income tax paid	(98,863)	-
<b>Net cash used in operating activities</b>	<b>(6,760,231)</b>	<b>(3,536,082)</b>
<b>Cash flow from investing activities :</b>		
Purchase of fixed assets	(683,330)	(402,002)
Proceeds from disposal of fixed assets	4,634	-
<b>Net cash used in investing activities</b>	<b>(678,696)</b>	<b>(402,002)</b>
<b>Cash flow from financing activities :</b>		
Net proceeds from issuance of new shares	5,311,081	6,842,944
Proceeds of issuance of shares by subsidiary to minority interests	-	18,620
<b>Net cash provided by financing activities</b>	<b>5,311,081</b>	<b>6,861,564</b>
Net (decrease) / increase in cash and cash equivalents	(2,127,846)	2,923,480
Cash and cash equivalents at beginning	6,652,793	3,729,313
<b>Cash and cash equivalents at end</b>	<b>4,524,947</b>	<b>6,652,793</b>

## MatrixView Limited and its Subsidiary Companies

### 1. 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.

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

#### (b) *Changes in accounting policies*

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous financial year, except for the changes in accounting policies discussed below:

##### (i) *Adoption of new FRS*

###### (a) *FRS 39 - Financial Instruments: Recognition and Measurement*

The Group had adopted FRS 39 prospectively on 1 July 2005. At that date, financial assets within the scope of FRS 39 were classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. Financial assets that were classified as financial assets at fair value through profit or loss and available-for-sale financial assets were measured at fair value while loans and receivables and held-to-maturity investments were measured at amortised cost using the effective interest rate method.

At 1 July 2005, financial liabilities (other than derivative financial instruments) within the scope of FRS 39 were measured at amortised costs using the effective interest rate method.

The adoption of this new standard has no material financial impact on the financial statements of the Group for the twelve months period ended 30 June 2006.

###### (b) *FRS 102 - Share-based Payment*

On 1 July 2005, the Group early adopted the FRS 102 which is mandatory for annual financial periods beginning on or after 1 January 2006.

The adoption of this standard resulted in the Group recognising an expense of \$126,037 to the consolidated profit and loss for the period and a corresponding entry to equity for stock options granted to senior executives and general employees during the current financial period.

## MatrixView Limited and its Subsidiary Companies

### (ii) *Adoption of revised FRS*

The Group adopted the following revised standards which did not result in any significant change in accounting policies:

FRS 8 (revised) - Accounting Policies, Changes in Accounting Estimates and Errors

FRS 10(revised) - Events after the Balance Sheet Date

FRS 16(revised) - Property, Plant and Equipment

FRS 21(revised) - The Effect of Changes in Foreign Exchange Rates

FRS 24(revised) - Related Party Disclosures

FRS 32(revised) - Financial Instruments: Disclosure and Presentation

FRS 36(revised) - Impairment of Assets

FRS 38(revised) - Intangible Assets

### (c) *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. Acquisitions 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.

### (d) *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
Vehicles	-	5 - 6 years

## MatrixView Limited and its Subsidiary Companies

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.

### (e) *Intangible assets*

#### *Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any 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.

#### *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 recognized 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 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.

### (f) *Income tax*

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

## MatrixView Limited and its Subsidiary Companies

the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

### (g) *Revenue recognition*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized :-

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

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

#### (ii) *Interest*

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

### (h) *Foreign currency translation*

Transactions in foreign currencies are measured in SGD 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.

## **MatrixView Limited and its Subsidiary Companies**

On consolidation, assets and liabilities of foreign entities are translated into SGD 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 as a separate component of equity. 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.

### **(i) *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 Flow, cash and cash equivalents consist of cash and bank balances and fixed deposits.

### **(j) *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.

### **(k) *Impairment of assets***

The carrying amounts of the non-current 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 determined and the difference between the recoverable amount and the carrying amount is recognised as impairment loss.

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 to the extent that the impairment loss does not exceed the revaluation surplus for those assets. All other impairment losses are recognised in the profit and loss account.

#### *Reversal of impairment loss*

An impairment loss is reversed when there is indication that the impairment loss previously recognized no longer exist or have decreased. 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

## **MatrixView Limited and its Subsidiary Companies**

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.

### **(l) *Government grants***

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized in the profit and loss account over the periods necessary to match them on a systematic basis, to the costs, which it is intended to compensate.

### **(m) *Segment reporting***

The Group's primary reporting format is geographical segments. The Group only operates in a single business segment (namely the research and development and marketing of proprietary compression software technology) and accordingly no business segmental information is presented.

The business is managed and operated in three countries, Singapore, India and the United States of America, of which the latter two are combined to form a single geographical segment, named India and others.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the companies within the Group which conduct the operations. Segment assets are based on the geographical locations of the assets.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Segment accounting policies are the same as the accounting policies of the Group as described in this Note.

**MatrixView Limited and its Subsidiary Companies**

**2. Fixed assets**

<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>						
Balance at 30 June 2005	78,382	84,723	94,171	428,038	-	685,314
Currency realignment	(2,134)	(5,081)	(2,199)	(21,747)	-	(31,161)
Additions	222,783	92,545	77,174	264,788	26,040	683,330
Deletions	(16,957)	(46,986)	(36,679)	(27,904)	-	(128,526)
Balance at 30 June 2006	282,074	125,201	132,467	643,175	26,040	1,208,957
<b>Accumulated depreciation</b>						
Balance at 30 June 2005	23,380	22,109	16,981	135,105	-	197,575
Currency realignment	(1,277)	(3,381)	(513)	(15,017)	(438)	(20,626)
Deletions	(3,213)	(11,814)	(9,587)	(15,722)	-	(40,336)
Charge during the Period	27,360	42,925	19,194	202,636	6,991	299,106
Balance at 30 June 2006	46,250	49,839	26,075	307,002	6,553	435,719
<b>Net carrying amounts</b>						
At 30 June 2006	235,824	75,362	106,392	336,173	19,487	773,238
At 30 June 2005	55,002	62,614	77,190	292,933	-	487,739

## MatrixView Limited and its Subsidiary Companies

### 3. Related party disclosures

The following significant related party transactions took place during the twelve month period ended 30 June 2006 and 2005 on terms agreed between the Group and the related parties :-

	<b>Group</b>	
	<b>12 month ended 30/06/06</b>	<b>12 month ended 30/06/2005</b>
<i>Director related individual</i>		
Consultancy fees	34,208	-
<i>Directors of the company</i>		
- Remuneration and other emoluments	773,209	508,162
- Defined contribution	8,280	7,590
- Fees	147,426	133,531
- Consultancy fees	47,000	48,000
<i>Directors of subsidiary companies</i>		
- Consultancy fees	55,901	53,707
- Remuneration	497,726	107,500
- Defined contribution	9,298	9,230
<i>Other key executives' remuneration</i>		
- Remuneration	745,713	325,683
- Defined contribution	39,272	26,957

### 4. Other debtors

	<b>Group</b>	
	<b>30/06/06</b>	<b>30/6/2005</b>
	<b>\$</b>	<b>\$</b>
Deposits	170,724	64,305
Government grant receivable	-	233,151
Interest receivable	2,013	59,310
Sundry debtors	89,846	89,184
	<u>262,583</u>	<u>445,950</u>

## MatrixView Limited and its Subsidiary Companies

### 5. Other creditors and accruals

	Group	
	30/06/06	30/6/2005
	\$	\$
Accrued operating expenses	457,538	68,155
Accrued payroll and related expenses	163,393	245,415
Others	4,611	84
	<hr/>	<hr/>
	625,542	313,654
	<hr/>	<hr/>

### 6. Loss per share

	Group	
	30/06/2006	30/06/2005
	S\$ in cents	S\$ in cents
Loss per ordinary share	7.41	3.41

The computation of loss per ordinary share is based on the weighted average number of shares of 105,202,478 (2005: 102,002,740) for the financial period.

There were 1,832,000 options in issue as at 30 June 2006.

### 7. 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 approximately \$12,795,000 (FY30/6/2005 : \$5,387,000) and capital allowances of approximately \$249,000 (FY30/6/2005: \$152,000), that are available for offset against future taxable profits of the companies in which the losses arose for which no deferred tax is recognized due to uncertainty of their 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.



## MatrixView Limited and its Subsidiary Companies

### 8. Segment reporting

#### Analysis by geographical segments

	Singapore		India and others		Eliminations		Consolidated	
	2006	2005	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue from external Customers	280,136	82,200	99,172				379,308	82,200
Inter-segment revenue	31,614	99,395	1,923,063	1,021,676	(1,954,677)	(1,121,071)	-	-
<b>Total revenue</b>	<b>311,750</b>	<b>181,595</b>	<b>2,022,235</b>	<b>1,021,676</b>	<b>(1,954,677)</b>	<b>(1,121,071)</b>	<b>379,308</b>	<b>82,200</b>
<b>Segment result</b>	<b>(7,371,474)</b>	<b>(3,657,930)</b>	<b>(583,828)</b>	<b>(22,769)</b>	<b>-</b>	<b>-</b>	<b>(7,955,302)</b>	<b>(3,680,699)</b>
Interest income	233,185	351,042					233,185	351,042
Loss before taxation	(7,138,289)	(3,306,888)	(583,828)	(22,769)			(7,722,117)	(3,329,657)
Taxation	(64,787)	(120,176)	(67,576)	(40,491)			(132,363)	(160,667)
Net loss for the period							(7,854,480)	(3,490,324)
Segment Assets	5,496,656	7,563,044	1,372,103	393,172	(1,119,177)	(152,579)	5,749,582	7,803,637
Unallocated assets							5,231	28,372
<b>Total assets</b>							<b>5,754,813</b>	<b>7,832,009</b>
Segment Liabilities	455,355	421,436	1,518,118	238,790	(1,119,177)	(152,579)	854,296	507,647
Unallocated liabilities							191,876	190,133
<b>Total Liabilities</b>							<b>1,046,172</b>	<b>697,780</b>
Capital Expenditure	132,667	299,531	575,252	235,301	(24,589)	-	683,330	534,832
Depreciation	123,806	78,182	175,300	72,515	-	-	299,106	150,697

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

## **MatrixView Limited and its Subsidiary Companies**

### **9. Financial instruments**

#### **Financial risks**

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk.

##### *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 foreign subsidiary companies.

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 as it considers such exposure to be minimal.

##### *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, trade debtors 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.

##### **Liquidity risk**

The Group is not exposed to significant liquidity risk. It has surplus funds deposited with reputable financial institutions and banks.

##### *Fair value*

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