

MATRIXVIEW LIMITED
(ABN 109 317 151)

**APPENDIX 4D
HALF YEAR REPORT
FOR THE SIX MONTH ENDED
31ST DECEMBER 2005**

Reporting period	:	Six month ended 31 st December 2005
Previous corresponding period	:	Six month ended 31 st December 2004

Results for announcement to the market

Key financial highlights	6 month ended 31 st December		Percentage change
	2005 S\$'000	2004 S\$'000	
Revenue from ordinary activities	137	-	
Loss from ordinary activities after tax attributable to members	3,442	1,516	127
Net loss for the period attributable to members	3,442	1,516	127

Revenue

The Group generated revenue of S\$137,000 during the six month ending 31 December 2005 from Document and Healthcare projects completed. This was lower than expectations as some of the anticipated projects were delayed. The Group expects revenue to be better in future as delayed projects come on stream.

Share capital

During the six month ended 31st December 2005 the Company increased its share capital from 103,000,000 shares to 106,510,500 shares of A\$0.055 each by the issue of 3,510,500 ordinary shares of A\$0.055 each at a premium of A\$1.225 each. The shares were issued to provide additional funds for the expansion of the Group's Research and Development efforts and would rank pari passu in all respects with the previously issued shares.

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

Details of dividend or distribution reinvestment plans in operation

The Group did not pay dividend for the six month ended 31st December 2005 and it does not operate a dividend reinvestment plan.

Explanation of results

Higher losses were reported as the Group increased its Research and Development efforts and commenced testing of its products. In addition there was a foreign exchange loss of S\$335,772 incurred due to the depreciation of the Australian dollar with the Singapore dollar during the period.

Net tangible assets

	6 month ended 31 st December	
	2005 S\$ in cents	2004 S\$ in cents
Net tangible asset per ordinary share	8.41	8.70

The computation of net tangible asset per ordinary share is based on 106,510,500 (2004: 103,000,000) ordinary shares issued as at the end of the financial period.

Earnings per share

	6 month ended 31 st December	
	2005 S\$ in cents	2004 S\$ in cents
Loss per ordinary share	3.31	1.50

The computation of earnings per ordinary share is based on the weighted average number of shares of 103,915,783 (2004: 101,021,739) for the financial period.

There were no options in issue as at 31st December 2005.

Contingent liabilities

No contingent or other liability of the Group has become enforceable or is likely to become enforceable within the period of six month after 31st December 2005 which, in the opinion of the Directors, may or may substantially affect the ability of the Group to meet its obligation as and when they fall due.

Financial statements:

The Financial Statements of the Group for the six month ended 31st December 2005 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 2005

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MatrixView Limited and its Subsidiary Companies

Consolidated Balance Sheet as at 31 December 2005

	GROUP	
	31/12/2005 S\$	30/06/2005 S\$
Non-current assets		
Fixed assets	486,432	487,739
Intangible assets	132,830	132,830
Deferred tax assets	25,494	28,372
Current assets		
Trade debtors	24,637	84,325
Other debtors	386,207	445,950
Cash and bank balances	8,703,060	6,652,793
	<u>9,113,904</u>	<u>7,183,068</u>
Current liabilities		
Trade creditors	111,688	110,793
Other creditors and accruals	386,841	313,654
Advance from customers	21,900	83,200
Provision for taxation	230,804	134,963
	<u>751,233</u>	<u>642,610</u>
Net current assets	8,362,671	6,540,458
Non-current liabilities		
Deferred tax liabilities	(46,885)	(55,170)
Net assets	<u>8,960,542</u>	<u>7,134,229</u>
Equity		
Share capital	7,601,608	7,360,840
Share premium	14,660,067	9,589,754
Accumulated losses	(13,397,022)	(9,955,174)
Exchange translation reserve	(11,271)	856
	<u>8,853,382</u>	<u>6,996,276</u>
Minority interests	107,160	137,953
Total equity and minority interests	<u>8,960,542</u>	<u>7,134,229</u>

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

MatrixView Limited and its Subsidiary Companies

Consolidated Profit and Loss Account
For the six month period ended 31 December 2005

	GROUP	
	31/12/2005 S\$	31/12/2004 S\$
Revenue	137,150	-
Government grant	90,974	-
	228,124	-
Costs and expenses		
Marketing and sales	724,469	394,881
Corporate administration	909,804	900,940
Research and development	1,513,220	648,672
Patent and trademark	125,302	61,482
Other operating expenses	128,015	54,669
Total costs and expenses	3,400,810	2,060,644
Net operating loss	(3,172,686)	(2,060,644)
Other Income:		
Interest income	130,648	175,679
Foreign exchange (loss) / gain	(335,752)	386,062
Other (expenses) / income	(205,104)	561,741
Loss before taxation	(3,377,790)	(1,498,903)
Taxation	(95,036)	(16,781)
Net loss after taxation before minority interests	(3,472,826)	(1,515,684)
Minority interests, net of taxes	30,978	-
Net loss for the period	(3,441,848)	(1,515,684)

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 2005**

	Group	
	31/12/2005	31/12/2004
	S\$	S\$
Issued share capital		
Balance at beginning	7,360,840	6,509,990
Issuance of shares during the period	240,768	850,850
Balance at end	<u>7,601,608</u>	<u>7,360,840</u>
Share premium		
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
Balance at end	<u>14,660,067</u>	<u>9,589,754</u>
Accumulated losses		
Balance at beginning	(9,955,174)	(6,476,089)
Net loss for the period	(3,441,848)	(1,515,684)
Balance at end	<u>(13,397,022)</u>	<u>(7,991,773)</u>
Exchange translation reserve		
Balance at beginning	856	(1,462)
Foreign currency translation adjustment	(12,127)	-
Balance at end	<u>(11,271)</u>	<u>(1,462)</u>
Minority interest		
Balance at beginning	137,953	-
Share of loss for the period	(30,978)	-
Foreign currency translation adjustment	185	-
Balance at end	<u>107,160</u>	<u>-</u>
Total equity	<u>8,960,542</u>	<u>8,957,359</u>

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 Cash Flow
for the six month period ended 31 December 2005**

	Group	
	31/12/2005	31/12/2004
	\$	\$
Cash flow from operating activities :		
Loss before taxation	(3,377,790)	(1,498,903)
Adjustments for :-		
Depreciation of fixed assets	127,412	61,560
Fixed assets written off / disposed	10,219	-
Interest income	(130,648)	(175,679)
	<hr/>	<hr/>
Operating loss before changes in working capital	(3,370,807)	(1,613,022)
Increase in other debtors	19,020	37,222
Increase / (decrease) in accruals and other creditors	74,082	(91,388)
Increase in trade debtors	59,687	-
Decrease in advance from customers	(61,300)	-
Increase in amount due to directors & related parties	-	3,582
	<hr/>	<hr/>
Cash used in operations	(3,279,318)	(1,663,606)
Interest received	166,809	107,108
	<hr/>	<hr/>
Net cash used in operating activities	(3,112,509)	(1,556,498)
	<hr/>	<hr/>
Cash flow from investing activities :		
Purchase of fixed assets	(145,141)	(228,713)
Disposal of fixed assets	4,563	-
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Net cash used in investing activities	(140,578)	(228,713)
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Cash flow from financing activities :		
Net proceeds from issuance of new shares	5,311,081	6,842,944
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Net cash provided by financing activities	5,311,081	4,298,910
	<hr/>	<hr/>
Net increase in cash and cash equivalents	2,057,994	5,057,733
Cash and cash equivalents at beginning	6,652,793	3,729,313
Currency re-alignment	(7,727)	-
	<hr/>	<hr/>
Cash and cash equivalents at end	8,703,060	8,787,046
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The accompanying accounting policies and explanatory notes form an integral part of the interim financial statements.

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*

On 1 July 2005, the Group adopted the following standard mandatory for annual financial periods beginning on or after 1 January 2005.

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 six month period ended 31 December 2005.

(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

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.

MatrixView Limited and its Subsidiary Companies

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 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.

MatrixView Limited and its Subsidiary Companies

(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.

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 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.

MatrixView Limited and its Subsidiary Companies

(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

Group	Office renovation \$	Furniture& fittings \$	Office equipment \$	Computers \$	Vehicle \$	Total \$
Cost						
Balance at beginning	78,382	84,723	94,171	428,038	-	685,314
Additions	2,510	2,406	2,762	109,581	27,882	145,141
Fixed assets written off / disposed	(2,914)	(13,054)	(3,394)	-	-	(19,362)
Net exchange differences	(800)	(1,906)	(825)	(7,207)	-	(10,738)
Balance at end	77,178	72,169	92,714	530,412	27,882	800,355
Accumulated depreciation						
Balance at beginning	23,380	22,109	16,981	135,105	-	197,575
Charge during the period	9,612	9,502	8,903	95,874	3,521	127,412
Fixed assets written off / disposed	(606)	(3,651)	(512)	-	-	(4,769)
Net exchange differences	(256)	(613)	(147)	(5,140)	(139)	(6,295)
Balance at end	32,130	27,347	25,225	225,839	3,382	313,923
Charge for the six months to December 2004	6,289	7,796	5,307	42,168	-	61,560
Net book value						
At end	45,048	44,822	67,489	304,573	24,500	486,432
At beginning	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 six month period ended 31 December 2005 and 2004 on terms agreed between the Group and the related parties :-

	Group	
	6 month ended 31/12/2005	6 month ended 31/12/2004
	\$	\$
<i>Directors and key executives</i>		
<i>Directors of the Company</i>		
- Remuneration and other emoluments	292,521	266,954
- Defined contribution	6,050	4,290
- Fees	75,900	56,631
- Consultancy fees	24,000	24,000
<i>Director of subsidiary company</i>		
- Consultancy fees	56,594	19,167
<i>Key executives' remuneration</i>		
- Remuneration	475,281	238,458
- Defined contribution	24,441	22,421

4. Other debtors

	Group	
	31/12/2005	30/6/2005
	\$	\$
Deposits	156,312	64,305
Prepayments	37,987	11,090
Government grant receivable	-	233,151
Interest receivable	23,150	59,310
Sundry debtors	168,758	78,094
	386,207	445,950

5. Other creditors and accruals

	Group	
	31/12/2005	30/6/2005
	\$	\$
Accrued operating expenses	146,460	68,155
Accrued payroll and related expenses	240,297	245,415
Others	84	84
	386,841	313,654

MatrixView Limited and its Subsidiary Companies

6. Loss per share

	Group	
	31/12/2005	31/12/2004
	S\$ in cents	S\$ in cents
Loss per ordinary share	3.31	1.50

The computation of loss per ordinary share is based on the weighted average number of shares of 103,915,783 (2004: 101,021,739) for the financial period.

There were no options in issue as at 31st December 2005.

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 \$8,316,000 (FY30/6/2005 : \$5,387,000) and capital allowances of approximately \$200,000 (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.

Deferred tax assets and liabilities

	Group	
	31/12/2005	30/6/2005
	\$	\$
Deferred tax liabilities		
Differences in depreciation	(32,229)	(37,377)
Others	(14,656)	(17,793)
	<u>(46,885)</u>	<u>(55,170)</u>

	Group	
	31/12/2005	30/6/2005
	\$	\$
Deferred tax assets		
Differences in depreciation	7,892	-
Provision for unutilized leave	8,509	14,551
Others	9,093	13,821
	<u>25,494</u>	<u>28,372</u>

MatrixView Limited and its Subsidiary Companies

8. Segment reporting

Analysis by geographical segments

The Group's operations are primarily 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	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Revenue from external customers	103,900	-	33,250	-	-	-	137,150	-
Inter-segment revenue	-	-	816,975	449,313	(816,975)	(449,313)	-	-
Segment revenue	103,900	-	850,225	449,313	(816,975)	(449,313)	137,150	-
Segment result	(3,320,378)	(1,709,252)	(188,060)	34,670	-	-	(3,508,435)	(1,674,582)
Interest income							130,648	
Loss before taxation							(3,377,790)	(1,498,903)
Taxation							(95,036)	(16,781)
Minority interest, net of taxes			30,978	-	-	-	30,978	-
Net loss for the period							(3,441,848)	(1,515,684)
Segment assets	9,491,335	9,153,774	812,993	335,520	(571,162)	(195,809)	9,733,166	9,293,485
Unallocated assets							25,494	-
Total assets							9,758,660	9,293,485
Segment liabilities	302,272	261,242	789,319	253,912	(571,162)	(195,809)	520,429	319,345
Unallocated liabilities							277,689	16,781
Total liabilities							798,118	336,126
Capital Expenditure	46,022	149,756	123,708	78,957	(24,589)	-	145,141	228,713
Depreciation	57,608	28,914	69,804	33,546	-	-	127,412	61,560

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.

10. Comparative figures

The Group has presented its consolidated profit and loss account with expenses classified by function for the six month period ended 31 December 2005. In previous corresponding period, the consolidated profit and loss account are presented with the expenses classified by nature. In the opinion of the directors, the classification of expenses by function provides more relevant information to its shareholders rather than the classification of expenses by nature. As a result of this change in classification, the comparative figures have also been reclassified to align with the current period's presentation.

MatrixView Limited and its Subsidiary Companies

Statement by Directors

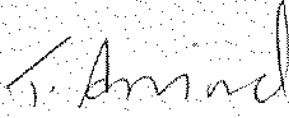
We, Ravindran Govindan and Arvind Thiagarajan, being two of the Directors of MatrixView Limited, do hereby state that, in the opinion of the Directors,

- (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 2005 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,



Ravindran Govindan
Director



Arvind Thiagarajan
Director

Singapore
9 MAR 2006

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 2005.

Directors

The names of the directors in office during or since the end of the six month period ended 31st December 2005 are:

Ravindran Govindan	(Chairman and Managing Director)
Arvind Thiagarajan	(Executive Director)
Anand Thyagarajan	(Alternate Director to Arvind Thiagarajan)
Kim Suk Jin	(Executive Director)
Noel Francis Robertson	(Non-executive Director)
Myles Norman Davey	(Non-executive Director)
Neil Ian Legget	(Non-executive Director)

All Directors 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 31st December 2005 was S\$3.442m (2004: S\$1.516m).

Review of operations

The result of the Group consisted of:

	Current period	Previous period
Operating revenue	S\$0.137 m	NIL
Net loss after tax	S\$3.442 m	S\$1.516 m

Revenue:

The Group generated revenue of S\$0.137m from Document and Healthcare projects completed during the six month ended. This is lower than anticipated as a few projects were delayed. Moving forward better revenue are expected as delayed projects come on stream.

Review of operations

Expenditure

Expenditure during this period increased by S\$1.340m arising from: -

Higher Marketing and Sales expenses of S\$0.330m mainly due to additional staffing and increases in traveling expenses following the launch of the Document and Healthcare products,

Increased Research & Development expenditure of S\$0.86m reflecting expansion of the Research and Development department; and

Patent, trademarks and other operating expenses.

Balance Sheet

During the six months ending 31 December 2005, Net Assets of the Group increased by S\$1.827m reflecting mainly the increases in share capital of S\$5.311m partially offset by operating loss of S\$3.442m and translation loss of S\$0.042m.

Cash Flow

During the six months, Net Cash Flow of the Group increased by S\$2.058m, arising from the S\$5.311m proceeds from the issue of new shares offset by cash used in operating activities of S\$3.113m. Except for the purchase of S\$0.145m of fixed assets, there were no other major capital expenditures during this reporting period.


The Group maintained a cash balance of S\$8.703m as at 31 December 2005.

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.


Ravindran Govindan
Chairman and Managing Director


Arvind Thiagarajan
Director

9 MAR 2006

21/066402/LCW

The Board of Directors
MatrixView Limited
9 Shenton Way #05-02
Singapore 068813

Dear Sirs,

**Review report on Interim Financial Statements
For the six months ended 31 December 2005**


We have been engaged by MatrixView Limited (the Company) to review the interim financial statements for the six months ended 31 December 2005.

We have reviewed the accompanying interim financial statements which comprise the consolidated balance sheet of the Company and its subsidiaries (the Group) as at 31 December 2005, the consolidated profit and loss account, consolidated statement of changes in equity and consolidated statement of cash flow of the Group for the six months ended on that date. These interim financial statements are the responsibility of, and has been approved by, the Company's Directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Singapore Standard on Review Engagements 2400. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not presented fairly, in all material respects, in accordance with Singapore Financial Reporting Standards.

Yours faithfully,



ERNST & YOUNG
Certified Public Accountants
Singapore

9 MAR 2006