

MATRIXVIEW LIMITED
(ARBN NO. 109 317 151)

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30TH JUNE 2009

Reporting period : year ended 30th June 2009
Previous corresponding period : year ended 30th June 2008

Results for announcement to the market

Key financial highlights	Year ended 30th June		Percentage change
	2009 S\$'000	2008 S\$'000	
Revenue from ordinary activities	205	134	Up 53 %
Loss from ordinary activities after tax attributable to members	(2,994)	(5,306)	Down 44%
Net loss for the period attributable to members	(2,994)	(5,306)	Down 44%

Dividends	Amount per security (S\$ in cents)	Franked amount per security (S\$ in cents)
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 30th June 2009 and its does not operate a dividend reinvestment plan.

Net tangible (liabilities)/assets	Year ended	
	30th June 2009 (S\$ in cents)	30th June 2008 (S\$ in cents)
Net tangible (liabilities)/assets backing per ordinary share	(0.61)	0.61

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The net tangible (liabilities)/assets backing per ordinary share for the Group is computed based on 139,191,170 and 126,874,815 issued shares as at 30th June 2009 and 30th June 2008 respectively.

Loss per share	Year ended	
	30th June 2009 (S\$ in cents)	30th June 2008 (S\$ in cents)
Loss per ordinary share	(2.26)	(4.31)

The loss per ordinary share for the Group is computed based on the weighted average number of shares of 132,611,199 (2008:122,886,325) in issue for the year ended 30th June 2009.

As at 30th June 2009, there were 984,500 (2008:1,345,500) 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\$2.99m as compared to a loss of S\$5.30m 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 decreased from S\$5.40m to S\$3.22m over the previous year due to the Group's cost cutting efforts and organizational restructuring.

Marketing expense for the year was S\$0.44m, a decrease of S\$0.44m from previous year reflecting decrease in sales cost.

Research and Product Development costs are capitalised or expensed off as incurred, in accordance to FRS 38. For the year ended 30th June 2009, Research and Development costs decreased by S\$0.99m while S\$0.48m was capitalised.

Corporate administration expenses decreased from S\$1.66m to S\$0.97m, a decrease of S\$0.69m reflecting cost decreases from the organizational restructuring.

An exchange gain of \$74k (compared to a loss of \$63k in the previous year) was reported for the year as the US\$ & A\$ recovered against the Singapore dollar.

Total equity as at 30th June 2009 was S\$0.23m. Net Current (Liabilities) / Assets were (S\$1.03m) as compared to S\$0.42m for 2008 due mainly to the S\$2.31m cash used in operations and S\$17k in capital expenditure exceeding the S\$1.89m proceeds from the share placement carried out during the financial period ending on 30 June 2009.

There were no contingent liabilities as at 30th June 2009.

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 11 to the Unaudited Preliminary Financial Statements on page 23.

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 30th June 2009 was A\$1 = S\$1.1825
(Source: Business Times HSBC bank rate, Singapore Branch)

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

On April 2009, the Company acquired 260,000 shares in CIMAR Medical Networks Pvt Ltd through its Indian subsidiary, Matrixview Technologies (India) Pvt Ltd, increasing its total holding to 96.39%.

During the year, Matrixview USA INC, a dormant subsidiary has been dissolved.

Subsequent events

On 05 August 2009, a share purchase agreement to sell all the shares held in CIMAR Medical Networks Pvt Ltd ("CIMAR") to i2i TeleSolutions Pte Ltd for a consideration of US\$ 100,000 was entered into through Matrixview's subsidiary and CIMAR.

Based on the sale purchase agreement, the purchaser will then issue and Matrixview's subsidiary will subscribe to 49% of its total paid up and issued equity share capital.

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

Having 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 30th June 2009.

9th Annual general meeting

The 9th Annual General Meeting of the Company will be held in Singapore in November 2009.

Barring unforeseen events, the annual report will be available on 16th October 2009.



ANAND THYAGARAJAN
Director & COO

Singapore Company Registration No. 200004950W

Annexure A

ARBN : 109 317 151

Unaudited Preliminary Financial Statements

MATRIXVIEW LIMITED AND ITS SUBSIDIARY COMPANIES

For the year ended 30 June 2009

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MatrixView Limited and its Subsidiary Companies**Consolidated Profit and Loss Account for the financial year ended 30 June 2009**

	Group	
	2009 S\$ (unaudited)	2008 S\$ (audited)
Revenue	<u>205,471</u>	<u>133,795</u>
Costs and expenses		
Marketing and sales	435,290	874,687
Corporate administration	973,652	1,657,880
Research and development	1,640,732	2,626,585
Patent and trademark	104,958	139,571
Other operating expenses	67,016	99,287
	<u>3,221,648</u>	<u>5,398,010</u>
Total costs and expenses		
	<u>3,221,648</u>	<u>5,398,010</u>
Net operating loss	(3,016,177)	(5,264,214)
Interest income	1,182	44,522
Other income	3,763	-
Foreign exchange gain/(loss)	74,157	(63,378)
	<u>79,102</u>	<u>(18,856)</u>
Loss before taxation	(2,937,075)	(5,283,070)
Taxation	(57,246)	(23,296)
	<u>(2,994,321)</u>	<u>(5,306,366)</u>
Loss for the year		
	<u>(2,994,321)</u>	<u>(5,306,366)</u>
Attributable to:		
Equity holders of the Company	(2,994,321)	(5,293,910)
Minority interests	-	(12,456)
	<u>(2,994,321)</u>	<u>(5,306,366)</u>
Loss per share :		
- Basic	(2.26 Cents)	(4.31 cents)
- Diluted	(2.26 Cents)	(4.31 cents)

MatrixView Limited and its Subsidiary Companies

Consolidated Balance Sheet as at 30 June 2009

	Note	Group 30/06/2009 S\$ (unaudited)	30/06/2008 S\$ (audited)
Non-current assets			
Property, plant and equipment	4	186,799	359,985
Intangible assets	5	1,074,157	646,254
Deferred tax assets	10	2,919	2,919
Current assets			
Trade receivables		23,281	1,390,867
Other receivables	6	258,846	333,912
Cash and bank balances		132,217	994,817
		414,344	2,719,596
Current liabilities			
Other payables and accruals	7	841,570	756,888
Advance from customers		501,385	1,463,139
Provision for taxation		103,722	82,180
		1,446,677	2,302,207
Net current (liabilities) / assets		(1,032,333)	417,389
Non-current liability			
Deferred tax liabilities	10	(4,106)	(4,106)
Net assets		227,436	1,422,441
Equity attributable to equity holders of the Company			
Share capital		32,247,531	30,360,403
Employee stock option reserve		592,752	592,752
Accumulated losses		(32,330,121)	(29,335,800)
Exchange translation reserve		(282,726)	(194,914)
		227,436	1,422,441
Minority interests		-	-
Total equity		227,436	1,422,441

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MatrixView Limited and its Subsidiary Companies

Consolidated Statement of Changes in Equity for the financial year ended 30 June 2009

	Note	Group	
		2009 S\$ (unaudited)	2008 S\$ (audited)
Issued share capital			
Balance at beginning of year		30,360,403	27,082,203
Issuance of shares during the year		1,887,128	3,278,200
		32,247,531	30,360,403
Employee stock option reserve			
Balance at beginning of year		592,752	407,517
Grant of employee stock options		–	185,235
		592,752	592,752
Accumulated losses			
Balance at beginning of year		(29,335,800)	(24,041,890)
Net loss for the year		(2,994,321)	(5,293,910)
		(32,330,121)	(29,335,800)
Exchange translation reserve			
Balance at beginning of year		(194,914)	(6,255)
Foreign currency translation adjustment		(87,812)	(188,659)
		(282,726)	(194,914)
Minority interests			
Balance at beginning		–	12,456
Share of loss for the year		–	(12,456)
		–	–
Total equity		227,436	1,422,441

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MatrixView Limited and its Subsidiary Companies

Consolidated Cash Flow Statement for the year ended 30 June 2009

	Group	
	2009 S\$ (unaudited)	2008 S\$ (audited)
Cash flow from operating activities :		
Loss before taxation	(2,937,075)	(5,283,070)
Adjustments for :-		
Depreciation of property, plant and equipment	170,404	267,147
Loss on disposal of property, plant and equipment	3,784	27,993
Interest income	(1,182)	(44,522)
Write off / impairment loss on Goodwill	-	112,301
Employee stock option expense	-	185,235
Currency re-alignment	(72,046)	(126,112)
Operating loss before changes in working capital	(2,836,115)	(4,861,028)
Decrease / (increase) in receivables	1,442,653	(1,323,846)
Increase / (decrease) in payables and accruals	84,682	(370,956)
(Decrease) / increase in advance from customer	(961,754)	1,463,139
Cash used in operations	(2,270,534)	(5,092,691)
Interest received	1,182	44,522
Income tax paid	(35,705)	(75,566)
Net cash used in operating activities	(2,305,057)	(5,123,735)
Cash flow from investing activities:		
Purchase of property, plant and equipment	(16,768)	(47,208)
Proceeds from disposal of property, plant and equipment	-	4,494
Additions to intangible asset	(427,903)	(646,254)
Net cash used in investing activities	(444,671)	(688,968)
Cash flow from financing activities :		
Net proceeds from issuance of new shares	1,887,128	3,278,200
Net cash provided by financing activities	1,887,128	3,278,200
Net decrease in cash and cash equivalents	(862,600)	(2,534,503)
Cash and cash equivalents at beginning of year	994,817	3,529,320
Cash and cash equivalents at end of year	132,217	994,817

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MatrixView Limited and its Subsidiary Companies

Notes to the Financial Statements – 30 June 2009

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 35 Selegie Road, #09-17 Parklane Mall, Singapore 188307.

The principal activities of the Company are to carry out research and development and marketing of proprietary compression software technology for application in various industries. The principal activities of the subsidiary companies are set out in Note 9 of the financial statements. There have been no significant changes in the nature of these activities during the financial year.

2. Fundamental accounting concept

The Group incurred a net loss of S\$2,994,321 (2008: S\$5,306,366) and negative operating cashflow of S\$2,305,057 (2008: S\$5,123,735) for the year ended 30 June 2009. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group’s ability to continue as a going concern in its current structure.

The Group is in the process of securing sales and to meet their short term funding requirements. Thus, the ability of the Group to continue as a going concern depends on the ability to secure sufficient funding through sales, new capital and borrowings. If the Group is unable to secure sufficient funding through the aforementioned activities in order to continue operation in its present structure, the Group may have to adopt measures to downsize its operations.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify long term assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

3. Summary of significant accounting policies

3.1 *Basis of preparation*

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

The financial statements have been prepared on a historical cost basis except as disclosed in the succeeding accounting policies.

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

MatrixView Limited and its Subsidiary Companies

Notes to the Financial Statements – 30 June 2009

3. Summary of significant accounting policies (cont'd)

3.2 Future changes in accounting policies

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

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 1	: <i>Presentation of Financial Statements – Revised Presentation</i>	1 January 2009
	: <i>Presentation of Financial Statements – Amendments relating to Puttable Financial Instruments and Obligations Arising on Liquidation</i>	1 January 2009
FRS 23	: <i>Borrowing Costs</i>	1 January 2009
FRS 27	: <i>Consolidated and Separate Financial Statements – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2009
FRS 32	: <i>Financial Instruments: Presentation – Amendment relating to Puttable Financial Instruments and Obligations Arising on Liquidation</i>	1 January 2009
FRS 39	: <i>Financial Instruments: Recognition and Measurement – Amendments relating to eligible hedged items</i>	1 July 2009
FRS 101	: <i>First-time Adoption of Financial Reporting Standards – Amendments relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>	1 January 2009
FRS 102	: <i>Share-based payment – Vesting conditions and cancellations</i>	1 January 2009
FRS 108	: <i>Operating Segments</i>	1 January 2009
INT FRS 111	: <i>Group and Share Treasury Transactions</i>	1 January 2008
INT FRS 113	: <i>Customer Loyalty Programmes</i>	1 July 2008
INT FRS 116	: <i>Hedges of a Net Investment in a Foreign Operation</i>	1 October 2008
INT FRS 117	: <i>Distributions of Non-Cash Assets to Owners</i>	1 July 2009

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 1 and FRS 108 as indicated below.

(a) **FRS 1 Presentation of Financial Statements – Revised presentation**

The revised FRS 1 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is currently evaluating the format to adopt.

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

3.2 **Future changes in accounting policies (cont'd)**

(b) **FRS 108, Operating segments**

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.

3.3 **Significant accounting estimates and judgements**

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

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:

(a) **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 30 June 2009 was S\$Nil (2008: Nil). More details are given in Notes 3.8.

(b) **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 plant, property and equipment as at 30 June 2009 was S\$186,799 (2008: S\$359,985). 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.

3.4 **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.

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

3.4 **Functional and foreign currency (cont'd)**

(b) **Foreign currency transactions**

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 closing 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 a separate component of equity as exchange translation reserve in the consolidated balance sheet and recognised in the consolidated profit and loss account on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the profit and loss account.

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.

3.5 **Basis 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 to like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions 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 subsidiaries not held by the Group and are presented separately in the consolidated income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

3.6 **Subsidiaries**

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.

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3. Summary of significant accounting policies (cont'd)

3.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recognised at cost. The cost of an item of property, plant and equipment is recognised as an asset is, 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 measure reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives 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.

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.

3.8 *Intangible asset*

(a) *Goodwill*

Goodwill acquired in a business combination is initially measured at cost. 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.

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.

3. Summary of significant accounting policies (cont'd)

3.8 *Intangible asset (cont'd)*

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

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 3.3.

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

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

(b) **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.

3.9 **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.

3. Summary of significant accounting policies (cont'd)

3.10 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.

3.11 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.

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.

3. Summary of significant accounting policies (cont'd)

3.11 Impairment of financial assets (cont'd)

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 financial assets.

3.12 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.

3.13 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 directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in the profit and loss account when the liabilities are derecognised or impaired, and through the amortisation process.

3.14 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 resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.15 Income taxes

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 for tax relating to items recognised directly in equity is recognised directly in equity.

3. Summary of significant accounting policies (cont'd)

3.15 Income taxes (cont'd)

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.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss;
- In respect of temporary differences associated with investments in subsidiaries, 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 income tax assets 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 tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

3.16 Leases

Operating lease payments are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

3.17 Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sales of licences

Revenue from sale of licences is recognised upon the acceptance of the software by the customers, or per otherwise stated in the agreements.

3. Summary of significant accounting policies (cont'd)

3.17 Revenue recognition (cont'd)

(b) Interest income

Interest income is recognised using the effective interest method.

3.18 Employee benefits

(a) Defined contribution plan

The Group participates in the national pension schemes, such as the Central Provident Fund, as defined by the laws of the countries in which it has operations. Contributions to the national pension scheme are recognised as an expense in the period in which the related service is performed.

(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 these 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 income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that 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.

3.19 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.

4. Property, plant and equipment

MatrixView Limited and its Subsidiary Companies

Notes to the Financial Statements – 30 June 2009

Group	Office renovation S\$	Furniture & fittings S\$	Office equipment S\$	Computers S\$	Vehicles S\$	Total S\$
Cost						
At 1 July 2007	302,746	146,767	159,416	793,369	28,264	1,430,562
Additions	19,662	409	2,247	24,890	–	47,208
Disposals	(51,948)	(13,340)	(22,409)	(89,486)	–	(177,183)
Net exchange differences	(37,262)	(19,081)	(15,791)	(69,208)	(4,201)	(145,543)
At 30 June 2008 and 1 July 2008	233,198	114,755	123,463	659,565	24,063	1,155,044
Additions	–	–	4,619	12,149	–	16,768
Disposals	–	–	–	(14,173)	–	(14,173)
Net exchange differences	(13,558)	(7,222)	(6,715)	(28,651)	(1,528)	(57,674)
At 30 June 2009	219,640	107,533	121,367	628,890	22,535	1,099,965
Accumulated depreciation						
At 1 July 2007	130,881	50,601	50,212	514,669	9,241	755,604
Charge during the year	60,191	27,510	19,964	154,994	4,488	267,147
Disposals	(44,219)	(11,592)	(16,316)	(72,569)	–	(144,696)
Net exchange differences	(18,822)	(7,888)	(3,622)	(50,837)	(1,827)	(82,996)
At 30 June 2008 and 1 July 2008	128,031	58,631	50,238	546,257	11,902	795,059
Charge during the year	47,128	13,562	14,843	91,003	3,868	170,404
Disposals	–	–	–	(10,389)	–	(10,389)
Net exchange differences	(9,165)	(4,050)	(2,544)	(25,282)	(867)	(41,908)
At 30 June 2009	165,994	68,143	62,537	601,589	14,903	913,166
Net carrying amount						
At 30 June 2008 (audited)	105,167	56,124	73,225	113,308	12,161	359,985
At 30 June 2009 (unaudited)	53,646	39,390	58,830	27,301	7,632	186,799

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MatrixView Limited and its Subsidiary Companies

Notes to the Financial Statements – 30 June 2009

5. Intangible assets – Deferred development costs

Group	2009	2008
	S\$ (unaudited)	S\$ (audited)
Cost		
At beginning of year	646,254	–
Additions during the year	478,465	646,254
Impairment loss	(50,562)	–
At end of year	<u>1,074,157</u>	<u>646,254</u>

6. Other receivables

	Group	
	2009 S\$ (unaudited)	2008 S\$ (audited)
Deposits	251,135	280,810
Sundry receivables	7,711	53,102
	<u>258,846</u>	<u>333,912</u>

7. Other payables and accruals

	Group	
	2009 S\$ (unaudited)	2008 S\$ (audited)
Accrued operating expenses	436,582	438,500
Accrued payroll and related expenses	403,316	318,373
Others	1,672	15
	<u>841,570</u>	<u>756,888</u>

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MatrixView Limited and its Subsidiary Companies

Notes to the Financial Statements – 30 June 2009

8. Related party disclosures

The following significant related party transactions took place during the twelve month period ended 30 June 2009 and 2008 on terms agreed between the Group and the related parties:

	Group	
	2009	2008
	S\$	S\$
	(unaudited)	(audited)
<i>Director related individual *</i>		
- Consultancy fees	72,718	50,881
<i>Directors of the Company</i>		
- Remuneration	316,727	424,727
- Other benefits	8,449	12,908
- Defined contribution	-	-
- Directors' fees	87,404	102,015
- Consultancy fees	36,000	36,000
<i>Directors of subsidiary companies</i>		
- Remuneration	58,661	385,803
- Other benefits	-	-
- Defined contribution	-	-
- Consultancy fees	-	-
<i>Other key executives' remuneration</i>		
- Remuneration	290,381	395,981
- Defined contribution	12,386	17,049
- Housing and other benefits	17,500	42,000

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

9. Loss per share

	Group	
	30/06/2009	30/06/2008
	S\$ in cents	S\$ in cents
	(unaudited)	(audited)
Loss per ordinary share	2.26	4.31

The computation of loss per ordinary share is based on the weighted average number of shares of 132,611,199 (2008: 122,886,325) for the financial year.

There were 984,500 options in issue as at 30 June 2009 (2008:1,345,500)

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MatrixView Limited and its Subsidiary Companies

Notes to the Financial Statements – 30 June 2009

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 approximately S\$24,502,000 (2008 : S\$22,059,000) and capital allowances of approximately S\$142,580 (2008: S\$77,000), 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	
	30/06/2009	30/6/2008
	S\$ (unaudited)	S\$ (audited)
Deferred tax assets		
Provision for unutilised leave	2,919	2,919
Others	-	-
	<hr/> 2,919 <hr/>	<hr/> 2,919 <hr/>
Deferred tax liabilities		
Differences in depreciation	(3,914)	(3,914)
Others	(192)	(192)
	<hr/> (4,106) <hr/>	<hr/> (4,106) <hr/>

MatrixView Limited and its Subsidiary Companies

Notes to the Financial Statements – 30 June 2009

11. Segment reporting

Analysis by geographical segments

	Singapore		India and others		Eliminations		Consolidated	
	2009 S\$	2008 S\$	2009 S\$	2008 S\$	2009 S\$	2008 S\$	2009 S\$ (unaudited)	2008 S\$ (audited)
Revenue								
Revenue from external customers	140,387	77,209	65,084	56,586	–	–	205,471	133,795
Inter-segment revenue	1,894	27,648	2,079,676	2,823,068	(2,081,570)	(2,850,716)	–	–
Segment revenue	142,281	104,857	2,144,760	2,879,654	(2,081,570)	(2,850,716)	205,471	133,795
Segment result	(4,763,850)	(4,673,677)	1,825,593	(653,915)	–	–	(2,938,257)	(5,327,592)
Interest income							1,182	44,522
Loss before taxation							(2,937,075)	(5,283,070)
Taxation							(57,246)	(23,296)
Loss for the year							(2,994,321)	(5,306,366)
Segment assets	1,552,411	4,984,081	975,771	926,761	(852,882)	(2,185,007)	1,675,300	3,725,835
Unallocated assets							2,919	2,919
Total assets							1,678,219	3,728,754
Segment liabilities	1,352,517	2,025,185	842,034	2,379,849	(851,596)	(2,185,007)	1,342,955	2,220,027
Unallocated liabilities							107,828	86,286
Total liabilities							1,450,783	2,306,313
Capital Expenditure	2,603	23,230	14,165	23,978	–	–	16,768	47,208
Depreciation of property, plant and equipment	11,695	41,275	158,709	225,872	–	–	170,404	267,147

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 through the Audit and Risk Committee 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. 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.