

Voxson Limited

2005 Results Announement

7 September 2005

The Company's Annual Report and Appendix 4E for the financial year ended 30 June 2005 are hereby lodged.

The details of the results for the year are included in the reports and financial statements contained therein.

A handwritten signature in black ink, appearing to read 'Andrew Longginou', written over a horizontal line.

Andrew Longginou
CEO & Company Secretary

VOXSON LIMITED

APPENDIX 4E

Period Ending 30 June 2005

1. Current reporting period	30 June 2005		
Previous reporting period	30 June 2004		
2. Key Information	2005	2004	% Change
2.1 Revenue from ordinary activities	13,892,545	20,415,431	-32%
2.2 Net loss from ordinary activities after tax attributable to members	(385,246)	(6,165,834)	94%
2.3 Net loss for the period attributable to members	(385,246)	(6,165,834)	94%
2.4 Dividends	-	-	-
2.5 Record date for dividends	-	-	-
2.6 Explanation of movements	See Annual Report		
3. Statement of financial performance	See Annual Report		
4. Statement of financial position	See Annual Report		
5. Statement of cash flows	See Annual Report		
6. Dividend distribution details	No dividends declared or paid		
7. Dividend reinvestment plan	No dividend reinvestment plan		
8. Statement of retained earnings showing movements	See Annual Report Note 18		
9. Net tangible assets per security	NTA	Issued Shares	NTA/Security
	1,069,864	110,384,287	0.01
10. Control over entities			
10.1 Name of entity	N/A		
10.2 Dates of gain or loss of control	N/A		
10.3 Profit contribution	N/A		
11. Associates and joint venture entities			
11.1 Name of associate or JV entity	N/A		
11.2 Percentage holding	N/A		
11.3 Profit contribution	N/A		
12. Other significant information	See Annual Report		
13. Accounting standards for foreign entities	N/A		
14. Commentary on results	See Annual Report		
14.1 Earnings per security and dilution	See Annual Report		
14.2 Returns to shareholders	N/A		
14.3 Features of operating performance	See Annual Report - Chairman and CEO Reports		
14.4 Segment results	See Annual Report Note 30		
14.5 Trends in performance	See Annual Report - Chairman and CEO Reports		
14.6 Other factors affecting results	See Annual Report		
15. Audit	The Annual Report has been audited		
16. Audit incomplete and subject to dispute	N/A		
17. Audit complete and subject to dispute	N/A		

VOXSON LIMITED

ACN 005 291 458

and Controlled Entities

ANNUAL FINANCIAL REPORT

YEAR ENDED 30 JUNE 2005

VOXSON LIMITED

Chairman's Report

Introduction

Your Company has just completed a most difficult year, possibly its most difficult since Voxson listed on the Australian Stock Exchange in 2000.

GSM business closure

Earlier this year, we announced the closure of Voxson's major operation, the GSM research and development division, due to continuing losses and an inability to establish a sustainable profitable relationship with any mobile telephone business entities in China. Voxson had made a significant investment in its GSM technology and we needed to understand if value could be extracted from its exploitation. However, despite securing a potentially profitable contract with one of China's largest consumer electronics corporations last year, it was ultimately unable to generate a profitable outcome.

As indicated in my previous letter to you, the closure of the GSM research and development business ends the Company's ambition to pursue the opportunities it saw in the GSM industry, particularly in China.

The Company has fulfilled its contractual obligations with its last GSM customer, Haier Telecommunications Limited, in addressing matters regarding the product that Haier purchased in 2005. However, as noted, Voxson has been unable to realize any significant commercial benefits under its contract with Haier, which resulted in Voxson's decision to terminate this activity, despite the potential opportunities represented by this market.

Shareholders need to appreciate that Voxson still carries GSM business legacies into this financial year that will require successful resolution, being:

- Ongoing support to meet Voxson's remaining obligations to Haier for the current model of Voxson mobile telephone product, for which Voxson will seek a fee for service and subcontract to reputable service providers.
- The development of a desktop GSM telephone product through third party contractors so that Voxson may realise the value of its remaining GSM engine inventories. The prototype model has been completed and is currently being marketed to generate sufficient sales orders to realise the remaining inventory on hand. Voxson sees no other feasible approach to realize the value of this remaining inventory and the carrying value of this inventory is predicated on the successful implementation of this project. At the date of this report, we have seen sufficient interest in this product to support this valuation basis.

The termination of the GSM research and development business in March 2005 was critical to commercially position Voxson with sufficient resources to meet its GSM business obligations and to enable the business transformation necessary to build a new business operation around its low growth but long standing audio business.

The consumer electronics business

Your Company has been operating in the consumer electronics business for many years, which was Voxson's primary business focus prior to its entry into the GSM industry in the last decade. Indeed, the operating profits generated by this business unit have underpinned the losses sustained in the GSM business operation in the past few years.

The business model requires Voxson to source and market Chinese manufactured consumer electronics products to Australia's major retailers and Voxson enjoys some important relationships with Chinese consumer electronics manufacturers.

The Company is now focused on this area as its principal business activity.

Patent exploitation

Voxson owns two portfolios of patents, VOX 1 and VOX 2 which may be valuable. In the 2005 financial year, Voxson sought expressions of interest from international GSM and patent exploitation entities to mutually exploit these patents and negotiations continue at the date of this report to secure an exploitation partner.

The results for the 2005 financial year

In the 2005 financial year, your Company has reported a net loss of \$0.38 million, which is a significant improvement on the loss reported last year of \$6.17 million.

VOXSON LIMITED

Chairman's Report

This operating result substantially benefited from favourable non-recurring and prior period adjustments including:

- A write-back of an accrual for intellectual property rights of \$544k which are not considered necessary based on prior experience and the majority of sales having been made in China, where intellectual property rights are not legally recognised; and
- The recognition of revenue of \$543k, previously deferred on a disputed GSM contract with VK Corporation of Korea that was settled after balance date.

The Company's underlying trading result this year was a loss of \$1.28 million as against the previous year trading loss of \$4.79 million. The improved trading performance primarily reflected the results from the closure of the GSM research and development business and the consequence of other necessary cost saving initiatives, including reduced executive remuneration and directors' fees and a relocation to other office premises.

The future

Looking forward, Voxson has two business operations upon which its future now rests:

- The consumer electronics business, in which Voxson now intends to increase its activities, limited only by available trade finance and market demand for the products.
- The realisation of value from Voxson's VOX 1 and VOX 2 patents.

The coming financial year will be critical for Voxson, with its challenges being to:

- Successfully exploit its VOX 1 and VOX 2 patents, the potential value of which has not been able to be identified through early negotiations with international GSM and patent exploitation entities to date.
- Build up the Voxson audio trading business.
- Clear the 425 and 430 GSM module inventories through the development and sale of the GSM desktop product.

The limited financial resources available to the Company will also continue to focus the Board and management on securing immediate consumer electronics sales opportunities as the market builds into the Christmas trading peak, so that Voxson can generate sufficient funds to invest in further initiatives in 2006.

Major shareholders support

Lucas Longginou, Andrew Longginou and Nicholas Longginou, who in total constitute a significant shareholding in the Company, have confirmed their continuing commitment to working to achieve value for all Voxson shareholders. These major shareholders have provided written confirmation that they will support the Company with standby funding arrangements up to \$500,000. The Board has also been further assured that they remain committed to Voxson's continued operations.

Going concern

Shareholders will note that the financial accounts retain an emphasis of matter statement on the Company's capacity to sustain its operations. The Board continues to monitor the Company's financial position on a regular basis and, with the closure of the GSM research and development business and the reduction in corporate overheads, the directors continue to progress matters to clear GSM inventory and to realise the opportunities now presented by the consumer electronics market. Time will tell if the Company is able to successfully exploit this market.

VOXSON LIMITED

Chairman's Report

Conclusion

On behalf of the Board, may I express my sincere thanks to the Voxson executives and other team members for their continuing efforts to generate value for its shareholders.

The Board particularly notes its thanks to its previous Chief Financial Officer, David Lazzarini and Chief Technical Officer, Simon Button for their professionalism and support.

My fellow Directors and I will continue to explore every opportunity to generate a return for all its shareholders, which today rests on the exploitation of the patents and the regeneration of the consumer electronics business, from limited capital resources.

2006 will be a telling year in Voxson's journey.



Ray Weekes
Chairman
Voxson Limited

Brisbane
7 September 2005

VOXSON LIMITED

CEO's Report

Dear Shareholder,

A refocus on audio in 2005/06

As the Chairman has explained, your Company made a significant decision during the 2004/2005 year, when it closed the GSM Research and Development Division due to continued unsustainable losses.

The benefits from this decision are already visible in reduced fixed overhead costs and a re-focus of resources on the profitable consumer electronics business. Some of the products which are being marketed by your Company include a wide range of portable DVD players, MP3/MP4 players, GPS navigation units, Digital TV receivers, LCD TVs and GSM phones (FWT/Mobiles).

The Company has managed to achieve a substantial improvement in operating results this year which is a significant improvement on last year's reported loss of \$6.17 million. This result benefited from favourable non-recurring and prior period related financial adjustments.

Management remains fully committed to delivering a profitable outcome in the next financial year. Your Company has many years of experience in the consumer electronics industry, along with the long established relationships with overseas product manufacturers which continue to offer Voxson favourable trading conditions. Voxson is now working on the successful exploitation of these relationships in the current year.

Financial performance in 2004/05

Revenue

Revenue performance reported for the full year ended 30 June 2005 is A\$13,893k, which is down on last year's revenue of A\$20,415k due primarily to reduced GSM based revenues.

Expenses

The Company has reviewed its operating expenses following the closure of its GSM research and development operations, with the following items highlighting the major contributors to this overall expense reduction performance, being:

- Lower personnel costs (GSM closure) - \$1,500k.
- Lower third party maintenance costs - \$250k.

Continuing cost savings are also being achieved from substantially reduced executive remuneration and Directors' fees.

Cash

Cash remains closely controlled and monitored.

Trade receivables

Post balance date, the Company has collected 85% of its customer debts and expects to collect all other remaining debts. During the year, no bad debts were written off.

Inventory

The inventory carrying values have been reviewed and no further inventory write-downs are required, based on the current plan to realise the remaining 425 and 430 GSM engines in a desktop GSM product to be manufactured against firm orders by a third party in China. The GSM fixed wireless technology (FWT) desktop product is part of Voxson's GSM asset realization program.

Fixed wireless technology allows the user to connect standard telephones, facsimile machines and computers to wireless networks, providing quick access to high quality, reliable and cost-effective telephone service. Voxson products connect to standard cellular and PCS communications networks and thus no specialized infrastructure is required to support the product.

VOXSON LIMITED

CEO's Report

Going concern

Shareholders will note that the financial accounts retain an emphasis of matter statement on the Company's capacity to sustain its operations. The Board continues to monitor the Company's financial position on a regular basis and, with the closure of the GSM research and development business and the reduction in corporate overheads, the directors continue to progress matters to clear GSM inventory and to realise the opportunities now presented by the consumer electronics market. Time will tell if the Company is able to successfully exploit this market.

Trade finance

Trade finance facilities are presently in place with a third party financier, and the Company expects to increase these facilities to enable the Company to expand its customer base and provide credit terms to those customers who do not purchase under Letter of Credit terms.

VOX 1 and VOX 2 Patents

To realise value for the shareholders from the VOX 1 and VOX 2 patents, the Company will pursue the licensing of the VOX 1 and VOX 2 patents to potential overseas parties.

Conclusion

The current financial year will challenge the sustainability of Voxson's new business focus on profitable growth for the consumer electronics business and realising value from Vox 1 and Vox 2 patents. My executive team and I, are confident that it will be a successful new journey after a disappointing five years in GSM related activities.

Andrew Longginou
Chief Executive Officer



Brisbane
7 September 2005

VOXSON LIMITED

Directors' Report

Your directors submit their report for the year ended 30 June 2005.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names and qualifications	Experience	Special Responsibilities
R.K. Weekes (B Com, DBA, CA, Dip Ed, FAICD)	<p>Ray Weekes has had extensive experience as Chief Executive Officer and Managing Director of companies including Rothmans Holdings Ltd and Castlemaine Perkins Ltd. He is Chairman of the Brisbane Institute, Chairman of the CEO Institute in Queensland, a member of the Royal Children's Hospital Foundation Board and an advisor to various companies. He is CEO-in-residence/Adjunct Professor at the Queensland University of Technology.</p> <p>During the past three years, Mr Weekes has also served as a director of Breakfree Limited.</p>	Non Executive Chairman
L. Longginou	<p>Lucas Longginou is a founding shareholder of the Voxson Group. He has over thirty years experience in the design, manufacture and sale of consumer electrical products including the last thirteen years in cellular telephones.</p> <p>During the past three years, Mr Longginou has not served as a director of any other listed company.</p>	Deputy Chairman
Prof. M. Moody (BE, MEngSc, BA, PhD)	<p>Professor Miles Moody is presently Professor of Electrical Engineering at the Queensland University of Technology and former Head of School. He was the inaugural Director of the Space Industry Development Centre for Satellite Navigation and is the current Queensland Node Manager for the Co-operative Research Centre for Satellite Systems.</p> <p>During the past three years, Prof Moody has not served as a director of any other listed company.</p>	Member of Audit Committee
S.E. Lonie (BCom, MBA, CA, CMC, FAICD)	<p>Stephen is a former Partner with the professional services firm KPMG and now operates his own professional services practice.</p> <p>During the past three years, Mr Lonie has also served as a director of the following listed companies:</p> <ul style="list-style-type: none"> • Peppercorn Management Group Ltd. • Charter Pacific Corporation Ltd . 	Chairman of Audit Committee

VOXSON LIMITED

Directors' Report

COMPANY SECRETARY

The name and details of the company's secretary in office during the financial year and until the date of his resignation on 12 August 2005 is as follows. The company secretary was in office for this entire period.

Name and qualifications	Experience	Special Responsibilities
David Lazzarini (B.Sc., B.Bus., CPA)	David Lazzarini has been the company secretary of Voxson Ltd for 2 years until his resignation on 12 August 2005. He has had 24 years of commercial and financial experience within public companies, including GWA Limited and is a Certified Practicing Accountant.	Chief Financial Officer (Resigned 12 August 2005)
Andrew Longginou	Andrew Longginou is the current Chief Executive Officer and a founding shareholder of the Voxson Group.	Chief Executive Officer (Appointed 12 August 2005)

DIRECTORS' INTERESTS

At the date of this report, relevant interests of the directors in the shares, options or other instruments of the company and related bodies corporate are:

Name	Ordinary Shares (Fully Paid)	Options over Ordinary Shares
L. Longginou	23,642,834	-
M. Moody	140,000	400,000
R.K. Weekes	-	500,000
S.E. Lonie	-	-

DIRECTORS' MEETINGS

The numbers of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

Name	Monthly Directors' Meetings	Special Directors' Meetings *	Meetings of Audit Committee
Number of meetings held:	12	5	2
Number of meetings attended:			
R.K. Weekes	12	5	2
L. Longginou	12	4	-
M. Moody	11	4	2
S.E. Lonie	12	5	2

* The Special Directors' meetings are being held regularly to closely monitor the Company's short term business plan implementation and to assess the Company's cash flow and its ability to pay its debts as and when they become due and payable.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company has an Audit Committee, a Remuneration Committee and a Nomination Committee of the Board of directors. Due to the size of the Board, the entire Board sits as the Remuneration Committee and the Nomination Committee.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the consolidated entity during the year was the research and development of wireless GSM and GPRS telecommunications technology and the commercial exploitation of that technology. The Company, on 12 April 2005, ceased further direct investment including product development, in its GSM technology business due to unsustainable ongoing losses in this division.

VOXSON LIMITED

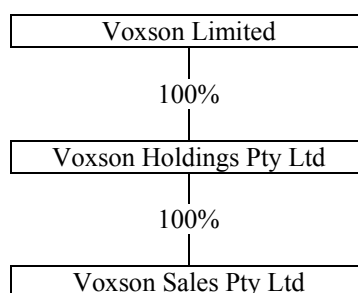
Directors' Report

Whilst the GSM business represented Voxson's primary focus during the past five years, the Company has and will continue its audio business. The audio business continues to produce operating profits and has offset some of the losses in the GSM business. The Company is now focusing on the profitable growth of the audio business.

Voxson owns two patent technology portfolios, which have been described as VOX 1 and VOX 2. The Company considers the VOX 2 patent to be an essential GSM technology, with intellectual property rights. The Company is currently pursuing the commercialisation of this patent to suitable parties to exploit its value. It is not possible to assess the value of this patent to Voxson at the reporting date but the Company will endeavour to realise its fair value for shareholders.

The closure of the GSM research and development ends the vision that the Company represented to its shareholders when it floated in 1999. The Company now looks to generate value for shareholders through the exploitation of the VOX 2 patent and by focusing on profitably growing the Voxson audio business.

CORPORATE STRUCTURE



OPERATING AND FINANCIAL REVIEW

The summarised operating results are as follows:

	2005	2004
	\$	\$
Operating loss of the consolidated entity after income tax	<u>(385,246)</u>	<u>(6,165,834)</u>

The review of the results of the operations is discussed in detail in the report of the Chief Executive Officer.

DIVIDENDS

There were no dividends declared or paid in the financial year ended 30 June 2005 (30 June 2004: NIL).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the year other than as disclosed in the financial report.

SIGNIFICANT EVENTS AFTER BALANCE DATE

At the date of this report, there are no other matters or circumstances that have arisen since 30 June 2005 that have significantly affected or may significantly affect:

- (a) The operations in financial years subsequent to 30 June 2005, of the consolidated entity constituted by Voxson Limited and the entities it controls from time to time; or
- (b) The results of those operations; or
- (c) The state of affairs, in financial years subsequent to 30 June 2005, of that consolidated entity.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Chairman's Report contains an overview of the likely developments of the economic entity, which predominantly includes the marketing of branded consumer electronic products and commercial exploitation of the patents.

Further information on likely developments in the operations of the Company and the expected results of operations has not been included in this report due to the marked sensitive nature of this information.

VOXSON LIMITED

Directors' Report

GOING CONCERN

Shareholders will note that the financial accounts retain an emphasis of matter statement on the Company's capacity to sustain its operations. The Board continues to monitor the Company's financial position on a regular basis and, with the closure of the GSM research and development business and the reduction in corporate overheads, the directors continue to progress matters to clear GSM inventory and to realise the opportunities now presented by the consumer electronics market. Time will tell if the Company is able to successfully exploit this market.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not aware of any particular or significant environmental regulation applicable to it.

SHARE OPTIONS

Details of options granted to directors or executives as part of their remuneration are set out in the section of this report headed Directors' and Executives' Remuneration. Details of shares and interests under option, or issued during or since the end of the financial year due to the exercise of an option, are set out in Note 17 of the financial statements and form part of this report.

IDEMNIFICATION OF DIRECTORS AND EXECUTIVES

An indemnity agreement has been executed by the Company and each of the Directors, agreeing to indemnify the Director against any liability incurred directly or indirectly as an officer of the Company, unless the liability arises out of conduct on the part of the director which:

- Involves a lack of good faith; or
- Is contrary to the Company's express instructions.

There is no monetary limit to the extent of the Directors' indemnity.

During the financial year, Voxson Limited insured Directors and executives of the Company and related bodies corporate. Due to the terms and conditions of the insurance arrangements, disclosure of the nature of the insurance and the premium are excluded.

REMUNERATION REPORT

This report outlines the remuneration arrangements in place for Directors and executives of Voxson Limited (the Company).

Remuneration philosophy

The performance of the Company depends upon the quality of its Directors and executives. To prosper, the Company must attract, motivate and retain highly skilled Directors and executives.

To this end, the company embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to shareholder value;
- Significant portion of executive remuneration 'at risk', dependent upon meeting pre-determined performance benchmarks; and
- Establish appropriate, demanding performance hurdles in relation to variable executive remuneration;
- Recognise cost pressures by reducing fees and remuneration for Directors and senior management.

Remuneration committee

The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer (CEO) and the senior management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive Director and senior

VOXSON LIMITED

Directors' Report

manager remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive Directors of comparable companies when undertaking the annual review process.

Each Director receives a fee for being a Director of the company. An additional fee may also be paid for each board committee on which a Director sits. The payment of additional fees for serving on a committee recognises the additional time commitment required by Directors who serve on one or more sub-committees.

Non-executive Directors have long been encouraged by the Board to hold shares in the company (purchased by the Director on market). It is considered good governance for Directors to have a stake in the Company whose board he or she sits. The non-executive Directors of the Company can participate in the Executive Share Option Plan.

The remuneration of non-executive Directors for the period ending 30 June 2005 is detailed in Table 1 on page 10 of this report.

Senior executive and executive director remuneration

Objective

The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and so as to:

- Reward executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee obtained information detailing market levels of remuneration for comparable executive roles prior to the Committee making its recommendation to the Board.

It is the Remuneration Committee's policy that employment contracts are only entered into with senior executive management. Details of these contracts have not been provided due to the market sensitive nature of this information.

Remuneration consists of the following key elements:

- Fixed Remuneration; and
- Variable Remuneration.

The proportion of fixed remuneration and variable remuneration (potential short term incentives) is established for each senior manager by the Remuneration Committee.

VOXSON LIMITED

Directors' Report

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, business unit and individual performance, relevant comparative remuneration in the market and internal and, where appropriate, external advice on policies and practices.

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of the 4 most highly remunerated senior managers is detailed in Table 1 below.

Variable Remuneration — Short Term Incentive (STI)

Objective

The objective of the STI program is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential STI available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Company is reasonable in the circumstances.

Structure

Actual STI payments granted to each senior manager depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPIs) covering both financial and non-financial measures of performance. Typically included are measures such as contribution to net profit after tax, customer service, risk management, product management, and leadership/team contribution. The Company has predetermined benchmarks which must be met in order to trigger payments under the short term incentive scheme.

On an annual basis, after consideration of performance against KPIs, an overall performance rating for the Company and each individual business unit is approved by the Remuneration Committee. The individual performance of each executive is also rated and all three ratings are taken into account when determining the amount, if any, of the short term incentive pool is allocated to each executive.

The aggregate of annual STI payments available for executives across the Company is subject to the approval of the Remuneration Committee. Payments made are usually delivered as a cash bonus.

Table 1: Details of remuneration provided to Directors and executives for the financial year are as follows:

	Salary	Fees	Bonus	Super-annuation	Options Granted **	Annual Total	Options Granted
	\$	\$	\$	\$	\$	\$	
Directors							
R.K. Weekes	-	58,750	-	5,288	-	64,038	-
L. Longginou	164,574	-	-	10,981	-	175,555	-
M. Moody	-	36,250	-	3,263	-	39,513	-
S.E. Lonie	-	36,250	-	3,263	-	39,513	-
Executives							
A. Longginou	201,948	-	-	10,981	-	212,929	-
D. Lazzarini	173,614	-	-	10,981	8,746	193,341	-
S. Button	189,574	-	-	10,981	-	200,555	-
N. Longginou	155,198	-	20,000	10,981	-	186,179	-

** External Options Valuation

VOXSON LIMITED

Directors' Report

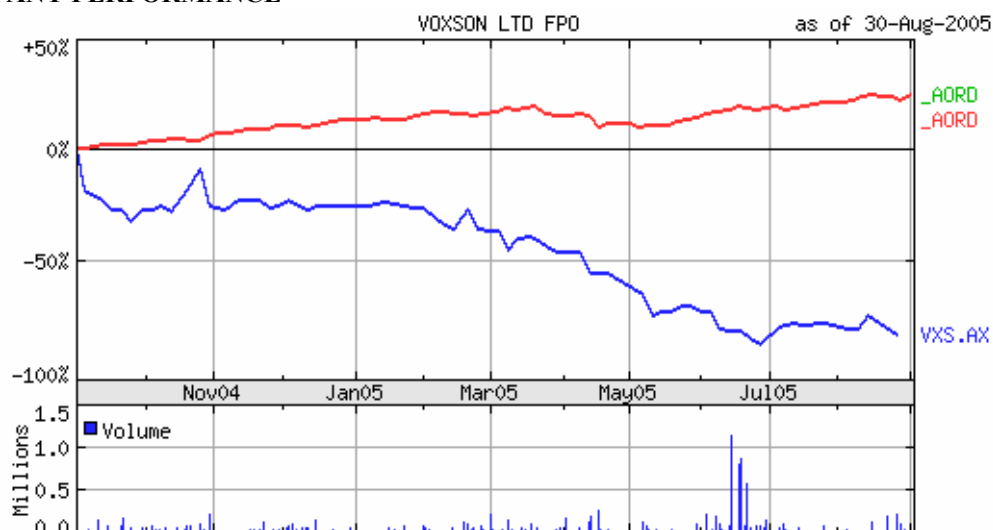
Options granted as part of remuneration have been valued using the Black Scholes option price model, which takes into account factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. The options have been valued using a volatility factor of 80% that was determined after a review of the trading of Voxson shares relative to a basket of option trading stocks.

Details of the option holdings of the above Directors and executives are set out on Note 21 to the Financial Statements.

The resulting pro rata fair values per option for those options vesting after 1 July 2005 are:

Number of options	Grant date	Vesting date	Fair Value
500,000	21 October 2003	21 October 2003	\$0.09
400,000	21 October 2003	21 October 2003	\$0.08
200,000	20 October 2003	31 December 2004	\$0.05
200,000	20 October 2003	31 December 2005	\$0.05

COMPANY PERFORMANCE



Copyright Yahoo

SERVICE AGREEMENTS

Executive	Position	Term Of Contract	Notice Period	Termination Condition(1)	Employment Status
Andrew Longginou	Chief Executive Officer	No fixed term	3 Months	None	On Going
Lucas Longginou	Executive Director	No fixed term	3 Months	None	On Going
Nicholas Longginou	GM Consumer Electronics	No fixed term	3 Months	None	On Going
David Lazzarini (1)	Chief Financial Officer	No fixed term	3 Months	3 Weeks	Resigned 12/8/05
Simon Button (1)	Chief Technical Officer	No fixed term	3 Months	26 Weeks	Resigned 30/6/05

(1) The termination condition is the number of weeks specified under the reported employment agreement.

EMPLOYEES

The Company employed 16 employees as at 30 June 2005 (2004: 35 employees).

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest whole dollar.

VOXSON LIMITED

Directors' Report

TAX CONSOLIDATION

Effective 1 July 2003, for the purposes of income taxation, Voxson Limited and its 100% owned subsidiaries have formed a tax consolidated group. The head entity of the tax consolidated group is Voxson Limited.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 21 of the financial report.

Signed in accordance with a resolution of the directors.



R.K. Weekes
Chairman



S.E. Lonie
Director

Brisbane,
7 September 2005

VOXSON LIMITED

Corporate Governance

The Company is committed to implementing the highest standards of corporate governance. In determining what those high standards should involve, the Company has turned to the Australian Stock Exchange (ASX) Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. The Company is pleased to advise that its practices are largely consistent with those of the ASX guidelines as outlined in the following section.

Where the Company's corporate governance practices do not correlate with the practices recommended by the Council, the Company is either working towards compliance or does not consider that the practices are appropriate for the Company due to the size of Company operations.

1. Board of Directors

1.1 Role of the Board

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out those delegated duties.

In carrying out its governance role, the main tasks of the Board are to agree corporate strategy and plans and to drive the performance of the Company in line with strategy. The Board must also ensure that the Company complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of the Company.

To assist the Board to carry out its functions, it is in the process of developing a Code of Conduct to guide the Directors, the Chief Executive Officer, the Chief Financial Officer and other key executives in the performance of their roles.

1.2 Composition of the Board

To add value to the Company, the Board has been formed so that it has effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are stated on page 5 along with the term of office held by each of the Directors. Directors are appointed based on the specific governance skills required by the Company and on the independence of their decision-making and judgment.

The Company recognises the importance of Non-Executive Directors and the external perspective and advice that Non-Executive Directors can offer. Mr Ray Weekes, Mr Miles Moody and Mr Stephen Lonie are all Non-Executive Directors. In addition to being Non-Executive Directors, Mr Ray Weekes as Chairman and both Mr Miles Moody and Mr Stephen Lonie, as members of the Audit Committee, also meet the following criteria for independence adopted by the Company.

An Independent Director is a Non-Executive Director who:

1. Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
2. Within the last three years has not been employed in an executive capacity by the Company or another group member, or been a Director after ceasing to hold any such employment;
3. Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
4. Is not a material supplier or customer of the Company or another group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. Has no material contractual relationship with the Company or other group member other than as a Director of the Company;
6. Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company; and
7. Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company.

VOXSON LIMITED

Corporate Governance

Mr Lucas Longginou is an Executive Director of the Company, and is also a major shareholder of the Company and as such does not meet the Company's criteria for independence. However, as the founder of the Company, his experience and knowledge of the Company makes his contribution to the Board such that it is, both valuable and appropriate for him to remain on the Board.

1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of the Company. It is required to do all things that may be necessary to be done in order to carry out the objectives of the Company.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following.

1. Leadership of the Organisation: overseeing the Company and establishing codes that reflect the values of the Company and guide the conduct of the Board, management and employees.
2. Strategy Formulation: working with senior management to set and review the overall strategy and goals for the Company and ensuring that there are policies in place to govern the operation of the Company.
3. Overseeing Planning Activities: overseeing the development of the Company's strategic plan and approving that plan as well as the annual business plans and budgets.
4. Shareholder Liaison: ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of the Company.
5. Monitoring, Compliance and Risk Management: overseeing the Company's risk management, compliance, control and accountability systems and monitoring and directing the financial and operational performance of the Company.
6. Company Finances: approving funding facilities and ensuring assets including cash are properly managed, as well as appropriate expenditure in excess of that agreed in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting.
7. Human Resources: appointing, and, where appropriate, removing the Chief Executive Officer (CEO) and Chief Financial Officer (CFO) as well as reviewing the performance of the CEO and monitoring the performance of senior management in their implementation of the Company's strategy.
8. Ensuring the Health, Safety and Well-Being of Employees: in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to ensure the well-being of all employees.
9. Delegation of Authority: delegating appropriate powers to the CEO to ensure the effective day-to-day management of the Company and establishing and determining the powers and functions of the Committees of the Board.

Full details of the Board's role and responsibilities are contained in the Board Charter, a copy of which will be placed on the Company's website.

1.4 Board Policies

1.4.1 *Conflicts of Interest*

Directors must:

- Disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of the Company; and
- If requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, in accordance with the Corporations Act, absent himself or herself from the room when discussion and/or voting occurs on matters about which the conflict relates.

VOXSON LIMITED

Corporate Governance

1.4.2 Commitments

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of the Company.

1.4.3 Confidentiality

In accordance with legal requirements and agreed ethical standards, Directors and key executives of the Company have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non-public information except where disclosure is authorised or legally mandated.

1.4.4 Continuous Disclosure

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules, the Company immediately notifies the ASX of information:

1. Concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
2. That would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Upon confirmation of receipt from the ASX, the Company will commence posting all information disclosed in accordance with this policy on the Company's website in an area accessible by the public.

1.4.5 Education and Induction

New Directors undergo an induction process in which they are given a full briefing on the Company. This process includes meetings with key executives, tours of the premises, an induction package and presentations. Information conveyed to new Directors includes:

- Details of the roles and responsibilities of a Director, with an outline of the qualities required to be a successful Director;
- Formal policies on Director appointment as well as conduct and contribution expectations;
- Details of all relevant legal requirements;
- A copy of the Board Charter;
- Guidelines on how the Board processes function;
- Details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- Background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- An analysis of the Company;
- A synopsis of the current strategic direction of the Company, including a copy of the current strategic plan and annual budget;
- A copy of the Constitution of the Company; and
- All current business plans and budgets.

In order to achieve continuing improvement in Board performance, all Directors are encouraged to undergo continual professional development. Specifically, Directors are provided with the resources and training to address skills gaps where they are identified.

1.4.6 Independent Professional Advice

The Board collectively and each Director has the right to seek independent professional advice at the Company's expense, to assist them to carry out their responsibilities.

1.4.7 Related Party Transactions

Related party transactions include any financial transaction between a Director and the Company and will be reported in writing to each Board meeting. Unless there is an exemption under the Corporations Act from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

VOXSON LIMITED

Corporate Governance

1.4.8 Shareholder Communication

The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:

1. Communicating effectively with shareholders through releases to the market through the ASX, the Company's website, information mailed to shareholders and the general meetings of the Company;
2. Giving shareholders ready access to balanced and understandable information about the Company and corporate proposals;
3. Making it easy for shareholders to participate in general meetings of the Company; and
4. Requesting the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

The Company also makes available a telephone number and email address for shareholders to make enquiries of the Company on their website.

1.4.9 Trading in Company Shares

The Company has a Share Trading Policy under which Directors and employees and their associates may only trade in the Company's securities during the four (4) weeks commencing immediately after each of the following ("trading window"):

- The release by the Company of its half-yearly results to the ASX;
- The release by the Company of its annual results to the ASX; and
- The close of the general meeting of the Company.

Directors and employees and their associates may not trade in the Company's securities during the following "blackout periods" commencing:

- 60 days prior to the release by the Company of its half-yearly results to the ASX and concluding after such release; and
- 60 days prior to the release by the Company of its annual results to the ASX and concluding after such release.

In addition, consistent with the law, designated officers are prohibited from trading in the Company's securities while in the possession of unpublished price sensitive information concerning the Company. Unpublished price sensitive information is information regarding the Company of which the market is not aware and that a reasonable person would expect to have a material effect on the price or value of the Company's securities.

Notice of an intention to trade must be given prior to trading in the Company's securities as well as a confirmation that the person is not in possession of any unpublished price sensitive information. The completion of any such trade by a Director must also be notified to the Company Secretary who in turn advises the ASX.

1.4.10 Performance Review/Evaluation

Each year the Board conducts an evaluation of its performance as a whole. The Chairman also meets informally with each Director to discuss individual Board member performance.

1.4.11 Attestations by CEO and CFO

In accordance with the Board's policy, the CEO and the CFO made the attestations recommended by the ASX Corporate Governance Council as to the Company's financial condition prior to the Board signing this Annual Report.

2. Board Committees

2.1 Audit Committee

The Audit Committee was formed by resolution of the Board on 23 February 2004. The following paragraphs are a summary of the role, composition and responsibilities of the Audit Committee. Further details are contained in the Audit Committee's Charter.

VOXSON LIMITED

Corporate Governance

2.1.1 Role

The Audit Committee is responsible for reviewing the integrity of the Company's financial reporting, including overseeing the independence of the external auditors and risk management.

2.1.2 Composition

The Audit Committee consists of two members. Members are appointed by the Board from amongst the Non-Executive Directors, all of whom are also independent. The current members of the Audit Committee are Mr Stephen Lonie and Mr Miles Moody. All members can read and understand financial statements and are otherwise financially literate. Mr Stephen Lonie, the Chairman, is a qualified accountant with experience in financial and accounting matters. The details of the member's qualifications may be found in their Director profiles on page 5.

The Audit Committee held two meetings throughout the year to complete the 2005 financial accounts. Details of attendance of the members of the Audit Committee are contained in the Directors Report on page 6.

Meetings are also attended, by invitation, by the Chairman of the Board of Directors, Chief Financial Officer and the engagement partner of the external auditor.

2.1.3 Responsibilities

The Audit Committee reviews the audited annual and half-yearly financial statements and any reports, which accompany published financial statements before submission to the Board and, if appropriate, recommends their approval to the Board.

The Audit Committee also recommends to the Board the appointment of the external auditor, and in each year, reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal. Given the size of the Company's operation, no internal Auditor has been appointed.

The Audit Committee is also responsible for establishing policies on risk oversight and management.

2.2 Remuneration Committee

2.2.1 Role

As the whole Board only consists of four members, the Company does not have a separate Remuneration Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on specific issues.

2.2.2 Responsibilities

The responsibilities of the Board, as a whole acting as a Remuneration Committee, include setting policies for senior executives remuneration, setting the terms and conditions of employment for the Chief Executive Officer, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both Executive and Non-Executive Directors and making recommendations to the Board on any proposed changes and undertaking an annual review of the Chief Executive Officer's performance, including, setting with the Chief Executive Officer goals for the coming year and reviewing progress in achieving those goals.

2.2.3 Remuneration Policy

The Non-Executive Director and Senior Executive Remuneration Policies have been approved by resolution of the Board.

The Company is committed to remunerating its senior executives in a manner that is market competitive and consistent with best practice, as well as supporting the interests of shareholders. Consequently, under the Senior Executive Remuneration Policy, the remuneration of senior executive may be comprised of the following:

- Fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- A performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- Participation in the share and option scheme; and
- Statutory superannuation.

VOXSON LIMITED

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By remunerating senior executives through performance and long-term incentive plans, in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase Company performance.

Details of the amount of remuneration, including both monetary and non-monetary components, for each Director and the four highest-paid (non-Director) Executives during the year are stated on page 10.

The objective behind using this remuneration structure is to drive improved Company performance and thereby increase shareholder value, as well as aligning the interests of executives and shareholders, as well as aligning the cost structure with the capacity to pay.

2.3 Nomination Committee

2.3.1 Role

As the whole Board only consists of four members, the Company does not have a Nomination Committee because it would not be a more efficient mechanism than the full Board for focusing the Company on relevant issues at times.

2.3.2 Responsibilities

The responsibilities of the Board as a whole acting as a Nomination Committee include devising criteria for Board membership, regularly reviewing the need for various skills and experience on the Board and identifying specific individuals for nomination as Directors for review by the Board. The Nomination Committee also oversees management succession plans, including the CEO and his/her direct reports and evaluates the Board's performance and makes recommendations for the appointment and removal of Directors.

2.3.3 Criteria for Selection of Directors

Directors are appointed based on the specific governance skills required by the Company. Given the size of the Company and the business that it operates, the Company aims at all times to have at least one Director with experience in the Company's industry, appropriate to the Company's market. In addition, Directors should have the relevant blend of personal experience in:

- Accounting and financial management; and
- CEO-level business experience.

3. Company Code of Conduct

As part of its commitment to recognising the legitimate interests of stakeholders, the Company has adopted a Code of Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code addresses the following key areas:

3.1 Responsibilities to Shareholders and the Financial Community Generally

The Company complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. The Company has processes in place designed to ensure the truthful and factual presentation of the Company's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

3.2 Responsibilities to Clients, Customers and Consumers

Each employee has an obligation to use their best efforts to deal in a fair and responsible manner with each of the Company's clients, customers and consumers. The Company, for its part, is committed to providing clients, customers and consumers with fair value.

3.3 Employment Practices

The Company endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of the Company. The Company does not tolerate the offering or acceptance of bribes or the misuse of Company assets or resources.

3.4 Obligations Relative to Fair Trading and Dealing

The Company aims to conduct its business fairly and to compete ethically and in accordance with relevant competition laws. The Company strives to deal fairly with the Company's customers, suppliers, competitors and

VOXSON LIMITED

Corporate Governance

other employees and encourages its employees to behave appropriately and in line with this Code of Conduct.

3.5 Responsibilities to the Community

As part of the community the Company:

- Is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs;
- Encourages all employees to engage in activities beneficial to their local community; and
- Supports community charities.

3.6 Responsibility to the Individual

The Company is committed to keeping private information from employees, customers and investors confidential and protected from uses other than those for which it was provided. The Company has a formal privacy policy in place.

3.7 Conflicts of Interest

Employees and Directors must avoid conflicts as well as the appearance of conflicts between personal interests and the interests of the Company.

3.8 How the Company Complies with Legislation Affecting its Operations

Within Australia, the Company strives to comply with the spirit and the letter of all legislation affecting its operations. Outside Australia, the Company abides by local laws in all countries in which it operates. Where those laws are not as stringent as the Company's operating policies, particularly in relation to the environment, workplace practices, intellectual property and the giving of "gifts", Company policy will at all times prevail.

3.9 How the Company Monitors and Ensures Compliance with its Code

The Board, management and all employees of the Company are committed to implementing this Code of Conduct and each individual is accountable for such compliance. Disciplinary measures may be imposed for violating the Code.



■ 1 Eagle Street
Brisbane QLD 4000
Australia

■ Tel 61 7 3011 3333
Fax 61 7 3011 3100
DX 165 Brisbane

PO Box 7878
Waterfront Place
Brisbane QLD 4001

Auditor's Independence Declaration to the Directors of Voxson Limited

In relation to our audit of the financial report of Voxson Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A stylized, handwritten signature of 'Ernst & Young' in a cursive script.

Ernst & Young

A handwritten signature of 'Mark Hayward' in a cursive script.

Mark Hayward

Partner

Brisbane

7 September 2005



1 Eagle Street
Brisbane QLD 4000
Australia

Tel 61 7 3011 3333
Fax 61 7 3011 3100
DX 165 Brisbane

PO Box 7878
Waterfront Place
Brisbane QLD 4001

Independent audit report to members of Voxson Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Voxson Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of Voxson Limited is in accordance with:

- (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Voxson Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and
- (b) other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter. As a result of the matters described in Note 1(b) to the financial statements, there is significant uncertainty whether the company and/or the consolidated entity will be able to continue as going concerns and therefore whether they will be able to pay their debts as and when they fall due and realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company and/or the consolidated entity not continue as going concerns.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'Mark Hayward'.

Mark Hayward
Partner

Brisbane

7 September 2005

VOXSON LIMITED

Directors' Declaration

In accordance with a resolution of the Directors of Voxson Limited, I state that:

(1) In the opinion of the Directors:

(a) The financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) Giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) Complying with Accounting Standards and Corporations Regulations 2001; and

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, subject to the accounting policy on going concern in Note 1(b).

(c) There are reasonable grounds to believe that the members of the Closed Group identified in Note 19 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 294A of the Corporations Act 2001 for the financial period ending 30 June 2005.

On behalf of the Board



R.K. Weekes
Chairman



S.E. Lonie
Director

Brisbane,
7 September 2005

VOXSON LIMITED
Statement of Financial Performance
Year ended 30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
Sales revenue	2	13,892,545	20,415,431	-	-
Cost of goods sold	3	(7,661,378)	(15,227,705)	-	-
GROSS PROFIT		6,231,167	5,187,726	-	-
Other revenues from ordinary activities	2	16,976	65,050	3,106	2,498
Distribution expenses		(266,901)	(475,807)	-	-
Marketing expenses		(911,392)	(1,728,636)	-	-
Administrative expenses		(3,061,532)	(3,757,298)	(1,791,325)	(1,488,775)
Research and development expenses		(2,479,637)	(3,653,025)	-	-
Borrowing costs	3	(8,324)	(12,297)	-	(49)
Other expenses	3 (c)	94,397	(1,791,547)	(1,658,109)	(29,986,698)
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		(385,246)	(6,165,834)	(3,446,328)	(31,473,024)
INCOME TAX EXPENSE RELATING TO ORDINARY ACTIVITIES	4	-	-	-	-
LOSS FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		(385,246)	(6,165,834)	(3,446,328)	(31,473,024)
LOSS ATTRIBUTABLE TO MEMBERS OF VOXSON LIMITED	18	(385,246)	(6,165,834)	(3,446,328)	(31,473,024)
TOTAL REVENUES, EXPENSES AND VALUATION ADJUSTMENTS ATTRIBUTABLE TO MEMBERS OF VOXSON LIMITED AND RECOGNISED DIRECTLY IN EQUITY		-	-	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		(385,246)	(6,165,834)	(3,446,328)	(31,473,024)
Basic loss per share (cents per share)	31	(0.3)	(5.6)		
Diluted loss per share (cents per share)	31	(0.3)	(5.6)		

VOXSON LIMITED
Statement of Financial Position
At 30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005	2004	2005	2004
		\$	\$	\$	\$
CURRENT ASSETS					
Cash assets	5	229,736	915,805	7,166	8,126
Receivables	6	968,809	141,391	-	-
Inventories	7	2,070,759	2,617,124	-	-
Plant and equipment available for sale	10,29	146,101	-	-	-
Other	8	202,273	409,048	139,851	226,544
TOTAL CURRENT ASSETS		3,617,678	4,083,368	147,017	234,670
NON-CURRENT ASSETS					
Receivables	9	-	-	2,558,775	3,468,375
Investments in subsidiaries	11	-	-	3,162,970	4,840,970
Plant and equipment	10,29	92,365	763,582	-	-
Other non-current assets	12	-	962,467	-	962,467
TOTAL NON-CURRENT ASSETS		92,365	1,726,049	5,721,745	9,271,812
TOTAL ASSETS		3,710,043	5,809,417	5,868,762	9,506,482
CURRENT LIABILITIES					
Payables	13	1,410,072	3,216,248	202,711	394,103
Provisions	14	865,384	759,323	-	-
TOTAL CURRENT LIABILITIES		2,275,456	3,975,571	202,711	394,103
NON-CURRENT LIABILITIES					
Payables	15	-	-	3,468,375	3,468,375
Provisions	16	364,723	378,737	-	-
TOTAL NON-CURRENT LIABILITIES		364,723	378,737	3,468,375	3,468,375
TOTAL LIABILITIES		2,640,179	4,354,308	3,671,086	3,862,478
NET ASSETS		1,069,864	1,455,109	2,197,676	5,644,004
EQUITY					
Contributed equity	17	57,173,570	57,173,570	57,173,570	57,173,570
Reserves	18	4,668,000	4,668,000	-	-
Accumulated losses	18	(60,771,706)	(60,386,461)	(54,975,894)	(51,529,566)
TOTAL EQUITY		1,069,864	1,455,109	2,197,676	5,644,004

VOXSON LIMITED
Statement of Cash Flows
Year ended 30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		11,270,234	22,167,199	-	-
Payments to suppliers and employees		(12,156,849)	(23,514,294)	89,365	(2,662)
Interest received	2	16,976	63,410	-	858
Borrowing costs	3	(8,324)	(12,297)	-	(49)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	26	(877,963)	(1,295,982)	89,365	(1,853)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of plant and equipment		434,067	-	-	-
Purchase of plant and equipment		(63,576)	(91,333)	-	-
Purchase of software licenses		(90,325)	(129,244)	(90,325)	-
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		280,166	(220,577)	(90,325)	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	427,000	-	-
Repayments of borrowings		-	(427,000)	-	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		(597,797)	(1,516,559)	(960)	(1,853)
Add opening cash brought forward		915,805	2,442,172	8,126	9,979
Effects of exchange rate changes on cash		(88,272)	(9,808)	-	-
CLOSING CASH CARRIED FORWARD	5, 26	229,736	915,805	7,166	8,126

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention.

(b) Going concern

The full-year financial report has been prepared on a going concern basis, which contemplates the continuity of normal audio business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Company and the consolidated entity to continue as going concerns is dependent on the Company and the consolidated entity generating audio product sales and profits and the reduction of the remaining GSM inventory. At signing of the financial report, the Directors consider that these sales outcomes should be achieved and, as such, conclude that the going concern basis is appropriate, with standby working capital funding support of up to \$500,000 from the major shareholders. However, if the company and consolidated entity are unable to achieve their projected product sales, the Company and the consolidated entity may not be able to continue as going concerns. Accordingly, the Company and the consolidated entity may be required to extinguish liabilities other than in the ordinary course of business at amounts different from those stated in the financial report. This report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company and consolidated entity not continue as going concerns.

(c) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year.

(d) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Voxson Limited (the parent Company) and all entities that Voxson Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent Company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(e) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Amounts payable to and by the entities within the consolidated entity that are outstanding at the reporting date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Foreign currencies (continued)

Translation of financial reports of overseas operations

Where overseas operations are deemed self-sustaining, that is they are financially and operationally independent of Voxson Limited, their financial reports are translated using the current rate method and any exchange differences are taken directly to the foreign currency translation reserve.

Where overseas operations are deemed integrated, that is they are financially and operationally dependent on Voxson Limited, their financial reports are translated using the temporal method and any exchange differences are taken directly to the net profit.

Specific hedges

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relevant to the hedging transaction are included within the purchase or sale. Exchange gains or losses arising on the hedge transaction after that date are taken to the net profit.

(f) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(g) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

(h) Inventories

All inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition, are accounted for on a weighted average basis.

(i) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(j) Plant and equipment

Cost and valuation

All classes of plant and equipment are carried at cost.

Depreciation

Depreciation is provided on a straight line or diminishing value basis on all plant and equipment.

Major depreciation periods are:

	2005	2004
• Plant and equipment	5 to 15 years	5 to 15 years
• Computer equipment	3 years	3 years

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as plant and equipment under lease. A lease liability of equal value is also recognised.

Finance leases (continued)

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and recognised directly in net profit.

(l) Research and development

Research and development costs are expensed as incurred, except where future benefits are expected, beyond any reasonable doubt, to exceed those costs. Where research and development costs are deferred, such costs are amortised over future periods on a basis related to expected future benefits. Un-amortised costs are reviewed at each balance date to determine the amount, if any, that is no longer recoverable and any amount identified is written off.

(m) Other non-current assets

Costs associated with purchased third party software that is integrated with developed intellectual property and which can provide a benefit for more than one financial year are deferred and amortised over the period of the expected future benefits, but in any event, no longer than three years. The un-amortised balance is reviewed each balance date and charged to the net profit to the extent that future benefits are no longer probable.

(n) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated cash outflow to be made in respect of the services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefits expenses and revenues arising in respect of the following categories are recognised against profits on a net basis in their respective categories are recognised against profits on a net basis in their respective categories:

- Wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- Other types of employee benefits.

are recognised against profits on a net basis in their respective categories

The value of the equity-based compensation scheme described in Note 17 is not being recognised as an employee benefits expense.

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related tax benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(p) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(q) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

(r) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(s) Revenue recognition

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

Sale of goods

Sales are recognised when property passes to the purchaser, or physical control over product passes pursuant to an enforceable sales contract, and selling prices are known or can be reasonably estimated.

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition (continued)

Rendering of services

Services relate to the total product solution offered to handset manufacturers. Revenue earned from services is recognised using contract accounting. Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured, revenue is accounted for based on milestones as defined in the contracts. Where the contract outcome cannot be reliably measured, revenue is recognised at completion of the contract only.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(t) Earnings per share

Basic earnings per share (EPS) is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for the following items and divided by the weighted average number of ordinary shares and dilutive potential shares, adjusted for any bonus element:

- Costs of servicing equity (other than dividends) and preference share dividend;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

(u) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for warranty is recognised for all products under warranty at the reporting date, based on sales volume and past experience of the level of repairs and returns.

(v) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported results of operations during the reporting period. Actual results could differ from those estimates. Accounting estimates have been applied to calculate accruals for employee entitlements; intellectual property rights royalties and write-down of the inventories.

(w) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005	2004	2005	2004
		\$	\$	\$	\$
2. REVENUE FROM ORDINARY ACTIVITIES					
Revenues from operating activities					
Revenue from sale of goods		11,222,271	18,352,661	-	-
Revenue from services		2,670,274	2,062,770	-	-
Total revenues from operating activities		13,892,545	20,415,431	-	-
Revenues from non-operating activities					
Interest					
- other persons/corporations		16,976	65,050	3,106	2,498
Total interest		16,976	65,050	3,106	2,498
Total revenues from non-operating activities		16,976	65,050	3,106	2,498
Total revenue from ordinary activities		13,909,521	20,480,481	3,106	2,498
3. EXPENSES AND LOSSES/(GAINS)					
(a) Expenses					
Cost of goods sold		7,661,378	15,227,705	-	-
Total cost of goods sold		7,661,378	15,227,705	-	-
Depreciation of non-current assets					
Plant and equipment		456,261	417,150	-	39,331
Total depreciation of non-current assets		456,261	417,150	-	39,331
Amortisation of non-current assets					
Purchased software		1,052,792	421,561	1,052,792	421,561
Total amortisation of non-current assets		1,052,792	421,561	1,052,792	421,561
Total depreciation and amortisation expenses		1,509,053	838,711	1,052,792	460,892
Borrowing costs expensed					
Interest expense – third party		8,324	12,297	-	49
Total borrowing costs expensed		8,324	12,297	-	49

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
3. EXPENSES AND LOSSES/(GAINS) (continued)					
(a) Expenses (continued)					
Bad and doubtful debts – trade debtors		146,388	449,498	-	-
Provision for loans to wholly owned Group entities	12	-	-	-	(21,840,969)
Write down of investment in subsidiary		-	-	(1,678,000)	(8,159,031)
(b) Losses/(Gains)					
Net gain on disposal of plant and equipment		(301,636)	-	-	-
Net foreign currency losses/(gains)		178,171	(30,597)	(19,891)	(18,982)
(c) Specific Items					
Loss from ordinary activities before income tax expense includes the following specific revenues and expenses whose disclosure is relevant in explaining the financial performance of the entity:-					
Write back of IPR accrual		(544,303)	(945,345)	-	-
Redundancy expenses-GSM business		330,000	-	(19,891)	(18,982)
Write down of plant and equipment - GSM business		158,000	-	-	-
Inventory obsolescence		(216,017)	2,317,991	-	-
Write-down of purchased software		499,784	-	499,784	-
Write-back of inventories		(582,000)	-	-	-

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005	2004	2005	2004
		\$	\$	\$	\$
4. INCOME TAX					
(a) The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:					
Loss from ordinary activities before income tax		(385,246)	(6,165,834)	(3,446,328)	(1,473,024)
Income tax calculated @ 30%		(115,574)	(1,849,750)	(1,033,898)	(441,907)
Tax effect of permanent differences:					
Non-deductible expenses		600	1,977	-	-
Provision for loans to wholly owned Group entities		-	-	-	-
Research & development		-	-	-	-
Capital profit on sale of land and buildings		-	-	-	-
Other items (net)		-	-	-	-
Prior period adjustments		-	-	-	-
Income tax expense/(benefit) adjusted for permanent differences		(114,974)	(1,847,773)	(1,033,898)	(441,907)
Benefit of tax losses of prior year recouped		-	-	-	-
Income tax benefit not brought to account as realisation is not virtually certain		239,147	1,715,645	416,323	563,352
Future income tax benefit on timing differences not brought to account		(124,173)	132,128	(617,575)	(121,444)
Income tax expense for the year		-	-	-	-
(b) The Directors estimate that the potential future income tax benefit at reporting date in respect of tax losses not brought to account is					
		16,749,613	16,480,465	1,294,571	878,248

This future income tax benefit will only be obtained if:

- (a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- (b) The conditions for deductibility imposed by tax legislation continue to be complied with; and
- (c) No changes in tax legislation adversely affect the ability in realising the benefit from the deductions for the losses.

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, Voxson Limited and its 100% owned subsidiaries formed a tax consolidation group. The head entity of the tax-consolidated group is Voxson Limited.

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
5. CASH					
Cash at bank and on hand		229,736	915,805	7,166	8,126
6. RECEIVABLES					
Trade debtors		1,119,333	145,528	-	-
Provision for doubtful debts		(150,524)	(4,137)	-	-
		968,809	141,391	-	-
Trade debtors are non-interest bearing and generally on 30-day terms.					
7. INVENTORIES					
Raw materials – net realisable value					
-Original cost		5,425,779	5,227,815	-	-
Provision for stock obsolescence		(4,120,096)	(4,301,243)	-	-
		1,305,683	926,572	-	-
At cost		-	516,000	-	-
		1,305,683	1,442,572	-	-
Finished goods – net realisable value					
-Original cost		1,379,429	1,297,435	-	-
Provision for stock obsolescence		(956,095)	(770,757)	-	-
		423,334	526,678	-	-
At cost		341,742	647,874	-	-
		765,076	1,174,552	-	-
Total inventories at lower of cost and net realisable value		2,070,759	2,617,124	-	-
8. OTHER CURRENT ASSETS					
Prepayments		83,964	182,504	21,542	-
Security deposits		118,309	226,544	118,309	226,544
		202,273	409,048	139,851	226,544

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	Not es	CONSOLIDATED		Voxson Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
9. RECEIVABLES (NON CURRENT)					
Loans to wholly owned group entities		-	-	54,399,744	55,309,344
Provision for loan write down		-	-	(51,840,969)	(51,840,969)
		-	-	2,558,775	3,468,375

The loans to wholly owned group entities are interest free and repayable as and when funding is available with no stated repayment term. These loans reflect the structure of the entity and the fact that all the trading operations of the Group are conducted through a wholly owned subsidiary company. Repayment is expected to occur, if appropriate, over the longer term, in the ordinary course of business.

10. PLANT AND EQUIPMENT

Plant and equipment available for sale (current)

At cost	146,101	-	-	-
Accumulated depreciation	-	-	-	-
Total Plant and equipment available for sale (current)	146,101	-	-	-

Plant and equipment (Non-current)

At cost	812,027	2,485,206	77,280	77,280
Accumulated depreciation	(719,662)	(1,721,624)	(77,280)	(77,280)
	92,365	763,582	-	-

Plant and equipment under lease

At cost	172,605	172,605	172,605	172,605
Accumulated depreciation	(172,605)	(172,605)	(172,605)	(172,605)
	-	-	-	-

Total plant and equipment (Non-current)	92,365	763,582	-	-
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Reconciliations

Plant and equipment

Carrying amount at beginning	763,582	1,088,799	-	39,331
Additions	63,576	91,933	-	-
Disposals	(132,431)	-	-	-
Depreciation expense	(456,261)	(417,150)	-	(39,331)
	238,466	763,582	-	-

The plant and equipment available for sale relate to the GSM business as stated in Note 29.

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
11. INVESTMENTS IN SUBSIDIARIES					
Investment in wholly owned subsidiary – unlisted	25	-	-	13,000,000	13,000,000
Provision for write down in investments		-	-	(9,837,030)	(8,159,030)
		-	-	3,162,970	4,840,970
12. OTHER NON CURRENT ASSETS					
Purchased software		3,802,158	3,711,833	3,802,158	3,711,833
Accumulated amortisation		(3,802,158)	(2,749,366)	(3,802,158)	(2,749,366)
		-	962,467	-	962,467
13. PAYABLES (CURRENT)					
Trade creditors		1,163,393	1,389,545	202,711	392,901
Other creditors		246,679	721,196	-	1,202
Deferred revenue		-	1,105,507	-	-
		1,410,072	3,216,248	202,711	394,103

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

		\$	\$	\$	\$
14. PROVISIONS (CURRENT)					
Provision for legal expenses		20,000	-	-	-
Provision for warranty claims	14(a)	26,854	89,872	-	-
Employee benefits	23	818,530	669,451	-	-
		865,384	759,323	-	-

(a) Provision for warranty claims

All consumer electronic products are sold with a 12-month warranty. During the 2004/2005 year, management concluded based on current sales levels and current information about warranty claims that the provision was adequate and no additional provision required.

(b) Movements in provisions

	\$	\$	\$	\$
<i>Legal expenses</i>				
Carrying amount at the beginning of the financial year	-	80,000	-	80,000
Additional provision	20,000	-	-	-
Amounts utilised during the year	-	(80,000)	-	(80,000)
Carrying amount at the end of the financial year	20,000	-	-	-

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	Notes	CONSOLIDATED		Voxson Limited	
		2005	2004	2005	2004
14. PROVISIONS (CURRENT) continued					
<i>Warranty claims</i>					
Carrying amount at the beginning of the financial year		89,872	72,000	-	-
Additional provision		-	17,872	-	-
Write-back in provision		(25,000)	-	-	-
Amounts utilised during the year		(38,018)	-	-	-
Carrying amount at the end of the financial year		26,854	89,872	-	-
		\$	\$	\$	\$
15. PAYABLES (NON CURRENT)					
Loans from wholly-owned group entities		-	-	3,468,375	3,468,375
16. PROVISIONS (NON CURRENT)					
Employee benefits	23	364,723	378,737	-	-
17. CONTRIBUTED EQUITY					
(a) Issued and paid up capital					
Ordinary shares – fully paid		57,173,570	57,173,570	57,173,570	57,173,570
		2005	2004	2005	2004
Number of ordinary shares		110,384,287	110,384,287	110,384,287	110,384,287
(b) Terms and conditions of contributed equity					
<i>Ordinary shares</i>					
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.					
Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.					
(c) Movements in ordinary share capital of the Company					
There was no movement in ordinary share capital of the Company during the year.					

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

17. CONTRIBUTED EQUITY (continued)

(d) Employee share option plan

On 9 November 1999, the Company adopted an Employee Option Plan. Employees of the Company and any of its controlled entities along with Non Executive Directors of the Company are eligible to participate in the plan.

Options held at the beginning of the financial period:

Grant date	14/12/1999	14/12/1999	31/03/2003
Vesting date	30/06/2003	30/06/2004	01/04/2004
Expire at 5pm on	30/09/2004	30/09/2005	01/04/2006
Options Granted	733,336	500,000	1,300,000
Exercise price	\$2.00	\$2.00	\$0.30

Options granted during the financial period:

No options were granted during the financial period.

Options forfeited or lapsed during the financial period:

Grant date	14/12/1999	31/03/2003
Vesting date	30/6/2003	01/04/2004
Expire at 5pm on	30/9/2004	01/04/2006
Options Granted	733,336	200,000
Exercise price	\$2.00	\$0.30

Options exercised during the financial period:

No options were exercised during the financial period.

(d) Employee share option plan (continued)

Options held at the end of the financial period:

Grant date	14/12/1999	31/03/2003
Vesting date	30/06/2004	01/04/2004
Expire at 5pm on	30/09/2005	01/04/2006
Options Granted	500,000	1,100,000
Exercise Price	\$2.00	\$0.30
Exercisable at year end	500,000	1,100,000

At the end of the financial year a total of 1,600,000 options to take up ordinary shares in the capital of the Company have been granted to employees and are outstanding and exercisable. The market price of Voxson Limited shares as at 30 June 2005 was \$0.02.

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

17. CONTRIBUTED EQUITY (continued)

(e) Other options

Options held at the beginning of the financial period:

Grant date	21/10/2003	21/10/2003	21/10/2003	21/10/2003
Vesting date	21/10/2003	21/10/2003	31/12/2004	31/12/2005
Expiry date	29/07/2008	29/07/2008	31/12/2006	31/12/2007
Options granted	500,000	400,000	200,000	200,000
Exercise price	\$0.09	\$0.105	\$0.20	\$0.30

Options granted during the financial period:

No options were granted during the financial period.

Options forfeited or lapsed during the financial period:

No options were forfeited during the financial period.

Options held at the end of the financial period:

Grant date	21/10/2003	21/10/2003	21/10/2003	21/10/2003
Vesting date	21/10/2003	21/10/2003	31/12/2004	31/12/2005
Expiry date	29/07/2008	29/07/2008	31/12/2006	31/12/2007
Number of Options granted	500,000	400,000	200,000	200,000
Exercise price	\$0.09	\$0.105	\$0.20	\$0.30
Exercisable at year end	500,000	400,000	200,000	200,000

At 30 June 2005, there were 1,300,000 outstanding options over ordinary shares of which 1,100,000 are exercisable at year end. The market price of Voxson Limited share as at 30 June 2005 was \$0.02.

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	CONSOLIDATED		Voxson Limited	
	2005	2004	2005	2004
	\$	\$	\$	\$
18. RESERVES AND ACCUMULATED LOSSES				
Capital profit reserve	4,668,000	4,668,000	-	-
Accumulated losses	(60, 771,706)	(60,386,461)	(54,975,894)	(51,529,566)
Capital profit				
The capital profit reserve is used to accumulate realised capital profits				
Balance at end of year	4,668,000	4,668,000	-	-
Accumulated losses				
<i>Movements in reserve</i>				
Balance at beginning of year	(60,386,461)	(54,220,627)	(51,529,566)	(20,056,542)
Net loss attributable to members of Voxson Limited	(385,246)	(6,165,834)	(3,446,328)	(31,473,024)
Total available for appropriation	(60,771,706)	(60,386,461)	(54,975,894)	(51,529,566)
Dividends provided for or paid	-	-	-	-
Balance at end of year	(60,771,706)	(60,386,461)	(54,975,894)	(51,529,566)
19. EXPENDITURE COMMITMENTS				
Lease expenditure commitments				
(i) Finance leases				
There were no finance leases in 2005.				
(ii) Operating leases (non-cancellable)				
Minimum lease payments				
- not later than 1 year	110,000	383,044	-	383,044
- later than 1 year but not later than 5 years	-	1,324,726	-	1,324,726
- over 5 years	-	-	-	-
- aggregate lease expenditure contracted for at balance date	110,000	1,707,770	-	1,707,770
Aggregate expenditure commitments comprise:				
Amounts not provided for				
- rental commitments	110,000	1,707,770	-	1,707,770
	110,000	1,707,770	-	1,707,770

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

19. EXPENDITURE COMMITMENTS (CONTINUED)

The Company, on 22 July 2005, relocated its principal place of business premises and accordingly the lease relating to the old premises was terminated and a new lease was established for the new premises. The new lease arrangements reflect considerable cost savings to the Company.

A Deed of Cross Guarantee has been granted within the Group with regard to the Class Order relief.

The parties to the deed are Voxson Ltd and Voxson Sales Pty Ltd

20. CONTINGENT LIABILITIES

Intellectual property rights

The Company closed its GSM research and development operations in April 2005. As a consequence, the Company has reviewed its exposure to intellectual property rights and has reduced its accrual to \$0, based on the following reasons:

- The Company's VOX 2 patent portfolio provides the capacity to offset any claims through counter claims based on infringements against the Company's VOX 2 patents.
- The majority of customer GSM product sales based on Voxson's technology have been made in China, a country where intellectual property rights are difficult to exploit successfully.

Whilst it is possible that intellectual property right claims may ensue in the following periods, the Company considers that it is not possible to quantify such claims and the Company considers that the likelihood of a successful claim is low.

Rental dispute

The Company terminated its lease with its previous landlord at Eagle Farm and has commenced legal proceedings against the landlord based on the landlord's breach of contract due to its failure to deliver enjoyment of the terms and conditions of the lease and further by frustrating the Company's attempts to mitigate the problems occasioned by the landlord's failure to act. The landlord has issued a counter claim. The Company has sought legal advice and is confident of its position.

Letters of Credit

The Company and its consolidated entities at 30 June 2005, have not issued any Letters of Credit (30 June 2004 \$Nil).

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

21. DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of specified Directors and specified executives

(i) Specified directors

R.K. Weekes	Chairman (non-executive) continuing.
L. Longginou	Deputy Chairman (executive) continuing.
M. Moody	Director (non-executive) continuing.
S.E. Lonie	Director (non-executive) continuing.

(ii) Specified executives

A. Longginou	Chief Executive Officer.
D. Lazzarini	Chief Financial Officer and Company Secretary (resigned 12 August 2005).
S. Button	Chief Technical Officer (resigned 30 June 2005).
N. Longginou	Consumer Electronics Manager.

(b) Remuneration of specified Directors and specified executives

(i) Remuneration policy

The Non Executive Directors are responsible for determining individual Directors' fees and the remuneration of the Chief Executive Officer, having reference to external remuneration market information where necessary. The Chief Executive Officer, in consultation with the entire Board of Directors, is responsible for reviewing and determining the compensation arrangements of the executive team.

Remuneration arrangements are assessed on a periodic basis by reference to employment market conditions and the individual staff member's performance. For executive Directors and executive officers, remuneration packages generally comprise salary and superannuation. Directors and officers (excluding Founding Shareholders) are also provided with longer-term incentives through the Company share option plan, which acts to align Directors' and executives' actions with shareholders' interests.

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

21. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(ii) Remuneration of specified Directors and specified executives

		Primary Salary & Fees	Cash Bonus	Post Employment Super- annuation	Termination payments	Equity Options	Total
Specified Directors							
R.K. Weekes	2005	58,750	-	5,288	-	-	64,038
	2004	59,580	-	5,362	-	45,000	109,942
L. Longginou	2005	164,574	-	10,981	-	-	175,555
	2004	180,013	-	9,948	-	-	189,961
M. Moody	2005	36,250	-	3,263	-	-	39,513
	2004	40,000	-	3,600	-	32,000	75,600
S.E. Lonie	2005	36,250	-	3,263	-	-	39,513
	2004	31,562	-	2,841	-	-	34,403
Total remuneration: specified Directors							
	2005	295,824	-	22,795	-	-	318,619
	2004 *	329,488	-	23,401	-	77,000	429,889
Specified executives							
A. Longginou	2005	201,948	-	10,981	-	-	212,929
	2004	216,337	-	9,948	-	-	226,285
D. Lazzarini	2005	173,614	-	10,981	-	8,746	193,341
	2004	118,757	-	8,103	-	8,962	135,822
S. Button	2005	189,574	-	10,981	-	-	200,555
	2004	190,487	-	9,887	-	11,281	211,655
N. Longginou	2005	155,198	20,000	10,981	-	-	186,179
	2004	163,134	-	10,139	-	-	173,273
Total remuneration: specified executives							
	2005	720,334	20,000	43,924	-	8,746	793,004
	2004 *	1,044,898	-	54,412	287,500	20,243	1,407,053

* Group totals in respect of 2004 do not necessarily equal the sums of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

(c) Shareholdings of specified Directors and specified executives

Shares held in Voxson Limited (number)	Balance 1 July 04	Granted as remuner- ation	On Exercise of Options	Net Change Other	Balance 30 June 05
Specified Directors					
R.K. Weekes	-	-	-	-	-
L. Longginou	23,642,834	-	-	-	23,642,834
M. Moody	140,000	-	-	-	140,000
S.E. Lonie	-	-	-	-	-
Specified executives					
A. Longginou	21,050,001	-	-	-	21,050,001
D. Lazzarini	-	-	-	-	-
S. Button	-	-	-	-	-
N. Longginou	21,050,000	-	-	-	21,050,000
Total	65,882,835	-	-	-	65,882,835

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

21. DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

(d) Option holdings of specified Directors and specified executives

	Balance 1 July 04	Granted as remuner- ation	On Exercise of Options	Net Change Other	Balance 30 June 05
Specified Directors					
R.K. Weekes	500,000	-	-	-	500,000
L. Longginou	-	-	-	-	-
M. Moody	400,000	-	-	-	400,000
S.E. Lonie	-	-	-	-	-
Specified executives					
A. Longginou	-	-	-	-	-
D. Lazzarini	400,000	-	-	-	400,000
N. Longginou	-	-	-	-	-
Total	1,300,000	-	-	-	1,300,000

All equity transactions with specified Directors and specified executives other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Refer to Note 17 for further details on the options held by specified Directors and specified executives.

(e) Indemnification of specified Directors and specified executives

An indemnity agreement has been executed by the Company and each of the Directors, agreeing to indemnify the Director against any liability incurred directly or indirectly as an officer of the Company unless the liability arises out of conduct on the part of the Director which:

- Involves a lack of good faith; or
- Is contrary to the Company's express instructions.

There is no monetary limit to the extent of the Directors' indemnity.

During the financial year, Voxson Limited paid a premium to insure Directors and officers of the Company and related bodies corporate. Due to the terms and conditions of the insurance arrangements, disclosure of the nature of the insurance and the premium are excluded.

(f) Related party transactions

A Director, Mr S.E. Lonie, is an independent management consultant, who, during the course of normal business, provided professional services to McCullough Robertson, Solicitors, which provided services to Voxson Limited during the year valued at \$28,851 (2004: \$48,444).

(g) Loans to directors and director related entities

At 30 June 2005, there were no loans to Directors or Director related entities (2004: \$nil).

(h) Loans from directors and director related entities

At 30 June 2005, there were no loans payable from Directors or Director related entities (2004: \$nil).

VOXSON LIMITED
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	Notes	Consolidated 2005 \$	2004 \$	Voxson Limited 2005 \$	2004 \$
22. AUDITOR'S REMUNERATION					
Amounts received or due and receivable by Ernst & Young for:					
- Audit or review of the financial report of the entity and any other entity in the consolidated entity		71,000	70,000	71,000	70,000
- Other Services		2,000	2,000	2,000	2,000

23. EMPLOYEE BENEFITS

Employee benefits

The aggregate employee entitlement liability is comprised of:

Accrued wages, salaries and on costs	14	-	40,000	-	-
Accrued severance payments	14	245,349	-	-	-
Provisions (current)	14	573,181	629,451	-	-
Provisions (non-current)	16	364,723	378,737	-	-
		1,183,253	1,048,188	-	-

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

24. RELATED PARTY DISCLOSURES

Wholly owned group

The wholly owned group consists of Voxson Limited and its wholly owned consolidated entities, Voxson Holdings Pty Ltd and Voxson Sales Pty Ltd. Ownership interests in these entities are detailed in Note 25.

Transactions between Voxson Limited and related parties in the wholly owned group during the year consisted of:

- (a) The payment of rent to Voxson Limited; and
- (b) Loans advanced to/by controlled entities and repayments.

These transactions were made on commercial conditions and terms except that the loans are unsecured and interest free.

Voxson Limited

2005	2004
\$	\$

Aggregate amounts receivable and payable from related parties in the wholly-owned group at balance date were as follows:

Non-current receivables	3,468,375	3,468,375
Non-current payables	3,468,375	3,468,375

Controlling entities

The immediate and ultimate controlling entity is Voxson Limited.

Ownership interests in related parties

The ownership interests in related parties in the wholly owned group are set out in Note 25.

25. INTERESTS IN SUBSIDIARIES

Name of Entity	Country of Incorporation	Class of Shares	Net Parent Entity's Investment		Equity Holding	
			2005 \$	2004 \$	2005 %	2004 %
Parent entity						
Voxson Limited			-	-	-	-
Consolidated entities						
Voxson Holdings Pty Ltd	Australia	Ordinary	3,162,969	4,840,969	100	100
Voxson Sales Pty Ltd	Australia	Ordinary	1	1	100	100
			3,162,970	4,840,970		

Voxson Limited is the ultimate parent company for all consolidated entities.

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

26. STATEMENT OF CASHFLOWS

(a) Reconciliation of operating loss after tax to the net cash flows from operations.

	Notes	CONSOLIDATED		Voxson Limited	
		2005 \$	2004 \$	2005 \$	2004 \$
Loss from ordinary activities after tax		(385,246)	(6,165,834)	(3,446,328)	(31,473,024)
Non-cash items					
Depreciation of non-current assets		456,261	417,150	-	39,331
Amortisation of non-current assets		1,052,792	421,561	1,052,792	421,561
Provision for doubtful debts		146,388	449,498	-	-
Provision for loans to wholly owned Group entities		-	-	-	21,840,969
Write down of investment in subsidiary		-	-	1,678,000	8,159,031
Provision for obsolete inventory		4,191	2,317,991	-	-
Accrual for IPR		-	(945,345)	-	-
Purchase order cost variance		-	-	-	-
Realisation of deferred income		(1,105,507)	-	-	-
Net profit on disposal of plant and equipment		(301,636)	-	-	-
Net foreign currency losses/(gains)		-	(30,597)	-	(13,302)
Changes in Assets and Liabilities					
(Increase)/decrease in trade debtors and bills of exchange		(973,804)	1,482,230	-	-
Decrease in inventory		542,174	1,010,183	-	-
Decrease in other operating assets		206,775	9,065	996,293	1,048,346
Decrease in trade creditors and bills payable attributable to operations		(226,152)	(539,388)	-	-
Increase/(decrease) in other operating liabilities		(474,517)	421,027	(191,392)	(24,765)
Decrease in employee benefits and provisions		92,047	(153,331)	-	-
Exchange rate changes on opening cash balances		88,271	9,808	-	-
Net cash flow used in operating activities		(877,963)	(1,295,982)	89,365	(1,853)

(b) Reconciliation of cash

Cash balance comprises:

- Cash assets	5	229,736	915,805	7,166	8,126
Closing cash balance		229,736	915,805	7,166	8,126

VOXSON LIMITED
Notes to the Financial Statements
30 June 2005

	CONSOLIDATED		Voxson Limited	
	2005	2004	2005	2004
	\$	\$	\$	\$
27. BALANCE SHEET ITEMS DENOMINATED IN FOREIGN CURRENCIES				
Amounts not effectively hedged				
Current receivables, not effectively hedged				
- United States dollar	804,110	-	-	-
Current payables, not effectively hedged				
- United States dollar	491,651	286,678	-	-
- Singapore Dollar	-	-	-	-
- Japanese Yen	-	-	-	-
- Euro	2,900	3,812	-	-
- British Pound	-	-	-	-

28. FINANCIAL INSTRUMENTS

(a) Credit risk exposures

Credit risk represents the loss that would be recognised if counter parties failed to perform as contracted.

On-balance sheet financial instruments

The credit risk on financial assets of the consolidated entity, which have been recognised on the balance sheet, is generally the carrying amount, net of any provisions.

The consolidated entity does not have any material credit risk exposure arising from concentrations. The consolidated entity is not materially exposed to any individual overseas country or individual customer.

(b) Foreign exchange risk

The foreign exchange risk result from operations made in US dollars mainly, and corresponds to the net position between the purchases and the sales made in the foreign currencies. The residual foreign exchange risk exposure was not material at reporting date. With the value of purchases and sales to be made for the period also uncertain, it has been decided to enter into no hedging instrument at reporting date.

(c) Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

VOXSON LIMITED
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28. FINANCIAL INSTRUMENTS (continued)

Financial instruments	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest rate maturing in:				Non- interest bearing \$	Total carrying amount as per the balance sheet \$
			1 year or less \$	1 to 5 years \$	Over 5 years \$			
2005								
(i) Financial assets								
Cash	3.50	229,736	-	-	-	-	-	229,736
Receivables – trade	N/a	-	-	-	-	-	968,809	968,809
Total financial assets		229,736	-	-	-	-	968,809	1,198,545
(ii) Financial liabilities								
Trade creditors	N/a	-	-	-	-	-	1,163,393	1,163,393
Other creditors	N/a	-	-	-	-	-	146,679	146,679
Total financial liabilities		-	-	-	-	-	1,310,072	1,310,072

Financial instruments	Weighted average effective interest rate %	Floating interest rate \$	Fixed interest rate maturing in:				Non- interest bearing \$	Total carrying amount as per the balance sheet \$
			1 year or less \$	1 to 5 years \$	Over 5 years \$			
2004								
(i) Financial assets								
Cash	3.50	915,805	-	-	-	-	-	915,805
Receivables – trade	N/a	-	-	-	-	-	141,391	141,391
Total financial assets		915,805	-	-	-	-	141,391	1,057,196
(ii) Financial liabilities								
Trade creditors	N/a	-	-	-	-	-	1,389,545	1,389,545
Other creditors	N/a	-	-	-	-	-	721,196	721,196
Deferred Revenue	N/a	-	-	-	-	-	1,105,507	1,105,507
Total financial liabilities		-	-	-	-	-	3,216,248	3,216,248

N/A - not applicable for non-interest bearing financial instruments

(d) Net fair values

The aggregate carrying value of financial assets and financial liabilities recognised at the balance date approximates their net fair values.

VOXSON LIMITED

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30 June 2005

29. DISCONTINUING OPERATIONS

On 12 April 2005, the group publicly announced its decision of the Board of Directors to discontinue its GSM research and development operations due to unsustainable ongoing losses in this division.

The GSM operations are reported in Note 30 'Segment Information' as part of the company's GSM segment.

Financial Performance Information

The financial performance of the GSM operations for the year ended 30 June 2005 is as follows:

	2005 \$	2004 \$
Revenues from ordinary activities	5,208,994	5,696,555
Direct expenses from ordinary activities (including borrowing costs)	5,744,481	5,237,153
(Loss)/profit from ordinary activities before income tax expense	(535,487)	459,402
Income tax expense relating to ordinary activities	-	-
(Loss)/profit from ordinary activities after income tax expense	(535,487)	459,402

Asset Disposals

The carrying amount of the total assets to be disposed of and the total liabilities to be settled as at 30 June 2005 are as follows:

	2005 \$	2004 \$
TOTAL ASSETS	2,195,463	3,166,150
TOTAL LIABILITIES	448,298	525,051
NET ASSETS	1,747,165	2,641,099

During the financial year ended 30 June 2005, asset disposals were as follows:

	2005 \$	2004 \$
Proceeds from disposition of non-current assets	434,067	-
Carrying amount of assets	(132,431)	-
Pre-tax gain on disposition	301,636	-
Tax expense	-	-
Gain on disposition after tax	301,636	-

GSM operations cash flows during the year

The net cash flows attributable to the GSM operations for the year ended 30 June 2005 are as follows:

	2005 \$	2004 \$
OPERATING	870,126	1,147,264
INVESTING	59,284	29,631
FINANCING	-	-
NET CASH INFLOWS/(OUTFLOWS)	929,410	1,176,895

VOXSON LIMITED
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30. SEGMENT INFORMATION – PRIMARY SEGMENT

(a) Segment Accounting Policy

Revenues are attributed to geographic areas based on the expected location where our customer will retail the goods.

(b) Segment Product and Location

The group operates in two dominant segments, being GSM and consumer electronics. Geographically, the group operates in two predominant areas, namely Australia (including New Zealand) and Asia.

Business segments	GSM		Consumer Electronics		Consolidated	
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
Operating revenue						
Sales to customers outside the consolidated entity	4,774,927	5,696,555	8,574,618	14,718,876	13,349,545	20,415,431
Other revenues from customers outside the consolidated entity	543,000	-	-	-	543,000	-
Total segment revenue	5,317,927	5,696,555	8,574,618	14,718,876		
Unallocated revenue	-	-	-	-	16,976	65,050
Total consolidated revenue	5,317,927	5,696,555	8,574,618	14,718,876	13,909,521	20,480,481
Results						
Segment result	(535,487)	459,402	673,778	2,964,671	138,291	3,424,073
Unallocated expenses					(523,537)	(9,589,907)
Net loss					(385,246)	(6,165,834)

Note 1 As over 90% of the assets and liabilities of the entity relate to the GSM business segment, no segment split of assets and liabilities has been performed

VOXSON LIMITED
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30. SEGMENT INFORMATION – SECONDARY SEGMENT

Geographic segments	Australia		Asia		Other		Consolidated	
	2005	2004	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$	\$	\$
Segment revenue	8,489,852	14,947,022	4,652,668	4,733,343	767,001	800,116	13,909,521	20,480,481
Segment assets	3,710,043	1,712,776	-	4,096,641	-	-	3,710,043	5,809,417

VOXSON LIMITED

Notes to the Financial Statements

30 June 2005

31. EARNINGS PER SHARE

The following reflects the income and share data used in the calculations of basic and diluted earnings per share.

	Consolidated	
	2005	2004
	\$	\$
Net loss for the year	(385,246)	(6,165,834)
Loss used in calculating basic and diluted earnings per share.	(385,246)	(6,165,834)
	Number of	Number of
	shares	shares
Weighted average number of ordinary shares used in calculating basic earnings per share	110,384,287	110,384,287

32. SUBSEQUENT EVENTS

Other than those which have been disclosed elsewhere in this financial report, no matters or circumstances have arisen since the end of the financial year that have significantly affected or may have a significant effect on the operations of the consolidated entity, the financial performance of those operations or the financial position of the consolidated entity in the subsequent year.

33. IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS

Voxson Limited is in the process of transitioning its accounting policies and financial reporting from current Australian Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS) which will be applicable for the financial year ended 30 June 2006. In 2004, the company allocated internal resources to identify key areas that would be impacted by the transition to AIFRS. As a result of this process, Voxson has assessed the financial impact as low and has addressed each of the areas using existing resources to perform the transition. As Voxson's financial year-end is 30 June, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 July 2004. This analysis forms the basis of accounting for AIFRS in the future, and is required when Voxson prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

The key areas where accounting policies are expected to change on adoption of AIFRS and the company's best estimates of the quantitative impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005 are set out in the following sections.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to ongoing work being undertaken by the AIFRS project teams, potential amendments to AIFRSs and interpretations thereof being issued by the standard-setters and IFRIC; and emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

VOXSON LIMITED
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30 June 2005

(a) Reconciliation of equity as presented under AGAAP to that under AIFRS at 1 July 2004

	Consolidated 1 July 2004 *
	\$
Total equity under AGAAP	1,455,109
Adjustments to retained earnings (net of tax)	
Recognition of share-based payment expense	3,163
Share-based payment reserve	(3,163)
Total equity under AIFRS	<u>1,455,109</u>

* This column represents the adjustments as at the date of transition to AIFRS.

- (i) Under AASB 2 Share Based Payments, the company would recognise the fair value of options granted to employees as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity. Share-based payment costs are not recognised under AGAAP.
- (ii) Set out below are areas that have also been considered in relation to the transition to AIFRS, but which do not result in material impact on Voxson's financial report:
- Classification of financial instruments;
 - Impairment of assets;
 - Intangible assets; and
 - Income taxes.

(b) Reconciliation of net profit as presented under AGAAP to that under AIFRS at 30 June 2005.

	Notes	Consolidated \$
Net loss as reported under AGAAP		(385,246)
Share-based payment expense	(i)	(4,545)
Net profit under AIFRS		<u>(389,791)</u>

- (i) Under AASB 2 Share Based Payments, the Company would recognise the fair value of options granted to employees as remuneration as an expense on a pro-rata basis over the vesting period in the income statement with a corresponding adjustment to equity. Share-based payment costs are not recognised under AGAAP.

(c) Restated AIFRS Statement of Cash Flows for the year ended 30 June 2005

No material impacts are expected to the cash flows presented under AGAAP on adoption of AIFRS.

VOXSON LIMITED

Shareholder Information

30 June 2005

The shareholder information set out below was applicable as at 6 September 2005.

1. Distribution of equity securities

Ordinary shares

(a) Analysis of numbers of equity security holders by size of holding:

Range	Holders	Ordinary Shares	Percentage of Issued Shares
1 – 1,000	1,300	765,651	0.69
1,001 – 5,000	1,482	3,415,770	3.10
5,001 – 10,000	479	3,157,270	2.86
10,001 – 100,000	371	10,256,373	9.29
100,001 – over	49	92,789,223	84.06
Total	3,681	110,384,287	100.00

(b) There are 3,100 holders of less than a marketable parcel of ordinary shares

(c) The percentage of the total holding of the twenty largest holders of Ordinary Shares was:
77.62 %

2. Twenty largest equity security holders

Ordinary shares

Shareholder	Number of Ordinary Shares Held	Percentage of Issued Shares
Andrew No 2 Pty Ltd	17,141,667	15.53
Lucas No 2 Pty Ltd	17,141,667	15.53
Nicholas No 2 Pty Ltd	17,141,666	15.53
Shirley No 2 Pty Ltd	16,475,000	14.93
Berne No 132 Nominees Pty Ltd (284675 A/C)	3,763,613	3.41
Citicorp Nominees Pty Limited	3,207,582	2.91
Hayward Australasia Pty Ltd	1,300,200	1.18
Modern Commerce Enterprise Co Ltd	1,000,000	0.91
Mr Roger Brian Clarke & Mrs Barbara Joan Clarke	960,000	0.87
Berescorp Pty Ltd	883,544	0.80
ANZ Nominees Limited	868,014	0.79
Boussal Pty Ltd C/- ABN AMRO Morgans MPS	810,250	0.73
Berne No 132 Nominees Pty Ltd (Lin Jiin Kuai A/C)	785,463	0.71
Berne No 132 Nominees Pty Ltd (Clarence C W Teng A/C)	785,462	0.71
Berne No 132 Nominees Pty Ltd (Jimmy Helien A/C)	785,462	0.71
Mr Trevor Neil Hay	633,132	0.57
National Nominees Limited	556,691	0.50
Moonton Pty Ltd	541,576	0.49
Mr David Frederick Oakley	506,000	0.46
Mr Lucas Longginou & Mr Nicholas Longginou Super Fund	500,000	0.45
Total	<u>85,786,989</u>	<u>77.72</u>
Total issued shares	<u>110,384,287</u>	

VOXSON LIMITED

Shareholder Information

30 June 2005

3. Substantial shareholders

Substantial Shareholders in the Company are set out below:

Shareholder	Number of Ordinary Shares Held	Percentage of Issued Shares
Andrew No 2 Pty Ltd	17,141,667	15.53
Lucas No 2 Pty Ltd	17,141,667	15.53
Nicholas No 2 Pty Ltd	17,141,666	15.53
Shirley No 2 Pty Ltd	16,475,000	14.93

4. Unquoted equity securities

	Number issued	Number of holders
Options issued under Voxson Ltd Employee Option plan to take up ordinary shares	1,600,000	4
Options issued under Voxson Ltd Executive Options plan to take up ordinary shares	1,300,000	3

5. Voting rights

The voting rights attaching to the ordinary shares, set out in the Company's Constitution, are:

- (a) Every shareholder present at a general meeting has one vote on a show of hands; and
- (b) On a poll, each shareholder has one vote for each fully paid share held.

There are no voting rights attaching to the Options until they have been exercised and converted to Ordinary Shares.