

MIKOH Corporation Limited  
ACN 003 218 862

# **MIKOH Corporation Limited**

**ABN 41 003 218 862**

## **Appendix 4D**

**INTERIM FINANCIAL REPORT  
FOR THE HALF YEAR ENDED 31 DECEMBER 2009**

**Period 1 July 2009 to 31 December 2009**

**(Previous Corresponding Period 1 July 2008 to 31 December 2008)**

# Appendix 4D

## Interim Financial Report

Name of entity

**MIKOH Corporation Limited**

ABN or equivalent  
company reference

41 003 218 862

Half yearly  
(*tick*)



Preliminary  
final (*tick*)



Financial half year ended ('current period')

31 December 2009

### Results for Announcement to the Market

<b>Results</b>	<b>\$A</b>	
Revenues from ordinary activities	Down	17% to 733,163
(Loss) from ordinary activities after tax attributable to members	Up	24% to (2,372,658)
Net (Loss) for the period attributable to members	Up	24% to (2,372,658)
<b>Dividends (distributions)</b>	Amount per security	Franked amount per security
Final dividend	NIL	NIL
Previous corresponding period	NIL	NIL
Record date for determining entitlements to the dividend,	N/A	
<p>The Company does not have a dividend reinvestment plan and no dividends are proposed to be declared for the current year.</p>		
<p><b>Note:</b> This Appendix 4D should be read in conjunction with the Commentary on the Results of the Interim Financial Report for the half-year ended 31 December 2009, with the accompanying notes to the Appendix 4D, and with the most recent annual financial report.</p>		

HALF-YEAR FINANCIAL REPORT 31 DECEMBER 2009

<b>CONTENTS</b>	<b>PAGES</b>
Directors' Report	1-2
Auditor's Independence Declaration	3
Independent Auditor's Review Report	4-5
Directors' Declaration	6
Condensed Consolidated Statement of Comprehensive Income	7
Condensed Consolidated Statement of Financial Position	8
Condensed Consolidated Statement of Changes in Equity	9
Condensed Consolidated Statement of Cash Flows	10
Notes to the Condensed Consolidated Financial Statements	11-16

## MIKOH CORPORATION LIMITED

### DIRECTORS' REPORT – DECEMBER 2009

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The directors of MIKOH Corporation Limited submit herewith the financial report of MIKOH Corporation Limited and its subsidiaries (the consolidated entity) for the half-year ended 31 December 2009. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

#### 1. Directors

The following persons were directors of MIKOH Corporation Limited during the whole of the half-year and up to the date of this report, except where otherwise indicated:

Peter Lyndon Tyree (Chairman)  
James Matthew Blomfield (Managing Director) (resigned 16 February 2010)  
Douglas James Halley  
John Stanley Keniry  
Richard Owen Holcomb (resigned 1 February 2010)  
Riad Tayeh

#### 2. Review of Operations

The results for the half year are summarised as follows:-

- Total revenue for the period was \$766,890, down 17.6% on the revenue of \$930,634 for the corresponding period last year;
- The net loss for the period after income tax was \$2,372,658, representing a 23.7% increase over the loss for the corresponding period last year of \$1,917,527;
- Net cash outflow from operating activities for the half year was \$2,131,818, representing an 25.0% increase over the corresponding period last year of \$1,705,652; and
- Net assets at the end of the half-year amounted to \$2,139,346 compared to net assets of \$2,361,025 as at 30 June 2009, with a working capital surplus of \$1,534,686 compared to a working capital surplus of \$1,946,335 at 30 June 2009.

More specifically:

- Sales and consulting revenue for the company's RFID technology decreased almost 59% from the corresponding period last year, from \$106,613 to a very disappointing \$43,884. Royalties received from Sirit were less than expected as they did not meet their own forecast sales. However Sirit's recent advice to MIKOH that the usage of Automated Vehicle Identification (AVI) will be increasing in Sirit's Central and South American markets, coupled with MIKOH's own marketing efforts in Asia, would indicate increased revenues by calendar year's end.
- Revenues from the PSI SecureContainer deal (as announced in September 2009) did not flow in the period to 31 December 2009, as MIKOH and PSI jointly commissioned extensive market research through Javelin Black in Washington, DC in order to quantify market size and to establish US government requirements.
- Revenue from the digital inkjet printing division decreased by just over 30% from the previous corresponding half year, from \$630,571 to \$435,776. One digital inkjet printer was sold to Snapsil, though given the expectation of multiple sales over the five years of the Snapsil printer supply agreement announced in November 2009, and as an effective 'proof of concept', this first sale was made at a minimal gross margin. A number of further prospects are being pursued, with two orders anticipated this financial year.

- SubScribe has enjoyed an outstanding six months, with revenues of \$253,503 equalling the entire revenue in the 2008/09 financial year. While revenues for the six months to June 2010 are unlikely to be maintained at this level, total 2009/10 revenue will be a record annual result for this product.

Indirect costs increased by \$322,096, or 13.7%, on the corresponding period last year. Reductions in Sales and Marketing and R&D costs were offset by an increase in Administration costs. The primary increase from the prior period was the \$348,000 expense recognised on the shareholder-approved issue of shares to the Chairman.

When combined with the reduced Gross Margin, the increased indirect costs resulted in a loss prior to income tax of \$2,420,658, 23.4% greater than the \$1,961,527 for the same period in 2008.

### **3. Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

The auditor's independent declaration is included on page 3 of the half-year report.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*..:

On behalf of the Directors:



Peter Tyree  
Chairman

Sydney, 26 February 2010

The Board of Directors  
Mikoh Corporation Limited  
Unit 10  
62 Albert Street  
Preston VIC 3072

Dear Board Members

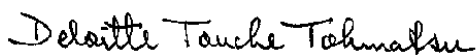
## Mikoh Corporation Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Mikoh Corporation Limited.

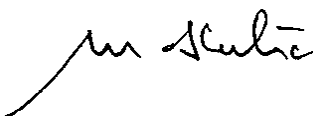
As lead audit partner for the review of the financial statements of Mikoh Corporation Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



Deloitte Touche Tohmatsu



Michael Kulic  
Partner  
Chartered Accountants  
Sydney, 26 February 2010

Liability limited by a scheme approved under Professional Standards Legislation.

## **Independent Auditor's Review Report to the members of Mikoh Corporation Limited**

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Mikoh Corporation Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2009, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of cash flows, condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 6 to 16.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Mikoh Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Auditor's Independence Declaration*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

## *Conclusion*

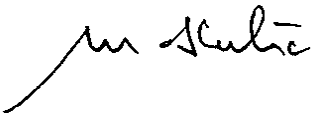
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Mikoh Corporation Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## *Material Uncertainty Regarding Continuation as a Going Concern*

Without qualifying our conclusion, we draw attention to Note 1(c) in the financial report which indicates that the consolidated entity incurred a net loss of \$2,372,658 and net cash outflows from operating activities of \$2,131,818 during the half year ended 31 December 2009. These conditions, along with other matters as set forth in Note 1(c), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

  
DELOITTE TOUCHE TOHMATSU



Michael Kulic  
Partner  
Chartered Accountants  
Sydney, 26 February 2010

## DIRECTORS' DECLARATION

The directors declare that:

- a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors.



Peter Tyree  
Chairman

Sydney, 26 February 2010

**Condensed consolidated statement of comprehensive income  
for the half-year ended 31 December 2009**

	Half-year ended 31 December 2009 \$	Half-year ended 31 December 2008 \$
<b>Continuing operations</b>		
Revenue from sale of goods	733,163	886,737
Cost of sales	<u>(509,645)</u>	<u>(536,354)</u>
Gross Profit	223,518	350,383
Other income	33,727	43,897
Expenses by function:-		
Manufacturing	(138,770)	(133,266)
Administration and general	(1,408,900)	(903,040)
Marketing and sales	(714,783)	(855,428)
Research and development	<u>(415,450)</u>	<u>(464,073)</u>
Loss before tax	(2,420,658)	(1,961,527)
Income tax benefit	<u>48,000</u>	<u>44,000</u>
<b>Loss for the period</b>	<u>(2,372,658)</u>	<u>(1,917,527)</u>
<b>Other comprehensive income</b>		
Exchange differences arising on translation of foreign operations	<u>(33,732)</u>	<u>(104,303)</u>
Total other comprehensive income (loss) for the period	<u>(33,732)</u>	<u>(104,303)</u>
<b>Total comprehensive loss for the period</b>	<u>(2,406,390)</u>	<u>(2,021,830)</u>
Loss attributable to:		
Owners of the parent	<u>(2,372,658)</u>	<u>(1,917,527)</u>
Total comprehensive loss attributable to:		
Owners of the parent	<u>(2,406,390)</u>	<u>(2,021,830)</u>
<b>Earnings per share</b>		
Basic (cents per share)	<b>(0.80) cents</b>	(1.01) cents
Diluted (cents per share)	<b>(0.80) cents</b>	(1.01) cents

Notes to the condensed consolidated financial statements re included on pages 11 to 16.

**Condensed consolidated statement of financial position**  
as at 31 December 2009

	Note	31 December 2009 \$	30 June 2009 \$
<b>Current Assets</b>			
Cash assets		1,519,675	1,944,181
Trade and other receivables		184,096	188,490
Inventories		148,471	462,910
Other assets		292,769	360,865
<b>Total Current Assets</b>		<b>2,145,011</b>	2,956,446
<b>Non-Current Assets</b>			
Plant and equipment		366,474	506,706
Intangible assets		346,651	-
<b>Total Non-Current Assets</b>		<b>713,125</b>	506,706
<b>Total Assets</b>		<b>2,858,136</b>	3,463,152
<b>Current Liabilities</b>			
Trade and other payables		400,317	805,829
Provisions		210,008	204,282
<b>Total Current Liabilities</b>		<b>610,325</b>	1,010,111
<b>Non-Current Liabilities</b>			
Provisions		108,465	92,016
<b>Total Non-Current Liabilities</b>		<b>108,465</b>	92,016
<b>Total Liabilities</b>		<b>718,790</b>	1,102,127
<b>Net Assets</b>		<b>2,139,346</b>	2,361,025
<b>Equity</b>			
Issued capital	3	37,403,085	35,236,603
Reserves		1,715,131	1,730,634
Accumulated losses		(36,978,870)	(34,606,212)
<b>Total Equity</b>		<b>2,139,346</b>	2,361,025
<b>Net tangible asset backing per ordinary security</b>		<b>0.60 cents</b>	0.88 cents

Notes to the condensed consolidated financial statements re included on pages 11 to 16.

## Condensed consolidated statement of changes in equity

For the half year ended 31 December 2009

	Fully paid ordinary shares \$	Equity- settled employee benefits reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total attributable to members of the parent \$
Balance at 1 July 2008	31,455,913	1,657,827	(52,741)	(30,532,083)	2,528,916
Loss for the period	-	-	-	(1,917,527)	(1,917,527)
Exchange differences arising on translation of foreign operations	-	-	(104,303)	-	(104,303)
<b>Total comprehensive income for the period</b>	-	-	(104,303)	(1,917,527)	(2,021,830)
Issue of shares	595,714	-	-	-	595,714
Share issue costs	(43,206)	-	-	-	(43,206)
Recognition of share-based payments	-	54,294	-	-	54,294
<b>Balance at 31 December 2008</b>	<b>32,008,421</b>	<b>1,712,121</b>	<b>(157,044)</b>	<b>(32,449,610)</b>	<b>1,113,888</b>
Balance at 1 July 2009	35,236,603	1,753,643	(23,009)	(34,606,212)	2,361,025
Loss for the period	-	-	-	(2,372,658)	(2,372,658)
Exchange differences arising on translation of foreign operations	-	-	(33,732)	-	(33,732)
<b>Total comprehensive income for the period</b>	-	-	(33,732)	(2,372,658)	(2,406,390)
Issue of shares	2,263,440	-	-	-	2,263,440
Share issue costs	(96,958)	-	-	-	(96,958)
Recognition of share-based payments	-	18,229	-	-	18,229
<b>Balance at 31 December 2009</b>	<b>37,403,085</b>	<b>1,771,872</b>	<b>(56,741)</b>	<b>(36,978,870)</b>	<b>2,139,346</b>

Notes to the condensed consolidated financial statements re included on pages 11 to 16.

**Condensed consolidated statement of cash flows**  
**for the half-year ended 31 December 2009**

	<b>Half-year ended 31 December 2009</b>	Half-year ended 31 December 2008
Note	\$	\$
Cash Flows from Operating Activities (inclusive of Goods and Services Tax)		
Receipts from Customers	<b>404,925</b>	852,882
Payments to suppliers and employees	<b>(2,646,923)</b>	(2,703,949)
	<b>(2,241,998)</b>	(1,851,067)
Receipt of R&D Tax Offset	<b>93,908</b>	138,908
Receipt of Export Market Development Grant	<b>16,272</b>	6,507
Net cash outflow from operating activities	<b>(2,131,818)</b>	(1,705,652)
Cash Flows from Investing Activities		
Interest received	<b>23,553</b>	39,300
Payments for plant and equipment	<b>(68,284)</b>	(134,337)
Net cash outflow from investing activities	<b>(44,731)</b>	(95,037)
Cash Flows from Financing Activities		
Proceeds from the issue of shares	<b>1,861,388</b>	1,500
Payment for share issue expenses	<b>(108,405)</b>	(52,044)
Net cash inflow from financing activities	<b>1,752,983</b>	(50,544)
Net decrease in cash held	<b>(423,566)</b>	(1,851,233)
Cash at the beginning of the period	<b>1,944,181</b>	2,424,943
Effects of exchange rate changes on cash	<b>(940)</b>	37,966
Cash at the end of the period	<b>1,519,675</b>	611,676

Notes to the condensed consolidated financial statements re included on pages 11 to 16.

## 1. SIGNIFICANT ACCOUNTING POLICIES

### a) Statement of Compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporation Act 2001 and AASB 134 "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 "Interim Financial Reporting". The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual report.

### b) Basis of Preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations listed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the consolidated entity include:

- AASB 3 Business Combinations
- AASB 8 *Operating Segments*
- AASB 101 *Presentation of Financial Statements*
- AASB 127 *Consolidated and Separate Financial Statements*

The adoption of these new and revised Standards and Interpretations has not resulted in changes to the consolidated entity's accounting policies and there has been no change in the amounts reported for the current or prior period.

For the half year ended 31 December 2009, the consolidated equity acquired intangible assets. Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period with any changes in these accounting estimates being accounted for on a prospective basis.

AASB 101 (revised 2007) Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2009) The revised Standard has introduced a number of terminology changes and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the consolidated entity.

### c) Going Concern

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

For the reasons described below, there is significant uncertainty whether the consolidated entity will continue as a going concern:

- The consolidated entity has for the six months to 31 December 2009 incurred a loss of \$2,372,658 and net cash outflows from operating activities of \$2,131,818.
- The consolidated entity has sufficient working capital to meet its requirements until at least 1 May 2010. In the event that the expected contracts underpinning the cash flow forecast do not eventuate by this date, the directors believe that the consolidated entity will be able to raise additional equity finance to satisfy its working capital requirements.

The ability of the consolidated entity to continue as a going concern is dependent on its ability to:

- Obtain additional equity finance;
- Secure profitable sales contracts;
- Achieve future profitable trading operations; and/or
- Generate sufficient cash flows from operations to meet its working capital requirements.

The consolidated entity has traditionally been able to raise equity funding to meet its ongoing working capital requirements. During the half year ended 31 December 2009 the consolidated entity raised \$1,752,983 by way of private placements. In the prior year ended 30 June 2009 the consolidated entity raised \$1,509,906 by way of private placements and \$2,368,516 via a rights issue to shareholders. The directors have no reason to believe that the consolidated entity will be unable to raise the necessary amounts to fund its working capital requirements.

At the date of this report and having considered the above factors, the directors are confident that the consolidated entity will be able to continue as a going concern. Notwithstanding this and given the factors above there is significant uncertainty whether the consolidated entity will continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include 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 consolidated entity not continue as a going concern.

## **2. Segment Reporting**

### **Adoption of AASB 8 'Operating Segments'**

The consolidated entity has adopted AASB 8 'Operating Segments' and AASB 2007-3 'Amendments to Australian Accounting Standards' arising from AASB 8 with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor standard (AASB 114 'Segment Reporting') required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the Consolidated entity's reportable segments has changed.

### **Products and services from which reportable segments derive their revenues**

In prior years, segment information reported externally was analysed on the basis of the types of goods supplied by the consolidated entity's operating divisions. However, information reported to the consolidated entity's chief operating decision maker for the purposes of resource allocation and assessment of performance is more specifically focused on revenue for each type of goods.

The principal categories are primarily product types. The consolidated entity's reportable segments under AASB 8 are, therefore, as follows:

- AVI (Automated Vehicle Identification)
- Printers
- Smart&Secure
- Labels
- SecureContainer
- CertainID

No revenue was reported for SecureContainer while market research is undertaken so the technology is modified to correspond to end-user requirements, and targeted to the right organisations and government departments to maximise its market reach. CertainID, MIKOH's bio-authentication technology, also earned no revenue in the period as this technology is still in a developmental stage.

During the financial period, the consolidated entity disposed of no products or businesses.

Information regarding the consolidated entity's reportable segments is presented below. Amounts reported for the previous corresponding period have been restated to conform to the requirements of AASB 8.

**Segment revenues and results**

The following is an analysis of the consolidated entity's revenue and results by reportable operating segment for the periods under review:

	<u>Revenue</u>		<u>Segment profit/(loss)</u>	
	<u>Half year ended</u>		<u>Half year ended</u>	
	<u>31 Dec 2009</u>	<u>31 Dec 2008</u>	<u>31 Dec 2009</u>	<u>31 Dec 2008</u>
	\$	\$	\$	\$
<b>Continuing operations</b>				
AVI	11,739	25,064	11,719	25,064
Printers	435,776	630,571	14,741	120,429
Smart&Secure	32,145	81,549	(5,011)	76,959
Labels	253,503	149,553	202,069	127,931
	<u>733,163</u>	<u>886,737</u>	<u>223,518</u>	<u>350,383</u>
Costs not able to be allocated to one operation			<u>2,644,176</u>	<u>2,311,910</u>
Loss before tax from continuing operations			(2,420,658)	(1,961,527)
Income tax benefit			<u>48,000</u>	<u>44,000</u>
Loss for the period from continuing operations			<u>(2,372,658)</u>	<u>(1,917,527)</u>

The revenue reported above represents revenue generated from external customers. There were no intersegment sales during the period.

Segment profit represents the profit earned by each segment without allocation of indirect costs. This is the measure reported to the chief operating officer for the purposes of resource allocation and assessment of segment performance.

**Segment assets and liabilities**

The following is an analysis of the Consolidated entity's assets and liabilities by reportable operating segment for the periods under review:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>31 Dec 2009</u>	<u>30 Jun 2009</u>	<u>31 Dec 2009</u>	<u>30 Jun 2009</u>
	\$	\$	\$	\$
AVI	6,529	17,651	-	-
Printers	850,051	850,573	45,602	168,850
Smart&Secure	87,671	148,637	1,483	6,090
Labels	96,138	79,390	6,665	74,216
SecureContainer	84,126	89,657	3,108	1,588
Total segment assets and liabilities	1,124,515	1,185,908	56,858	250,744
Unallocated assets and liabilities	1,733,621	2,277,244	661,932	851,383
Consolidated total assets and liabilities	2,858,136	3,463,152	718,790	1,102,127

For the purpose of monitoring segment performance and allocating resources between segments, the chief operating decision maker may on occasions monitor the value of assets attributable to each segment.

All assets are allocated to reportable segments other than those that are used across multiple segments, or are not segment specific, and which cannot be allocated across segments on any reasonable basis. Assets used jointly by reportable segments are unable to be allocated as there is no logical basis for doing so. The consolidated entity is not an asset intensive business, with very limited physical assets other than in the printer segment. Most assets in the US are used across a number of reportable segments.

For the purpose of measuring segment performance to the chief operating decision maker, all liabilities apart from those that cannot be allocated between segments on any reasonable basis are allocated to reportable segments. Liabilities used jointly by reportable segments are only allocated between those segments if there is a rational basis for doing so.

### 3. Issued Capital

#### Ordinary Shares

	Number	\$
Issued and fully paid	297,921,688	37,403,085
<i>Movements in ordinary shares on issue</i>		
Balance at 30 June 2009	268,884,351	35,236,603
Subsequent costs for shares issued on 24 June 2009		(6,958)
Issued on 7 July 2009	117,572	5,056
Issued on 17 July 2009	1,534,699	61,388
Issued on 3 August 2009	154,054	6,778
Issued on 17 August 2009, net of costs	22,784,810	1,710,000
Issued on 7 October 2009	142,152	11,998
Issued on 23 December 2009	4,000,000	348,000
Issued on 23 December 2009	104,050	10,000
Issued on 23 December 2009	200,000	20,220
Balance at 31 December 2009	297,921,688	37,403,085

#### Options

The following options' were granted in the half year ended 31 December 2009.

<u>Grantee</u>	<u>Expiry Date</u>	<u>Exercise price per option</u>	<u>Number</u>
Gary Phipps	31 July 2014	20 cents	500,000
Gary Phipps	31 July 2014	40 cents	500,000
Steven Van Fleet	31 July 2014	20 cents	500,000
Steven Van Fleet	31 July 2014	40 cents	500,000
Neil Mitchell	31 July 2014	20 cents	500,000
Neil Mitchell	31 July 2014	40 cents	500,000
David Rodriguez	31 July 2014	20 cents	250,000
David Rodriguez	31 July 2014	40 cents	250,000
Ian Clark	31 December 2014	20 cents	3,000,000
Ian Clark	31 December 2014	25 cents	3,000,000
Peter Atherton	31 December 2014	20 cents	1,000,000
Peter Atherton	31 December 2014	25 cents	<u>1,000,000</u>
			11,500,000

No options were exercised in the half year ended 31 December 2009.

No options lapsed during the half year ended 31 December 2009.

Options outstanding as at 31 December 2009 are:

<u>Expiry Date</u>	<u>Exercise price per option</u>	<u>Number</u>
31 March 2010	10 cents	2,000,000
31 March 2010	15 cents	1,000,000
31 March 2010	20 cents	1,000,000
31 August 2011	15 cents	3,500,000
31 August 2011	25 cents	3,500,000
10 January 2012	30 cents	3,000,000
11 May 2012	50 cents	1,000,000
11 May 2012	80 cents	1,000,000
28 May 2012	50 cents	1,125,000
28 May 2012	80 cents	1,125,000
31 March 2013	80 cents	125,000
31 March 2013	\$1.20	125,000
31 July 2014	20 cents	1,750,000
31 July 2014	40 cents	1,750,000
31 December 2014	20 cents	4,000,000
31 December 2014	25 cents	<u>4,000,000</u>
		30,000,000

#### **4. Contingent Liabilities**

There are no contingent liabilities at the report date.

#### **5. Events Subsequent to the Reporting Date**

Shares in MIKOH Corporation limited were suspended from trading on 15 February 2010 pending the official confirmation and announcement of a significant contract win.

The Board of MIKOH announced on 17 February 2010 that the Managing Director's contract of employment would not be renewed, and that he would be leaving the company immediately, to be replaced by the Transitional CEO, Dr Paul Scully-Power.