



Registered Office:
1/1 Culverlands Street
Heidelberg West VIC 3081
AUSTRALIA

MIKOH Corporation Limited
Incorporated in Australia
A.C.N. 003 218 862

Telephone: +61 (0)3 9458 2075

Facsimile: +61 (0)3 9458 2104

Website:
www.mikoh.com

Announcement to Australian Securities Exchange Limited

Letter to Shareholders from New Chairman

11 June 2009

Dear Shareholder

I am pleased to have this opportunity to write to you as the new Chairman of MIKOH Corporation Limited. As you would expect, the first initiative a new Chairman should make is to conduct a thorough audit of the company, and communicate the results to the Shareholders whom I represent. My review is not yet complete, but I would like to report on the results thus far.

- **A human resources audit.** I have spent considerable time with our Managing Director, Matt Blomfield; I have been impressed with his skills and dedication to MIKOH. I enjoy working with him in a complementary way and have complete confidence in his ability to deliver the results we need. I also met with and have been impressed by the General Manager Australian Operations, Hans Van Pelt, Vice President of Sales and Business Development, Steve Van Fleet, and Chief Technology Officer, Dr Peter Atherton. The review did, however, highlight the need to move on from the previous marketing resource and recruit a dynamic, highly experienced marketing specialist to assist Matt in implementing strategies to ensure we meet the sales targets we are setting for ourselves.
- **A technical audit.** The audit included a review of independent test results from specialised global technology companies, government validation and endorsements, and testing by end-user customers. It revealed that MIKOH's products are ready to sell from a "technical readiness" standpoint, putting our growth plans in a strong position and confirming that much of the value of your company lies in its strong intellectual property portfolio. Further, this review convinced me that MIKOH must continue, over time, to bring new technologies to market. MIKOH cannot stand still – it must remain innovative and drive new technologies and solutions to market to ensure continued success and margin increase. It is imperative however to generate sales now, with existing products.



- **A business model audit.** The company's go-to-market business model is based on partnering with multinational organisations, tapping their massive contacts and resources coupled, where appropriate, with local companies well connected in its target markets. The audit revealed that through its existing and planned licensing agreements, MIKOH is able to increase revenues and sales while containing its costs. Further, as the model is based on building recurring, annuity-style earnings, the audit showed that revenues increase substantially over the coming years, again without having to expand the cost base at the same rate.
- **A manufacturing and production audit.** This revealed the need to license additional manufacturing capability in the US and in those countries where large-scale rollout of our technology is expected. This is important from the point of view of cost, reliability of supply, quality control, and timeliness of delivery. The review confirmed the wisdom of our strategy of working with appropriate third party manufacturers as a key component of our overall go-to-market strategy. We will expand this strategy by providing our partners with the support they need to be able to access the large-scale deals we are forecasting in the next 18 months.
- **A 'market readiness' audit.** A review of the passive RFID market was undertaken and a strategy is now in hand to sell in this market. We will advertise in the right places and conduct focussed marketing so as to highlight our products patented attributes and applications, and the cost advantages arising from using our products over the alternatives. Current market activity and prospects indicate that stronger take-up will take place in 2009/2010. MIKOH has many of the licensing agreements in place and now, more than ever, will focus on driving sales through its partner channels.

Overall, the audit confirmed the readiness of a number of our products for market as well as some success in selling those products. It also revealed the need for an exceptionally strong focus, right now, on continuing and building on this success.

With a difficult period largely behind us, a stronger focus on driving the commercialisation of our world-leading technologies, and a clear vision for our future, the management team are more confident than ever of their ability to deliver on the technologies and the company's promise. I strongly share that view. History shows that it is in tighter financial times like those now current, that newer technologies thrive, and the take up of new products offering quantifiable savings to the user is strongest. MIKOH has a clear point of differentiation with its products over anything else in the markets on which we are focused. We have clear strategies to exploit this, and we are confident we will be successful.

The company has strong relationships with the market leaders in security and authentication as well as in RFID. We continue to develop these relationships as well as building new ones. Our business model has a strong mix of recurring and annuity income streams which will underpin our growth.

The recently completed audit supports our strategy of allowing for different



specialisations in the different geographies in which we operate. Our North American business will focus on licensing our intellectual property and developing channel partners for our Automated Vehicle Identification (AVI) and Asset Tracking systems. We hold first mover status in providing security for the electronic vehicle registration (EVR) market, and we are developing partnerships for SecureContainer in the US Federal government market that we expect will deliver volumes, in the early stages, in the tens of thousands, following the early testing and small-scale implementation in the latter part of 2008. Once this is nailed down, we can replicate this in other government agencies in the US and around the world. Australia will be a production house for SubScribe, SecurePrint, and the variable data printing business, and a solution centre for the company's other security technologies.

As the focus grows inexorably on greater security and information assurance, we are in a prime position to capitalise on our work and achievements to date.

The company has successfully weathered the troubles of the past year, and is now in a strong position to be able to build on the achievements of recent times. Revenues and royalties have started flowing in from our licensing over the past year, giving us confidence we will achieve our goal of becoming cash flow positive during 2010.

I invite you to join us in further investment in the company to allow the funding of our plans for growth, commercialisation, and the future.

A handwritten signature in blue ink, appearing to read 'Peter Tyree'.

Peter Tyree
MIKOH Chairman

About MIKOH:

MIKOH Corporation Limited is a leading provider of physical security and digital marking solutions and consulting services. The company works with customers to design and implement physical security solutions to track, seal and/or monitor valuable assets. Both RFID and non-RFID in nature, MIKOH solutions align proper business processes and labeling technologies to ensure assets are effectively managed with certainty.

MIKOH's Smart&Secure tamper-evident technology provides physical security certainty for RFID tags. Physical security for RFID is vital in applications where the compromise of sensitive assets results in commercial and/or revenue loss. These applications include government asset tracking, vehicle identification, pharmaceutical distribution and more. Smart&Secure is flexible, scalable and easily integrates into any RFID system.

MIKOH has offices in Melbourne and Sydney in Australia, and McLean, VA and New York, NY in the USA. For more information, visit the company's website at <http://www.MIKOH.com>.