MIKOH Corporation Limited

ABN 41 003 218 862

Appendix 4E

PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2009

Period 1 July 2008 to 30 June 2009

(Previous Corresponding Period 1 July 2007 to 30 June 2008)

Appendix 4E

Preliminary Final Report

Name of entity

MIKOH Corporation Limited

ABN or equivalent company reference	Half yearly *(tick)*	Preliminary final *(tick)*	Financial year ended ('current period')
41 003 218 862		✔	30 June 2009

Results for Announcement to the Market

Results				$A
Revenues from ordinary activities	Up	62%	to	1,291,820
(Loss) from ordinary activities after tax attributable to members	Down	18%	to	(4,023,956)
Net (Loss) for the period attributable to members	Down	18%	to	(4,023,956)

Dividends (distributions)	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

The Company does not have a dividend reinvestment plan and no dividends are proposed to be declared for the current year.

Note:
This report is based on accounts that are in the process of being audited.

This Appendix 4E should be read in conjunction with the Commentary on the Results of the Preliminary Financial Report for the year ended 30 June 2009 and with the accompanying notes to the Appendix 4E.

COMMENTARY ON THE RESULTS

Highlights:

- **Group revenue of $1.25 million in-line with previously released guidance**
- **Balance Sheet solid with over $1.9 million in cash as at 30 June 2009**
- **Confirmation of previously stated revenue goal for 2009/10 of $5.3 million (an increase of 324%)**

MIKOH Corporation Limited (ASX: MIK), a leading provider of physical security and digital marking solutions and consulting services, today released its financial report for the year ended 30 June 2009. Directors and management are pleased to report that the result is in line with guidance provided in May 2009 in relation to the recent rights issue. Group revenues totalled $1.25 million up from $674,000 in the prior year, with a net loss recorded for the year of $4 million compared with a loss of $4.9m in 2007/08.

Smart&Secure

A key development for the Smart&Secure division this year was that royalties for Automated Vehicle Identification ("AVI") started to flow from the company's technology partner Sirit Inc, which operates primarily in North and South America. While revenues to date have been low, much progress has been made and the company is confident that revenue improvement will be significant over the following twelve months.

A further development during the period was the investment in SecureContainer and the partnership with the US based case manufacturer, Pelican. As previously reported MIKOH is actively targeting US Government security applications, and has successfully completed a trial retrofit of its secure closure device for a key government agency.

Revenue for this division was $208,880 for the year ended 30 June 2009 and is forecast to increase to approximately $2.2 million for the following year.

SubScribe

Revenue for this division was $253,418, down 17.2% on the prior year, the one area of MIKOH's business where the general economic slowdown had an obvious effect. Substantial orders have been received since year-end, however, so strong revenue growth is expected in 2009/10. MIKOH currently supplies product to over twenty countries, and it is anticipated that revenue growth will flow from greater penetration in existing markets.

Variable Data Inkjet Printers

The reconfiguration of the Printers Division is complete, with results starting to flow. Revenue from this division was $783,325 for the year ended 30 June 2009. The developments across this division will yield production efficiencies, and the identification of a niche market in the fast moving consumer good ("FMCG") sector is expected to assist in revenue growing to a forecast $2.2 million for 2009/10.

Balance Sheet

"MIKOH would like to thank the shareholders for the strong take up of the recent rights issue" said the Chairman, Peter Tyree. He added, "this was very pleasing and the outcome is that as at 30 June 2009, MIK has over $1.9 million in cash, and no debt. This strong financial position provides us with the platform to drive revenue growth to achieve near-term objectives."

Outlook

MIKOH's Managing Director, Matt Blomfield, said "we have made tremendous progress and are pleased to reiterate our revenue goal of $5.3 million for 2009/10. This result is achievable on the basis of sales conversion of already identified opportunities. Furthermore, MIKOH expects to become cash flow positive during calendar 2010."

Consolidated Income Statement

For the year ended 30 June 2009

	Note	**Year ended 30 June 2009 $**	Year ended 30 June 2008 $
Revenue from operations	**2**	**1,245,623**	674,085
Less cost of goods sold		**(809,719)**	(283,751)
Gross Profit		**435,904**	390,334
Other income	**2**	**46,197**	124,237
Expenses by function:-			
Manufacturing		**(264,820)**	(309,069)
Administration and general		**(1,724,087)**	(2,288,993)
Marketing and sales		**(1,790,323)**	(2,038,810)
Research and development		**(834,020)**	(880,294)
Loss before income tax	**2**	**(4,131,149)**	(5,002,595)
Income tax benefit		**107,193**	93,281
Loss for the year		**(4,023,956)**	(4,909,314)
Basic loss per share for the year	**13**	**(2.06) cents**	(2.72) cents
Diluted loss per share for the year	**13**	**(2.06) cents**	(2.72) cents

The accompanying notes form part of these financial statements.

Consolidated Balance Sheet

As at 30 June 2009

	Note	30 June 2009 $	30 June 2008 $
Current Assets			
Cash assets		**1,944,181**	2,424,943
Trade and other receivables	3	**188,490**	168,921
Inventories	4	**462,910**	392,858
Other assets	5	**360,865**	370,189
Total Current Assets		**2,956,446**	3,356,911
Non-Current Assets			
Plant and equipment	6	**506,706**	414,923
Total Non-Current Assets		**506,706**	414,923
Total Assets		**3,463,152**	3,771,834
Current Liabilities			
Trade and other payables	7	**805,829**	1,025,478
Provisions	8	**204,282**	146,019
Total Current Liabilities		**1,010,111**	1,171,497
Non-Current Liabilities			
Provisions	9	**92,016**	71,421
Total Non-Current Liabilities		**92,016**	71,421
Total Liabilities		**1,102,127**	1,242,918
Net Assets		**2,361,025**	2,528,916
Equity			
Issued capital	10	**35,236,603**	31,455,913
Reserves	11	**1,730,634**	1,605,086
Accumulated losses	12	**(34,606,212)**	(30,532,083)
Total Equity		**2,361,025**	2,528,916
Net tangible asset backing per ordinary security		**0.88 cents**	1.35 cents

The accompanying notes form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	Note	Year ended 30 June 2009 $	Year ended 30 June 2008 $
Cash Flows from Operating Activities (inclusive of Goods and Services Tax)			
Receipts from Customers		**1,278,708**	663,776
Payments to suppliers and employees		**(4,567,075)**	(5,138,706)
Net cash outflow from operating activities	**14**	**(3,288,367)**	(4,474,930)
Cash Flows from Investing Activities			
Interest received		**41,600**	119,105
Payments for plant and equipment		**(187,774)**	(211,993)
Net cash outflow from investing activities		**(146,174)**	(92,888)
Cash Flows from Financing Activities			
Proceeds from the issue of shares		**3,029,016**	4,111,027
Payment for share issue expenses		**(95,123)**	(124,563)
Proceeds from borrowings		**100,000**	
Repayment of borrowings		**(100,000)**	
Net cash inflow from financing activities		**2,933,893**	3,986,464
Net decrease in cash held		**(500,648)**	(581,354)
Cash at the beginning of the year		**2,424,943**	3,027,258
Effects of exchange rate changes on cash		**19,886**	(20,961)
Cash at the end of the year		**1,944,181**	2,424,943

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Note	**Year ended 30 June 2009 $**	Year ended 30 June 2008 $
Total equity at the beginning of the year		**2,528,916**	3,398,608
Exchange differences on translation of foreign operations		**(20,441)**	(31,315)
Total income and expense for the year recognised directly in equity		**(20,441)**	(31,315)
Loss for the year		**(4,023,956)**	(4,909,314)
Total recognised income and expense for the year		**(4,044,397)**	(4,940,629)
Transactions with equity holders in their capacity as equity holders:			
Issue of share capital		**3,878,422**	3,547,254
Less share issue expenses		**(97,732)**	(124,563)
Issue of share options		**95,816**	648,246
Total equity at the end of the year		**2,361,025**	2,528,916

BASIS OF PREPARATION OF THE FULL YEAR FINANCIAL REPORT

This full-year financial report does not include all notes of the type normally included within the annual financial report. The preliminary financial report should be read in conjunction with the annual report for the year ended 30 June 2008, and public announcements made by MIKOH Corporation Limited during the year ended 30 June 2009 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The preliminary financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and applicable accounting standards including Accounting Standard AASB 134 'Interim Financial Reporting'. The functional and presentation currency of the consolidated entity is Australian dollars.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

These financial statements have been prepared under the historical cost convention on an accruals basis.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern

The 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 incurred a loss of $4,023,956 and net cash outflows from operating activities of $3,288,367 for the year.
- The company has sufficient working capital to meet its requirements until at least 1 February 2010. On the basis the expected contracts underpinning the cash flow forecast do not eventuate by this stage, the directors believe that the company 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;
- Generate sufficient cash flows from operations to enable its obligations to be met.

The company has traditionally been able to raise equity funding by way of private placements to meet its ongoing working capital requirements. During the year ended 30 June 2009 the company raised $1,509,906 by way of private placements and $2,368,516 from a rights issue to shareholders. In the prior year ended 30 June 2008 the company raised $2,330,254 by way of private placements and $959,500 from existing shareholders via a share purchase plan. The directors have no reason to believe that the consolidated entity will be unable to raise the necessary amounts during the year ending 30 June 2010 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 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.

(b) Principles of Consolidation

The consolidated financial statements comprise the financial statements of MIKOH Corporation Limited and its subsidiaries (the Group). The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, and any unrealised profits arising within the consolidated entity, are eliminated in full.

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value.

(d) Employee Benefits

Provision is made in the financial statements for all employee benefits, including on-costs, when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities for salaries and wages (including non-monetary benefits), annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' service up to the reporting date, and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave expected to be settled more than 12 months from the reporting date are measured as the present value of the expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future salary and wage levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions to employee superannuation funds are expensed as the contributions are paid or become payable.

(e) Foreign Currency Translation

<u>Transactions</u>

Both the presentation and functional currency of MIKOH Corporation Limited and its Australian subsidiaries is Australian dollars, whereas the functional currency of MIKOH Corporation is US dollars.

Transactions denominated in foreign currencies (currencies other than the functional currency of an entity) are recorded using the exchange rate ruling at the date of the underlying transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Non-monetary items measured at fair value in a foreign currency have been translated using the exchange rates ruling when the fair value was determined.

<u>Foreign Entities</u>

Foreign entities' income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the translation are taken directly to a separate component of equity. In the consolidated financial statements the balance sheets are translated at the closing rate on the balance sheet date.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of GST except

i. where the amount of GST incurred on a purchase of goods or services is not recoverable from the relevant taxation authority, in which case it is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the cash flow statement on a gross basis, and the GST component of cash flows arising from financing and investing activities which is recoverable from or payable to the taxation authority are classified as operating cash flows.

(g) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that the carrying value of those assets has been impaired. Where any such indicator of impairment exists, the recoverable amount of the asset is estimated to determine the extent, if any, of the impairment. Recoverable amount is the greater of fair value less costs to sell, and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where the asset does not generate cash inflows that are largely independent from those of other assets or groups of assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(h) Income Tax

Current tax is calculated as the income taxes payable or recoverable in respect of the taxable profit or loss for the period, using tax rates and tax laws enacted or substantively enacted at the reporting date. It includes any adjustment to tax payable or recoverable in respect of previous years.

Deferred tax is provided for using the balance sheet liability method, providing for the tax effect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes, and the amounts used for tax assessment or deduction purposes.

Deferred income tax assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which deductible temporary differences, and the carry-forward of unused tax losses and unused tax losses can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets or liabilities (other than as a result of a business combination) which, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. In addition, a deferred tax asset is only recognised in relation to investments in subsidiaries to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

(i) Leased Assets

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Trade and Other Payables

Trade payables and other accounts payable are recognised when the consolidated entity becomes obligated to make future payments resulting from the purchase of goods and services. They are initially recognised at fair value, which is the amount expected to be paid, and subsequently at amortised cost.

(k) Plant & Equipment

Plant and equipment, and leasehold improvements, are stated at cost less accumulated depreciation and any impairment losses. Cost includes any expenditure that is directly attributable to the acquisition of the item.

The depreciation of plant and equipment is calculated to write off the net cost of each asset over its expected useful life. Estimates of remaining useful lives for all fixed assets are reviewed at least annually. The expected useful lives for plant and equipment at acquisition are between 3 and 10 years.

Leasehold improvements are depreciated over the shorter of the period of the lease, or the useful life, using the straight-line method.

(l) Research and Development

Expenditure incurred on research and development activities and on patent registration is expensed as incurred on the basis that continuing research is part of the cost of being in business. To the extent that future benefits deriving from development expenditure are expected beyond reasonable doubt to exceed such expenditure, these costs are capitalised and amortised over the period of expected benefit.

(m) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. Amounts disclosed as revenue are net of returns, trade allowances, and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Sale of goods - Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which occurs at the time of delivery to the buyer.
- Other revenue - Other revenue, such as licensing fees and consulting fees, is recognised as it is earned. In the case of consulting jobs in process at balance date, revenue is recognised by reference to the stage of completion.

Income received but not earned as at balance date, as it is expected to be earned within twelve months, is deferred, and treated as a current liability.

(n) Share-Based Payments

For equity-settled share-based payments, the fair value at grant date of the equity instrument is charged to the income statement on a straight-line basis over the vesting period, based on the consolidated entity's estimate of shares that will ultimately vest. The corresponding accrued employee entitlement is recorded in the Employee Share Options reserve.

Fair value is measured by an external valuer using a binomial model, which considers the following factors:

- exercise price
- expected life of the award
- current market price of the underlying shares
- expected share price volatility
- expected dividends
- risk-free interest rate

(o) Trade and Other Receivables

Trade receivables, which generally have 14-30 day terms, are recognised initially at fair value, and subsequently at amortised cost, less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

2. Loss from operations

	Consolidated	
(a) Revenue	2009	2008
Revenue consisted of the following items:	$	$
Sale of goods	1,117,760	674,085
Royalties and license fees	57,498	0
Consulting fees	70,365	0
Total revenues	1,245,623	674,085

(b) Other Income

Other income consisted of the following items:

Interest income	46,097	119,105
Export Market Development Grant	0	5,132
Sundry income	100	0
Total other income	46,197	124,237

2. Loss from operations (continued)

(c) Expenses

The loss before income tax includes the following expenses:

	Consolidated 2009 $	2008 $
Interest paid to other entities	1,649	139
Depreciation of plant and equipment	123,618	95,197
Amortisation of leasehold improvements	51,523	1,685
Employee benefits	2,563,393	2,516,439
Equity settled share based payments	95,816	648,246
Operating lease rental expenses	184,444	159,725
Foreign exchange (gains)/losses	(5,006)	51

3. Current trade and other receivables

	2009 $	2008 $
Trade receivables	106,041	93,152
Goods and services tax receivable	53,188	34,877
Other receivables	29,261	40,892
	188,490	168,921

4. Inventories

	2009 $	2008 $
Raw materials at cost	145,599	98,719
Work in progress at cost	317,311	237,068
Finished goods at cost	0	57,071
	462,910	392,858

5. Other current assets

	2009 $	2008 $
Prepayments	128,877	101,320
Accrued R&D tax offset	200,474	227,705
Accrued income	31,514	41,164
	360,865	370,189

6. Plant and equipment

		2009 $	2008 $
Leasehold Improvements	Cost	201,452	67,045
	Accumulated Amortisation	(60,728)	(7,131)
		140,724	59,914
Plant and Equipment	Cost	1,408,160	1,335,080
	Accumulated Depreciation	(1,042,178)	(980,071)
		365,982	355,009

7. Current trade and other payables

	2009 $	2008 $
Trade payables	415,036	243,326
Sundry creditors and accruals	390,793	782,152
	805,829	1,025,478

	Consolidated 2009 $	2008 $

8. Current provisions

	2009 $	2008 $
Employee benefits	204,282	146,019

9. Non-current provisions

	2009 $	2008 $
Employee benefits	92,016	71,421

10. Issued capital

	2009 $	2008 $
268,884,351 fully paid ordinary shares (2008: 187,168,219)	35,236,603	31,455,913

Fully paid ordinary shares	Number	$
Balance at 30 June 2007	177,648,377	28,019,449
Issue on 2 August 2007	1,000,000	151,273
Issue on 28 August 2007	200,000	40,000
Issue on 4 October 2007	300,000	60,000
Issue on 8 November 2007	100,000	20,000
Issue on 29 February 2008	5,178,342	2,330,254
Issue on 30 June 2008	2,741,500	959,500
Costs associated with the issue of shares		(124,563)
Balance as at 30 June 2008	187,168,219	31,455,913
Issue on 3 July 2008	1,571,428	550,000
Issue on 8 December 2008	571,429	45,714
Issue on 2 February 2009	571,429	40,571
Issue on 24 March 2009	4,100,000	164,000
Issue on 6 April 2009	11,250,000	450,000
Issue on 16 April 2009	2,832,726	184,449
Issue on 11 May 2009	1,125,000	45,000
Issue on 22 May 2009	75,429	3,922
Issue on 26 May 2009	405,800	26,250
Issue on 24 June 2009	59,212,891	2,368,516
Costs associated with the issue of shares		(97,732)
Total at 30 June 2009	268,884,351	35,236,603

Share Options
The consolidated entity has an ownership based remuneration scheme for directors and executives under which share options are issued at the discretion of the Board.

	2009 Number	2008 Number
Balance at the beginning of the financial year	25,900,000	25,250,000
Granted during the financial year	0	2,250,000
Exercised during the financial year	0	(1,600,000)
Lapsed during the financial year	(7,400,000)	0
Balance at the end of the financial year	18,500,000	25,900,000

Options outstanding as at 30 June 2009 were

Expiry Date	Exercise price per option	Number
31/03/10	10 cents	2,000,000
31/03/10	15 cents	1,000,000
31/03/10	20 cents	1,000,000
31/08/11	15 cents	3,500,000
31/08/11	25 cents	3,500,000
10/01/12	30 cents	3,000,000
11/05/12	50 cents	1,000,000
11/05/12	80 cents	1,000,000
28/05/12	50 cents	1,125,000
28/05/12	80 cents	1,125,000
31/03/13	80 cents	125,000
31/03/13	$1.20	125,000
		18,500,000

11. Reserves

	Consolidated 2009	2008
	$	$
Employee equity-settled benefits reserve	1,753,643	1,657,827
Foreign currency translation	(23,009)	(52,741)
	1,730,634	1,605,086

Employee equity-settled benefits reserve

	2009	2008
Balance at the beginning of the financial year	1,657,827	1,023,354
Share-based payment	95,816	648,246
Options exercised during the financial year	0	(13,773)
Options lapsed during the financial year	0	0
Balance at the end of the financial year	1,753,643	1,657,827

Foreign currency translation

	2009	2008
Balance at the beginning of the financial year	(52,741)	(21,426)
Transfer to Accumulated Losses	50,173	0
(Deficit)/surplus from translation of financial statements of foreign operations	(20,441)	(31,315)
Balance at the end of the financial year	(23,009)	(52,741)

12. Accumulated Losses

	2009	2008
	$	$
Balance at the beginning of the financial year	(30,532,083)	(25,622,769)
Net profit/(loss) attributable to members of the parent entity	(4,023,956)	(4,909,314)
Transfer from Foreign currency translation	(50,173)	0
Transfer from Employee equity-settled benefits reserve	0	0
Dividends paid	0	0
Balance at the end of the financial year.	(34,606,212)	(30,532,083)

13. Earnings per share

	Consolidated 2009	2008
	Cents per share	Cents per share
Basic earnings per share	(2.06)	(2.72)
Diluted earnings per share	(2.06)	(2.72)

The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Earnings	(4,023,956)	(4,909,314)
Weighted average number of shares	194,978,884	180,763,616

14. Reconciliation of Net Cash provided by Operating Activities to Loss after Income Tax

	Consolidated 2009	2008
	$	$
Profit (Loss) from after income tax	(4,023,956)	(4,909,314)
Add (less) non-cash flows included in loss		
Depreciation of non-current assets	175,141	95,998
Net foreign exchange differences	(47,756)	51
Equity settled creditor invoices	26,250	0
Equity settled business purchase	90,207	0
Equity settled salary payments	184,449	0
Equity settled share-based payments	95,816	648,246
Interest income received and receivable	(41,600)	(153,963)
Changes in operating assets and liabilities		
Decrease (increase) in trade and other debtors, and prepayments and other assets	(10,245)	100,403
Decrease (increase) in inventories	(70,052)	(156,934)
Increase (decrease) in trade and other creditors, and provisions	333,379	(99,417)
Net cash inflow (outflow) from operating activities	(3,288,367)	(4,474,930)

15. Segment Reporting

The consolidated entity has grouped its operations into two segments, Security Technologies and Digital Marking Technologies.
The following table presents the revenue and profit information by business segment for the years ending 30 June 2009 and 30 June 2008. Unallocated items represent corporate functions, which cannot be directly attributed to either segment.

2009	Security Technologies	Digital Marking Technologies	Unallocated	Consolidated
	$	$	$	$
Segment revenue	462,299	783,324	46,197	1,291,820
Segment result	(1,556,793)	(352,762)		(1,909,555)
Unallocated revenue less unallocated expenses				(2,221,594)
Loss before related income tax benefit				(4,131,149)

2008	Security Technologies	Digital Marking Technologies	Unallocated	Consolidated
	$	$	$	$
Segment revenue	373,868	300,217	124,237	798,322
Segment result	(812,234)	(534,959)		(1,347,193)
Unallocated revenue less unallocated expenses				(3,655,402)
Loss before related income tax benefit				(5,002,595)

16. Contingent Liabilities

There are no contingent liabilities.

17. Subsequent Events

No matters or circumstances have arisen since the end of the year that have significantly affected, or may significantly affect, the operations, results of operations, or state of affairs of MIKOH Corporation Limited and subsidiaries in subsequent accounting periods.