

# M2M CORPORATION LIMITED

and controlled entities

ABN 34 006 648 835

## Appendix 4E Preliminary Final Report

For the year ended  
30 June 2009  
(previous corresponding period: year ended 30 June 2008)

In compliance with Listing Rule 4.3A

# Appendix 4E for the Year Ended 30 June 2009

## Results for announcement to the market

Current Reporting Period - Year Ended 30 June 2009  
Previous Reporting Period - Year Ended 30 June 2008

Revenues from ordinary continuing activities	up	79.60%	to	\$320,985
Loss from ordinary continuing activities after tax attributable to members	up	4.20%	to	(\$1,306,883)
Net loss for the period attributable to members	up	5.01%	to	(\$3,132,264)
<b>Dividends (distribution)</b>				
		<b>Amount per Security</b>		<b>Franked Amount per Security</b>
Final dividend		n/a		n/a
Previous corresponding period		n/a		n/a

The Company resolved not to declare any dividends in the period ended 30 June 2009.

Record date for determining entitlements to the dividend, (in the case of a trust, distribution) n/a

<b>Net Tangible Asset per Security (cents per security)</b>	<b>As at 30 June 2009</b> (0.06)	<b>As at 30 June 2008</b> 0.07
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A brief explanation of the above information:

The Group has completed a restructure initiated in January 2009 in response to deteriorating global trading conditions and the resignation of the former CEO. The restructure has focused on performance, prospects and the potential of each business to support other objectives within the Group. The restructure has resulted in the termination of business activities involving wholesale telephony termination, China VoIP activities and software development. Revenue growth in continuing operations during the year is attributable to non-trading receipts; the "other revenue" in 2008 related to reorganisation of a transaction previously reported and was not on-going.

Significant features of operating performance also include: (a) reduced operational performance in the discontinued businesses prior to our exit (b) the costs of closure of these businesses and write off of our investments and loans (c) costs of reviewing and developing further investment opportunities, including the development of the China MoU and the proposed merger with Carbon Planet Limited ("Carbon Planet") (d) the impairment of investment in Today Corp Limited following its administration (e) the increase in the loss as Bluefish Technologies Pty Ltd ("Bluefish") concluded its development activities and initiated global market development and (f) greater finance costs from the increased debt funding.

The Group has not sought to renegotiate the terms of the Convertible Note instrument which is due in February 2010 in anticipation of concluding the current merger discussions and addressing the appropriate debt/equity structure as part of the future business planning. As reported in Note 9, subsequent to the reporting date, the Group has concluded a placement of 190M shares raising \$0.76M for operational funding and support of the major transactions currently being pursued.

Trends in performance are expected to change significantly with the imminent formal launch of the Vietnam online services activities with our local partner which should also have benefits for the Australian Sipme activities. Bluefish continues to demonstrate a strong global position with its high density video card suite of products with increasing momentum across its traditional markets and increasingly into Asia and into the "Apple®" market.

Further commentary on performance trends is difficult given the stage of the Group's two major transactions. The China MoU has developed despite difficult funding and operating circumstances with agreement with the local partner on activities required to conclude joint business planning and structure. The Group continues to work with its investment bank advisor on this transaction. The due diligence, joint business planning, structuring and documentation regarding the proposed merger with Carbon Planet is continuing with some delay arising from the complicated and novel circumstances of this emerging industry. These activities are requiring significant investment of executive time and resources.

Given the demands of these two transactions, the Group has reduced focus on sourcing additional transactions and developing other opportunities pending the satisfactory conclusion of one of these major initiatives.

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Economic Entity	
	30 June 2009	30 June 2008
	\$	\$
<b>Continuing operations</b>		
Revenue	320,985	178,720
Other income	-	547,500
Cost of services provided	45,920	(128,739)
Depreciation and amortisation	(110,413)	(21,178)
Finance costs	(147,589)	(63,387)
Employee benefits expense	(370,959)	(470,629)
Impairment of intangibles	(222,655)	(423,000)
Other expenses	(594,810)	(755,553)
Share of loss of associate accounted for using the equity method	(227,362)	(117,993)
<b>Loss before tax</b>	(1,306,883)	(1,254,259)
Income tax expense	-	-
Loss for the year from continuing operations	(1,306,883)	(1,254,259)
<b>Discontinued operations</b>		
Loss for the year from discontinued operations	(1,825,381)	(1,728,668)
	<b>Note 6</b>	
<b>Loss for the year</b>	(3,132,264)	(2,982,927)
Attributed to:		
<b>Equity holders of the parent</b>	(3,132,264)	(2,965,113)
Minority interest - loss	-	(17,814)
	(3,132,264)	(2,982,927)
	<b>Cents</b>	<b>Cents</b>
<b>Loss per share attributable to the ordinary equity holders of the Company, from overall operations</b>		
Basic loss per share	<b>Note 7</b>	
	(0.29)	(0.32)
<b>Loss per share attributable to the ordinary equity holders of the Company, from continuing operations</b>		
Basic loss per share	<b>Note 7</b>	
	(0.12)	(0.13)
<b>Loss per share attributable to the ordinary equity holders of the Company, from discontinued operations</b>		
Basic loss per share	<b>Note 7</b>	
	(0.17)	(0.19)

The accompanying notes form part of these financial statements.

## CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

	Economic Entity	
	30 June 2009	30 June 2008
	\$	\$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	148,432	142,298
Trade and other receivables	12,310	463,366
Other financial assets	52,588	-
Inventories	21	40,093
Other assets	17,856	8,676
	231,207	654,433
<b>TOTAL CURRENT ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Investment accounted for using the equity method	579,076	806,438
Financial assets	-	286,958
Property plant & equipment	168,054	459,559
Intangible assets	21,890	233,157
Other non-current assets	-	74,296
	769,020	1,860,408
<b>TOTAL NON-CURRENT ASSETS</b>		
<b>TOTAL ASSETS</b>	1,000,227	2,514,841
<b>CURRENT LIABILITIES</b>		
Trade and other payables	420,759	1,034,504
Other financial liabilities	1,285,084	0
	1,705,843	1,034,504
<b>TOTAL CURRENT LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Other financial liabilities	-	562,575
	-	562,575
<b>TOTAL NON-CURRENT LIABILITIES</b>		
<b>TOTAL LIABILITIES</b>	1,705,843	1,597,079
<b>NET ASSETS</b>	(705,616)	917,762
	(705,616)	917,762
<b>EQUITY</b>		
Issued capital	46,673,704	45,169,383
Accumulated losses	(47,393,832)	(44,261,569)
Reserves	14,512	23,486
	(705,616)	931,300
Total parent entity interest in equity		
Minority equity interest	-	(13,538)
	(705,616)	917,762
<b>TOTAL EQUITY</b>	(705,616)	917,762
	(705,616)	917,762

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2009

	Economic Entity					
	Issued capital	Accumulated losses	Foreign Currency Translation Reserve	Available for Sale Financial Asset Reserve	Minority Interest	Equity Capital
	\$	\$	\$	\$	\$	\$
Balance as at 1 July 2007	44,148,407	(41,296,455)	(103,341)	-	4,337	2,752,948
Transaction with equity holders:						
-Issue of shares (Cash)	1,224,920	-	-	-	-	1,224,920
-Issue of shares (Non Cash)	506,848	-	-	-	-	506,848
-Share raising cost	(35,792)	-	-	-	-	(35,792)
-Cancellation of shares	(675,000)	-	-	-	-	(675,000)
Loss attributable to members of parent entity	-	(2,965,113)	-	-	-	(2,965,113)
Loss attributable to minority interests	-	-	-	-	(17,814)	(17,814)
Transfer to available for sale financial assets reserve	-	-	-	51,457	-	51,457
Exchange difference on translation of foreign operations	-	-	75,370	-	(61)	75,309
<b>Balance as at 30 June 2008</b>	<b>45,169,383</b>	<b>(44,261,569)</b>	<b>(27,971)</b>	<b>51,457</b>	<b>(13,538)</b>	<b>917,762</b>
Balance as at 1 July 2008	45,169,383	(44,261,569)	(27,971)	51,457	(13,538)	917,762
-Issue of shares (Cash)	1,595,000	-	-	-	-	1,595,000
-Issue of shares (Non Cash)	25,000	-	-	-	-	25,000
-Share raising cost	(115,677)	-	-	-	-	(115,677)
Loss from discontinued operations	-	(1,825,381)	42,483	-	13,538	(1,769,360)
Loss attributable to members of parent entity	-	(1,306,883)	-	(51,457)	-	(1,358,340)
Exchange difference on translation of foreign operations	-	-	-	-	-	-
<b>Balance as at 30 June 2009</b>	<b>46,673,706</b>	<b>(47,393,833)</b>	<b>14,512</b>	<b>-</b>	<b>-</b>	<b>(705,615)</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

		Economic Entity	
		30 June 2009	30 June 2008
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Customers & Others		278,894	3,539,265
Payments to suppliers and employees		(1,773,741)	(5,791,131)
Interest received		3,961	17,007
Finance costs		(129,002)	(63,386)
<b>Net cash used in operating activities</b>		(1,619,888)	(2,298,245)
	Note 8		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of plant & equipment		(77,361)	(179,526)
Secured loan to associate		(26,762)	-
Payment for business combination		-	(92,116)
Discontinued operations		(474,378)	-
<b>Net cash used in investing activities</b>		(578,501)	(271,642)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		1,594,375	1,224,920
Transaction costs from issue of shares		(90,052)	(30,408)
Loans from (to) related party		700,000	544,447
<b>Net cash provided by financing activities</b>		2,204,323	1,738,959
<b>Net increase (decrease) in cash and cash equivalents</b>		5,934	(830,928)
Cash and cash equivalents at beginning of financial year		142,298	883,740
Effect of exchange rate changes on the balance of cash held in foreign currencies		200	89,486
<b>Cash and cash equivalents at end of financial year</b>		148,432	142,298

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 JUNE 2009

### Note 1. Basis of Preparation

The company's preliminary financial report does not include all the notes of the type normally included in an annual financial report. The preliminary financial report has been prepared in accordance with the recognition and measurement requirements, but not all disclosure requirements, of Australian Accounting Standards and Interpretations and the Corporations Act 2001, Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards.

The preliminary financial report is presented in Australian dollars.

Significant accounting policies adopted in preparation of the preliminary financial report are consistent with those adopted by the company in preparation of the 30 June 2008 financial report and the 31 December 2008 half year financial report.

### Note 2. Details of Associate

	% interest		Aggregate share of profit (losses)		Contribution to losses	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008	30 June 2009	30 June 2008
			\$000's	\$000's	\$000's	\$000's
Bluefish Technologies Pty Ltd.	26.37	29.28	(21)	206	227	118

### Note 3. Segment Information

The groups primary segment is investment - telecommunications.

### Note 4. Contingent Liabilities

There has been no change in contingent liabilities since the reporting as at 31 December 2008.

### Note 5. Issued and Unissued Capital

	Note	30 June 2009		30 June 2008	
		No.	\$	No.	\$
<u>Issued and Paid Up Capital</u>					
Fully Paid Ordinary Shares	(a)	1,317,205,551	46,673,706	958,455,551	45,169,383
<u>(a) Fully Paid Ordinary Shares</u>					
At the beginning of the year		958,455,551	45,169,383	955,000,000	44,148,407
Shares issued		358,750,000	1,620,000	70,955,551	1,731,768
Shares cancelled		-	-	(67,500,000)	(675,000)
Transaction costs relating to share issues			(115,677)		(35,792)
		<u>1,317,205,551</u>	<u>46,673,706</u>	<u>958,455,551</u>	<u>45,169,383</u>

Issue of 35,000,000 shares on 5 September 2008 for cash  
Issue of 47,500,000 shares on 7 January 2009 for cash  
Issue of 101,250,000 shares on 27 January 2009 for cash  
Issue of 5,000,000 shares on 17 April 2009 not for cash  
Issue of 170,000,000 shares on 6 May 2009 for cash

### (b) Options for Ordinary Shares

	Status	Number issued
Listed \$0.20 options - February 2010 ("MCLO")	Unchanged	29,729,249
Unlisted \$0.30 options - April 2010 ("MCLAI")	Unchanged	500,000
Unlisted \$0.03 options - December 2010		10,000,000
Unlisted \$0.04 options - December 2011		6,100,000
Unlisted \$0.05 options - December 2012		6,700,000

**Note 6. Discontinued Operations**

Effective 30 June 2009, the entity relinquished control over Whizfone Pte Ltd and its subsidiary companies with the determination to cease funding and have that company struck off. The decision is consistent with the entity's long term objectives of investing in superior businesses and testing opportunities within a controlled investment. At that time, operations had ceased in the Whizfone Group and the directors considered that there was no value to be realised and has deconsolidated Whizfone Pte Ltd. Companies within the Whizfone group are Whizfone (Singapore) Pte Ltd, Profit Way Technologies Limited and Starband Communications Limited.

**Note 7. Loss per Share from Overall Operations**

	30 June 2009	30 June 2008
Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted loss per share	1,079,729,524	933,128,954

Options that are considered to be potential ordinary shares are excluded from the weighted average number of ordinary shares used in the calculation of basic loss per share. Where dilutive, potential ordinary shares are included in the calculation of diluted loss per share. All the options on issue do not have the effect to dilute the loss per share. Therefore they have been excluded from the calculation of diluted loss per share.

**Note 8. Cash Flow Reconciliation**

	30 June 2009	30 June 2008
(a) Reconciliation of Cash Flow from Operating Activities with Loss from ordinary activities		
<b>Loss from ordinary activities after income tax</b>	(3,132,264)	(2,982,927)
Non-cash flows in profit from ordinary activities:		
Amortisation and depreciation	110,413	244,154
Write off of intangible assets	-	423,000
Impairment of financial asset and goodwill	222,655	4,575
Write back of trading costs	(357,724)	-
Provision for non-recoverable loan to subsidiary - discontinued operations	1,825,382	-
Share of loss in associate	(227,362)	-
Issue of shares to employees as performance	-	125,000
Surplus arising on business agreement	-	(547,500)
Other	70,808	7,449
Changes in assets and liabilities		
(Increase) decrease in inventory	40,072	(7,207)
(Increase) decrease in receivables	451,056	72,975
(Increase) decrease in trade creditors and accruals	(613,745)	116,877
(Increase) decrease in other current assets	(9,179)	245,359
<b>Net cash used in operating activities</b>	<u>(1,619,888)</u>	<u>(2,298,245)</u>

**Note 9. Events Subsequent to Reporting Date**

On 20 July, the company announced the merger with Carbon Planet Limited subject to completion of due diligence, satisfaction of other conditions precedent, shareholders' approvals and the approval of a Scheme of Arrangement by the court.

On 30 July, the company announced the extension of its exclusivity arrangements regarding the China based enhanced data communications, wi-fi and video surveillance company and execution of a further agreement that provides principles for preferred pricing, ownership, Board representation and the mechanism for concluding the initial and future investments.

On 21 August, the company announced the issue of 190,000,000 shares at \$0.004 which raised \$760,000 for working capital.

**Note 10. Audit**

These accounts are currently in the process of being audited. An Annual Report containing the audit report shall be provided in due course.