

m2m Corporation Limited
(ACN 006 648 835)

Appendix 4D
Half-Year Report for the period ended 31 December 2009

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m2m Corporation Limited
Appendix 4D
Half-Year Report for the period ended 31 December 2009

SECTION 2: APPENDIX 4D – HIGHLIGHTS OF RESULTS AND DIVIDENDS

Appendix 4D
Half Year Report
Period ending 31 December 2009

Name of entity

m2m CORPORATION LIMITED

The following information must be given to ASX under listing rule 4.3.

1.	ABN or equivalent company reference	Period ended: current period	Previous corresponding period
	34 006 648 835	31 December 2009	31 December 2008

Results for announcement to the market

				\$A'000
2.1	Revenues from ordinary activities	down	19%	to 81
2.2	Loss from continuing operations after tax attributable to members	up	23%	to 1,027
2.3	Loss for the period attributable to members	down	44%	to 1,096
2.4	Dividends (distributions)	Amount per security		Franked amount per security
	Final dividend	-¢		-¢
	Interim dividend	-¢		-¢
	Previous corresponding period: Final dividend and Interim dividend	-¢		-¢
2.5	Record date for determining entitlements to the dividend	N/A		
2.6	Brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:			
	Revenue arises from on-going operations in Australian and Vietnam on-line services and excludes revenues attributable to discontinued operations in the comparative (2008: \$1.075m). The fall in revenue from reduction in call minute volumes and prices which are expected to increase as Vietnam operations expand.			
	The increased loss arises primarily from expensing all the costs of evaluating the proposed Carbon Planet Limited ("CPL") acquisition (legal fees, travel, due diligence) and the formation costs associated with the identification and initiation of the carbon business. On 27 January, the Group announced that the conditions precedent for the sale and purchase agreement with Carbon Planet Limited's ("CPL") acquisition had not been satisfactorily satisfied within the time specified and that as further negotiations had not resolved these issues the transaction was terminated.			
	The reduction in the loss for the period attributable to members indicates the significant improvement in operational performance arising from the closure of the Pan-Asian wholesale telecommunications and associated businesses.			

Included in the reported losses is the increased losses from the associate (Bluefish Technologies Pty Ltd) ("Bluefish") (increased by 11%) which represents about half of the increase in group ordinary losses. The trading of this business was adversely affected in the period by the continued slow recovery in Europe despite other indications of improved operations following market acceptance of its latest technology and the development of further products incorporating that technology.

In accordance with Group revenue recognition policies, the only revenue recognized for the carbon business is interest accruing on advances.

Significant management time and costs continue to be incurred in sourcing, evaluating and progressing further investment opportunities.

3. No dividends or distributions are payable or proposed.
4. Net tangible assets per security with the comparative figure for the previous corresponding period.

	Current period	Previous corresponding Period
Net tangible assets per security	0.02 cents	(0.04) cents

5. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report - aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.

Name of entity	% Holding	Aggregate Share of profit (losses)		Contribution to loss	
		Current period \$	Previous corresponding Period \$	Current period \$	Previous corresponding Period \$
Bluefish Technologies Pty Ltd	26.8%	(142,211)	96,962	(121,287)	(109,476)

6. The Financial Statements have been prepared on the basis of accounts which have been subject to an audit review.

m2m Corporation Limited

Directors' Report

Half-Year Report for the period ended 31 December 2009

The Board of Directors of m2m Corporation Limited have pleasure in submitting the financial report of the Company for the half year ended 31 December 2009 and report as follows:

DIRECTORS

The names and particulars of the Directors of m2m Corporation Limited in office at any time during or since the end of the half-year period:

Ian B Clarkson	Executive Chairman (first appointed February 2000)
David S Glavonjic	Independent Director (first appointed November 2006)
Timothy O Lebbon	Non-Executive Director (first appointed April 2005)

Ian Barry Clarkson: Executive Chairman

Appointed: February 2000.

Mr Clarkson is a Fellow of the Institute of Chartered Accountants in Australia. As a partner in an international firm of Chartered Accountants for over ten years, his professional experience covers the fields of audit, management and cost accounting, tax as well as budgeting and cash flow preparation. In 1985 he retired from accounting to enter industry as a working director of a number of non-listed and diverse international trading companies.

Mr Clarkson was appointed as Chairman of the Board of Directors in October 2001.

Mr Clarkson has a declared entitlement to 19,632,543 ordinary fully paid m2m Corporation Limited shares being 0.87 per cent of issued capital.

David Stephen Glavonjic: Non-Executive & Independent Director

Appointed as a Director November 2006

Mr Glavonjic, has executive experience in the IT and communications sector which spans a period of more than twenty-five years, the majority of them as Chief Executive or in positions of equivalent responsibility. He initially qualified as an accountant before embarking on a professional management career during which he has held a variety of management positions within the IT and communications sector. He is a member of the Australian Institute of Company Directors and the present Chief Executive Officer of Moore Business Systems Ltd, a position he has held since 1st October 2008 and is an independent non-executive director of E-Business Systems Ltd which is listed on the NSXA.

Mr Glavonjic has a declared indirect entitlement to 2,375,978 ordinary fully paid m2m Corporation Limited shares as held by his spouse, Mrs K Glavonjic, being 0.11 per cent of issued capital.

Timothy Owen Lebbon: Non-Executive Director

Appointed: April 2005. Last re-elected November 2009

Mr Lebbon has over twenty-five years experience in consulting and corporate advisory work and over ten years experience in accounting and auditing with specialist skills and experience in financial analysis, evaluation, negotiations and investments.

Mr Lebbon is a Certified Valuation Consultant (CVC); a Fellow of the Financial Services Institute of Australia (F Fin); a Fellow of the Institute of Chartered Accountants in England and Wales (FCA); a Fellow Certified Practising Accountant (FCPA) and a Fellow of the Australian Institute of Directors (FAICD). Mr Lebbon is also a Director of Leadenhall Australia Limited which is the holder of Australian Financial Services Licence no. 228819 and Chairman of Leadenhall VRG Pty Ltd.

Mr Lebbon is a substantial shareholder of the ordinary voting shares of m2m Corporation Limited and has an entitlement to 252,434,799 ordinary fully paid shares being 11.18 per cent of issued capital.

m2m Corporation Limited
Directors' Report
Half-Year Report for the period ended 31 December 2009

In addition to the above entitlement to shares, and as announced to the ASX in January 2008, Mr Lebbon through Noble Investments Pty Ltd ("Noble"), an entity controlled by Mr Lebbon, has agreed to provide a 26 month secured funding facility (to 28 February 2010) of \$1.25 million in the form of a loan and convertible notes. At the time of this report the Company has drawn-down \$1,250,000.00 (\$1,250,000 at the 31st December 2009) of this facility. At the November 2008 Annual General Meeting, shareholders resolved that approval be given for Noble Investments Pty Ltd to convert the facility to equity at an issue price of A\$0.024 a share on or before 28 February 2010.

The Company and Noble have agreed to a variation to the terms of repayment and/or conversion of the funding facility whereby, unless converted all or in part to equity, the drawn-down sum of \$1,250,000, together with any interest then due, is to be repaid in accordance with the following terms on or before:

- 31 March 2010 \$350,000;
- 30 June 2010 \$300,000 of which, at the election of the note holder, some or all may be converted to equity;
- 30 September 2010 \$300,000 of which, at the election of the note holder, no more than 50% may be converted to equity; and
- 30 November 2010 \$300,000 of which, at the election of the note holder, no more than 50% may be converted to equity.

The note holder may elect by notice within 10 and 20 business days prior to a repayment date to convert to equity at a price to be determined as follows:

- for the June tranche: at a share price equivalent to the latest capital raising in December 2009; and
- for the subsequent tranches: the 60 day volume weighted average share price discounted by 25%, measured on the day preceding the date on which notice of conversion is given.

Where Noble seeks to exercise its right of conversion to equity such conversion shall be subject to the prior approval of the shareholders of the company and subject to ASX Limited Listing Rules as are or may be applicable.

In consideration of Noble agreeing to the extension of the repayment date the Company has agreed to pay a one-off fee of \$5,000 (plus GST) to Noble.

RESULTS AND REVIEW OF OPERATIONS

Commentary on the results for the Period and future events:

General:

For the half year, the Company returned an after tax operating loss to members of the parent of \$1,096,289 (2008: loss \$1,981,504). Revenues for the period arose from Australian and Vietnamese on-line services and consulting and other income.

The revenues of the Group (excluding intra-group dealings) for the six months were from the following segments:

	2009	2008
	\$	\$
• Investments	6,515	-
• Information technology and communications	62,282	86,984
• Discontinued operations (wholesale Asian telecommunications)	-	1,074,848
• Corporate	12,283	13,647

Throughout the half-year the Company's main activities have been

- the evaluation and assessment of investments particularly associated with the "carbon economy"
- building the on-line services in Australia and Vietnam
- the investigation of businesses in Vietnam, China and Australia.

The increase in the operating loss for the current period is attributable to the evaluation and assessment of investments, particularly in areas associated with the "carbon economy" and the protracted negotiations and due diligence costs (including legal, accounting and travel costs) associated with the ultimately unsuccessful acquisition of CPL. The transaction was unsuccessful as conditions precedent specified by the Group in the Sale and Purchase Agreement were not satisfied by CPL.

m2m Corporation Limited

Directors' Report

Half-Year Report for the period ended 31 December 2009

The effects of the transaction not proceeding included:

- no company shares were or will be issued to CPL
- the proposed 20:1 share consolidation was not and will not be put to a shareholders' meeting
- the company did not and will not proceed with the \$10 million fundraising that was proposed for the acquisition.

All of these costs have been expensed in this half-year financial report.

SHAREHOLDER INFORMATION:

Issued Capital

Shares (ASX code: "MCL")

During the December half-year period the Company issued 940,000,000 (2008: 35,000,000) new ordinary fully paid shares at a weighted average issue price of A\$0.0032 a share.

As a result of the issues of the new shares the Company's issued share capital as at 31 December 2009 was 2,257,205,551 (2008: 993,455,551) ordinary shares for a market capitalisation of A\$9.028 million based upon the closing market price of A\$0.004 a share.

As at close on 23rd February 2010 the closing market price was A\$0.003 a share for a market capitalization of A\$6.77 million.

Options (ASX code: "MCLO")

As at 31 December 2009, 29,729,249 February 2010 options were exercisable at A\$0.20 an option. These options expired subsequent to the end of the reporting period on 14 February 2010.

Options - Unlisted

Unchanged at 500,000 April 2010 options (ASX code: "MCLAI") exercisable at A\$0.30 an option

Unchanged from 30 June 2009 (but issued subsequent to 31 December 2008) to directors:

- 10,000,000 December 2010 options vested 31 December 2008 (ASX code: MCLAM) exercisable at \$0.03/option
- 6,100,000 December 2011 options vested 31 December 2009 (ASX code: MCLAK) exercisable at \$0.04/option
- 6,700,000 December 2012 (assuming continuity of directorship) will vest 31 December 2010 (ASX code: MCLAO) exercisable at \$0.05/option

Agreed to be issued subsequent to 30 June 2009, but yet to be allotted:

- 3,900,000 December 2012 ESOP options vested 31 December 2009 exercisable at \$0.005/option
- 3,300,000 December 2013 ESOP options (assuming continuity of employment) vested 31 December 2010 exercisable at \$0.007/option
- 5,000,000 December 2014 ESOP options (assuming continuity of employment) vested 31 December 2011 exercisable at \$0.009/option

Market Activity:

During the December half-year period the Company's shares traded on the official lists of the Australian Stock Exchange in the range of:

1 July 2009	opening price	0.3 cents
31 December 2009	closing price	0.4 cents

Period trading range:	high (13 August)	0.7 cents
	low (October; 26 November; 1 December; 17 December & 22 – 24 December)	0.3 cents

m2m Corporation Limited
Directors' Report
Half-Year Report for the period ended 31 December 2009

Since 31 December 2009, the Company's shares have traded in the range of 0.2 cents to 0.4 cents a share and closed at 0.3 cents a share on 23rd February 2010.

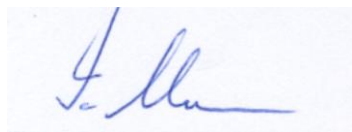
Website:

The Company has upgraded its website and the full half-yearly report is available for viewing and down-loading at: www.m2mcorp.com.au .

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's declaration under section 307C in relation to the review for the half year ended 31 December 2009 is attached immediately after this Directors' Report.

Signed in accordance with a resolution of the directors

A handwritten signature in blue ink, appearing to read 'I. Clarkson', is written over a light blue rectangular background.

Ian B Clarkson
Executive Chairman

Melbourne, 26 February 2010



Chartered Accountants
& Business Advisers
& Business Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of m2m Corporation Limited for the half-year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of m2m Corporation Limited and the entities it controlled during the half-year.

R A Dean
Partner
PKF

26 February 2009
Melbourne

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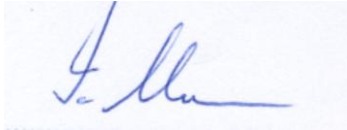
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m2m Corporation Limited
Directors' Declaration
Half-Year Report for the period ended 31 December 2009

The directors of m2m Corporation Limited declare that:

- (a) in the directors' opinion the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
 - (i) 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 year ended on that date; and
 - (ii) complying with Accounting Standards AASB 1134 Interim Financial Reporting and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1; and
- (d) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

A handwritten signature in blue ink, appearing to read 'I. Clarkson', is shown within a light blue rectangular box.

Ian B Clarkson
Executive Chairman

Melbourne, 26 February 2010



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF m2m CORPORATION LIMITED**

Chartered Accountants
& Business Advisers

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of m2m Corporation Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the m2m Corporation Limited and the entities it controlled at 31 December 2009 or from time to time during the half year ended on that date.

Directors' Responsibility for the Half-Year Financial Report

The directors of the m2m Corporation Limited 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 an Interim Financial Report 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 financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the m2m Corporation Limited'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 m2m 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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of m2m Corporation Limited on 31 December 2009, would be in the same terms if provided to the directors as at the date of this auditor's review report.

Basis for Qualified Auditor's Conclusion

The recoverability of the investment in associate, recorded in the consolidated entity at an equity accounted value of \$457,789 at 31 December 2009 (30 June 2009: \$579,076), and a loan advanced to the associate of \$60,057 at 31 December 2009, is dependent on the company's ability to realise the amount either through sale of its investment or through the associate's ability to generate sufficient cash flows in subsequent financial periods. The directors have provided representations that the carrying value of the investment is recoverable by sale of the investment, however, contrary to the requirements of Australian Accounting Standard 136: "Impairment of Assets", sufficient reliable evidence has not been provided to support the directors' assertion. Therefore we are unable to conclude on the carrying values indicated above as at 31 December 2009 or 30 June 2009.

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF m2m CORPORATION LIMITED (CONT'D)**

In addition, the results of the associate have not been subject to review nor audit for the period ended 31 December 2009 and the year ended 30 June 2009. Consequently we are unable to conclude on the share of associate's loss recorded in the consolidated Statement of Comprehensive Income of m2m Corporation Limited in the amount of \$121,287 as of 31 December 2009 and consequently we are also unable to conclude on the carrying value of the investment in associate in the consolidated balance sheet of \$457,789 as of 31 December 2009 (30 June 2009: \$579,076), as accounted for under AASB 128: "Investments in Associates"

Furthermore, during the year ended 30 June 2009, the company ceased the operations of Whizfone Pte Ltd and its subsidiaries. As at 31 December 2009 m2m Corporation Limited retained control of this group, and consequently the results and net liabilities of Whizfone Pte Ltd have been disclosed as discontinued operations. The directors were unable to provide complete and appropriate accounting records for the year ended 30 June 2009 to support the results of the discontinued operations, as disclosed on the face of the Statement of Comprehensive Income and in Note 7, or liabilities of these operations, as disclosed on the Statement of Financial Position. Consequently we are unable to conclude on the value of the net recorded liabilities relating to discontinued operations as at 30 June 2009 amounting to \$605,319.

Qualified Conclusion

Based on our review, which is not an audit, except for the effects of such adjustments, if any, as might be determined to be necessary in relation to the matters referred to in the preceding paragraphs, we have not become aware of any matter that makes us believe that the half-year financial report of m2m 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 Corporations Regulations 2001.

Emphasis of Matter - Material Uncertainty Regarding Continuation As A Going Concern

Without qualifying our opinion we draw attention to note 1(d) in the financial report which indicates that for the half year ended 31 December 2009 the consolidated entity had net current liabilities of \$256,772 incurred a loss for the period of \$1,096,289 and had negative cash flows from operating activities of \$779,861. These conditions, along with other matters as set forth in Note 1(d) to the report, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the consolidated entity to continue as going concern, and therefore whether it will be able to pay its debts as and when they fall due and 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 has been prepared on a going concern basis for the reasons set out in Note 1(d) and 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 the consolidated entity not continue as going concerns.



PKF



R A Dean
Partner

26 February 2010
Melbourne

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Consolidated statement of comprehensive income

For the six months ended 31 December 2009

	Note	Consolidated Group	
		31 December 2009	31 December 2008
Continuing operations			
Revenue	2	81,080	100,631
Costs of sales		(57,095)	(43,676)
Gross profit		<u>23,985</u>	<u>56,955</u>
Depreciation and amortisation expenses		(51,217)	(31,348)
Finance costs		(63,014)	(80,112)
Employee benefits expense		(280,877)	(223,427)
Impairment	3	-	(234,747)
Other expenses	3	(534,451)	(384,671)
Share of net loss of associate		(121,287)	(109,476)
Loss before income tax expense		<u>(1,026,862)</u>	<u>(1,006,825)</u>
Income tax expense		-	-
Loss from continuing operations after income tax		<u>(1,026,862)</u>	<u>(1,006,825)</u>
Discontinued operations			
Loss from discontinued operations after income tax	7(b)	(69,428)	(974,679)
Loss for the period		<u>(1,096,289)</u>	<u>(1,981,504)</u>
Other comprehensive income			
Foreign currency translation		(113,233)	305,545
Write down of financial asset		-	(51,457)
Income tax of items of comprehensive income		-	-
Other comprehensive income for the period, net of tax		<u>(113,233)</u>	<u>254,088</u>
Total comprehensive income for the period		<u>(1,209,522)</u>	<u>(1,727,416)</u>
Loss for the period is attributable to:			
Non-controlling interest		-	(9,129)
Owners of the parent		<u>(1,096,289)</u>	<u>(1,972,375)</u>
		<u>(1,096,289)</u>	<u>(1,981,504)</u>
Total comprehensive income for the period is attributable to:			
Non-controlling interest		-	(9,129)
Owners of the parent		<u>(1,209,522)</u>	<u>(1,718,287)</u>
		<u>(1,209,522)</u>	<u>(1,727,416)</u>
Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the parent		(cents)	(cents)
	4		
Basic earnings per share		(0.07)	(0.10)
Diluted earnings per share		(0.07)	(0.10)
Earnings per share for loss attributable to the ordinary equity holders of the parent			
	4		
Basic earnings per share		(0.07)	(0.20)
Diluted earnings per share		(0.07)	(0.20)

The accompanying notes form part of this financial report.

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Consolidated statement of financial position

As at 31 December 2009

	Note	Consolidated Group	
		31 December 2009	30 June 2009
CURRENT ASSETS			
Cash and cash equivalents		1,527,908	148,432
Trade and other receivables		6,882	12,338
Financial assets	6	626,738	52,588
Other assets		39,756	13,857
Non-current assets of disposal group	7 (c)	-	-
TOTAL CURRENT ASSETS		2,201,284	227,215
NON-CURRENT ASSETS			
Investment accounted for using the equity method		457,789	579,076
Property, plant and equipment		34,357	59,342
Intangible assets		143,697	156,933
Other assets		-	4,020
TOTAL NON-CURRENT ASSETS		635,843	799,372
TOTAL ASSETS		2,837,127	1,026,586
CURRENT LIABILITIES			
Trade and other payables		708,453	573,505
Financial liabilities		1,285,427	1,285,084
Liabilities of disposal group	7 (d)	464,176	605,319
TOTAL CURRENT LIABILITIES		2,458,056	2,463,908
TOTAL LIABILITIES		2,458,056	2,463,908
NET ASSETS/(LIABILITIES)		379,071	(1,437,322)
EQUITY			
Issued capital	5	49,463,397	46,673,704
Accumulated losses		(49,279,365)	(48,183,076)
Reserves		195,039	72,049
TOTAL EQUITY/(DEFICIENCY)		379,071	(1,437,323)

The accompanying notes form part of this financial report.

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Consolidated statement of changes in equity

For the six months ended 31 December 2009

	Issued capital	Accumulated losses	Foreign currency translation reserve	Available for sale financial assets reserve	Employee equity benefits reserve	Owners of the parent	Non-controlling interest	Total
	\$	\$	\$	\$		\$	\$	\$
Balance at 1 July 2009	46,673,704	(48,183,076)	67,886	-	4,163	(1,437,323)	-	(1,437,323)
Loss for the period	-	(1,096,289)	-	-	-	(1,096,289)	-	(1,096,289)
Other comprehensive income	-	-	113,233	-	-	113,233	-	113,233
Total comprehensive income for the half year	-	(1,096,289)	113,233	-	-	(983,057)	-	(983,057)
Transaction with equity holders:								
- Issue of shares	2,972,500	-	-	-	-	2,972,500	-	2,972,500
- Share raising cost	(182,807)	-	-	-	-	(182,807)	-	(182,807)
- Issue of ESOP options	-	-	-	-	9,757	9,757	-	9,757
Balance at 31 December 2009	49,463,397	(49,279,365)	181,119	-	13,920	379,071	-	379,071
Balance at 1 July 2008	45,169,383	(44,261,569)	(27,971)	51,457	-	931,300	(18,666)	912,634
Loss for the period	-	(1,972,375)	-	-	-	(1,972,375)	(9,129)	(1,981,504)
Other comprehensive income	-	-	305,545	(51,457)	-	254,088	-	254,088
Total comprehensive income for the half year	-	(1,972,375)	305,545	(51,457)	-	(1,718,287)	(9,129)	(1,727,416)
Transaction with equity holders:								
- Issue of shares	490,000	-	-	-	-	490,000	-	490,000
- Shares to be allotted	190,000	-	-	-	-	190,000	-	190,000
- Share raising cost	(24,500)	-	-	-	-	(24,500)	-	(24,500)
- Cancellation of Shares	-	-	-	-	-	-	-	-
Balance at 31 December 2008	45,824,883	(46,233,944)	277,574	-	-	(131,487)	(27,795)	(159,282)

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Consolidated statement of cash flows

For the six months ended 31 December 2009

	Consolidated Group	
	31 December 2009	31 December 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and others	79,938	99,915
Payments to suppliers and employees	(797,715)	(1,407,487)
Interest received	587	2,724
Finance costs	(62,671)	(60,112)
Net cash used in operating activities	(779,861)	(1,364,960)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(14,186)	(5,978)
Secured loan to associate	(29,849)	-
Advances to project developer	(559,750)	-
Net cash used in investing activities	(603,785)	(5,978)
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from shareholders under convertible loan agreement	-	722,836
Proceeds from issue of shares	2,972,500	655,500
Transaction costs of issue of shares	(192,475)	-
Net cash provided by financing activities	2,780,025	1,378,336
Net cash flow from continuing operations	1,396,379	7,398
Cash flow from discontinued operations	-	(12,396)
Cash at 1 July	148,432	142,298
Effect of exchange rate changes on the balance of cash held in foreign currencies	(16,903)	-
Cash at 31 December	1,527,908	137,300

The accompanying notes form part of this financial report.

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Notes to the Financial Statements

For the six months ended 31 December 2009

CORPORATE INFORMATION

The financial information in this report for m2m Corporation Limited for the half year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 24 February 2010.

m2m Corporation Limited is a company limited by shares and incorporated in Australia whose shares are publicly listed on the Australian Stock Exchange (ASX). The nature of the operations and principal activities of the Group are described in Note 9: Segment Reporting.

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been adopted in the preparation and presentation of the half-year financial report:

(a) Basis of preparation of the half-year financial report

This general purpose half year financial report has been prepared in accordance with Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'

The half-year financial report does not include notes of the type usually included in an annual financial report.

It is recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2009 and any public announcements made by m2m Corporation Ltd during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars unless otherwise stated.

(b) Summary of the significant accounting policies

Apart from the changes in accounting policy noted below, the half year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2009.

AASB 2009-101 Presentation

The revised AASB 101 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners with non-owners changes in equity presented in a reconciliation of each component of equity and included in a new statement of comprehensive income. The Group has elected to present all items of recognized income and expense in one single statement of comprehensive income.

AASB 2009-8 Amendments to Australian Accounting Standards – Segment reporting

Adoption of this standard has resulted in a change in the disclosure of operating segments as noted in Note 9.

Adoption of these Standards did not have any effect on the financial position or performance of the Group.

The Group has not elected to early adopt any other new Standards or amendments that are issued by not yet effective.

(c) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which m2m Corporation Ltd controlled from time to time during the year and at balance date.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist. All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(d) Going concern basis

The financial report of the group reflects a position where net current liabilities are in excess of net current assets by \$256,772 (30 June 2009: \$2,236,693), a loss for the owners of the parent in the six month period of \$1,096,289 (half year to 31 December 2008: \$1,981,504) and net operating cash outflows are \$779,861 (half year to 31 December 2008: \$1,364,960).

As announced during the reporting period, the Group has entered into agreements and business activities regarding the carbon industry and forecasts income and operating cash to meet future cash requirements. These forecasts depend on project developers who are funded by the group successfully concluding externally specified requirements of international standards setting bodies (in particular, the Voluntary Carbon Associations' standard) and generating significant revenues from March 2010.

The Group's abilities to continue as a going concern depends on its ability to generate positive net cash flows from the carbon business activities or failing timely receipts from these activities, accessing further capital to support operations.

Other relevant matters to consider include:

- subsequent to the end of the reporting period, the Group announced that it terminated all negotiations for the acquisition of Carbon Planet Limited (CPL) freeing resources to focus on the operating businesses and significantly reducing consulting and legal costs;
- the Group has demonstrated its ability to raise capital in current market conditions for its current business activities by raising \$1.5 million in December 2009
- in December 2009, the Group negotiated a further extension of the term of the convertible note facility, of \$1.2 million, disclosed as a current liability (2009: \$1.2 million) with progressive repayment over the 2010 calendar year with the first payment at the end of Q1 for \$350,000 and three subsequent payments of \$300,000 on the two succeeding quarter ends and in November ;

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Notes to the Financial Statements

For the six months ended 31 December 2009

- initiatives currently under development regarding the Sipme Vietnam business include expansion of its core business, extension of its distributor arrangements and extending the scope of services offered; as previously reported, some working capital support will be required in the initial stages but all material capital expenditure has been made;
- the Group continues to negotiate its China memorandum of understanding (MoU);
- reducing corporate operating costs.

The group will continue to review market conditions to assess the optimal strategy for its investments.

Management has prepared cash flow forecasts based on the carbon business, the operational and market plans for the Sipme Vietnam and Bluefish businesses and modest support of further transaction prospecting, including the China MoU. The Board believes that these cash forecasts provide a sound mechanism to manage future cash requirements and that initiatives will be sufficient to return to positive cash flows and build future growth and value.

The anticipated improvement in the operating performance of the businesses and the access to funding sources if required forms the basis for the financial statements having been prepared on the going concern basis.

On this basis, the Directors believe the Group will be able to pay its debts as and when they fall due.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activities and the realisation of assets and the extinguishment of liabilities in the normal course of business at the amounts stated in the financial statements.

If the consolidated entity is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial report. The report does not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they become due and payable.

(e) Investments in associates

Investments in associated companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the group's share of post acquisition reserves of its associate. The group holds an investment in Bluefish Technologies Pty Ltd that is equity accounted in the financial statements of the group.

(f) Impairment

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Notes to the Financial Statements

For the six months ended 31 December 2009

		Consolidated Group	
		31 December	
		2009	2008
NOTE 2: REVENUE			
Revenue from continuing operations			
Sale of goods and services		62,282	86,984
Other income		8,250	10,923
		<u>70,532</u>	<u>97,907</u>
Interest received		10,548	2,724
		<u>81,080</u>	<u>100,631</u>
Revenue from disposal group			
Sales	Note 6	-	1,074,580
Interest received	Note 6	-	238
Total revenue from disposal group		<u>-</u>	<u>1,074,818</u>
Total revenue from all operations		<u>81,080</u>	<u>1,175,449</u>

NOTE 3: LOSS FROM ACTIVITIES

Loss before income tax from continuing operations has been determined after:

Expenses

Impairment:

Goodwill	-	25,073
Financial asset	-	209,674
	<u>-</u>	<u>234,747</u>

Other expenses:

Accountancy	24,844	55,224
Advertising & marketing	1,731	13,200
Registration fees	22,812	4,729
Audit fees	36,500	11,277
Company secretarial expense	22,548	21,845
Consulting fees	82,880	80,800
Director's fees	60,000	-
Loss on foreign exchange	-	26,577
Legal fees	122,054	16,791
Office rental	20,663	13,652
Postage, courier & printing	3,944	18,991
Share registry	34,213	25,692
Telephone	8,757	10,037
Travel	36,277	51,897
All other expenses	57,226	33,959
	<u>534,451</u>	<u>384,671</u>

NOTE 4: EARNINGS PER SHARE

Number of shares

(a) Weighted average number of ordinary shares outstanding during the period used in calculation of basic EPS.	1,519,488,160	980,901,203
(b) Classification of securities		
Diluted earnings per share has not varied from the basic EPS as the Group has incurred losses.		

NOTE 5: CONTRIBUTED EQUITY

Issued and paid up capital:
Ordinary fully paid shares

Consolidated Group	
31 December	30 June
2009	2008
\$	\$
<u>49,463,397</u>	<u>46,673,704</u>

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Notes to the Financial Statements

For the six months ended 31 December 2009

Movements in issued and paid up ordinary share capital of the company during the period were as follows:

	No. of shares	Amount \$
Balance as at 1 July 2009	1,317,205,551	46,673,704
21/08/2009 Issue of shares ^(a)	190,000,000	760,000
5/11/2009 Issue of shares ^(b)	200,000,000	700,000
31/12/2009 Issue of shares ^(c)	550,000,000	1,512,500
Transaction costs relating to share issues	-	(182,807)
Balance as at 31 December 2009	<u>2,257,205,551</u>	<u>49,463,397</u>

- (a) Issue price \$0.004 a share under directors' placement power
 (b) Issue price \$0.0035 per share under shareholders' resolution at general meeting
 (c) Issue price \$0.00275 a share under directors' placement power (250 m shares) and shareholders' resolution (300 m shares)

The following table summarises the unlisted options granted 9 September 2009 (but yet to be allotted) to the Chief Executive Officer pursuant to the Employee Share Options Plan:

- vesting date 31 December 2009 3.9m strike price \$0.005, expiry 31 December 2012
- vesting date 31 December 2010 3.3m strike price \$0.007, expiry 31 December 2013
- vesting date 31 December 2011 5.0m strike price \$0.009, expiry 31 December 2014

NOTE 6: FINANCIAL ASSETS - CURRENT

The Group has made advances on an unsecured basis to a project developer for the purposes of developing forestry projects and carbon credits. Funding is provided for specific projects and is to be repaid from the sales proceeds arising from these projects. Repayments of these advances and payment of interest and project fees are made as a priority from gross sales proceeds. The facility provides for redraw of the advances.

Advances made are subject to credit risk associated with the success of the underlying project, the marketability of the credits arising from the project and counter party risk. Management processes incorporate these issues in regular risk management activities and reporting.

NOTE 7: NON-CURRENT LIABILITIES - GROUP CLASSIFIED AS HELD-FOR-DISPOSAL

(a) Description

As reported in the 30 June 2009 financial statements, the Company resolved to cease funding and terminate its investment in, and association with, Whizfone Pte Ltd ("WFPL") and its subsidiary companies ("WFPL disposal group"). In particular, the Board resolved to have WFPL struck off, or if that were not possible, to liquidate the company. The decision is consistent with the entity's long term objectives of investing in high-growth businesses by testing the market opportunities and partner relationships within controlled investment parameters. Operations have ceased in the WFPL disposal Group and the directors considered that there was no value to be realised or liabilities to be satisfied by the Consolidated Group. Accordingly, pending the formal termination of the ownership, the investments in, and assets and liabilities of, the WFPL disposal Group have been accounted for as a disposal group.

(b) Financial performance of the group held-for-disposal

		Consolidated Group 31 December	
		2009	2008
		\$	\$
Revenue	2	-	1,074,818
Cost of services provided		(52,000)	(785,145)
Depreciation and amortisation expenses		-	(169,353)
Employee benefits expense		(17,604)	(496,404)
Doubtful debts		177	(145,218)
Impairment loss on assets		-	(38,340)
Other expenses		-	(415,037)
		<u>(69,428)</u>	<u>(2,049,496)</u>
Loss before income tax expense		<u>(69,428)</u>	<u>(974,679)</u>

(c) Non-current assets classified as held-for-disposal

Trade and other receivables	-	310,423
Inventories	-	42,597
Deposits and other current assets	-	120,566
Network telephony assets	-	456,806
Intangible assets/goodwill	-	142,753
	<u>-</u>	<u>1,073,144</u>

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Notes to the Financial Statements

For the six months ended 31 December 2009

(d) Non-current liabilities classified as held-for-disposal	2009	2008
	\$	\$
Trade payables and accruals	(418,015)	(87,955)
Sundry creditors	(46,161)	(311,067)
	<u>(464,176)</u>	<u>(399,022)</u>
(e) Loss after tax from disposal group held-for-sale has been determined after the following expenses:		
Depreciation and amortisation of non-current assets		
Plant and equipment	-	(169,353)
Total depreciation and amortisation	<u>-</u>	<u>(169,353)</u>
Finance & borrowing costs		
External	-	-
Total finance & borrowing costs	<u>-</u>	<u>-</u>
Other expenses:		
Accountancy and audit fees	-	(13,976)
Advertising & marketing expenses	-	(35,912)
Bank fees & charges	-	(5,250)
Co-location	-	(51,761)
Entertainment	-	(7,809)
Gain/ loss on exchange	-	(9,731)
Legal fees	-	(730)
Management & consulting fees	-	(10,209)
Office administration expenses	-	(20,490)
Postage, printing and telephone	-	(29,329)
Rent	-	(111,643)
Share registry, ASX and statutory compliance costs	-	(3,644)
Travelling	-	(58,981)
Other	-	(55,572)
	<u>-</u>	<u>(415,037)</u>
(f) Cash flows from discontinuing operations		
Operating activities	(54,521)	45,494
Investing activities	-	(71,965)

NOTE 8: CONTINGENT LIABILITIES

The Parent Entity has been advised of a possible claim by a major customer regarding its dealings with one of the Group's subsidiaries. The Directors consider the claim proceeds on incorrect assumptions and has no merit. Furthermore, the Directors consider that on the basis of documents provided, the customer owes funds to the subsidiary.

The Group has entered into a Term Sheet to form a Vietnamese company to operate a joint business activity in Vietnam. The Group is obliged to provide US\$93,000 in working capital funding to that company on its incorporation and to make available certain assets and licence rights that are currently owned.

NOTE 9: SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the maturity and independence of the operation and the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the underlying business, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Types of businesses

Investments

Investments includes the provision of finance and commercial support to developers of projects pursuant to international verification standards for the recognition of stored carbon for sale internationally in accordance with voluntarily recognized and other emerging protocols and in other financial investment. The investment business has been determined as both an operating segment and reportable segment.

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Notes to the Financial Statements

For the six months ended 31 December 2009

The business provides income through interest on funds advanced, a project fee based on project value realised and other opportunities for project participation and service provision which are aggregated for the business segment and the potential for capital gain on the ultimate realisation of the investment.

Information technology and communications investment

The IT and communications business identifies and structures a means of participation with domain experts in it and communications businesses. Products and services vary among the businesses with intellectual property rights incorporated in products as hardware, software, service provision infrastructure and communications capture and delivery. Each activity is an operating segment with their aggregation as the reportable segment.

Pan-Asian wholesale telecommunications

The Pan-Asian wholesale telecommunications business provided call termination to and from Singapore, China and Vietnam using switching assets based in Hong Kong. Progressively over the year ended 30 June 2009, these business and their support software development activities were closed down. They had been determined as both an operating and reportable segment and are now disclosed as discontinued operations in the comparatives.

Accounting policies and inter-segment transactions

The accounting policies used by the Group in reporting segments internally are the same as those contained in note 1 to the accounts and in the prior period except as detailed below:

Corporate charges

Corporate charges comprise non-segmental expenses such as head office expenses and interest. Corporate charges are allocated to each business segment where directly attributable to determine segment result.

Segment loans payable and loans receivable

Segment loans are initially recognised at the consideration received excluding transaction costs. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates.

It is the Group's policy that if items of revenue and expense are not allocated to operating segments then any associated assets and liabilities are also not allocated to segments. This is to avoid asymmetrical allocations within segments which management believe would be inconsistent.

The following items and associated assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- dividend revenue.
- net gains on disposal of available-for-sale investments.
- finance costs - including adjustments on provisions due to discounting.
- impairment of assets - impairment of assets are not included in the measurement of segment profit or loss where they are not expected to recur.

The following table presents revenue and profit information for reportable segments for the half-years ended 31 December 2008 and 2009

	Continuing operations			Discontinued operations - Pan-Asian Telecoms	Consolidated entity
	Investments	IT and Comms	Continuing operations		
	\$	\$	\$	\$	\$
Half-year ended 31 December 2009					
Revenue					
Sales to external customers	-	62,282	62,282	-	62,282
Other revenues from external customers	6,515	-	6,515	-	6,515
Inter-segment sales	-	-	-	-	-
Total segment revenue	6,515	62,282	68,797	-	68,797
Other revenue					12,283
Total revenue per the statement of comprehensive revenue					81,080
Result					
Segment result	(285,756)	(298,268)	(584,024)	(69,428)	(653,452)
Reconciliation of segment net profit after tax to net profit/loss before tax					
Income tax expense at 30%					(379,824)
Corporate charges					(63,014)
Finance costs					(63,014)
Net loss before tax per the statement of comprehensive income					(1,096,289)

m2m Corporation Limited A.C.N. 006 648 835 and Controlled Entities

Notes to the Financial Statements

For the six months ended 31 December 2009

Total assets have increased by 176% since the latest annual report. Segment assets for the half-year ended 31 December 2009 are as follows:

	Continuing operations			Discontinued operations - Pan-Asian Telecoms	Consolidated entity
	Investments	IT and Comms	Continuing operations		
	\$	\$	\$	\$	\$
Segment assets					
Segment operating assets	1,655,534	325,018	1,980,552	-	1,980,552
Inter-segment eliminations					
Proportionally consolidated assets					(571,006)
Unallocated assets					1,427,581
Available-for-sale financial assets					-
Total assets from continuing operations per the statement of financial position					2,837,127
Half-year ended 31 December 2008					
Revenue					
Sales to external customers	-	86,984	86,984	1,045,643	1,132,627
Other revenues from external customers	-	-	-	29,175	29,175
Inter-segment sales	-	-	-	167,510	167,510
Total segment revenue	-	86,984	86,984	1,242,328	1,329,312
Inter-segment elimination					(167,510)
Other revenue					13,647
Total revenue per the statement of comprehensive income					1,175,449
Result					
Segment result	(469,150)	(119,041)	(588,191)	(974,679)	(1,562,870)
Reconciliation of segment net profit after tax to net profit/loss before tax					
Income tax expense at 30%					
Corporate charges					(338,524)
Finance costs					(80,110)
Loss before tax per the statement of comprehensive income					(1,981,504)
Segment assets					
Segment operating assets	696,962	145,410	842,372	1,073,144	1,915,516
Inter-segment eliminations					
Unallocated assets					96,223
Available-for-sale financial assets					25,826
Total assets from continuing operations per the statement of financial position					2,037,564

NOTE 10: SIGNIFICANT AFTER BALANCE DATE EVENTS

On 27 January, the Group announced that the conditions precedent for the sale and purchase agreement with Carbon Planet Limited's ("CPL") acquisition had not been satisfactorily satisfied within the time specified and that as further negotiations had not resolved these issues the transaction was terminated. Accordingly, the Group would not (a) issue shares to CPL, (b) consolidate its shares 20: 1 and (c) proceed with an announced \$10 million fund raising.

On 14 February, 29,729,249 listed MCLO options expired.

COMPANY DIRECTORY

Board of Directors

Ian Barry Clarkson
(Executive Chairman)
Timothy Owen Lebbon
(Non-Executive Director)

David Stephen Glavonjic
(Non-Executive Director)

Chief Executive Officer

Peter Saunders

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Solicitors

1. Lander & Rogers
2. Madgwicks *Lawyers*

Company Secretary

Mourice Reginald Garbutt, FCIS; JP

Stock Exchange Listings

ASX Limited ("ASX")
The Company's ordinary shares and
February 2010 options are quoted on
the Official Lists of the ASX as:
Shares ASX code : MCL
Options ASX code : MCLO,
MCLAK, MCLAI
MCLAO and MCLAM

Issued Securities

As at 31 December 2009 the Company's
issued securities were:

Quoted:	
Shares	2,257,205,551
February 2010 Options (A\$0.20)	29,729,249
Unquoted:	
April 2010 Options (A\$0.30)	500,000
December 2010 Options (A\$0.03)	10,000,000
December 2011 Options (A\$0.04)	6,100,000
December 2012 Options (A\$0.05)	6,700,000

Auditors

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Melbourne Vic 3000 Australia

Bankers

Australian & New Zealand Banking Group
Limited
287 Collins Street
Melbourne Vic 3000 Australia

Share Registrar

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