

Mark Sensing Limited

(ABN 66 006 627 087)

ASX Code: MPI

Appendix 4D – Half Year Report

For the Half Year

Ended 31 December 2008

MARK SENSING LIMITED
Results for Announcement To The Market
For the Half Year Ended ('current period') 31 December 2008
('previous corresponding period' 31 December 2007)

The consolidated results are that of TMA Group of Companies Pty Ltd for the period 1 July to 31 December each year together with Mark Sensing results for the period from 23 October 2008 to 31 December 2008.

Revenue and Net Profit/(Loss)				
		Percentage Change %	Current Period Amount \$'000	Previous Corresponding Period Amount \$'000
Revenue from continuing operations	Up	93	20,620	10,677
Profit from continuing operations after tax attributable to members	Up	263	2,107	580
Profit attributable to members	Up	263	2,107	580

Dividends (Distributions)		
	Amount per security	Franked amount per security
Final dividend	Nil ¢	Nil ¢
Interim dividend	Nil ¢	Nil ¢
Record date for determining entitlements to the dividend:		
Final dividend	N/A	
Interim dividend	N/A	

Earnings per Ordinary Fully Paid Share (EPS)	Current Period	Previous Corresponding Period
Basic EPS - cents per share	0.182	0.061
Diluted EPS- cents per share	0.182	0.061

NTA Backing	Current Period	Previous Corresponding Period
Net tangible assets backing per ordinary security – cents per share	1.158	0.271

Brief explanation of the figure reported above:

The above results are based on TMA Group of Companies acquiring Mark Sensing Limited on 22 October 2008 ie The transaction has been accounted for using the guidelines as set out in AASB 3 'Business Combinations'. In line with the guidelines of that standard, the transaction has been accounted for as a reverse acquisition.

Managing Director's Report

OUR COMPANY

Merger Transaction

The shareholders of Mark Sensing Limited (MSL) approved the merger with TMA Group of Companies Pty Limited (TMA) on 22 October 2008, in accordance with the terms set out in the notice of Extraordinary General Meeting dated 9 September 2008.

The transaction has been accounted for using the guidelines as set out in AASB 3 'Business Combinations'. In line with the guidelines of that standard, the transaction has been accounted for as a reverse acquisition.

'Full six months results 'Normal'

The results of the full 6 months trading of both Mark Sensing Limited and the TMA Group of Companies Pty Ltd would have been:

Half Year to	31 December 2008	% of Sales	31 December 2007	% of Sales	% 07 to 08 Movement
	\$'000		\$'000		
Sales	27,902		21,605		29%
EBITDA	4,011	14%	2,226	10%	80%
EBIT	3,143	11%	1,453	7%	116%
Profit /(loss) before tax	2,684	10%	1,097	5%	145%
Profit after tax	1,835	7%	749	3%	145%

Commentary on the results

Given that the actual results excludes the trading results of Mark Sensing Limited pre 23 October 2008 we have limited our comments on trading to the 'Normal' full six months trading of the group as outlined above.

Full six months trading

For the first six months Our Company's sales increased by 29%, with profit before tax up by 145%. This has been achieved through a strong focus on growth, and the initial delivery of synergies.

As a consolidated group we have been able to achieve a reduction in the exposure to foreign exchange fluctuations, which has been a clear benefit of the merger.

The implementation of the merger is going well and will continue to be a major workload in this 08 – 09 year.

We have not yet completed all of the 'fair value' work on Mark Sensing Limited as at 22 October 2008 and therefore in line with the guidelines the balance sheet has been classified as 'Provisional'.

Our People

We would just like to acknowledge and thank all our staff for their continual commitment, understanding and hard work.

Future developments

Despite the current economic crisis, the group continues to be very focussed on the ongoing investment in our Technology. This is being driven by our Research & Development departments in Australia and China along with plant and equipment upgrades. Management expects to maintain its aggressive approach to both organic and acquisition growth particularly in this challenging economic environment.

Disclosure of further information regarding likely developments in the operations of the consolidated entity in future periods and the results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

For further information please contact Michael Whelan at Mark Sensing on + 61 3 9720 7886.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Anthony Karam', written in a cursive style.

Anthony Karam

Managing Director

Directors' report

The directors of Mark Sensing Limited submit herewith the financial report for the half-year ended 31 December 2008. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half-year are:

Name

Peter F Sherman (Chairman to 28 November 2008)
Michael Whelan (Chairman from 28 November 2008)
Graham Duff
Anthony Karam (Managing Director)
Corriene Karam
Tony Saad

The above named directors held office during and since the end of the half-year except for:

Graham Duff – resigned 22 October 2008
Peter F Sherman – retired 28 November 2008
Anthony Karam – appointed 22 October 2008
Corriene Karam – appointed 22 October 2008
Tony Saad – appointed 22 October 2008

Review of operations

The consolidated entity achieved a net profit after tax of \$2,107 ('000) (2007: \$580 ('000) from sales of \$20,620 ('000) (2007 :\$10,677 ('000) for the half year ended 31 December 2008.

The consolidated entity's principal activities in the course of the financial period were the manufacture and sale of plain and coated, paper and film products, including tickets, tags, labels receipt rolls etc for a wide range of markets, including food, entertainment, transport, wagering, medical and banking, and the research and development of thermal and security coatings for paper and film products.

During the financial period the merger with TMA Group of Companies Pty Ltd became effective. Other than the merger there was no significant change in the nature of those activities.

Auditor's independence declaration

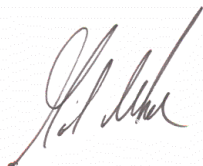
The auditor's independence declaration is included on page 5 of the half-year report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the Directors



Michael Whelan

Chairman

Melbourne, 27 February 2009

The Board of Directors
Mark Sensing Limited
31 Jersey Road
BAYSWATER VIC 3153

27 February 2009

Dear Directors,

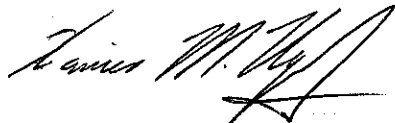
MARK SENSING LIMITED

In accordance with section 307C of the Corporations Act 2001, I hereby provide the following declaration of independence to the directors of Mark Sensing Limited.

As lead audit partner for the review of the financial statements of Mark Sensing Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief there have been no contraventions of:

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

Yours sincerely,
HILL ROGERS PARTNERS



XAVIER M UGARTE
Partner

Sydney

Independent Auditor's Review Report to the Members of Mark Sensing Limited

Review Report on the Half Year Financial Report

We have reviewed the accompanying half year financial report of Mark Sensing Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half year ended on that date, a statement of accounting policies, selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and entities it controlled.

Directors' Responsibility for the Half Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the Corporations Act 2001 and complying with AASB 134 *Interim Financial Reporting*. As the auditor of Mark Sensing 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.

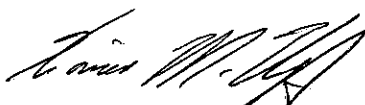
Basis for Qualified Conclusion

The results of the half year report are based on TMA Group of Companies Pty Limited acquiring Mark Sensing Limited on 22 October 2008, in accordance with the treatment of a reverse acquisition under AASB 3 *Business Combinations*. As this is the first year that TMA Group of Companies Pty Limited is required to prepare an interim financial report and have it reviewed, the balance sheet, income statement, statement of changes in equity, cash flow statement, statement of accounting policies and selected explanatory notes for the preceding corresponding half year have not been reviewed or audited. Accordingly, we are not in a position to and do not express any assurance in respect of the comparative information for the half year ended 31 December 2007. We have, however, audited the financial report for the preceding financial year ended 30 June 2008 and therefore our review statement is not qualified in respect of the comparative information for the year ended 30 June 2008 included in the balance sheet.

Conclusion

Except for the effect, if any, on the comparatives for the preceding corresponding half year that may result from the qualification in the preceding paragraph, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Mark Sensing Limited does not give a true and fair view of the financial position of the company as at 31 December 2008, and of its financial performance and its cash flows for the half year period ended on that date, in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*.

HILL ROGERS PARTNERS



XAVIER M UGARTE
Partner

Dated this 27th day of February 2009
Sydney

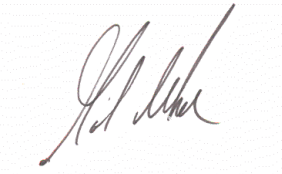
Directors' declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.
- b) the directors have been given the declarations required by s.295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Michael Whelan', is written over a light grey grid background.

Michael Whelan
Chairman

Melbourne, 27 February 2009.

Condensed consolidated income statement for the half-year ended 31 December 2008

	Consolidated	
	Half-year ended 31 Dec 2008 \$'000	Half-year ended 31 Dec 2007 \$'000
Continuing operations		
Revenue from sale of goods	20,620	10,677
Cost of sales	(15,180)	(7,410)
Gross profit	5,440	3,267
Other revenue	48	55
Share of profits of associates and jointly controlled entities accounted for using the equity method	18	-
Net foreign exchange gain/(loss)	(85)	-
Marketing and Administration expenses	(1,818)	(1,927)
Occupancy expenses	(268)	(301)
Finance costs	(388)	(252)
Profit before tax	2,947	842
Income tax (expense)	(840)	(262)
Profit for the period from continuing operations	2,107	580
Profit for the period attributable to members of the parent entity	2,107	580
Earnings per share		
Basic (cents per share)	0.182	0.061
Diluted (cents per share)	0.182	0.061

Notes to the financial statements are included on pages 13 to 15.

PROVISIONAL

Condensed consolidated balance sheet as at 31 December 2008

	Note	Consolidated	
		31 December 2008 \$'000	30 June 2008 \$'000
Current assets			
Cash and cash equivalents		2,649	871
Trade and other receivables		10,548	4,003
Inventories		8,455	2,620
Other		1,567	85
Total current assets		23,219	7,579
Non-current assets			
Investments accounted for using the equity method	2	205	-
Property, plant and equipment		10,892	5,207
Deferred tax assets		633	217
Other intangible assets		437	718
Total non-current assets		12,167	6,142
Total assets		35,386	13,721
Current liabilities			
Trade and other payables		9,356	5,223
Current tax liabilities		927	635
Borrowings		7,193	4,477
Provisions		1,444	572
Total current liabilities		18,920	10,907
Non-current liabilities			
Borrowings		1,005	845
Deferred tax liabilities		687	-
Provisions		971	65
Total non-current liabilities		2,663	910
Total liabilities		21,585	11,817
Net assets		13,803	1,904
Equity			
Issued capital		3,234	-
Reserves		7,412	-
Retained earnings		3,157	1,904
Total equity		13,803	1,904

Notes to the financial statements are included on pages 13 to 15.

**Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2008**

	Share capital \$'000	Reserves \$'000	Accumulated Profit/(Losses) \$'000	Total \$'000
Balance at 1 July 2007	-	-	2,413	2,413
Translation of foreign operations exchange differences taken to equity	-	(46)	-	(46)
Profit for the period	-	-	580	580
Total recognised income and expense	-	(46)	580	534
Balance at 31 December 2007	-	(46)	2,993	2,947
Balance at 1 July 2008	-	-	1,904	1,904
Reverse acquisition of MSL	3,234	6,168	-	9,402
Asset revaluation		1,505		1,505
Dividend paid			(854)	(854)
Translation of foreign operations exchange differences taken to equity	-	(261)	-	(261)
Profit for the period	-	-	2,107	2,107
Total recognised income, expense and acquisition	3,234	7,412	1,253	11,899
Balance at 31 December 2008	3,234	7,412	3,157	13,803

Notes to the financial statements are included on pages 13 to 15.

Condensed consolidated cash flow statement for the half-year ended 31 December 2008

	Consolidated	
	Half-year ended 31 Dec 2008 \$'000	Half-year ended 31 Dec 2007 \$'000
Cash flows from operating activities		
Receipts from customers	20,334	9,514
Payments to suppliers and employees	(16,769)	(7,519)
Interest received	20	30
Interest and other costs of finance paid	(388)	(252)
Dividend paid	-	(215)
Income tax paid	(942)	(616)
Net cash (used in)/provided by operating activities	2,255	942
Cash flows from investing activities		
Payment for property, plant and equipment	(464)	(942)
Proceeds from sale of property, plant and equipment	144	72
Payment for goodwill	-	(355)
Net cash used in investing activities	(320)	(1,225)
Cash flows from financing activities		
Proceeds from borrowings	1,100	855
Repayment of borrowings	(1,387)	(511)
Net cash provided by/(used in) financing activities	(287)	344
Net (decrease)/increase in cash and cash equivalents	1,648	61
Cash and cash equivalents at the beginning of the period	847	1,131
Effects of exchange rate changes on the balance of cash held in foreign currency	154	(43)
Cash and cash equivalents at the end of the period	2,649	1,149
Reconciliation of cash and cash equivalents		
Cash at the end of the financial period as shown above is reconciled to the related items in the balance sheet as follows:-		
Cash and cash equivalents	2,649	1,149

Notes to the financial statements are included on pages 13 to 15.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

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

Basis of preparation

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

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

The financial report has been prepared on the basis that the consolidated entity is a going concern which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Accounting for Reverse Acquisition

On 22 October 2008 the merger between Mark Sensing Limited and TMA Group of Companies Pty Limited became effective. The transaction has been accounted for using the guidelines as set out in AASB 3 'Business Combinations'. In line with the guidelines of that standard, the transaction has been accounted for as a reverse acquisition.

The consolidated results of Mark Sensing Limited incorporate the following:

- TMA Group of Companies Pty Limited for the period 1 July to 31 December 2007;
- TMA Group of Companies Pty Limited for the period 1 July to 31 December 2008;
- Mark Sensing Limited for the period 23 October to 31 December 2008.

As a result of accounting for the reverse acquisition in accordance with AASB 3, the following amounts have been brought to account as "Reverse Acquisition of MSL" under equity:

- Deemed cost of the business combination by TMA Group of Companies

202,098,322 shares @ \$0.016	\$3,234 ('000)
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- Discount on consolidation for the excess of net assets, at fair value, of Mark Sensing Limited over the deemed cost of business combination by TMA Group of Companies

Fair value of net assets acquired	\$9,402 ('000)
Deemed cost of combination	<u>\$3,234 ('000)</u>
Discount on consolidation	<u>\$6,168 ('000)</u>

Earnings per share under the reverse acquisition are reported as follows:

- Current period is calculated using the number of shares of Mark Sensing Limited on issue as at 31 December 2008 (1,154,847,554 shares)
- Prior period comparison is based on the number of shares that were issued to the owners of TMA Group of Companies Pty Ltd under the merger (952,749,232 shares) on 22 October 2008.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, set out in note 2 in the 2008 annual report and in note 1 of this report, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates and underlying assumptions are recognized in the period in which the estimates is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

We have not yet completed all of the 'fair value' work on Mark Sensing Limited as at 22 October 2008 and therefore in line with the guidelines the balance sheet has been classified as 'Provisional'.

Notes to the condensed consolidated financial statements (continued)

2. Investments accounted for using the equity method

Movement in investment in Associate

	Consolidated	
	Half-year ended 31 December 2008 \$'000	Half-year ended 31 December 2007 \$'000
Equity accounted amount of investment at the beginning of the financial period, ie 22 October 2008 .	187	-
Share of profit from continuing activities before income tax	26	-
Share of income tax expense related to continuing activities	(8)	-
Equity accounted amount of investment at the end of the financial period.	205	-

3. Segment Information

Geographical Segments by location of assets

The consolidated entity operates in two principal geographical areas- Australia and China. The composition of each geographical segment is as follows:

- Australia- manufactures thermal, security and protective coatings and applies the coating to paper, film or board and converts coated and non coated product to customer specifications. Manufacturing plants are located in Sydney and Melbourne and sells throughout Australia, New Zealand and South East Asia. Melbourne is the main R & D centre for the group.
- China- also manufactures and applies thermal, security and protective coatings to paper film or board and converts the product to customer specifications and sells throughout China.

The following is an analysis of the revenue and results for the period, analysed by geographical segment being Mark Sensing Limited's primary basis for segmentation:

(a) Segment Revenues by location of assets

	External Sales \$'000	Inter-segment \$'000	Other \$'000	Total \$'000
Half year ended 31 December 2008				
Australia	19,224	1,792	27	21043
China	1,369	-	-	1,369
Total	20,593	1,792	27	22,412
Eliminations				(1,792)
Consolidated				20,620
Half year ended 31 December 2007				
Australia	10,616	888	61	11,565
China	-	-	-	-
Total	10,616	888	61	11,565
Eliminations				(888)
Consolidated				10,677

3. Segment Information (continued)

(b) Segment Results by location of assets

	Half year ended 31 December 2008	Half year ended 31 December 2007
	\$'000	\$'000
Australia	3,485	1,094
China	(83)	-
Total of all segments	3,402	1,094
Eliminations	(27)	-
Unallocated	(428)	(252)
Profit/(Loss) before income tax expense	2,947	842
Income tax benefit/(expense)	(840)	(262)
Profit for period	2,107	580

4. Significant items affecting the results for the period

Other than the merger described earlier, no other significant items affected the results in the period ended 31 December 2008,

5. Contingencies and commitments

The consolidated entity is a defendant in a legal action which commenced in February 2005, involving the alleged failure to pay commissions. The directors continue to hold the view, based on legal advice that the action can be successfully defended and therefore no losses will be incurred. In relation to the same matter, the consolidated entity has a claim outstanding that commissions were overpaid. Based on legal advice the directors believe there is a probability that the claim will be successful however the entity is not able to reliably measure the amounts to be received or paid, if any at this stage. No provision has been made or contingent asset recorded in regards to the above action.

The consolidated entity is also a defendant in a legal action for the alleged loss suffered by a customer Longgang Hongye as a result of the Mark Sensing Shanghai product not meeting the customer expectations. The customer is claiming compensation of RMB1 million (A\$250 thousand). Based on legal advice, the directors believe that the claim will be successfully defended, and as such no provision has been made as regards this action but we have fully provided for the original debt.

The consolidated entity has funding facilities from the National Australia Bank Limited which are secured in full by a Registered Mortgage Debenture over the whole of the assets of the consolidated entity.

6. Subsequent events

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial period, that has significantly affected or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.