

Appendix 4D

Half yearly report

Name of entity

MILLEPEDE INTERNATIONAL LIMITED

ABN or equivalent company reference

84 095 821 971

Half year ended ('current period')

31 December 2011

For announcement to the market

Extracts from this report for announcement to the market.

\$A'000

Revenue	Down 27.59 %	to	143
Loss for period ordinary after income tax benefit	Down 17.85%	to	269
Net loss for the period attributable to members of the parent entity	Down 17.85%	to	269

Dividends	Amount per security	Franked amount per security
Interim dividend	NIL	N/A
Previous corresponding period	NIL	N/A

†Record date for determining entitlements to the dividend

N/A

The loss for the period increased to \$269,176. The loss for the period mainly comprised costs for professional, consulting and services expenses.

NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	-0.00047 cents	0.000912957 cents



Millepede International Limited

ABN 84 095 821 971

Financial report for the half-year ended 31 December 2011



Corporate Directory

Directors

Harvey Parker (appointed 17/2/12)
Santino (Sam) Di-Giacomo
Harry VK Lee
Sing En (Richard) Chan
(resigned on 16/2/12)

Chairman
Non-Executive Director
Non-Executive Director
Executive Director

Company Secretary

Santino (Sam) Di-Giacomo

Registered Office

Level 1, 181 Malop Street
Geelong VIC 3220

Auditor

Stantons International
Level 2, 1 Walker Avenue
WEST PERTH Western Australia 6005

Solicitor

Hardymans Lawyers
Level 1, 181 Malop Street
Geelong Victoria 3220

Share Registry

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH Western Australia 6000

Tel: (08) 9323 2000
Fax: (08) 9323 2033

Stock Exchange

ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH Western Australia 6000
ASX Code: MPD
MPDO

Financial report for the half-year ended 31 December 2011

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Directors' report

The directors of Millepede International Limited submit herewith the financial report of the consolidated entity for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated:

Mr Harvey Parker	Chairman (appointed on 17/2/12)
Mr Sing En (Richard) Chan	Non-Executive Director (resigned on 16/2/12)
Mr Harry V.K. Lee	Non-Executive Director
Mr Santino (Sam) Di-Giacomo	Executive Director

Review of operations

This half year can be considered to be a positive return to growth. Last year had been difficult due to slow down of sales from our core customers and delays in major projects, these now seem to be returning and business has started to grow again. This was also compounded by the need for major renovation work on our core tools, so we had no spare capacity to push for more sales. All of these have been rectified. This has resulted in both quality and capacity returned to satisfactory levels, and gives us the opportunity to actively look for new business.

Auditor's independence declaration

The auditor's independence declaration is included on page 3 of the half-year financial report.

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

On behalf of the Directors



Santino (Sam) Di-Giacomo
Executive Director

Perth, Western Australia

February 29, 2012

29 February 2011

Board of Directors
Millepede International Limited
Level 1, 181 Malop Street
GEELONG VIC 3220

Dear Sirs

RE: MILLEPEDE INTERNATIONAL LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Millepede International Limited.

As Audit Director for the review of the financial statements of Millepede International Limited for the six months ended 31 December 2011, 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 Faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(Authorised Audit Company)



John P Van Dieren
Director

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
MILLIPEDE INTERNATIONAL LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Millipede International Limited, which comprises the consolidated condensed statement of financial position as at 31 December 2011, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Millipede International Limited (the consolidated entity). The consolidated entity comprises both Millipede International Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Millipede International Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a 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 half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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 Millipede International 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.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

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*, has been provided to the directors of Millepede International Limited on 28 February 2012.

Basis for Disclaimer of Auditor's Opinion

The group's consolidated financial report for the period ended 31 December 2011 includes the results and the net assets of the group's subsidiaries namely Millepede Marketing Limited (UK) and Millepede USA Inc.

In respect of these subsidiaries the consolidated financial report for the period ended 31 December 2011 includes \$164,569 and \$261,969 relating to revenues and expenditure respectively and the amounts of \$174,131 and \$123,444 relating to assets and liabilities respectively as at 31 December 2011.

The financial statements of Millepede Marketing Limited (UK) and Millepede USA Inc. for the period ended 31 December 2011 have not been audited by overseas auditors.

As a result we were unable to obtain sufficient information and documentation relating to Millepede Marketing Limited (UK) and Millepede USA Inc. to satisfy ourselves about the accuracy and completeness of certain balances including revenues, cost of goods sold, inventory and trade and other payables of these subsidiaries that are included in the consolidated financial report of the group for the period ended 31 December 2011.

Auditor's opinion:

Because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Opinion paragraph noted above, and the effects of such adjustments, if any, as might have been determined and necessary had the limitation not existed, we are unable to, and do not express, an opinion as to whether the financial report of Millepede International Limited is 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 2011 and of its performance for the half year ended on that date;
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (iii) complying with all the requirements of the International Financial Reporting Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd


John P Van Dieren
Director

West Perth, Western Australia
29 February 2012

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2011

	Half-year ended 31-Dec-11	Half-year ended 31 Dec 2010
Note	\$	\$
Continuing operations		
Revenue	143,273	197,880
Cost of sales	-96,196	-130,840
Gross profit	47,077	67,040
Other income	21,403	1,440
Depreciation and amortisation expenses	-710	-9,925
Other expenses from ordinary activities	-336,946	-374,037
(Loss) from continuing operations before income tax	-269,176	-315,482
Income tax expense	-	-
(Loss) from continuing operations after income tax	-269,176	-315,482
Other comprehensive income		
FX gains/(losses) on translation of foreign operations	97,708	-23,026
Gain/(loss) on revaluation of investments	-	46,064
Total comprehensive (loss) for the year	-171,468	-292,444
Loss for the year attributable to the members of the parent	-269,176	-315,482
Total comprehensive (loss) for the year attributable to the members of the parent	-171,468	-292,444
Basic loss per share (cents per share)	0.09	0.115
Diluted loss per share (cents per share)	0.09	0.115

The Company's potential ordinary shares are not considered dilutive and accordingly basic loss per share is the same as diluted loss per share.

Notes to the financial statements are included on pages 9 to 12.

Condensed consolidated statement of financial position as at 31 December 2011

	31-Dec-11	30 June 2011
Note	\$	\$
Current assets		
Cash and cash equivalents	7,517	55,352
Trade and other receivables	132,893	67,737
Inventories	21,168	45,944
Other assets	454	437
Assets of discontinued subsidiary held for sale		2,501
Total current assets	162,032	171,971
Non-current assets		
Intangible assets	-	-
Property, plant and equipment	36,000	66,621
Total non-current assets	36,000	66,621
Total assets	198,032	238,592
Current liabilities		
Trade and other payables	231,173	205,265
Convertible Notes	105,000	-
Total current liabilities	336,173	205,265
Total liabilities	336,173	205,265
Net assets	-138,141	33,327
Equity		
Issued capital	10,507,536	10,507,536
Reserves	1,268,242	1,170,534
Accumulated losses	-11,913,919	-11,644,743
Total equity	-138,141	33,327

Notes to the financial statements are included on pages 9 to 12.

Condensed consolidated statement of changes in equity for the half year ended 31 December 2011

Note	Contributed equity	Option reserve	Foreign currency translation reserve	Revaluation reserve	Accumulated losses	Total Equity
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2010	10,507,536	893,507	288,910	-70,682	-11,087,549	531,722
Net loss for the year	-	-	-	-	-315,482	-315,482
Other comprehensive income for the year						
Exchange differences arising on translation of foreign operations	-	-	-12,340	-	-	-12,340
Unrealised gains from investment	-	-	-	46,064	-	46,064
Total comprehensive income for the year	-	-	-12,340	46,064	-	33,724
Balance at 31 December 2010	10,507,536	893,507	276,570	-24,618	-11,403,031	249,964
As at 1 July 2011	10,507,536	893,507	277,027	-	-11,644,743	33,327
Net loss for the year	-	-	-	-	-269,176	-269,176
Other comprehensive income for the year						
Exchange differences arising on translation of foreign operations	-	-	97,708	-	-	97,708
Total comprehensive income for the year	-	-	97,708	-	-269,176	-171,468
Balance at 31 December 2011	10,507,536	893,507	374,735	-	-11,913,919	-138,141

Notes to the financial statements are included on pages 9 to 12.

Consolidated statement of cash flows for the half-year ended 31 December 2011

Note	Half-year ended 31-Dec-11 \$	Half-year ended 31-Dec-10 \$
Cash flows from operating activities		
Receipts from customers	63,016	116,051
Payments to suppliers and employees	-236,992	-356,479
Interest received	107	1,440
Interest and other costs of finance	-3,521	-
Net cash used in operating activities	-177,390	-238,988
Cash flows from investing activities		
Proceeds from sale of listed securities	-	87,490
Proceeds/(Payment) for purchase of listed securities/notes	105,000	-20,439
Net cash used in investing activities	105,000	67,051
Cash flows from financing activities		
Proceeds from issue of equity securities	-	-
Share issue costs	-	-
Net cash provided by financing activities	-	-
Net (decrease)/increase in cash and cash equivalents	-72,390	-171,937
Cash and cash equivalents at the beginning of the financial year	55,352	254,086
Effects of exchange rate changes on the balance of cash held in foreign currencies	24,555	-27,242
Cash and cash equivalents at the end of the financial year	7,517	54,907

Notes to the financial statements are included on pages 9 to 12.

Notes to the condensed consolidated financial statements for the half-year ended 31 December 2011

1. Statement of significant accounting policies

Statement of compliance

The half-year condensed consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

This condensed half-year financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the consolidated entity as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 and any public announcements made by Millepede International Limited and its subsidiaries during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The half-year report has been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale assets which are measured at fair value. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars unless otherwise noted.

For the purpose of preparing the half-year report, the half-year has been treated as a discrete reporting period.

Going concern

The consolidated entity has incurred a net loss after tax for the half-year ended 31 December 2011 of \$269,176 (December 2010:\$ 315,482). The consolidated entity experienced net cash outflows from operating activities of \$177,390 (December 2010:\$ 238,988). As at 31 December 2011, the consolidated entity had net current liabilities of \$174,141 (June 2011:\$ 33,294).

Whilst the consolidated entity has yet to establish profitable operations, the Directors have prepared the financial statements on the basis of going concern, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the half year ended 31 December 2011 the Company raised funds by way of a \$150,000 convertible note. It is anticipated that additional funding will be raised via a \$250,000 convertible note which is pending completion.

Adoption of new and revised accounting standards

In the half-year ended 31 December 2011, the consolidated entity has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2011. It has been determined by the consolidated entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to the consolidated entity's accounting policies.

2. New accounting standards and interpretations

- (i) Changes in accounting policy and disclosures.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2011:

- AASB 124 *Related Party Disclosures (amendment)* effective 1 January 2011
- AASB 132 *Financial Instruments: Presentation (amendment)* effective 1 February 2010
- AASB Int 14 *Prepayments of a Minimum Funding Requirement (amendment)* effective 1 January 2011
- *Improvements to AASBs (May 2010)*

The adoption of the standards or interpretations is described below:

AASB 124 Related Party Transactions (Amendment)

The AASB issued an amendment to AASB 124 that clarifies the definitions of a related party. The new definitions emphasise a symmetrical view of related party relationships and clarifies the circumstances in which persons and key management personnel affect related party relationships of an entity. In addition, the amendment introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

AASB 132 *Financial instruments: Presentation* (Amendment)

The AASB issued an amendment that alters the definition of a financial liability in AASB 132 to enable entities to classify rights issues and certain options or warrants as equity instruments. The amendment is applicable if the rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency. The amendment has had no effect on the financial position or performance of the Group because the Group does not have these type of instruments.

AASB Int 14 *Prepayments of a Minimum Funding Requirement* (Amendment)

The amendment removes an unintended consequence when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover such requirements. The amendment permits a prepayment of future service cost by the entity to be recognised as a pension asset. The Group is not subject to minimum funding requirements, therefore the amendment of the interpretation has no effect on the financial position nor performance of the Group.

In May 2010, the AASB issued its third omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of those amendments had no impact on the financial position or performance of the Group.

The Group has not elected to early adopt any of the new standards or amendments that are issued but not yet effective

3. Segment information

The following is an analysis of the revenue and results for the period, analysed by geographical segment, Millepede International Limited's primary basis of segmentation. The consolidated entity has three geographic segments, being Australia, United States and United Kingdom and one business segment being the development, production and marketing of the Mille-Ties technology.

Segment revenue						
	External segment revenue		Inter-segment revenue		Total	
	2011	2010	2011	2010	2011	2010
	\$	\$	\$	\$	\$	\$
Australia	108	1,440	-	-	108	1,440
United Kingdom	39,411	51,616	-	5236	39,411	56,852
United States	124,653	140,849	504	-	125,157	140,849
Singapore	-	179	-	-	-	179
Total of all segments					164,676	199,320
Eliminations					-	-
Consolidated					164,676	199,320

Segment result						
					2011	2010
					\$	\$
Australia					-171,776	-241,102
United Kingdom					-119,355	-48,353
United States					21,955	-25,189
Singapore					-	-838
Total of all segments					-269,176	-315,482
Eliminations					-	-
Loss before income tax benefit					-269,176	-315,482
Unallocated revenues and expenses					-	-
Loss for the period					-269,176	-315,482

3. Subsequent events

The subsequent event after 31 December 2011.

- The Company entered into a Heads of Agreement to acquire Agline Pastoral Pty Ltd on 15 Feb 2012. For further information please refer to the announcement dated 17 Feb 2012.

4. Issuances, repurchases and repayments of securities

During the period the Company has not had any movement in its issued capital. The Company has borrowed \$105,000 by way on convertible notes during the year (7 notes) which may be converted into 300,000 shares in the company on or after 19 April 2012. Interest is earned on the notes at a rate of 8%.

5. Contingent liabilities

There were no contingent liabilities at the end of the half-year.

6. Contributed Equity

(a) Issued and paid up capital

	31-Dec-11	30-Jun-11
Ordinary shares	\$	\$
Shares issued and fully paid	10,507,536	10,507,536
Capital raising costs	-	-
Issued and fully paid capital	10,507,536	10,507,536

(b) Movement in ordinary shares on issue

	31-Dec-11	30-Jun-11
Ordinary shares	\$	\$
Shares issued and fully paid	10,507,536	10,507,536
Capital raising costs	-	-
Issued and fully paid capital	10,507,536	10,507,536

Directors' declaration

In the opinion of the directors of Millepede International Limited ("the Company"):

1. The financial statements and notes thereto, as set out on pages 9 to 12, are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - (b) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year then ended.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Santino (Sam) Di-Giacomo
Executive director

Perth, Western Australia

February 29, 2012