

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 2008

For announcement to the market

Extracts from this report for announcement to the market.

\$A'000

Revenue	Down	19.23%	to	213
Loss for period ordinary after income tax benefit	Down	88.27%	to	29
Net loss for the period attributable to members of the parent entity	Down	88.27%	to	29

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

Record revenues were received in the US during the second quarter of the financial year, despite this revenue has decreased to \$212,856. Resulting mainly from a major order for the special flame retardant version of the Heavy Duty Mille-Tie for the UK warship, the type 45 destroyer not being repeated during the first half of the financial year.

The loss for the period decreased to \$28,717. 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	0.35 cents	1.45 cents



Millepede International Limited

ABN 84 095 821 971

**Financial report for the half-year ended
31 December 2008**

Corporate Directory

Board of Directors

Mr Santino (Sam) Di Giacomo	Non-Executive Director/Chairman
Mr Sing En (Richard) Chan	Non-Executive Director
Mr Kee Tang	Non-Executive Director

Company Secretaries

Mr Darren Crawte
Mr Keith Bowker

Registered and Corporate Office

Level 1, 47-49 Stirling Highway
NEDLANDS, Western Australia 6009

Auditor

Stantons International
Level 1, 1 Havelock Street
WEST PERTH, Western Australia 6005

Solicitor

Blakiston & Crabb
1202 Hay Street
WEST PERTH Western Australia 6005

Share Registry

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

Tel: (61 8) 9323 2000
Fax: (61 8) 9323 2033

Stock Exchange

ASX Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH, Western Australia 6000

ASX Code: MPD, MPDOA

Financial report for the half-year ended 31 December 2008

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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 2008. 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 Santino (Sam) Di Giacomo		Non-Executive Director/Chairman
Mr Sing En (Richard) Chan		Non-Executive Director
Mr Kee Tang,	Appointed 31 July 2008	Non-Executive Director
Mr Boon Han Ong	Resigned 18 July 2008	Non-Executive Director
Mr Blair Sergeant	Resigned 31 July 2008	Non-Executive Director

Review of operations

This half-year was always going to be a challenge due to the macro economic environment. As such the operational results have been pleasing.

The US had increased sales which resulted in a net return. Both ties and tools are doing well and there has been positive development on all fronts. Of particular note is the growing business from IBM which despite the economic down turn has started the second half of the year well above last year.

The UK last year enjoyed a major order for the second phase of the UK warship, the type 45 destroyer. That order, which was known, would not be repeated this year was always going to result in the UK posting lower sales than the year before. However, due to the continued growth of the traditional tie market, and now our new tool business, the percentage loss has been reduced with like for like accounts posting better results.

We have also been involved with a possible patent infringement issue in the UK. The Company is defending this and we hope there will be a positive awareness and interest result due to the reusable tie concept being featured on national television. We believe this could be a positive in overall sales. We have already won our case in the US where the patent application has been thrown out due to our prior claim, and we have taken action that we believe will have the same result in Europe. The Company is confident that it has in place all the necessary procedures to protect its intellectual property.

Due to the work undertaken to reduce operational costs in line with income and widening the distribution and product base the Company works within its cash flows, and has no overdraft or debts. Our aim is still expansion with internal working capital at the operational level and corporate overheads being kept at a minimum.

Our customer base is now full of global blue chip companies, we will see down turns in some but due to the small a frugal nature of our operations, the unique and added value nature of our proposition we feel despite the macro economic climate we will maintain last years results and if we can add new products or business we will continue to expand at the operational level.

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

A handwritten signature in blue ink, reading "S Di Giacomo", is displayed on a light blue rectangular background.

Santino Di Giacomo
Director
23 February 2009

23 February 2009

Board of Directors
Millepede International Limited
Level 1, 47 Stirling Highway
NEDLANDS WA 6009

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 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

**STANTONS INTERNATIONAL
(Authorised Audit Company)**



**John Van Dieren
Director**

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Millepede International Limited, which comprises the consolidated balance sheet as at 31 December 2008, and the consolidated income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a condensed statement of accounting policies, other selected explanatory notes and the directors' declaration.

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 the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing 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, 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 consolidated entity's financial position as at 31 December 2008 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 Millepede 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.

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 Millepede International Limited February 2009.

Conclusion:

Based on our review, which is not an audit, we have not become aware of any matter on than that expressed below that makes us believe that the half-year financial report of Millepede International Limited is not in accordance with the *Corporations Act 2001* including:

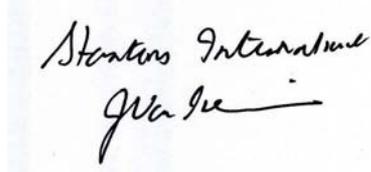
- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matters:

As referred to in Note 1 to the financial statements, the financial statements have been prepared on the going concern basis. At 31 December 2008 the consolidated entity had working capital of \$487,579 and had incurred a loss for the half year of \$28,717. The ability of the entity to continue as a going concern is subject to the successful recapitalisation of entity. In the event that the Board is not successful in recapitalising the entity, the company and the consolidated entity may not be able to continue in its present form and may not be able to meet its planned commitments.

STANTONS INTERNATIONAL (Authorised Audit Company)



John Van Dieren
Director

West Perth, Western Australia
23 February 2009

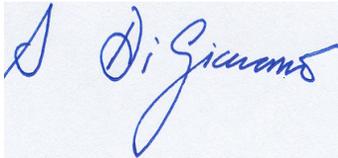
Directors' declaration

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

1. The financial statements and notes thereto, as set out on pages 7 to 13, 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 2008 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 Di Giacomo
Director

23 February 2009

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

	Note	Half-year ended 31 Dec 2008 \$	Half-year ended 31 Dec 2007 \$
Revenue		212,856	263,532
Cost of sales		(117,001)	(104,351)
Gross profit		95,855	159,181
Other income	2	269,343	34,382
Marketing expenses		-	(483)
Occupancy expenses		(6,084)	(12,500)
Administrative expenses		(369,815)	(425,340)
Provision for non-recoverability of loans to other entities		(18,016)	-
Loss before income tax		(28,717)	(244,760)
Income tax benefit		-	-
Loss for the period		(28,717)	(244,760)
Loss per share:			
Basic (cents per share)		0.02	0.18

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 11 to 13.

Condensed consolidated balance sheet as at 31 December 2008

	31 Dec 2008	30 June 2008
	\$	\$
Current assets		
Cash and cash equivalents	307,022	630,794
Trade and other receivables	100,142	111,814
Inventories	126,185	58,443
Other assets	-	187
Other financial assets	58,824	129,412
Total current assets	592,173	930,650
Non-current assets		
Property, plant and equipment	115,981	114,492
Total non-current assets	115,981	114,492
Total assets	708,154	1,045,142
Current liabilities		
Trade and other payables	104,594	180,215
Total current liabilities	104,594	180,215
Total liabilities	104,594	180,215
Net assets	603,560	864,927
Equity		
Issued capital	9,697,480	9,697,480
Reserves	867,710	1,100,360
Accumulated losses	(9,961,630)	(9,932,913)
Total equity	603,560	864,927

Notes to the financial statements are included on pages 11 to 13.

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

	Fully paid ordinary shares \$	Option premium reserve \$	Foreign currency translation reserve \$	Revaluation reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2007	7,912,894	893,507	48,388	-	(7,973,130)	881,659
Exchange differences arising on translation of foreign operations	-	-	35,172	-	-	35,172
Net income recognised directly in equity	-	-	35,172	-	-	35,172
Loss for the period	-	-	-	-	(244,760)	(244,760)
Total recognised income and expense	-	-	-	-	(244,760)	(244,760)
Transfer from options reserves to accumulated losses following lapse of options	-	(274,706)	-	-	274,706	-
Issue of shares	1,932,720	-	-	-	-	1,932,720
Issue costs	(130,196)	-	-	-	-	(130,196)
Balance at 31 December 2007	9,715,418	618,801	83,560	-	(7,943,184)	2,474,595
Balance at 1 July 2008	9,697,480	893,507	177,440	29,413	(9,932,913)	864,927
Exchange differences arising on translation of foreign operations	-	-	(162,062)	-	-	(162,062)
Net income recognised directly in equity	-	-	(162,062)	-	-	(162,062)
Loss for the period	-	-	-	-	(28,717)	(28,717)
Total recognised income and expense	-	-	-	-	(28,717)	(28,717)
Unrealised losses from investments	-	-	-	(70,588)	-	(70,588)
Balance at 31 December 2008	9,697,480	893,507	15,378	(41,175)	(9,961,630)	603,560

Notes to the financial statements are included on pages 11 to 13.

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

	Half-year ended 31 Dec 2008 \$	Half-year ended 31 Dec 2007 \$
Cash flows from operating activities		
Receipts from customers	233,077	247,481
Payments to suppliers and employees	(618,964)	(501,563)
Interest received	12,323	35,224
Net cash used in operating activities	(373,564)	(218,858)
Cash flows from investing activities		
Payment for property, plant and equipment	(26,176)	(18,250)
Loans to other entities	-	(250,000)
Net cash used in by investing activities	(26,176)	(268,250)
Cash flows from financing activities		
Proceeds from issues of equity securities	-	1,961,658
Payment for share issue costs	-	(130,196)
Net cash provided by financing activities	-	1,831,462
Net increase/(decrease) in cash and cash equivalents	(399,740)	1,344,354
Cash and cash equivalents at the beginning of the period	630,794	678,866
Effects of exchange rate fluctuations on cash held	75,968	-
Cash and cash equivalents at the end of the period	307,022	2,023,220

Notes to the financial statements are included on pages 11 to 13.

Condensed notes to the consolidated financial statements for the half-year ended 31 December 2008

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 2008 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.

Significant accounting judgements and key estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this half-year, the significant judgements made by management in applying the consolidated entity's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 30 June 2008.

Going concern

The consolidated entity has incurred a net loss after tax for the half-year ended 31 December 2008 of \$28,717 (December 2007:\$244,760). The consolidated entity experienced net cash outflows from operating activities of \$373,564 (December 2007:\$218,858). As at 31 December 2008, the consolidated entity had net current assets of \$487,579 (June 2008:\$750,435).

Whilst the consolidated entity has yet to establish profitable operations, the directors are of the opinion that the Company is a going concern due to the subsequent to period end announcement the Company made on 13 February 2009. The Company announced a pro-rata renounceable rights issue of 3 new shares for every 2 existing shares held at an offer price of \$0.008 per share to raise approximately \$2,042,207 before costs of the issue.

Should this equity raising not be completed, there is significant uncertainty as to whether the Company will be available to realise its assets and extinguish its liabilities in the normal course of business.

Adoption of new and revised accounting standards

In the half-year ended 31 December 2008, 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 2008.

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. Other income

	2008 \$	2007 \$
Interest	31,313	34,382
Gains on foreign currency	238,030	-
	269,343	34,382

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 sales		Inter-segment		Other		Total	
	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$	2008 \$	2007 \$
Australia	-	-	-	-	-	-	-	-
United States	128,637	92,965	-	-	-	-	128,637	92,965
United Kingdom	84,219	170,567	-	-	-	-	84,219	170,567
Unallocated revenue							269,343	34,382
Consolidated							482,199	297,914

Segment result

	2008 \$	2007 \$
Australia	(256,567)	(259,180)
United States	225,682	(13,077)
United Kingdom	2,168	8,914
	(28,717)	(263,343)
Unallocated revenues and expenses	-	18,583
Loss for the period	(28,717)	(244,760)

4. Subsequent events

On the 13 February 2009, the Company announced a pro-rata renounceable rights issue of 3 new shares for every 2 existing shares held at an offer price of \$0.008 per share to raise approximately \$2,042,207 before costs of the issue.

Also on the 13 February 2009, the Company received 282,015 ordinary fully paid shares in I Nuovi Cosmetics (S) Pty Ltd. The consideration for the shares was the conversion of the loan of \$1,308,172.

5. Contingent liabilities

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