Millepede International Limited

ABN 84 095 821 971

Annual Report for the financial year

ended 30 June 2011

JYJ & ASSOCIATES ***is a*** *a CPA Practice*

Annual financial report
for the financial year ended 30 June 2011

Corporate Directory

Directors

Santino (Sam) Di-Giacomo	Non Executive Chairman
Richard Chan	Executive Director
Kee Tang (resigned 14/6/11)	Non Executive Director
Harry VK Lee (appointed 25/1/11)	Non Executive Director

Company Secretary
Santino (Sam) Di-Giacomo

Registered Office

Level 1, 181 Malop Street
Geelong VIC 3220

Auditor

Stantons International
Level 1, 1 Havelock Street
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

Corporate Governance Statement

The Company is committed to implementing sound standards of corporate governance that are applicable. In determining what those standards should involve, the Company has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 2nd Edition 2007 ("Recommendations").

Further information about the Company's corporate governance practices is set out on the Company's website at www.millepede.com. In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its committees), the Company's code of conduct and other policies and procedures relating to the Board and its responsibilities.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recommendation 1.1 – Establish and disclose the functions reserved to the board and those delegated to senior executives.

The board has established functions that are reserved for the board, as separate from those functions discharged by the CEO and are summarised in the Company's Board Charter which is available on the Company's website.

The Board retains responsibility for the following key areas:

(a) Providing leadership for and supervision of the Company's senior management. The Board provides the strategic direction of the Company and regularly measures the progression by senior management of that strategic direction.

(b) overseeing the Company, including its control and accountability systems;

(c) appointing the chief executive officer, or equivalent, for a period and on terms as the directors see fit and, where appropriate, removing the chief executive officer, or equivalent;

(d) ratifying the appointment and, where appropriate, the removal of senior executives

(e) approving the Company's policies on risk oversight and management, internal compliance and control, *Code of Conduct*, and legal compliance;

(f) satisfying itself that senior management has developed and implemented a sound system of risk management and internal control in relation to financial reporting risks and reviewed the effectiveness of the operation of that system;

(g) assessing the effectiveness of senior management's implementation of systems for managing material business risk including the making of additional enquiries and to request assurances regarding the management of material business risk, as appropriate;

(h) monitoring, reviewing and challenging senior management's performance and implementation of strategy;

(i) ensuring appropriate resources are available to senior management;

(j) approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;

(k) monitoring the financial performance of the Company;

(l) ensuring the integrity of the Company's financial (with the assistance of the Audit Committee, if applicable) and other reporting through approval and monitoring;

(m) providing overall corporate governance of the Company, including conducting regular reviews of the balance of responsibilities within the Company to ensure division of functions remain appropriate to the needs of the Company;

(n) appointing the external auditor (where applicable, based on recommendations of the Audit Committee) and the appointment of a new external auditor when any vacancy arises, provided that any appointment made by the Board must be ratified by shareholders at the next annual general meeting of the Company;

(o) engaging with the Company's external auditors and Audit Committee (where there is a separate Audit Committee);

(p) monitoring compliance with all of the Company's legal obligations, such as those obligations relating to the environment, native title, cultural heritage and occupational health and safety; and

(q) make regular assessment of whether each non-executive director is independent in accordance with the Company's *Policy on Assessing the Independence of Directors*.

The CEO is responsible for running the affairs of the Company under delegated authority from the Board and to implement the policies and strategy set by the Board. In carrying out their responsibilities the CEO must report to the Board in a timely manner on those matters included in the Company's risk profile, all relevant operational matters and any other material matter.

The functions and responsibilities of the Board compared with those delegated to management are reflective of the Recommendations.

The CEO is also responsible for appointing and, where appropriate, removing senior executives, including the chief financial officer and the company secretary, with the approval of the Board. The CEO is responsible for evaluating the performance of senior executives.

Recommendation 1.2 – Disclose the process for evaluating the performance of senior executives.

The Remuneration Committee is charged with periodic review of the job description and performance of the CEO according to agreed performance parameters.

The CEO and senior executives were the subject of informal evaluations against both individual performance and overall business measures. These evaluations were undertaken progressively and periodically.

The Company’s website contains a section formally setting out the Company’s Process for Performance Evaluation.

Recommendation 1.3 – Provide the information in the guide to reporting on Recommendations.

The Company is not aware of any departure from Recommendations 1.1 or 1.2. Performance evaluations for senior executives have taken place in the reporting period in accordance with the process disclosed.

The board charter is publically available at http://millepede.com/investor-relations/corporate-governance.html and it includes a description of what matters are reserved for the board or senior executives respectively.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Recommendation 2.1 – A majority of the Board should be independent directors.

The Board respects independence of thought and decision making as critical to effective governance, and is satisfied that its Board composition meets these requirements.

As at 30 June 2011 the Board comprised:

- Santino (Sam) di Giacomo - Independent non-executive director and Chairman
- Richard Chan – Executive Director
- Harry V.K. Lee - Non-executive director

Recommendation 2.2 – The chairperson should be an independent director.

The Chairperson was an independent director.

Recommendation 2.3 –The roles of chairperson and chief executive officer should not be exercised by the same individual.

The role of the Chairperson is filled by Sam Di-Giacomo (independent non-executive Director).

The role of the Chief Executive Officer is filled by John Butterworth.

Recommendation 2.4 – The Board should establish a nomination committee.

The Company does not have separate nomination, audit or remuneration committees as matters relevant to those committees are dealt with by the full Board.

Recommendation 2.5 – Disclose the process for evaluating the performance of the Board, its committees and individual directors.

The Board is charged with Board and Board Committee membership, succession planning and performance evaluation, as well as Board member induction, education and development.

The Company has adopted policies and procedures concerning the evaluation and development of its directors, executives and Board committee. Procedures include an induction protocol and ongoing discussions on performance for the Board and its directors.

The Company's Process for Performance Evaluation is available on the Company's website.

Recommendation 2.6 – Provide the information indicated in *Guide to reporting on Principle 2.*

Contained in the Directors' Report section of this Annual Report are details of the skills, experience and expertise relevant to the position of director held by each Director in office at the date of this Annual Report;

The terms of office, and their status as executive/non-executive/independent, for each director for the year ending 30 June 2011 were as follows :

Sam Di-Giacomo	Non-executive/independent 13 December 2006 to 30 June 2011
Richard Chan	Executive/ non-independent 15 February 2008 to 30 June 2011
Harry VK Lee	Non-executive 25 January 2011 to 30 June 2011

The Company has accepted the definition of "independence" in the Recommendations in the above analysis.

The Company's Corporate Governance Charter empowers a director to take independent professional advice at the expense of the Company.

The full Board carries out the role of the Nomination Committee and discussions about nomination-related issues occurred during the year and were minuted as part of the relevant board meeting.

In accordance with the Process for Performance Evaluation, an evaluation of Board Performance took place during the period in accordance with this process.

The Company departed from the Recommendations in that the Company does not have separate nomination, audit or remuneration committees as matters relevant to those committees are dealt with by the full Board.

The Company's procedure for the selection and appointment of new directors is available on the Company's website along with a copy of the Nomination Committee Charter which the Board refers to when discussing matters relevant a Nomination Committee.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

Recommendation 3.1: Establish a code of conduct and disclose the code, or a summary as to:

3.1.1 the practices necessary to maintain confidence in the company's integrity;

3.1.2 the practices necessary to take into account legal obligations and reasonable expectations of stakeholders;

3.1.3 the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Company has established a formal code of conduct to guide the Directors, the CEO and the CFO (or equivalent) with respect to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account legal obligations and reasonable expectations of stakeholders, and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices. The code of conduct is disclosed on the company's website.

Recommendation 3.2: Establish and disclose the Policy Concerning Trading in Company Securities by directors, officers and employees.

The Company's policy concerning trading in Company securities by Directors, officers and employees is set out on the Company's website.

Recommendation 3.3: Provide the Information Indicated in *Guide to Reporting on Principle 3.*

The Company is not aware of any departures from Recommendations 3.1, 3.2 or 3.3.

Copies of the Company's Code of Conduct and its Share Trading Policy are publicly available on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Recommendation 4.1, 4.2, 4.3 and 4.4: The Board should establish an Audit Committee.

The Board has not established a separate Audit Committee as matters relevant to the Audit Committee are dealt with by the full Board. A copy of the Company's Audit Committee Charter is available on the Company's website and is used by the full Board when considering matters relevant to an Audit Committee. The Company's process for the selection, appointment and rotation of the Company's external auditors is also available on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Recommendation 5.1: Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of them.

The Company has established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for the compliance.

Recommendation 5.2: Provide the information indicated in *Guide to reporting on Principle 5.*

The Company is not aware of any departure from Recommendations 5.1 or 5.2.

The Company's Policy on ASX Listing Rule Compliance is publicly available on the Company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Recommendation 6.1: Design and disclose a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings.

The Company has adopted policies formally setting out the Company's communications strategy with its stakeholders including the effective use of electronic communications.

The board encourages the attendance of shareholders at the Shareholders' Meetings and sets the time and place of each Shareholders Meetings to allow maximum attendance by shareholders.

Recommendation 6.2: Provide the information indicated in Guide to reporting on Principle 6.

Details of how the Company will communicate with its shareholders publicly is set out under the heading "Shareholder Communication Policy" which is publicly available on the Company's website.

The Company is not aware of any departure from Recommendations 6.1 or 6.2.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Board has adopted a formal policy on risk oversight and management.

A summary of the Company's policy on these matters is set out under the heading "Summary of Risk Management Policy" which is publicly available on the Company's website.

Recommendation 7.2: The Board to require management to design and implement the risk management and internal control system to manage the Company's material business risks, and report to it on whether those risks are being managed effectively. Board to disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Whilst a formal risk management and internal control system is not in place, the Board has required management to progress matters and report to it in the terms of this Recommendation. It is envisaged that a formal system for the managing material business risks will be implemented during the next financial year.

Recommendation 7.3: Board to disclose whether it has received assurance from the CEO (or equivalent) and the CFO (or equivalent) that the declaration provided in accordance with S.295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Company's CEO and CFO (or equivalent) provided the Board assurance in compliance with this Recommendation that the declaration provided in accordance with S.295A of the Corporations Act was founded on a sound system of risk management and internal control and that system was operating effectively in all material respects in relation to financial reporting risks.

Recommendation 7.4: Provide the information indicated in *Guide to reporting on Principle 7*.

The Company is not aware of any departure from Recommendations 7.1, 7.2 or 7.3 although notes it is continuing to develop and refine its risk management and internal control processes..

A summary of the Company's policies on risk oversight and management of material business risks is publicly available under the heading "Risk Management Policy" in the Charter on the Company's website.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Recommendation 8.1: The Board should establish a remuneration committee.

The Board has not established a Remuneration Committee as matters relevant to the Remuneration Committee are dealt with by the full Board.

Recommendation 8.2: Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

The structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives.

The level of remuneration packages and policies applicable to directors and the Chief Executive Officer are detailed in the Remuneration Report which forms part of the Directors' Report to this Annual Report.

The Board as a whole is responsible for considering remuneration policies and packages applicable to both the Board members and senior executives of the Company. Broadly, the Company's remuneration policy is to ensure that any remuneration package properly reflects the person's duties and responsibilities and that it is competitive in attracting, retaining and motivating people of the highest quality.

A majority of the company's assets are investments and intangibles and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, executive directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The Board does not endorse the use of bonus payments for directors and senior executives at this point in time. Performance incentives may be issued in the event that this situation changes and key performance indicators such as growth and profits will be used as measurements for assessing Board performance.

The Company's non executive directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's non executive directors reflect the demands on, and responsibilities of the directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to non executive directors with reference to market standards.

Non executive directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Company's development. Such options vest across the life of the option and are primarily designed to provide an incentive to non executive directors to remain with the Company. As at the date of this report, no such options have been granted.

Recommendation 8.3: Provide the information indicated in *Guide to reporting on Principle 8*

The Board has not established a Remuneration Committee as matters relevant to the remuneration committee are dealt with by the full Board. Remuneration policies and packages are discussed at board meetings throughout the year.

Non Executive Director Retirement Benefits

Non-executive directors are entitled to statutory superannuation. There are no other schemes for retirement benefits for non-executive directors.

Information Publicly Available

The Company's website contains a section formally setting out the Remuneration Committee Charter which is used by the Board when considering matters relevant to a Remuneration Committee

Directors' report

The directors of Millepede International Limited (the company) and its subsidiaries (together the Group) submit herewith the annual financial report of the company for the financial year ended 30 June 2011. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Information about directors and senior management

The names and particulars of the directors of the company during or since the end of the financial year are:

Name	**Particulars**
Santino (Sam) Di-Giacomo	*Non Executive Director and Chairman* Mr Di-Giacomo brings a considerable business background to the company. He has been involved in numerous capital raisings at all stages from seed to IPO and a number of technology and distribution licensing deals. He has experience in international expansion including capital market initiatives, Australian and international listings, capital raisings (NASDAQ and LSE) and the capture of new intellectual property. He is also a founding member of a number of Australian Life Science Companies including sPimedica Ltd, Australian Cancer Technology (now Avantogen), Resonance Health, and founding a director of Advance Healthcare Group. Mr Di-Giacomo is an Associate member of The Institute of Chartered Accountants in Australia (ACA) in addition to being a Certified Practising Accountant (CPA). He is a Fellow of both the Financial Services Institute of Australia (FINSIA), with a Graduate Diploma in Corporate Finance, and the Australian Institute of Management.
Richard Chan	*Executive Director* Mr Chan completed a Bachelor of Science, Business Administration majoring in Finance and Marketing at the Pepperdine University in California in 1987 and has since gained extensive corporate experience, most recently as Managing Director of the Singapore public listed company CarrierNet International Limited.
Harry V.K. Lee	*Non Executive Director* Mr Lee is the CEO of the HRL Group of companies. The group activities include investment holding and civil engineering. He has over 20 years experience in sales and marketing and in the management of companies in the construction related industries. Mr Lee was appointed on 25 January 2011.
Kee Tang	*Non Executive Director* Mr Tang graduated with a Bachelor of Commerce (Honours) degree from the University of Manitoba (Canada) majoring in accounting and finance. He has over 28 years of experience in the banking, corporate finance and telecommunications industries where he has held several senior management positions. During the last 10 years he was the founder of several telecommunication companies which were eventually acquired by public companies listed on the Australian Securities Exchange (ASX). After each of the acquisitions he was retained to serve on the Board of Directors and to continue in senior management positions. He has extensive experience as a Company Director having served on the board of ASX listed companies and their subsidiaries. Mr.Tang resigned on 14 June 2011.

Directorships of other listed companies

Directorships of other listed companies held by directors in the 3 years immediately before the end of the financial year are as follows:

Name	Company	Period of directorship
Sam Di-Giacomo	Rockeby Biomed Limited	April 2006 – June 2008
	APAC Coal Limited	June 2007 – Present
	Asian Centre for Liver Diseases and Transplantation Ltd (Formally Costarella Design Limited)	June 2006 – August 2009
Richard Chan	Asian Centre for Liver Diseases and Transplantation Ltd (Formally Costarella Design Limited)	July 2008 – August 2009
Harry VK Lee	Asian Centre for Liver Diseases and Transplantation	April 2011 – Present
Kee Tang	Asian Centre for Liver Diseases and Transplantation Ltd	August 2010 – 14 June 2011

Directors' shareholdings

The following table sets out each director's relevant interest in shares, debentures, and rights or options in shares or debentures of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Sam Di-Giacomo	-	-
Richard Chan	37,545,502	-
Harry Lee	43,539,015	-
Kee Tang	-	-

Remuneration of directors and senior management

Information about the remuneration of directors and senior management is set out in the remuneration report of this directors' report.

Share options granted to directors and senior management

During and since the end of the financial year no share options were granted to directors or the five highest remunerated officers of the company as part of their remuneration.

Company secretary

Sam Di-Giacomo CPA, ACA (appointed 17 February 2010).

Principal activities

The Group's principal activities during the course of the financial year were the development of continuous injection modeling technology, the production and marketing of the Mille-Ties product and investment in other listed and unlisted entities.

Review of operations

Results

The result of the Group from continuing operations for the financial year ended 30 June 2011 was a loss after income tax of $555,794(2010: restated loss $335,049).

Significant changes in state of affairs

There were no changes in environmental or other legislative requirements during the year that have significantly affected the results or operations of the consolidated entity.

Subsequent events

Subsequent to the end of the financial year the Company announced the proposed acquisition of the PrimeARC Group. For details please refer to the Company's announcement dated 12 August 2011.

Environmental regulations

The Group's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Group has adequate systems in place for the management of its environmental regulations and is not aware of any breach of those environmental requirements as they apply to the Group.

Dividends

No dividends have been paid or declared since the start of the financial year.

Share options

Shares under option or issued on exercise of options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Millepede International Limited	52,879,961	Ordinary	$0.05	31 March 2012

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

No shares were issued during or since the end of the financial year as a result of exercise of an option.

Indemnification of officers and auditors

The consolidated entity has entered into a deed of indemnity and access with each of its Directors and the Company Secretary.

Under the deeds the Company has agreed to indemnify each officer to the extent permitted by the Corporations Act against any liability as a result of the officer acting as an officer of the Company. The Company is required under the deeds to maintain insurance policies for the benefit of the relevant officer for the term of the appointment and for a period of seven years after retirement or resignation.

As at the date of this report, an insurance policy is in place in respect of insuring the Directors and officers of the Company and of any related body corporate against a liability incurred as such a director or officer. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or related body corporate against a liability incurred as an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director). During the financial year, three board meetings were held.

	Board of directors		Audit Committee	
Directors	Eligible to attend	Attended	Eligible to attend	Attended
Sam Di-Giacomo	3	3	1	1
Richard Chan	3	3	1	1
Harry Lee	1	1	1	1
Kee Tang	3	3	1	1

The Company does not have separate nomination or remuneration committees as matters relevant to those committees are dealt with by the full Board.

Remuneration report (Audited)

This report outlines the remuneration arrangement in place for directors and executives of Millepede Internatinal Limited (the company).

Key management personnel details

The key management personnel of Millepede International Limited during the year or since the end of the year were:

- Sam Di-Giacomo, Non Executive Director and Chairman
- Richard Chan, Executive Director
- Kee Tang, Non Executive Director (resigned on 14 June 2011)
- Harry Lee Non Executive Director (appointed on 25 January 2011)
- John Butterworth, Chief Executive Officer

The prescribed details for each person covered by this report are detailed below under the following headings:

- key management personnel details;
- remuneration policy and relationship between the remuneration policy and company performance;
- remuneration of key management personnel; and
- key terms of employment contracts

Remuneration policy and relationship between the remuneration policy and company performance

Key management personnel (excluding Non Executive Directors)

The Board as a whole are responsible for considering remuneration policies and packages applicable to both the Board members and senior executives of the Group. Broadly, the Group's remuneration policy is to ensure that any remuneration package properly reflects the person's duties and responsibilities and that it is competitive in attracting, retaining and motivating people of the highest quality.

Executives

The remuneration policy for executives is that they receive fixed remuneration in the form of a base salary (inclusive of statutory superannuation).

A majority of the company's assets are investments and intangibles and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions, within the same industry. The Board does not endorse the use of bonus payments for directors and senior executives at this point in time. Performance incentives may be issued in the event that is situation changes and key performance indicators such as growth and profits will be used as measurements for assessing Board performance.

Non Executive Directors

The Company's non executive directors receive only fees (including statutory superannuation) for their services and the reimbursement of reasonable expenses. The fees paid to the Company's non executive directors reflect the demands on, and responsibilities of the directors. They do not receive any retirement benefits (other than compulsory superannuation). The Board decides annually the level of fees to be paid to non executive directors with reference to market standards.

Non executive directors may also receive share options where this is considered appropriate by the Board as a whole and with regard to the stage of the Group's development. Such options vest across the life of the option and are primarily designed to provide an incentive to non executive directors to remain with the Company. As at the date of this report, no such options have been granted.

A non executive directors' fee pool limit of $200,000 per annum was approved by the shareholders at the Annual General Meeting in November 2007 and is currently utilised to a level of $71,000 per annum. The fees currently paid to the non executive Chairman is $36,000 per annum plus statutory superannuation and $35,000 per annum plus statutory superannuation where applicable for the non executive director.

Remuneration of key management personnel

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		% of compensation linked to performance
2011	Salary & fees $	Bonus $	Non-monetary $	Other $	Super-annua-tion $	$	Options $	Total $	$
Directors									
Sam Di-Giacomo	36,136				3,252			39,388	
Harry Lee	15,750				1,418			17,168	
Kee Tang	35,036				3,153			38,189	
Richard Chan	46,626							46,626	
Executives									
John Butterworth	72,949				-			72,949	
Total	206,497				7,823			214,320	

	Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payment		% of compensation linked to performance
2010	**Salary & fees $**	**Bonus $**	**Non-monetary $**	**Other $**	**Super-annuation $**	**$**	**Options $**	**Total $**	**$**
Directors									
Sam Di-Giacomo	36,000	-	-	-	3,240			39,240	
Kee Tang	35,000	-	-	-	3,150			38,150	
Richard Chan	37,920	-	-	-	-			37,920	
Executives									
John Butterworth	72,949	-	-	-	-			72,949	
Total	181,869	-	-	-	6,390			188,259	

No director or executive appointed during the year received a payment as part of his consideration or agreeing to hold the position.

Bonuses and share based payments granted as compensation for the current financial year.

No bonuses or share based payments were granted for the current financial year.

Key terms of employment contracts

The group currently has two executive officers, Mr Chan and Mr Butterworth who take part in the management of the group. The Company has a service contract in place with each director. The directors will not be paid a termination benefit upon ceasing employment. There is currently no termination period agreed through contract with any of the key management personnel.

Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Auditor Independence Declaration to the Directors of Millepede International Limited

The auditor's independence declaration for the year ended 30 June 2011has been received and is to be found on page 15.

Non-audit services

There were no non-audit services provided by the auditor during the year.

This directors' report is signed in accordance with a resolution of directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors

Richard Chan
Executive director

Singapore, September 29, 2011

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Stantons International Audit and Consulting Pty Ltd
(ABN 84 144 581 519) trading as
Stantons International
Chartered Accountants and Consultants

29 September 2011

Board of Directors
Millepede International Ltd
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 audit of the financial statements of Millepede International Limited for the year ended 30 June 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours Faithfully

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

John Van Dieren
Director

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Chartered Accountants and Consultants

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

Report on the Financial Report

We have audited the accompanying financial report of Millipede International Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

Basis for Qualified Audit Opinion

The group's consolidated financial report for the year ended 30 June 2011 includes the results and the net assets of the group's subsidiaries namely Millepede Marketing Limited (UK), Millepede USA Inc and Amrita Investment Group Pte Ltd (Singapore) (whose operations were discontinued during the year).

In respect of these subsidiaries the consolidated financial report for the year ended 30 June 2011 includes $332,739 and $408,952 relating to revenues and expenditure respectively and the amounts of $203,762 and $168,302 relating to assets and liabilities respectively as at 30 June 2011.

The financial statements of Millepede Marketing Limited (UK), Millepede USA Inc. and Amrita Investment Group Pte Ltd for the year ended 30 June 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), Millepede USA Inc. and Amrita Investment Group Pte Ltd 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 year ended 30 June 2011.

Auditor's opinion
In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves on the net income and net assets of Millepede Marketing Limited (UK), Millepede USA Inc. and Amrita Investment Group Pte Ltd as referred to in the qualification paragraph above:

(a) 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 30 June 2011 and of its performance for the half year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Emphasis on Matter of Going Concern and Carrying Value of Assets and Liabilities

Without qualification to the audit 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 a going concern basis. At 30 June 2011 the consolidated entity had working capital of $447,734 and the consolidated entity incurred losses for the year of $524,481. Accumulated losses at 30 June 2011 for the consolidated entity are $11,087,549. The directors have stated in note 1 that the consolidated entity is dependent upon:

- Successfully acquiring a new business which will provide cash flow for the group;
- Ensuring the operating subsidiaries commence profitable trading;
- Obtaining additional funds through successful fund raising.

The ability of the consolidated entity to continue as a going concern and to meet planned and committed expenditure requirements is subject to the directors proposed plans as set out in note 1 being met and the consolidated equity raising further equity and/or loan capital, and returning to profitability through its existing businesses and proposed business activities. In our opinion there is uncertainty as to when or whether these objectives will be met.

In the event that the consolidated entity is not successful in returning to profitable operations and/or raising further equity and loan funds, the consolidated entity may not be able to continue as a going concern and the realisable value of the consolidated entity's assets may be significantly less than their current carrying values.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 12 of the directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's opinion
In our opinion the remuneration report of Millipede International Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.

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

Stantons International Audit and Consulting Pty Ltd

John Van Dieren
Director

West Perth, Western Australia
29 September 2011

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Directors' declaration

In accordance with a resolution of the directors of Millepede International Limited Limited, I state that:

(1) The directors declare that:

(a) In the directors' opinion, the consolidated financial statements and notes of the Company and the remuneration disclosures that are contained in the Remuneration Report in the Directors Report are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2011 and its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards, International Financial Reporting Standards and Corporations Regulations 2001.

(b) 1. 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

(c) 2. The directors have been given the declarations required by s295A of the Corporations Act 2001.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295(5) of the Corporations Act 2001 for the financial year ended 30 June 2011.

On behalf of the Directors

Richard Chan
Executive director

Singapore, September 29, 2011

Consolidated statement of comprehensive income

for the financial year ended 30 June 2011

	Note	Consolidated 2011 $	Consolidated Restated 2010 $
Continuing operations			
Revenue	5	330,103	489,479
Cost of sales		(222,153)	(301,325)
Gross profit		107,950	188,154
Other income	5	25,364	19,745
Borrowing costs		(179)	-
Depreciation and amortisation expenses	6	(8,986)	(14,381)
Loss on disposal of subsidiary		(882)	-
Other expenses from ordinary activities	6	(679,241)	(528,567)
(Loss) from continuing operations before income tax		(555,974)	(335,049)
Income tax expense	7	-	-
(Loss) from continuing operations after income tax		(555,974)	(335,049)
Discontinued operation	26		
(Loss) from discontinued operation (net of income tax)		(1,220)	(189,432)
(Loss) for the year		(557,194)	(524,481)
Other comprehensive income			
FX gains/(losses) on translation of foreign operations		(11,883)	13,552
Gain/(loss) on revaluation of investments		70,682	(29,506)
Total comprehensive (loss) for the year		(498,395)	(540,435)
(Loss) for the year attributable to the members of the parent		(557,194)	(524,481)
Total comprehensive (loss) for the year attributable to the members of the parent		(498,395)	(540,435)
Basic loss per share from continuing operations (cents per share)	17	(0.20)	(0.12)
Diluted loss per share from continuing operations (cents per share)	17	(0.20)	(0.12)

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of financial position

as at 30 June 2011

		Consolidated	
			Restated
		2011	2010
	Note	$	$
Current assets			
Cash and cash equivalents	20(a)	55,352	254,086
Trade and other receivables	8	67,737	148,340
Inventories	9	45,944	71,922
Other assets	10	437	541
Assets of discontinued subsidiary held for sale	26	2,501	-
Other financial assets	11	-	214,588
Total current assets		171,971	689,477
Non-current assets			
Intangible assets	12	-	-
Property, plant and equipment	13	66,621	83,988
Total non-current assets		66,621	83,988
Total assets		238,592	773,465
Current liabilities			
Trade and other payables	14	205,265	241,743
Total current liabilities		205,265	241,743
Total liabilities		205,265	241,743
Net assets		33,327	531,722
Equity			
Issued capital	15	10,507,536	10,507,536
Reserves	16	1,170,534	1,111,735
Accumulated losses	16	(11,644,743)	(11,087,549)
Total equity		33,327	531,722

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of changes in equity
for the financial year ended 30 June 2011

	Contributed equity	Option reserve	Foreign currency translation reserve	Revaluation reserve	Accumulated losses	Total Equity
	$	$	$	$	$	$
As at 1 July 2009	10,507,536	893,507	275,358	(41,176)	(10,563,068)	1,072,157
Net loss for the year					(524,481)	(524,481)
Other comprehensive income for the year						
Foreign Currency translation reserve movement			13,552			13,552
Net unrealised loss on avaialble for sale financial assets.				(29,506)		(29,506)
Total comprehensive income for the year			13,552	(29,506)	(524,481)	(540,435)
Balance at 30 June 2010	10,507,536	893,507	288,910	(70,682)	(11,087,549)	531,722
As at 1 July 2010	10,507,536	893,507	288,910	(70,682)	(11,087,549)	531,722
Net loss for the year					(557,194)	(557,194)
Exchange differences arising on translation of foreign operations						
Other comprehensive income for the year						
Foreign Currency translation reserve movement			(11,883)			(11,883)
Net unrealised loss on avaialble for sale financial assets.				70,682		70,682
Total comprehensive income for the year			(11,883)	70,682	(557,194)	(498,395)
Balance at 30 June 2011	10,507,536	893,507	277,027	-	(11,644,743)	33,327

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of cash flows

for the financial year ended 30 June 2011

	Note	Consolidated 2011 $	2010 $
Cash flows from operating activities			
Receipts from customers		244,286	407,444
Payments to suppliers and employees		(723,463)	(888,012)
Interest received		2,307	10,572
Dividends received		-	5,434
Other income received		-	2,303
Interest and other costs of finance		(179)	-
Net cash used in operating activities	20(b)	(477,049)	(462,259)
Cash flows from investing activities			
Proceeds from sale of listed securities	5b(iv)	331,198	16,992
Payment for purchase of listed securities	11	(24,779)	(198,797)
Payments for property, plant and equipment	13	-	(20,919)
Net cash used in investing activities		306,419	(202,724)
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		(170,630)	(664,983)
Cash and cash equivalents at the beginning of the financial year		254,086	902,926
Effects of exchange rate changes on the balance of cash held in foreign currencies		(25,603)	16,143
Cash and cash equivalents at the end of the financial year	20(a)	57,853	254,086

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

1. General information

Millepede International Limited, ("the Company", with its subsidiaries "the Group") is a public company listed on the Australian Securities Exchange (trading under the symbol "MPD") and operating in Australia, the United States of America, the United Kingdom and Singapore.

Millepede International Limited's registered office and its principal place of business is as follows:

Level 1
181 Malop Street
GEELONG, Victoria 3220

The Group's principal activities during the course of the financial year were the development of continuous injection modeling technology, the production and marketing of the Mille-Ties product and investment in other listed entities.

2. Significant accounting policies

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and complies with other requirements of the law.

The financial report includes the consolidated financial statements of the Group.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with A-IFRS ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial report has been prepared on the basis of historical cost, except for the revaluation of certain available for sale financial assets. 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.

Separate financial statements for Millepede International Limited as an individual entity are no longer presented as the consequence of a change to the Corporations Act 2001, however, required financial information for Millepede International Limited as an individual entity is included in Note 26.

Going concern

The Group has incurred a net loss after tax for the year ended 30 June 2011 of ($557,194) (2010:$ 524,481). As at 30 June 2011, the Group had net current assets/(liabilities) of ($33,294) (2010:$ 447,734).

Whilst the Group 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. The Directors believe this to be appropriate for the following reasons:

1. the Company has the option to reduce corporate and other non-sales resources without materially affecting revenue activities;
2. the Company believes it has the ability to raise additional funding if required.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, management is required to make judgements, 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 experiences and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Refer to Note 3 for a discussion of critical judgements in applying the entity's accountings policies and key sources of estimation uncertainty.

Adoption of new and revised Accounting Standards

Changes in accounting policy on initial application of Accounting Standards

New Accounting Standards for Application in Future Periods

The Company has adopted all new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current year. Disclosures required by these Standards that are deemed material have been included in this financial statement on the basis that they represent a significant change in information from that previously made available and are detailed below.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of financial statements. Changes reflected in this financial report include:

- the replacement of the Income Statement by the Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of other comprehensive income. In this regard, such items are no longer ereflected as equity movements in the Statement of changes in Equity;
- the adoption of the single statement approach to the presentation of the Statement of Comprehensive Income.

Other accounting standards which are effective for this accounting period include AASB 3 – Business Combinations, AASB127 Consolidated and Separate Financial Statements and AASB 8 Segment Reporting.

The consolidated entity has applied AASB 8 Operating Segments with effect from 1 July 2009. AASB 8 requires the entity to identify operating segments and disclose segment information on the basis of internal reports that are provided to, and reviewed by, the chief operating decision maker of the consolidated entity to allocate resources and assess performance. In the case of the consolidated entity, the chief operating decision maker is the Board of Directors. Operating segments now represent the basis on which the Company reports its segment information to the Board on a monthly basis. The change in policy has not resulted in a change to the disclosure presented.

Business combinations

Revised AASB 3 Business Combinations and AASB 127 Consolidated and Separate Financial Statements apply prospectively from 1 July 2009. Changes introduced by these standards which are expected to affect the Company, include the following:

- Costs incurred that relate to the business combination are expensed instead of comprising part of the goodwill acquired on consolidation;
- Any non-controlling interest (previously known as minority interest) in an acquiree is measured at either fair value or as the non-controlling interest's proportionate share of net identifiable assets of the acquiree;
- The acquirer is prohibited from recognising contingent liabilities of the acquiree at acquisition date that do not meet the definition of a liability;
- Consideration for the acquisition, including contingent consideration, must be measured at fair value at acquisition date. Subsequent changes in the fair value of contingent consideration payable are not regarded as measurement period adjustments but are rather recognised in accordance with other Australian Accounting Standards as appropriate;
- The proportionate interest in losses attributable to non-controlling interests is assigned to non-controlling interests irrespective of whether this results in a deficit balance. Previously, losses causing a deficit to non-controlling interests were allocated to the parent entity; and
- Where control of a subsidiary is lost, the balance of the remaining investment account shall be remeasured to fair value at the date that control is lost.

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows;

- AASB 9: Financial Instruments and AASB 2009-11; Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 138, 139, 1023 & 1038 and Interpretations 10 & 121 (applicable for annual reporting periods commencing on or alter 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

  - simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - simplifying the requirements for embedded derivatives;
  - removing the tainting rules associated with held-to-maturity assets;
  - removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
  - allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on

investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument; and

- reclassifying financial assets where there is a change in an entity's business model as they are initially classified based on;

a. the objective of the entity's business model for managing the financial assets; and

b. the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-5; Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. No changes are expected to materially affect the Group.

- AASB 2009-8; Amendments to Australian Accounting Standards - Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009-9: Amendments to Australian Accounting Standards - Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards - Classification of Rights Issues [AASB 132] applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard makes a number of editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement [AASB interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan. This standard will not impact the Group.

- AASB Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

  The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the company or the Group.

These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

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

(a) Basis of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Millepede International Limited at the end of the reporting period. A controlled entity is any entity over which Millepede International Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 20 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(b) Revenue recognition

Revenue from sales are recognised at fair value of the consideration received net of the amount of goods and services tax (GST).

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

(c) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cashflows are included in the statement of cash flows on a gross basis. The GST components of cashflows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

(d) Foreign currency translation and balances

Both the functional and presentation currency of Millepede International Limited is Australian dollars.

The functional currency of the Company's overseas subsidiaries is British Pounds, United States Dollars and Singapore Dollars.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of the overseas subsidiaries are translated into the presentation currency of Millepede International Limited at the rate of exchange ruling at the balance date and the statement of comprehensive income is translated at the weighted average exchange rates for the period.

The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(e) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Millepede International Limited and its subsidiaries have unused tax losses. However, no deferred tax balances have been recognised, as it is considered that asset recognition criteria have not been met at this time.

(f) Intangibles

Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

(g) Investments

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

(h) Trade & other receivables

The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Trade debtors are settled within 60 days and are carried at amounts due.

(i) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting year in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

(j) Leased assets

Leases under which the consolidated entity assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(k) Trade & other payables

Liabilities are recognised for amounts to be paid in the future for goods and services received. Trade accounts payable are normally settled within 30 days.

(l) Acquisition of assets

All assets acquired included property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued at consideration, their market price at the date of acquisition is used as fair value.

Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

(m) Plant and Equipment

Plant and equipment are carried at cost less accumulated depreciation and impairment losses. All assets are depreciated over their estimated useful lives on a reducing balance basis commencing from the time the asset is ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The expected useful lives are as follows:

Motor vehicles	5 years
Computer hardware	3 years
Office equipment and furniture	3 to 10 years

(n) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to present location and condition, based on normal operating capacity of the production facilities.

(o) Employee entitlements

The provisions for employee entitlements to wage, salaries and annual leave represent present obligations resulting from employees' services provided up to balance date, calculated at nominal amounts based on remuneration wage and salary rates that the consolidated entity expects to pay.

(p) Patents and Trademarks

Patents and trademarks are brought to account at cost.

The cost of patents and trademarks are amortised over the years in which the related benefits are expected to be realised. The balances are reviewed annually to determine the appropriateness of the carrying values.

(q) Share-based payment transactions

The Group provides benefits to employees (including Directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a binomial or Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Millepede International Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(r) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

Change in accounting policy

The Group has adopted AASB 8 Operating Segments from 1 July 2009. AASB 8 replaces AASB 114 Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. In this regard, such information is provided using similar measures to those used in preparing the statement of comprehensive income and statement of financial position. The Group operates in production and marketing of the Mille-Ties product in overseas. There has been no change in the number of reportable segments presented to comply with this standard.

3. Critical accounting judgements and key sources of estimation uncertainty

Judgements made by management in the application of A-IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant note to the financial statements.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

Impairment of goodwill and intangibles with indefinite useful lives:

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Income Taxes

The Group is subject to income taxes in Australia. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination may be uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the current and deferred tax provisions in the periods in which such determination are made. At 30 June 2010, management believes there are no material judgement areas which would result in the actual final outcome differing from the calculated income tax.

4. Segment information

The Group has four geographic segments, being Australia, United Kingdom, and United States, and one business segment being the development, production and marketing of the Mille-Ties technology. The below segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by the Group's chief operating decision maker which is the Board of Directors.

Segment revenue

	External segment revenue		Inter-segment revenue		Total	
	2011 $	2010 $	2011 $	2010 $	2011 $	2010 $
Australia	22,692	19,747	-	-	22,692	19,747
United Kingdom	81,743	164,964	8,606	9,306	90,349	174,270
United States	332,249	324,515	-	-	332,249	324,515
Singapore	178	2,679	-	-	178	2,679
Total of all segments					445,468	521,211
Eliminations					(110,001)	(9,306)
Consolidated					335,467	511,905

Segment result

	2011 $	2010 $
Australia	(461,371)	(451,890)
United Kingdom	(26,991)	(111,957)
United States	(67,612)	(60,353)
Singapore	(1,220)	(189,432)
Total of all segments	(557,194)	(813,632)
Eliminations	-	289,151
Loss before income tax benefit	(557,194)	(524,481)
Income tax benefit	-	-
Loss for the period	(557,194)	(524,481)

Segment assets and liabilities

	Assets		Liabilities	
	2011 $	2010 $	2011 $	2010 $
Australia	56,011	459,629	(36,963)	(51,426)
United Kingdom	89,708	151,617	(91,074)	(710,346)
United States	200,081	190,655	(893,596)	(726,212)
Singapore	2,501	6,603	(185,177)	(202,796)
Total of all segments	348,301	808,504	(1,206,810)	(1,690,780)
Eliminations	(109,709)	(35,039)	1,001,545	1,449,037
Consolidated	238,592	773,465	(205,265)	(241,743)

Other segment information

	Depreciation and amortisation		Provision for non-recoverability of loans	
	2011 $	2010 $	2011 $	2010 $
Australia	-	-	-	-
United Kingdom	(8,986)	(14,381)	-	-
United States	-	-	-	-
Singapore	(168)	-	-	-
Total of all segments	(9,154)	(14,381)	-	-

5. Revenue

An analysis of the Group's revenue for the year, from continuing operations, is as follows:

	Consolidated	
	2011	2010
	$	$
a) Revenue		
Revenue from the sale of goods	330,103	489,479
b) Other income		
(i) Interest revenue	1,653	7,891
(ii) Other income	2,673	8,389
(iii) Gain on sale of investments (refer to iv)	21,038	3,465
	25,364	19,745
(iv) Gain on sale of investment		
Proceed from sale of listed securities	331,198	16,992
Cost of listed securities sold	(239,478)	(13,527)
Reversal of the revaluation reserve	(70,682)	-
	21,038	3,465

6. Loss for the year

Loss for the year includes the following expenses:		
Depreciation of non-current assets	8,986	14,381
Other expenses from ordinary activities:		
Management fees	147,782	60,419
Salaries	91,389	196,066
Audit, secretarial and accountancy fees	65,614	78,564
Consulting fees	8,167	95,208
Occupancy expenses	52,541	39,595
Other expenses	313,748	58,715
	679,241	528,567

7. Income Taxes

The prima facie income tax expense/(income) on pre-tax accounting profit from operations reconciles to the income tax expense in the financial statements as follows:

Loss from operations	(557,194)	(524,481)
Income tax expense calculated at 30%	(167,158)	(157,344)
Tax effect of amounts which are not deductible/(assessable)	6,000	(1,603)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	160,158	158,947
Income tax expense calculated at 30%	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

Unrecognised deferred tax assets/(liabilities)

	Consolidated	
	2011	2010
	$	$
The following deferred tax assets/(liabilities) have not been brought to account:		
Tax losses – revenue	2,883,963	2,359,482
Temporary differences	557,194	524,481
	3,441,157	2,883,963

Consolidated

8. Trade and other receivables	**2011 $**	**2010 $**
Trade receivables	67,737	90,646
Other receivables	-	57,694
	67,737	148,340

None of these receivable are past due or impaired. All receivables are within their normal credit terms.

9. Inventories		
Finished goods on hand, at cost	45,944	71,922
Less: provision for slow moving and obsolete inventories	-	-
	45,944	71,922

10. Other assets		
Prepayments	437	541

11. Other financial assets		
Loans carried at amortised cost:		
Non-Current		
Loans to other entities	1,308,172	1,308,172
Less: provision for non-recoverability	(1,308,172)	(1,308,172)
	-	-
Available-for-sale investments carried at fair value:		
Current		
Listed investments	-	214,588
Brought forward	214,588	58,824
Additions	24,779	198,797
Disposals	(280,544)	(13,527)
Movement due to fair value adjustment	41,177	(29,506)
	-	214,588
Disclosed in the financial statements as:		
Current other financial assets	-	214,588

12. Intangible assets

	Consolidated	
	2011 $	**2010 $**
Intellectual property	302,813	302,813
Less: accumulated amortisation	(302,813)	(302,813)
	-	-
Patents and trademarks	80,781	80,781
Less: accumulated amortisation	(80,781)	(80,781)
	-	-
Royalties	20,187	20,187
Less: accumulated impairment losses	(20,187)	(20,187)
	-	-
	-	-

13. Property, plant and equipment

	Consolidated Plant and equipment at cost $
Gross carrying amount	
Balance at 1 July 2009	375,962
Additions	20,919
Disposals	-
Net foreign currency exchange differences	(31,712)
Balance at 30 June 2010	365,169
Additions	-
Disposals	-
Net foreign currency exchange differences	(56,304)
Balance at 30 June 2011	308,865
Accumulated depreciation/ amortisation and impairment	
Balance at 1 July 2009	(295,920)
Depreciation expense	(14,381)
Disposals	
Net foreign currency exchange differences	29,120
Balance at 30 June 2010	(281,181)
Depreciation expense	(8,986)
Disposals	-
Net foreign currency exchange differences	47,923
Balance at 30 June 2011	(242,244)
Net book value	
As at 30 June 2011	66,621
As at 30 June 2010	83,988

The following useful lives are used in the calculation of depreciation:

Plant and equipment	3 – 10 years

Aggregate depreciation allocated, whether recognised as an expense or capitalised as part of the carrying amount of other assets during the year:

	Consolidated	
	2011 $	2010 $
Plant and equipment	66,621	83,988

14. Trade and other payables

	2011 $	2010 $
Trade creditors	138,894	193,050
Other creditors and accruals	66,371	48,693
	205,265	241,743

15. Issued capital

	Company 2011 $	Company 2010 $
273,796,059 fully paid ordinary shares (2010: 273,796,059)	10,507,536	10,507,536

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

	2011		2010	
	No.	$	No.	$
Fully paid ordinary shares				
Balance at beginning of financial year	273,796,059	10,507,536	273,796,059	10,507,536
Balance at end of financial year	273,796,059	10,507,536	273,796,059	10,507,536

Fully paid ordinary shares carry one vote per share and carry the right to dividends.
The Company has not issued any options during 2011 financial year.

Share options on issue

Share options issued by the Company carry no rights to dividends and no voting rights.

The Company has not granted any share options during the year ended 30 June 2011. There are 52,879,961 share options on issue from pior year with an exercisable price of $0.05 per share and expiry of 31 March 2011.

16. Reserves and accumulated losses

	Consolidated 2011 $	Consolidated 2010 $
Movements		
Foreign current translation reserve		
Balance at beginning of year	288,910	275,358
Exchange differences arising on translation of foreign operations	(1,096,177)	13,552
Foreign Currency translation reserve movement	1,084,294	-
Balance at end of the year	277,027	288,910
Options reserve		
Balance at beginning of year	893,507	893,507
Balance at end of year	893,507	893,507
Revaluation reserve		
Balance at beginning of year	(70,682)	(41,176)
Fair values movement	70,682	(29,506)
	-	(70,682)
Total Reserve	1,170,534	1,111,735

The investments revaluation reserve arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in profit or loss. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in profit or loss.

The option reserve records the share based payment on the issue of share options by the Company.

Exchange differences relating to the translation from the functional currencies of the Group's foreign controlled entities into Australian dollars are brought to account by entries made directly to the foreign currency translation reserve together with exchange differences on intercompany loan.

16. Reserves and accumulated losses (Cont'd)

	Consolidated 2011 $	Consolidated Restated 2010 $
Accumulated losses		
Balance at beginning of the year	(11,087,549)	(10,563,068)
Loss for the year	(557,194)	(524,481)
Restated losses carried forward	(11,644,743)	(11,087,549)

17. Loss per share

	Consolidated (Restated) 2011 Cents per share	Consolidated (Restated) 2010 Cents per share
Basic loss per share from continuing operations attributable to the ordinary equity holders of the parent	(0.20)	(0.12)

Basic loss per share

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

Net loss from continuing operations	(555,974)	(335,049)

	2011 No.	2010 No.
Weighted average number of ordinary shares for the purposes of calculating basic loss per share	273,796,059	273,796,059

Diluted loss per share

Diluted loss per share is the same as basic loss per share as the Company's potential ordinary shares are not considered dilutive and do not increase loss per share.

18. Contingent liabilities and contingent assets

There were no contingent assets or liabilities at the year end.

19. Subsidiaries

Name of entity	Country of incorporation	2011 % 2011 %	2011 % 2010 %
Parent entity			
Millepede International Limited	Australia	N/A	N/A
Subsidiaries			
Millepede Marketing Ltd (UK)	United Kingdom	97	97
Millepede USA Inc	United States	94	94
Amrita Investment Group Pte Ltd*	Singapore	100	100

* The operations of this subsidiary were wound down in February 2011.

20. Notes to the statement of cash flow

(a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the statement of financial position as follows:

	Consolidated	
	2011 $	2010 $
Cash and cash equivalents	57,853	254,086

The above cash balance includes $2,501 obtained from the discontinued Singaporean subsidiary.

(b) Reconciliation of loss for the period to net cash flows from operating activities

	Consolidated	
	2011 $	2010 $
Loss for the year	(557,194)	(524,481)
Depreciation and amortisation	9,154	14,381
Impairment	882	
Gain on sale of investments	(21,038)	(3,465)
Foreign exchange (gain)/loss	20,940	
Changes in net assets and liabilities:		
(increase)/decrease in trade and other receivables	80,603	(82,687)
(Increase)/decrease in prepayments	104	34
(Increase)/decrease in inventories	25,978	10,406
Increase/(decrease) in trade and other payables	(36,478)	123,553
Net cash used in operating activities	(477,049)	(462,259)

21. Financial instruments

(a) Overview

The Company and the Group have exposure to the following risks from their use of financial instruments

- Credit risk
- Liquidity risk
- Currency risk
- Interest rate risk
- Financial risk management
- Market price risk

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers.

The Group is not materially exposed to any individual overseas country or individual customer. The Group continuously monitors its trading terms with its counter parties and there are no debts that are past due or impaired and are in the initial credit terms.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 6 months, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted such as natural disasters.

21. Financial instruments (contd)

Liquidity risk table

The remaining contractual maturity for the non-derivative financial assets and liabilities of the Group shown in the tables below.

CONSOLIDATED 2011	Less than 1 month $	1-3 months $	3-12 months $	1 year to 5 years $	5+ years $	Total $
Financial assets						
Trade and other receivables	-	67,737	-	-	-	67,737
Listed investments	-	-	-	-	-	
	-	67,737	-	-	-	67,737
Financial liabilities						
Trade payables	-	205,265	-	-	-	205,265
	-	205,265	-	-	-	205,265
2010						
Financial assets						
Trade and other receivables	-	148,340	-	-	-	148,340
Listed investments	214,588	-	-	-		214,588
	214,588	148,340	-	-	-	362,928
Financial liabilities						
Trade payables	-	241,743	-	-	-	241,743
	-	241,743	-	-	-	241,743

Foreign currency risk

Currency risk is the risk that the value of a financial commitment, probable transaction, recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Group is primarily exposed to the risk of adverse movements in the Australian dollar compared to the United States dollar ("USD") and the British Pound ("GBP") as its sales are denominated in USD & GBP. The Group has exposure to movement in the Singapore dollar through a subsidiary. Most foreign currency transactions are not so substantial as to give rise to a material risk to the Group. Where management believes a material risk does arise, it is managed by loans to subsidiaries being denominated in Australian dollars.

Foreign currency sensitivity

The group is exposed to foreign exchange currency risk at balance date primarily through undertaking certain

transactions denominated in foreign currency as shown below based on notional amounts:

	30 June 2011	30 June 2010
Financial assets and liabilities	AUD $	AUD $
Loan receivable – Millipede subsidiaries	1,428,597	1,428,597
Loan payable – Millipede subsidiaries	(1,428,597)	(1,428,597)
Balance sheet exposure	-	-

The above mainly relates to the intercompany loans payable by the related entities to the parent.

These loans are denominated and payable by the respective subsidiaries in Australia Dollars. Each subsidiary has its own functional currency which has been stated as per the accountancy policy note 2 (d).These intercompany loans in the parent's books have been fully provided in the prior years. Therefore, on the Group level , there is no exposure to foreign currency risk.

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Interest rate risk

Some of the Group's assets are subject to interest rate risk but the group is not dependent on this income. Interest income is only incidental to the Group's operations and operating cashflows.

The exposure to interest rate risk as at 30 June 2011 and 30 June 2010 for the Group are shown in the tables below.

CONSOLIDATED	**Weighted average effective interest rate**	**Variable interest rate**	**Fixed maturity dates**						**Non interest bearing**	**Total**
			Less than 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5+ years**		
2011	**%**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets										
Cash and cash equivalents	1.6	57,853	-	-	-	-	-	-	-	57,853
Trade and other receivables	-	-	-	-	-	-	-	-	67,737	67,737
Other assets	-	-	-	-	-	-	-	-	437	437
Other financial assets	-	-	-	-	-	-	-	-	-	-
Financial liabilities										
Trade payables	-	-	-	-	-	-	-	-	205,265	205,265

CONSOLIDATED	**Weighted average effective interest rate**	**Variable interest rate**	**Fixed maturity dates**						**Non interest bearing**	**Total**
			Less than 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**5+ years**		
2010	**%**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets										
Cash and cash equivalents	1.6	234,700	19,386	-	-	-	-	-	-	254,086
Trade and other receivables	-	-	-	-	-	-	-	-	148,340	148,340
Other assets	-	-	-	-	-	-	-	-	541	541
Other financial assets	-	-	-	-	-	-	-	-	214,588	214,588
Financial liabilities										
Trade payables	-	-	-	-	-	-	-	-	241,743	241,743

Fair value of financial assets and liabilities

The fair values of financial assets and liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- The fair value of short term money instruments are determined by reference to amounts determined by the group's banks;
- The fair value of finance lease liabilities has been determined as being equal to the present value of the minimum lease payments discounted using prevailing market interest rates.

Financial Risk Management

Consolidated

2011

Financial Assets

	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Available-for-sale financial assets				
- listed investments	-	-	-	-
- unlisted investments	-	-	-	-
			-	

Consolidated

2010

Available-for-sale financial assets				
- listed investments	214,588	-	-	214,588
- unlisted investments	-	-	-	-
	214,588		-	214,588

Market price risk:
The Group is exposed to market price risk for its investments in ASX Listed Companies' shares. However, the Board is of the view that the risk is not significant hence no sensitivity risk analysis has been prepared.
The directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

	2011	
	Carrying amount	**Fair value**
	$	**$**
Group		
Financial assets		
Cash and cash equivalents	57,853	57,853
Trade and other receivables	67,737	88,919
Other financial assets	437	437
Financial liabilities		
Trade and other payables	205,265	205,265

22. Share-based payments

Employee share options

No options have been granted to employees or directors during the year and no options have vested during the year that were granted in a prior period. At 30 June 2011 there are no outstanding options on issue that were granted as share based payments.

23. Related party transactions

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in subsidiaries are disclosed in note 20 to the financial statements.

(b) Transactions with key management personnel

i. Key management personnel compensation

Compensation by category – Key Management Personnel

	Consolidated 2011	Consolidated 2010
	$	**$**
Short Term	206,497	181,869
Post Employment	7,823	6,390
Other Long term benefits	-	-
Termination benefits	-	-
Equity based payments	-	-
	214,320	188,259

ii. Key management personnel equity holdings

Fully paid ordinary shares of Millepede International Limited

	Balance at 1 July No.	Balance on appointment No.	Net other changes No.	Received on exercise of options No.	Balance on resignation No.	Balance at 30 June No.
2011						
Sam Di-Giacomo	-	-	-	-	-	-
Richard Chan	36,295,502	N/A	1,250,000	-	N/A	37,545,502
Kee Tang	-	-	-	-	-	-
John Butterworth	-	-	-	-	-	-
Harry Lee	-	-	43,539,015	-	-	43,539,015
2010						
Sam Di Giacomo	-	-	-	-	-	-
Richard Chan	36,142,502	N/A	153,000	-	N/A	36,295,502
Kee Tang	-	-	-	-	-	-
John Butterworth	-	-	-	-	-	-

There were no shares granted during the reporting period as compensation.

iii. Other transactions with key management personnel of the Group

(c) Transactions with other related parties

The loans to subsidiaries are unsecured, interest free, have no fixed repayment date and are subordinate to other liabilities. At 30 June 2011, all loans to Millepede US Inc and Millepede Marketing were impaired to Nil.

Transactions and balances between the company and its subsidiaries were eliminated in the preparation of consolidated financial statements of the Group (refer to note 26).

(d) Parent entity

The ultimate parent entity in the Group is Millepede International Limited.

24. Remuneration of auditors

	Consolidated	
	2011	2010
Auditor of the parent entity	**$**	**$**
Audit or review of the financial report		
	43,486	35,000
Other auditors		
Auditing the financial report	-	-
Other non-audit services	-	-
	43,486	35,000

The auditor of Millepede International Limited is Stantons International.

25. Parent Entity Information

The following information relates to the parent entity, Millepede International Limited, at 30 June 2011. The information presented here has been prepared using accounting policies consistent with those presented in note 2.

	2011	**2010**
	$	**$**
Current assets	55,356	459,627
Non-current assets	2	2
Total assets	55,358	459,629
Current liabilities	36,963	51,427
Total Liabilities	36,963	51,427
Net Assets	18,395	408,202
Issued capital	10,507,536	10,507,536
Reserves	956,511	822,825
Accumulated losses	(11,445,652)	(10,922,159)
Total equity	18,395	408,202
Loss for the year	(460,489)	(451,890)
Total comprehensive loss for the year	(460,489)	(422,384)

Movements in the loan to the Company's subsidiaries during the year were as follows:

Beginning of the year	1,428,597	1,228,597
Loans advanced	-	200,000
End of year	1,428,597	1,428,597
Provision for non-recovery	(1,428,597)	(1,428,597)
	-	-

26. Discontinued operation of subsidiary

In 28 Febury 2011, Amrita International Group which is the Singapore subsidiary of MPD was in liquidation. The segment has been treated as a discontinued operation at 30 June 2011 and the comparative statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

	Note	2011	2010
Results of discontinued operation			
Revenue		178	2,681
Expenses		(1,398)	(192,113)
Results from operating activities		(1,220)	(189,432)
Income tax			
Results from operating activities, net of tax		(1,220)	(189,432)
Gain on sale of discontinued operation		-	-
Income tax on gain on sale of discontinued operation		-	-
Profit (loss) for the period		(1,220)	(189,432)

The Loss from discontinued operation of $1,220 (2010: loss of $189,432).

EPS calculation

	2011	2010
Basic loss per share attributable to the ordinary equity holders of the parent (based on total loss for the year)	**(0.20)**	**(0.19)**
Net loss from all operations	(557,194)	(524,481)

	2011	2010
Cash flows from (used in) discontinued operation		
Net cash used in operating activities	(1,220)	(189,432)
Net cash from investing activities	-	-
Net cash from financing activities	-	-
Net cash flows tor the year	(1,220)	(189,432)

Effect of disposal on the financial position of the Group

	Note	2011
Property, plant and equipment		882
Cash and cash equivalents		2,501
Net assets and liabilities		3,383

27. Subsequent events

Subsequent to the end of the financial year the Company announced the proposed acquisition of the PrimeARC Group. For more details please refer to the Company's announcement dated 12 August 2011.

Shareholder Information

The following shareholder information set out below was applicable as at 26 September 2011;

A. Distribution of holders of equity securities

	Ordinary shares	Options
1- 1,000	14	1
1,001- 5,000	29	18
5,001- 10,000	92	15
10,001-100,000	252	56
100,001 and over	143	49
	------	------
Total	530	139

1. No. of shareholdings in less than marketable parcels : 369

2. The percentage of the total holdings of the twenty largest holders of ordinary shares was 75.32%.

B. Equity security & option holders

The 20 largest shareholders;

	No. of shares	% held
1. HSBC Custody Nominees (Australia) Ltd	67,409,504	24.62
2. DBS Vickers Securities (Singapore) Pte Ltd	46,493,242	16.98
3. Ravindran Govindan	8,822,494	3.22
4. CIMB Securities (Singapore) Pte Ltd	7,415,000	2.71
5. Nefco Nominees Pty Ltd	7,200,000	2.63
6. Daphne Ong Beng Hui	7,180,000	2.62
7. Davy Devaraj	7,000,000	2.56
8. Guardian Dragon Holdings Ltd	6,666,667	2.43
9. Kian Leong Chong	6,250,000	2.28
10.Tze Chin Leow	5,625,000	2.05
11.Sing En Chan	5,098,700	1.86
12.Chua Chin Seong	4,999,733	1.83
13.Loh Kan Siong	4,666,666	1.70

14.ABN Amro Clearing Nominees Pty Ltd	4,130,000	1.51
15.Boon Lye Png	3,500,000	1.28
16.National Nominees Ltd	3,127,600	1.14
17.Ewe Siew Keat	3,000,000	1.10
18.Peter Howells	2,774,072	1.01
19.Acestar Capital Inc.	2,466,666	0.90
20.Nobel International Ltd	2,446,933	0.89
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	206,272,277	75.32%

The 20 largest option holders;

	No. of options	% held
1. Ravindran Govindan	7,350,000	13.90
2. Ong Kok Wah	7,350,000	13.90
3. Majori Christine Buck	4,665,000	8.82
4. VFT Investments Pty Ltd	4,000,000	7.56
5. Celtic Capital Pty Ltd	3,805,000	7.20
6. Nefco Nominees Pty Ltd	2,600,000	4.92
7. Seah Swee Hock	2,200,000	4.16
8. Celebrity Agent Pte Ltd	1,800,000	3.40
9. Vincenzo Brizzi & Rita Lucia Brizzi		
[Brizzi Family S/F No.2 A/C]	1,000,000	1.89
10. Vincenzo Brizzi & Rita Lucia Brizzi		
[Brizzi Family S/F A/C]	1,000,000	1.89
11. Daniel Joseph Foley	1,000,000	1.89
12. Trayburn Pty Ltd	1,000,000	1.89
13. Peter Howells	990,740	1.87
14. Michael John Greenup	922,500	1.74
15. Millcrest Pty Ltd	825,000	1.56
16. Damian Francis Brizzi & James Lee Cherubin		
& Vincenzo Brizzi	750,000	1.42
17. Damian Francis Brizzi	750,000	1.42
18. Phoenix Services Australia Pty Ltd	600,000	1.13
19. Sally Anne Lamb	545,000	1.03
20. Vincenzo Brizzi & Rita Lucia Brizzi	500,000	0.95
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	43,653,240	82.55%

C. **Substantial Holders**

The names of substantial shareholders are;

	Number held	Percentage
Mr. Harry V.K. Lee*	43,539,015	15.90%
Mr. Richard Chan **	37,545,502	13.71%

*Held indirectly through DBS Vickers Securities (Singapore) Pte Ltd

** Held directly and indirectly through HSBC Custody Nominees (Australia) Ltd

D. Voting rights

All ordinary shares have equal voting rights.

E. On-market buy back

There are no current on-market buy back.