

MILLENARIANISM TOWER LIMITED

**INTERIM FINANCIAL
REPORT**

HALF-YEAR ENDED 31 DECEMBER 2008

MILLENARIANISM TOWER LIMITED and Controlled Entities
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MILLENARIANISM TOWER LIMITED and Controlled Entities **DIRECTORS' REPORT**

Your Directors submit the financial report of the consolidated group for the half-year ended 31 December 2008.

Directors

The names of directors who held office during or since the end of the half year are:

- Mr Jack Huang

Review of Operations

General China Market Overview - Last Six Months of 2008

The last six months of the year have seen a series of unprecedented events which have affected the Chinese economy, and for the first time in a number of years the Chinese economy has been negatively impacted by a combination of domestic and International influences:

- China's domestic demand for raw materials has been dampened due to a broader economic slowdown, which has occurred due to uncertainty arising from the US housing market difficulties, the global credit squeeze and uncertainty over the decoupling of the Chinese economy from the OECD.
- The fall in the level of the Chinese stock market by 55% from its October 2007 high has affected domestic confidence, and the Chinese Government's tightening of the credit markets to contain inflation has also affected the domestic market and consumers.

These events have caused a significant slow down in the Chinese economy however the impact on the sale of the groups' products was less affected.

Financial Highlights

Millenarianism Tower Limited's total revenue for the year totalled **\$44.30 million** (2007: \$30.64 million) with resultant profit before tax (EBT) of **\$3.69 million** (2007: \$3.07 million).

This represents steady growth in the groups' revenue and profit across the business and can be attributed to the independence from reliance on a particular market segment.

Net Profit After Income Tax (NPAT) increased to **\$3.37 million** up from \$3.07 million in 2007. The reported 2008 result was impacted by increased sales into the Chinese and European market segments.

Interest expense increased by \$0.03 million and impacted the NPAT result when compared to last year as a result of short term interest free loans.

General and administration costs also increased as a result of the increase in production and operational activity in the period.

The company also incurred costs in relation to the proposed initial public offering, these have been capitalised as prepayments.

MILLENARIANISM TOWER LIMITED and Controlled Entities DIRECTORS' REPORT

Events occurring after the end of the half year (31 December 2008)

There were no significant events that occurred after the end of the half year ended 31 December 2008.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 3 for the half year ended 31 December 2008.

This report is signed in accordance with a resolution of the Directors



Jack Huang
Director

Adelaide

Dated this 4th day of March 2009

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MILLENARIANISM TOWER LIMITED**

As lead auditor for the audit of Millenarianism Tower Limited for the year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 4th day of March 2009

MILLENARIANISM TOWER LIMITED and Controlled Entities
CONSOLIDATED INCOME STATEMENT

For the half year ended 31 December 2008

Consolidated Group			
		31 December 2008	31 December 2007
	Note	\$	\$
Revenue	2	44,303,272	30,640,792
Cost of goods sold		(37,622,550)	(23,521,833)
Gross Profit	2	6,680,722	7,118,959
Other income		1,336,741	120,417
Operating costs		(564,665)	(1,030,230)
Administrative expenses		(1,292,073)	(763,320)
Finance costs		(2,325,533)	(2,293,724)
Other expenses		(144,789)	(82,256)
Profit before taxation		3,690,403	3,069,846
Taxation expense		(320,456)	-
Profit after tax		3,369,947	3,069,846
Profit for the period attributable to shareholders		3,369,947	3,069,846

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

MILLENARIANISM TOWER LIMITED and Controlled Entities

CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Consolidated Entity		
	Note	31 December	30 June
		2008	2008
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		36,448,756	29,119,544
Trade and other receivables		68,761,168	49,894,996
Related party receivables		4,508,323	1,729,295
Inventory		4,069,991	22,759,561
Notes receivable		25,030,628	75,675
Prepayments		537,095	129,234
TOTAL CURRENT ASSETS		<u>139,355,961</u>	<u>103,708,305</u>
NON-CURRENT ASSETS			
Property, plant and equipment		17,847,282	13,398,718
Deferred tax asset		-	-
TOTAL NON-CURRENT ASSETS		<u>17,847,282</u>	<u>13,398,718</u>
TOTAL ASSETS		<u>157,203,243</u>	<u>117,107,023</u>
CURRENT LIABILITIES			
Trade and other payables		28,600,181	40,275,742
Other payables		-	3,892,164
Related party payables		-	-
Notes payable		43,549,901	27,899,868
Short term borrowings		69,587,620	37,038,429
Current tax payable		541,010	253,747
TOTAL CURRENT LIABILITIES		<u>142,278,712</u>	<u>109,359,950</u>
TOTAL LIABILITIES		<u>142,278,712</u>	<u>109,359,950</u>
NET ASSETS		<u>14,924,531</u>	<u>7,747,073</u>
EQUITY			
Capital contribution		3,233,472	3,233,472
Retained profits		7,903,065	4,533,118
Foreign exchange translation reserve		3,787,994	(19,584)
Other reserves		-	67
TOTAL EQUITY		<u>14,924,531</u>	<u>7,747,073</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

MILLENARIANISM TOWER LIMITED and Controlled Entities
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 31 December 2008

	Capital Contribution	Retained Profits	Foreign Exchange Translation Reserve	Other reserves	Total
	\$	\$	\$	\$	\$
BALANCE AT 1 JULY 2007	-	-	-	-	-
Share capital issued as part of merger of entities	2,417,361	-	-	-	2,417,361
Share capital issued during the year	816,111	-	-	-	816,111
Net profit for the year	-	3,069,846	-	-	3,069,846
Foreign exchange reserve movement	-	-	-	-	-
Other reserve movement	-	-	-	-	-
BALANCE AT 31 DECEMBER 2007	3,233,472	3,069,846	-	-	6,303,318
BALANCE AT 1 JULY 2008	3,233,472	4,533,118	(19,584)	67	7,747,073
Share capital issued as part of merger of entities	-	-	-	-	-
Share capital issued during the year	-	-	-	-	-
Net profit for the year	-	3,369,947	-	-	3,369,947
Foreign exchange reserve movement	-	-	3,807,578	-	3,807,578
Other reserve movement	-	-	-	(67)	(67)
BALANCE AT 31 DECEMBER 2008	3,233,472	7,903,065	3,787,994	-	14,924,531

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

MILLENARIANISM TOWER LIMITED and Controlled Entities
CONSOLIDATED CASH FLOW STATEMENT
For the half year ended 31 December 2008

	Consolidated Entity
	31 December 2008
	\$
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	16,646,608
Payments to suppliers and employees	(39,034,782)
Finance costs	(2,308,864)
Interest received	1,333,055
Income tax expense	<u>(155,456)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(23,519,439)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property plant & equipment	(54,589)
Proceeds from sale of property plant & equipment	<u>-</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(54,589)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds of borrowings	78,211,721
Repayment of borrowings	<u>(58,338,522)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>19,873,199</u>
Gross increase/(decrease) in cash held	(3,700,829)
Foreign currency impact on translation of cash	11,030,040
Net increase/(decrease) in cash held	7,329,211
Cash at beginning of period	<u>29,119,544</u>
Cash at end of period	<u><u>36,448,756</u></u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

MILLENARIANISM TOWER LIMITED and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2008

NOTE 1 - BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the financial report for the year ("Group") during the half-year.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report.

The half-year report does not include full disclosure of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Foreign Currency Translation

The half-year report has been prepared using the following currency conversion rates from Chinese RMB to Australian dollars:

Exchange Rate AUD/RMB

<i>Current Period</i>		<i>Prior Period</i>	
At 31 December 2008	4.7342	At 30 June 2008	6.6072
Av. 6 Months to 31 December 2008	5.3618	Av. 6 Months to 31 December 2007	5.2118

NOTE 2 - REVENUE FOR THE PERIOD

The following revenue items are relevant in explaining the financial performance for the interim period:

	31 December 2008	31 December 2007
Revenue	\$	\$
Sale of goods	44,303,272	30,640,792
Other income		
Interest income	1,355,762	4,590
Net foreign exchange gain / (loss)	(221,673)	(36,748)
Other income	159,227	152,575
Subsidy income	43,425	-
Total	1,336,741	120,417

MILLENARIANISM TOWER LIMITED and Controlled Entities
NOTES TO THE FINANCIAL STATEMENTS
For the half year ended 31 December 2008

NOTE 3 – SEGMENT INFORMATION

The group's principal activities include the manufacturing of and trading in textile products.

During the year, sales were made to the following countries

- China
- South Africa
- North America
- South America
- Europe
- Asia Other (excludes China)

Accordingly, geographical information is presented.

December 2008	China	South Africa	North America	South America	Europe	Asia Other	Total
	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Revenue							
Sales Revenue	27,011,193	7,703,712	1,064,056	5,662,458	2,446,411	415,442	44,303,272

Segment results

Gross margin	752,517	2,653,619	293,066	2,029,069	889,674	51,426	6,669,371
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December 2007	China	South Africa	North America	South America	Europe	Asia Other	Total
	AUD	AUD	AUD	AUD	AUD	AUD	AUD
Revenue							
Sales Revenue	5,259,606	11,372,341	1,179,336	8,327,680	2,347,395	2,154,434	30,640,792

Segment results

Gross margin	71,346	3,237,846	338,964	2,380,417	811,775	278,611	7,118,959
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Segment assets and liabilities represent those assets and liabilities of the Chinese and Hong Kong companies and cannot be attributed to the segments as reported above.

The group is engaged in the production, trading of and sale and development of premium nylon textile yarn, haberdashery and clothing products throughout China and internationally. The group operates predominantly in China with all goods being manufactured and distributed from a single facility in China.

NOTE 4 – CONTINGENT LIABILITIES

There has been no material change to contingent liabilities since the last annual reporting date.

NOTE 5 – EVENTS OCCURRING AFTER THE REPORTING DATE


There have been no material events occurring after the reporting date.

MILLENARIANISM TOWER LIMITED and Controlled Entities DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The Financial Statements and Notes, as set out on pages 1 to 9:
 - a) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory reporting requirements; and
 - b) give a true and fair view of the consolidated group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Jack Huang
Director

Adelaide

Dated this 4th day of March 2009

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MILLENARIANISM TOWER LIMITED

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Millenarianism Tower Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with International Financial Reporting Standards and are appropriate to meet the needs of the members. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report does not give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting. As the auditor of Millenarianism Tower Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF MILLENARIANISM TOWER LIMITED (Cont)**

Auditor's responsibility (Cont)

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the code of professional conduct.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Millenarianism Tower Limited does not:

- a give a true and fair view of the Millenarianism Tower Limited's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- b comply with Accounting Standard AASB 134: Interim Financial Reporting.

GRANT THORNTON
South Australian Partnership
Chartered Accountants



S J Gray
Partner

Signed at Wayville on this 4th day of March 2009