Rules 4.2A.3

Appendix 4D

Half year report

Period ending on 30 June 2004

Introduced 1/1/2003

Name of entity	ABN
Multistack International Limited	54 007 254 346

Results for announcement to the market

		$A'000				$A'000
Revenues from ordinary activities *(item 1.1)*	down	1,604	or	12.5%	to	11,230
Profit (loss) from ordinary activities after tax attributable to members (*item 1.10*)	down	968		5377%	to	(986)
Net profit (loss) for the period attributable to members *(item 1.10)*	down	968	or	5377%	to	(986)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only)* Interim dividend *(Half yearly report only)*	- ¢	- ¢
Previous corresponding period	- ¢	- ¢

Record date for determining entitlements to the dividend	Not applicable

No dividends were paid or proposed for the half year ended 30 June 2004.

Comments on figures reported above are included in the Directors' report in the financial statements.

1. Condensed Consolidated Statement of Financial Performance

		30 June 2004 $A'000	30 June 2003 $A'000
1.1	Revenues from ordinary activities	11,230	12,834
1.2	Expenses from ordinary activities	12,402	12,540
1.3	Share of net profits (losses) of associates and joint venture entities	269	404
1.4	**Profit (loss) from ordinary activities before tax**	(903)	698
1.5	Income tax on ordinary activities	53	199
1.6	**Profit (loss) from ordinary activities after tax**	(956)	499
1.7	Profit (loss) from extraordinary items after tax	-	-
1.8	**Net profit (loss)**	(956)	499
1.9	Net profit (loss) attributable to outside equity interests	30	517
1.10	**Net profit (loss) for the period attributable to members**	(986)	(18)

Earnings per security (EPS)		30 June 2004	30 June 2003
1.11	Basic EPS	(0.0088)	(0.0002)
1.12	Diluted EPS	(0.0088)	(0.0002)

Tax consolidation
For the purposes of income taxation, Multistack International Ltd and its 100% owned subsidiaries have not formed a tax consolidated group and entry into a tax consolidated group is unlikely. . This did not impact the consolidated results for half year. From 1 January 2004, the carried forward tax losses of each entity in the Group could only be used to offset taxable income of that individual entity.

2. Condensed Consolidated Statement of Financial Position

		30 June 2004 $A'000	31 Dec 2003 $A'000	30 June 2003 $A'000
	Current assets			
2.1	Cash	956	1,080	1,060
2.2	Receivables	15,031	14,266	15,681
2.3	Inventories	7,942	6,942	8,394
2.4	Other	65	37	-
2.5	**Total current assets**	23,994	22,325	25,135
	Non-current assets			
2.6	Receivables	918	847	632
2.7	Investments (equity accounted)	3,935	3,429	3,387
2.8	Other investments	5	5	-
2.9	Other property, plant and equipment (net)	10,283	10,122	13,292
2.10	Intangibles (net)	659	672	736
2.11	**Total non-current assets**	15,800	15,075	18,047
2.12	**Total assets**	**39,794**	**37,400**	**43,182**
	Current liabilities			
2.13	Payables	13,084	11,629	14,824
2.14	Interest bearing liabilities	15,499	14,686	15,269
2.15	Tax liabilities	-	-	-
2.16	Provisions	442	428	469
2.17	Other	11	17	70
2.18	**Total current liabilities**	29,036	26,760	30,632
	Non-current liabilities			
2.19	Interest bearing liabilities	177	190	287
2.20	Provisions	407	407	437
2.21	**Total non-current liabilities**	584	597	724
2.22	**Total liabilities**	**29,620**	**27,357**	**31,356**
2.23	**Net assets**	**10,174**	**10,043**	**11,826**
	Equity			
2.24	Capital/contributed equity	155,639	155,639	155,639
2.25	Reserves	19,021	18,191	19,131
2.26	Retained profits (accumulated losses)	(167,379)	(166,857)	(166,354)
2.27	**Equity attributable to members of the parent entity**	**7,281**	**6,973**	**8,416**
2.28	Outside equity interests in controlled entities	2,893	3,070	3,410
2.29	**Total equity**	**10,174**	**10,043**	**11,826**

3. Condensed Consolidated Statement of Cash Flows

		Current period $A'000	Previous corresponding period - $A'000
	Cash flows related to operating activities		
3.1	Receipts from customers	11,396	12,366
3.2	Payments to suppliers and employees	(10,412)	(12,142)
3.3	Interest and other items of similar nature received	5	5
3.4	Interest and other costs of finance paid	(436)	(436)
3.5	Income taxes paid	(62)	(345)
3.6	Other	(13)	(24)
3.7	**Net operating cash flows**	**478**	**(576)**
	Cash flows related to investing activities		
3.8	Payment for purchases of property, plant and equipment	(82)	(98)
3.9	Proceeds from sale of property, plant and equipment	14	46
3.10	Proceeds from sale of Government Bonds	5	-
3.11	Investment in Government Bonds	(5)	-
3.12	Loans to other entities	-	143
3.13	Loans repaid by other entities	-	929
3.14	Loan received from directors	123	-
3.15	Loans received from director related entities	1,372	-
3.16	Repayment of loan from associate	(723)	-
3.17	Repayment of loans from other related entities	(1,043)	-
3.18	**Net investing cash flows**	**(339)**	**1,020**
	Cash flows related to financing activities		
3.19	Proceeds from borrowings	-	66
3.20	Repayment of borrowings	-	(775)
3.21	Other	(22)	(24)
3.22	**Net financing cash flows**	**(22)**	**(733)**
3.23	**Net increase (decrease) in cash held**	**117**	**(289)**
3.24	Cash at beginning of period	481	750
3.25	Exchange rate adjustments	86	(172)
3.26	**Cash at end of period**	**684**	**289**

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period $A'000	Previous corresponding period - $A'000
3.28 Cash on hand and at bank	956	1,060
3.29 Deposits at call	-	-
3.30 Bank overdraft	(272)	(771)
3.31 Other	-	-
3.32 Total cash at end of period	**684**	**289**

4.1 Profit (loss) from ordinary activities attributable to members

	Current period - $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities after tax (*item 1.6*)	(956)	499
Less (plus) outside equity interests	30	517
Profit (loss) from ordinary activities after tax, attributable to members	(986)	(18)

Revenue and expenses from ordinary activities

	Current period - $A'000	Previous corresponding period - $A'000
Revenue from sales of goods	9,552	9,460
Revenue from services	1,628	2,794
Interest revenue	5	5
Writeback of Provision for warranty	-	380
Other relevant revenue	45	195
Total operating income	11,230	12,834
Details of relevant expenses		
Cost of goods sold	7,399	12,207
Changes in inventories of finished goods & WIP	1,319	(184)
Raw materials and consumables used	(8,063)	(7,256)
Depreciation and amortisation expense	(385)	(454)
Borrowing costs	(436)	(436)
Salaries and employee benefits expense	(1,440)	(1,844)
Travelling costs	(374)	(585)
Management fees	(208)	(189)
Advertising and promotion	(92)	(15)
Sales commission & consignment fees	(589)	(627)
Impairment of construction project	(347)	-
Provision for diminution of trade marks and service marks	(56)	-
Provision for stock obsolescence	(400)	-
Other expenses from ordinary operations	(1,331)	(950)
Share of net profit (loss) of associate using equity method	269	404
Depreciation and amortisation excluding amortisation of intangibles.	296	445

4.2 Consolidated retained profits

	Current period - $A'000	Previous corresponding period - $A'000
Retained profits (accumulated losses) at the beginning of the financial period	(166,857)	(166,275)
Net profit (loss) attributable to members (*item 1.10*)	(986)	(18)
Net transfers from (to) reserves	1	(61)
Net effect of changes in accounting policies	-	-
Adjustment to outside equity interest due to dividend paid in prior year	463	-
Retained profits (accumulated losses) at end of financial period	(167,379)	(166,354)

4.3 Ratios	Current period	Previous corresponding period
Profit before tax / revenue Consolidated profit (loss) from ordinary activities before tax (*item 1.4*) as a percentage of revenue (*item 1.1*)	(8.04)%	5.44%
Profit after tax / equity interests Consolidated net profit (loss) from ordinary activities after tax attributable to members (*item 1.10*) as a percentage of equity (similarly attributable) at the end of the period (*item 2.35*)	(9.69)%	(0.14)%

4.4 Earnings per security (EPS)

Details of basic and diluted EPS reported separately in accordance with paragraph 9 and 18 of *AASB 1027: Earnings Per Share* are as follows.

Basic earnings per share is calculated at ($0.0088), based on a net loss for the period attributable to members of ($986,000) and an average of 112,303,924 ordinary shares on issue for the period.

4.5 NTA backing	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$0.10	$0.10

4.6 Dividends (in the case of a trust, distributions)

Date the dividend (distribution) is payable	Not applicable
+Record date to determine entitlements to the dividend (distribution) (i.e., on the basis of proper instruments of transfer received by 5.00 pm if +securities are not +CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if +securities are +CHESS approved)	Not applicable
If it is a final dividend, has it been declared? *(Preliminary final report only)*	-

Amount per security

		Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
	(Preliminary final report only) **Final dividend:** Current year	- ¢	- ¢	- ¢
	Previous year	- ¢	- ¢	- ¢
	(Half yearly and preliminary final reports) **Interim dividend:** Current year	- ¢	- ¢	- ¢
	Previous year	- ¢	- ¢	- ¢

Total dividend (distribution) per security (interim *plus* final)

(Preliminary final report only)

	Current year	Previous year
Ordinary securities	- ¢	- ¢
Preference securities	- ¢	- ¢

Half yearly report - interim dividend (distribution) on all securities *or* Preliminary final report - final dividend (distribution) on all securities

	Current period $A'000	Previous corresponding period - $A'000
Ordinary securities *(each class separately)*	-	-
Preference securities *(each class separately)*	-	-
Other equity instruments *(each class separately)*	-	-
Total	-	-

The dividend or distribution plans shown below are in operation.

Nil

The last date(s) for receipt of election notices for the dividend or distribution plans	-

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

None

4.7 Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period $A'000	Previous corresponding period - $A'000
Profit (loss) from ordinary activities before tax	269	404
Income tax on ordinary activities	-	-
Profit (loss) from ordinary activities after tax	269	404
Extraordinary items net of tax	-	-
Net profit (loss)	269	404
Adjustments	-	-
Share of net profit (loss) of associates and joint venture entities	**269**	**404**

4.8 Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. *(If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").)*

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (*item 1.9*)	
Equity accounted associates and joint venture entities	Current period	Previous corresponding period	Current period $A'000	Previous corresponding period - $A'000
Bright Technology Ltd * B class non voting shares	60%	60%	-	-
Multistack Thermal Ltd **	73%	73%	269	404
Total			269	404
Other material interests	-	-	-	-
Total	-	-	269	404

** Direct equity interest of 33% plus indirect equity interest of 40% held through Bright Technology Ltd in which we hold 60% B class non-voting shares.

The foreign entities in the consolidated group have complied with Australian Accounting Standards in compiling the half year report.

5.1 Impact of Adopting AASB equivalents to IASB Standards

Multistack International Limited has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (IFRS). The company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to IFRS. The finance division is responsible for regularly reporting IFRS impacts with the Audit committee on an ongoing basis for the company to be fully compliant for the first reporting period under IFRS.

As Multistack International Limited has a 31 December year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AASB equivalents to IFRS as at 1 January 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Multistack International Limited prepares its first fully IFRS compliant financial report for the year ended 31 December 2005. Set out below are the key areas where accounting policies will change and may have an impact on the financial report of Multistack International Limited. At this stage the company has not been able to reliably quantify the impacts on the financial report.

Effects of Foreign Currency Exchange Rates
Under the Australian equivalent to IAS 121 *The Effects of Changes in Foreign Exchange Rates* the group is required to classify as a separate component of equity cumulative translation differences relating to the translation of a net investment in its foreign operations. On disposal of a foreign operation, the cumulative translation differences relating to that foreign operation are transferred to the income statement and treated as part of the gain or loss on disposal. This differs from the current Australian accounting standards, where the cumulative translation differences are transferred to retained earnings and not to profit and loss. Upon first time adoption of IFRS, the group may elect not to comply with these requirements for cumulative translations differences, that exist at the date of transition to IFRS.

In using this election:

(a) the cumulative translation difference for all foreign operations will be deemed to be zero at the date of transition to IFRS; and
(b) the gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of translation to IFRS and shall include later translation differences.

Although the decision has not yet been made, it is likely that group will elect to use this exemption. Should the exemption be used, at 1 January 2004 (date of transition to IFRS), the credit balance foreign currency reserve will be transferred to retained earnings. This will reset the foreign currency translation reserve to zero, and result in a decrease in the opening accumulated losses held by the group. There will not be any impact on profit and loss.

5.1 Impact of Adopting AASB equivalents to IASB Standards (cont'd)

Income taxes
Under AASB 112 *Income Taxes*, the group will be required to review its recognition of deferred tax assets in respect of tax losses and temporary differences. Under AASB 112, deferred tax assets should be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized. Multistack International Ltd have assessed that at this stage, it is not probable that tax losses will be recouped and that a deferred tax asset in respect of tax losses will be not recognized on transition date, and therefore there will be no impact upon transition to IFRS. In addition, revaluations of assets will result in the recognition of deferred tax liabilities for the revaluation increment. At transition date, due to a number of assets being carried at valuation, there will be an increase in deferred tax liabilities and a reduction in equity/net assets upon adoption of AASB 112.

Impairment of Assets
Under the Australian equivalent to IAS 36 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. This will result in a change in the group's current accounting policy which determines the recoverable amount of an asset on the basis of its expected net cash flows which have not been discounted to present value. Under the new policy it is likely that impairment of assets will be recognised sooner and that the amount of write-downs will be greater increasing expenses and reducing net assets.

Classification of Financial Instruments
Under AASB 139 *Financial Instruments: Recognition and Measurement*, financial instruments will be required to be classified into one of five categories which will, in turn, determine the accounting treatment of the item. The classifications are loans and receivables – measure at amortised cost, held to maturity – measured at amortised cost, held for trading – measured at fair value with fair value changes charged to net profit or loss, available for sale – measured at fair value with fair value changes taken to equity and non-trading liabilities – measured at amortised cost. This will result in a change in the current accounting policy that does not classify financial instruments.

Goodwill
Under the Australian equivalent to IFRS 3 *Business Combinations* goodwill will no longer be able to be amortised but instead will be subject to annual impairment testing. This will result in a change in the group's current accounting policy which amortises goodwill over its useful life but not exceeding 20 years. Under the new policy, amortisation will no longer be charged, but goodwill will be written down to the extent it is impaired. Goodwill in the consolidated financial report has been fully amortised as at 30 June 2004 and therefore there will not be any impact on the financial report under the new accounting policy.