MULTISTACK

MULTISTACK INTERNATIONAL LIMITED
ACN 007 254 346 ABN 54 007 254 346
10 Cochranes Road,Moorabbin, VICTORIA 3192, AUSTRALIA
TELEPHONE: + 61 3 8552 1200 FACSIMILE: + 61 3 8552 1201

NOTICE OF ANNUAL GENERAL MEETING

TIME:	**10:00am EST**
DATE:	**Friday 29 May 2009**
PLACE:	**Minter Ellison, Rialto Towers, Level 23, 525 Collins Street, Melbourne, Victoria, Australia**

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company on phone +61 3 8552 1200 or by email yan@dunnair.com.au or the Company's Financial Advisor, Strategic Capital Consultants, on telephone +61 8 9388 9961 or by email warrenbeckwith@westraliangroup.com

CONTENTS

HOW TO VOTE

Your Vote Is Important

The business of the Annual General Meeting affects your shareholding and your vote is important.

Voting In Person

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

Voting By Proxy

To vote by proxy, please complete and sign the enclosed proxy form and return by:

(a) post to Multistack International Limited, 10 Cochranes Road, Moorabbin, Victoria, 3192, Australia; or

(b) facsimile to the Company on facsimile number +61 3 8552 1201;

so that it is received not later than 10:00am EST on 27 May 2009.

Proxy forms received later than this time will be invalid.

MULTISTACK INTERNATIONAL LIMITED
(ABN 54 007 254 346)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the nineteenth Annual General Meeting of the members of Multistack International Limited will be held at the offices of Minter Ellison, Rialto Towers, Level 23, 525 Collins Street, Melbourne, Victoria on Friday 29 May 2009at 10.00am.

The Explanatory Statement accompanying and forming part of this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting.

The Independent Expert's Report accompanying and forming part of this Notice of Meeting provides members with additional information in connection with Resolution 4 - the sale of the Company's wholly owned subsidiary, Super Link Australia Limited.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Annual General Meeting are those who are registered Shareholders of the Company at 5.00pm on 27 May 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

BUSINESS

Ordinary Business

1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2008 together with the Directors' declaration, the Directors' report, the remuneration report and the auditor's report.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a non-binding resolution:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, the Company adopt the Remuneration Report contained in the Company's annual financial report for the financial year ended 31 December 2008."

3. RESOLUTION 2 – RE-ELECTION OF MR S W YAN AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Mr S W Yan, who retires by rotation in accordance with Article 57 of the Constitution and, being eligible, offers himself for re-election, be re-elected as a director of the Company."

4. RESOLUTION 3 – RE-ELECTION OF MS Y N CHAN AS A DIRECTOR

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Ms Y N Chan, who retires by rotation in accordance with Article 57 of the Constitution and, being eligible, offers herself for re-election, be re-elected as a director of the Company."

5. RESOLUTION 4 – SALE OF SUPER LINK AUSTRALIA LIMITED AND PENTHILL LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That, for the purpose of ASX Listing Rule 11.2, approval be given for the sale of the whole of the Company's interest in its subsidiaries, Super Link Australia Limited and Penthill Limited."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Suretech Investments Limited, or any other person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides

By Order of the Board

Yan Wong
Company Secretary
27 April 2009

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EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Annual General Meeting to be held at 10 am (EST) on Friday 29 May 2009 at the offices of Minter Ellison, Rialto Towers, Level 23, 525 Collins Street, Melbourne, Victoria.

The purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. ANNUAL FINANCIAL REPORT

The financial report of the Company for the year ended 31 December 2008 (including the financial statements, Directors' report and auditors' report) is included in the 2008 annual report distributed to Shareholders.

Time will be allowed during the Meeting for consideration by Shareholders of the financial report and the associated Directors' and auditors' reports.

2. RESOLUTION 1 - ADOPTION OF REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report section of the Company's 2008 annual report.

The Remuneration Report describes the underlying policies and structure of the remuneration arrangements of the Company and sets out the remuneration arrangements in place for Directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of the Company. However, Shareholders should note that the vote on Resolution 2 is advisory only and not binding on the Company or its Directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Annual General Meeting.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR S W YAN

Article 57 of the Constitution requires that one third (or the number nearest one-third) of the Company's Directors must retire at each annual general meeting provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment whichever is the longer without submitting himself or herself for re-election.

The Company currently has five Directors and accordingly two Directors must retire.

A director who retires by rotation under Article 57 of the Constitution is eligible for re-election.

Mr S W Yan retires by rotation and seeks re-election.

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MS Y N CHAN

Article 57 of the Constitution requires that one third (or the number nearest one-third) of the Company's Directors must retire at each annual general meeting, provided always that no Director (except a Managing Director) shall hold office for a period in excess of 3 years, or until the third annual general meeting following his or her appointment, whichever is the longer, without submitting himself or herself for re-election.

The Company currently has five Directors and accordingly two must retire.

A Director who retires by rotation under clause 57 of the Constitution is eligible for re-election.

Ms Y N Chan retires by rotation and seeks re-election.

5. RESOLUTION 4 – APPROVAL OF THE SALE OF SUPER LINK AND PENTHILL

5.1 Background

Multistack International Limited is listed on the Australian Securities Exchange and is therefore subject to the ASX Listing Rules. Listing Rule 11.2 provides that if a company proposes to make a significant change in the nature or scale of its activities involving the company disposing of its main undertaking, it must obtain the approval of Shareholders.

The Company has entered into a heads of agreement (**Heads of Agreement**) with Suretech Investments Limited (**Suretech**) for the sale of its shareholding in each of its subsidiaries, Super Link Australia Limited (**Super Link**) and Penthill Limited (**Penthill**), which together hold the main undertaking of the Company, the grant to Suretech of an intellectual property licence and the release of inter-company debts (**Transaction**).

The Heads of Agreement is conditional upon the approval of Shareholders of the Company, which is being sought under Resolution 4 of the Notice of Meeting.

5.2 Indicative Timetable

Subject to the ASX Listing Rules and Corporations Act requirements, the Company anticipates completion of the Transaction in accordance with the following timetable:

Event	**Date**
Announcement of Transaction	27 March 2009
Despatch of Notice of Meeting	28 April 2009
Meeting to approve Transaction	29 May 2009
Satisfaction/waiver of all condition in Agreement	29 May 2009
Execution of Formal Sale Agreement (Note 1)	1 June 2009
Settlement of Transaction (Note 1)	1 June 2009
Completion of Share Transfer (Note 2)	1 June 2010

Note 1: These dates are approximate.

Note 2: Completion of the Share Transfer is to occur twelve months after the date of the Sale Agreement.

5.3 Nature of assets being sold

As noted above, the Transaction involves the sale of all of the shares held by the Company in its subsidiaries Super Link and Penthill (**Sale Shares**) to Suretech.

Super Link is a company incorporated in the British Virgin Islands and has 100 shares issued at a par value of US$1.00 each, all of which are owned by the Company. Super Link holds shares in the following entities:

(a) 100% of the shares in Super Link Guangzhou Limited, which in turn holds:

  (i) 90.82% of the capital of Panyu Super Link Co Limited;

  (ii) 100% of the capital of Panyu Jiefeng Air Conditioning Co. Limited; and

  (iii) 70%% of the capital of Super Link Air Conditioning Installing Engineering Limited.

(b) 100% of the shares in Super Link Panyu Limited, which in turn holds 100% of the capital of Panyu Precision Jiefeng Air-conditioning Equipment Co Limited which in turn owns 30% of the capital of Super Link Air Conditioning Installing Engineering Limited;

(c) 100% of the shares in A.C.R. Equipment (HK) Limited; and

(d) 100% of the shares in Super Link North America Limited.

Penthill is a company incorporated in Hong Kong and has 1,000 shares issued at a par value of HK$1.00 each, of which the Company owns 999 shares (99.9%). Penthill holds 60% of the issued shares in Bright Technology Limited which in turn holds 60% of the capital of Multistack Thermal Limited.

The Company has also agreed to license intellectual property including trademarks and patents for air conditioning equipment for a period of 10 years to Suretech as part of the Transaction (**Licence**).

The parties have agreed that the Company (on the one hand) and Super Link, Penthill and their respective subsidiaries and associates (on the other hand) shall release each other from all inter-company debts existing at the date of the Sale Agreement (**Release of Debts**).

5.4 Summary of the Heads of Agreement

On 27 March 2009 the Company entered into the Heads of Agreement, which has the following material terms:

(a) The Heads of Agreement does not become binding unless and until each of the following conditions are satisfied:

  (i) Suretech completing a financial due diligence on Super Link;

  (ii) the Company being satisfied with the financial capacity of Suretech to meet its obligations under the Heads of Agreement; and

(iii) the Company obtaining all necessary shareholder approvals required by the Corporations Act and the ASX Listing Rules;

(together, the **Conditions**).

(b) The Conditions must be satisfied by 29 May 2009. If any of the Conditions are not satisfied the Heads of Agreement will be automatically terminated.

(c) Following satisfaction of the Conditions, the Parties will enter into a formal sale contract (**Sale Agreement**) and the Licence.

(d) The consideration payable by Suretech to the Company for the Sale Shares together with the Licence is $3,200,000 (**Purchase Price**) payable in 6 instalments as follows:

(i) $50,000 paid on execution of the Sale Agreement;

(ii) $270,000 to be paid within 7 days of execution of the Sale Agreement;

(iii) 10% of the Purchase Price being $320,000 to be paid no later than 1 month from the date of execution of the Sale Agreement;

(iv) 10% of the Purchase Price, being $320,000 to be paid no later than 3 months from the date of execution of the Sale Agreement;

(v) 20% of the Purchase Price, being $640,000 to be paid no later than 6 months from the date of execution of the Sale Agreement; and

(vi) the balance of 50% of the Purchase Price, being $1,600,000 to be paid not later than 12 months from the date of execution of the Sale Agreement.

(e) The transfer of the Sale Shares is to occur upon completion of payment of the Purchase Price (ie at the time the final balance has been satisfied);

(f) Upon completion of the transfer of the Sale Shares, Messrs SW Yan, and Stephen KY Leung will retire from the board of directors of Super Link.

(g) Suretech is responsible for the profits, risks and losses of Super Link, including the assets and liabilities including the share of profit and loss upon execution of the Sale Agreement regardless of the time of transfer of the Sale Shares;

(h) If the transfer of the Sale Shares does not occur and the Sale Agreement is terminated, responsibility for the profits, risks and losses of Super Link shall pass back to the Company from the time of termination.

(i) If the Company is not able to provide all share documentation in the normal course of completion of the transfer for the Sale Shares, the Sale Agreement and Licence will be terminated and the Company will indemnify Suretech for all damages.

(j) If Suretech does not make the scheduled purchase price payments on time within 90 days of their due date, the Sale Agreement and Licence will be terminated and Suretech will indemnify the Company for all damages and all previous payments made by Suretech will be forfeited.

5.5 Directors' interest in Agreement

No Director has any interest in Suretech and will not receive any payment or benefit of any kind following completion of the transfer of the Sale Shares, other than as a Shareholder of the Company.

5.6 Information regarding the sale assets

Further information regarding the value of the Sale Shares, the financial position and contribution of Super Link to the Company's earnings for the financial year ended 31 December 2008 is set out in the Independent Expert's Report. The Directors have commissioned the Independent Expert's Report in order to give Shareholders a comprehensive analysis of the impact the sale will have on the Company, as well as the provision of an independent analysis of the advantages and disadvantages of the Transaction.

5.7 Use of funds

Proceeds from the Transaction will be used by the Company for working capital purposes and to pursue other investment opportunities.

5.8 Future of the Company

After completion of the Transaction the Company will continue to operate Dunnair International Ltd (**Dunnair**), a Melbourne based distribution operation of air-conditioning equipment and service division. Dunnair has a consistent client base for modular chillers that have been supplied to the Australian market for over 20 years. Dunnair also supports the overseas agent network in New Zealand, the Philippines and the Middle East and provides service and retrofit support. The Company's modular units have established a reputation for durability and reliability and ongoing operations have the potential to be profitable.

The Service Division, in Adelaide, South Australia, is a stable operation supported by a group of customers including universities and factories that normally consider reliability as a prime issue. This service operation has consistently been able to break even and has potential to become profitable in due course.

The Company will also pursue other investment opportunities which have the potential to create Shareholder wealth.

5.9 Financial information

The Independent Expert's Report accompanying this Notice of Annual General Meeting sets out a balance sheet of the Company as at 31 December 2008, together with a pro-forma balance sheet following completion of the Transaction.

5.10 Advantages of the Transaction

The Directors believe that the following non-exhaustive list of advantages may be relevant to Shareholders' decision on how to vote on the proposed Transaction:

(a) In view of the very difficult and deteriorating business environment, particularly in the manufacturing sector in China, the Directors engaged a professional firm to conduct an independent valuation of the Company's assets and business operations. The exercise indicated a substantial impairment in value, which was fully reflected in the financial statements of the Group at 31 December 2008.

(b) As noted in the Company's previous reports, the Directors have been reviewing the Company's operations, particularly those of Super Link in the People's Republic of China, which represent the Company's main undertaking, and this agreement has been determined by the Directors to represent an opportunity to exit a business in decline on favourable terms.

(c) The Transaction removes the significant re-finance risk in relation to Super Link's debt obligations.

(d) The Transaction provides a certainty of return on the Company's assets and operations in the People's Republic of China.

(e) The cash payments to be received under the terms of the Transaction will provide ongoing working capital and preservation of the Company as a going concern.

(f) The Company's structure will be simpler, more transparent and lower risk following the Transaction.

(g) The Transaction will allow the directors to concentrate on the remaining business of the Company and to re-assess the Company's future activities.

(h) The Transaction will allow the Directors to commence a search, and will provide additional funding, for acquisition opportunities which have the potential to create Shareholder wealth.

5.11 Disadvantages of the Transaction

The Directors believe that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote on the proposed Transaction:

(a) The proposed sale involves the Company disposing of its principal operating business activities. However, the Board is actively investigating other investment opportunities and will provide Shareholders with further information when an appropriate investment is identified.

(b) There is a risk the Company may not be able to locate and acquire other suitable business opportunities.

(c) If the Company does locate a suitable business opportunity for acquisition, the ASX may require the Company to re-comply with

Chapters 1 and 2 of the Listing Rules as if it were a new listing on the ASX, if the business opportunity identified is not consistent with the Company's current business.

(d) Disposal of the Company's principal operating business now may limit opportunities for participation in future market improvements in the air conditioning industry in China and will prevent the possible disposal of the operations at a better price in the future.

(e) The Company will be changing the scale of its activities by a significant extent, which may not be consistent with the investment objectives of all Shareholders.

(f) If the Company does not identify a suitable business opportunity within 6 months of settlement of the Transaction, the ASX has the discretion to suspend trading in the Company's Shares which may have an adverse impact on the liquidity of Shareholders' investment in the Company.

5.12 Directors' recommendations

The Directors do not have any material interest in the outcome of the Resolution other than as a result of their interest arising solely in the capacity of Shareholders of the Company. The Directors have a relevant interest in the securities of the Company as set out in the following table:

Directors	**Shares**	**Options**
Terence Chu	Nil	Nil
Stephen Leung	30,202,878	Nil
Y N Chan	20,000	Nil
Siu W Yan	34,692,921	Nil
Allan H W Yu	Nil	Nil

Each of the Directors who hold Shares intends to vote in favour of the Resolution.

Based on the information available, all of the Directors consider that the proposed Transaction is in the best interests of the Company and recommend that the Shareholders vote in favour of the Resolution.

The Directors have approved the proposal to put the Resolution to Shareholders.

GLOSSARY

$ means Australian dollars.

Annual General Meeting means the meeting convened by the Notice of Meeting.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day, and any other day that ASX declares is not a business day.

Company means Multistack International Limited (ACN 007 254 346).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the current directors of the Company.

Explanatory Statement means the explanatory statement accompanying the Notice of Meeting.

Notice of Meeting or **Notice of Annual General Meeting** means this notice of annual general meeting including the Explanatory Statement.

Penthill means Penthill Limited, a company duly incorporated and registered in Hong Kong and having its registered office at 15th Floor, EIB Tower, 4-6 Morrison Hill Road, Wanchai, Hong Kong

Resolutions means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

Sale Agreement means the formal share sale agreement to be entered into by the Company and Suretech following satisfaction of the conditions precedent set out in the Agreement described in Section 0 of the Explanatory Statement.

Sale Shares means 100 shares issued at par value of US$1.00 each held by the Company in Super Link Australia.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Share Transfer means the transfer of legal title in the Sale Shares to Suretech.

Super Link means Super Link Australia Limited, a company duly incorporated and registered in the British Virgin Islands and having its registered address at P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

Suretech means Suretech Investments Limited, a company duly incorporated and registered in the British Virgin Islands and having its registered address at P.O. Box 957 Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

EST means Eastern Standard Time as observed in Melbourne, Victoria.

24 April 2009

Private & Confidential

The Directors
Multistack International Limited
10 Cochranes Road
MOORABBIN VIC 3189

Dear Sirs,

Independent Expert's Report - disposal of Chinese Operations

1. Introduction

1.1 Background

On 27 March 2009, Multistack International Limited ("MSI" or "the Company") entered into an agreement to sell all of the issued capital of Superlink Australia Limited ("Superlink"), to Suretech Investments Limited ("Suretech" or "the Purchaser").

Superlink is presently a wholly owned subsidiary and is the holding company for a group of entities which own and operate MSI's Chinese business and investments.

Suretech is an overseas investment group. The agreement provides that the Superlink sale consideration will be satisfied by the payment of A$3.2 million cash, over a period of 12 months from execution of the final share sale agreement.

Completion of the Superlink sale agreement is subject to approval of MSI shareholders.

The Directors of MSI have engaged Nexia ASR Pty Ltd ("Nexia") to prepare an Independent Experts Report ("the Report") for the Shareholders of MSI in relation to the Proposal.

MSI is a public company listed on the Australian Securities Exchange ("ASX"). Chapter 11 of the Listing Rules requires that shareholders approve the disposal of a major undertaking. The purpose of the Report is to assess whether the Proposal is fair and reasonable to the non-associated Shareholders of MSI.

Shareholder approval for the Proposal will be sought at the Annual General Meeting of Shareholders ("the AGM") to be held on 29 May 2009 in respect of matters outlined in the Notice of Meeting. The Report will accompany the Notice of Meeting and Explanatory Statement to be sent to Shareholders.

1.2 Purpose of the Proposal and this Report

MSI was founded in 1985 to commercialise the development of the world first Multistack modular chiller. The product is now sold worldwide through direct channels, agencies and distributors.

MSI was listed on the ASX in February 1993.

The Company's primary operations are now located in Australia and China. In Australia, the business focus is on the DunnAir air conditioning sales and service. In China, the business operations are conducted via the Superlink group which manufactures the Multistack modular chillers, air handling equipment and braze heat exchangers for worldwide distribution. Superlink also has 22 sales offices throughout China.

Over the last several years, the group has experienced a decline in business activity and has only been able to achieve modest profitability. During 2007-2008, the Chinese operations turned from delivering a small contribution to incurring losses of approximately A$1 million. The directors have reviewed the outlook for the Chinese business, both from a continuing financing perspective and operational outlook, and determined that it was in the Company's best interests to exit that market.

Advisers were engaged and an offer procured from Suretech to purchase the Chinese operations and investments for cash consideration of A$3.2 million. The directors consider the offer is an opportunity to exit the business on favourable terms.

The Proposal will bring about a divestment of a major undertaking of the Company and will mean that MSI sole activities will be focused on the Australian DunnAir business.

Chapter 11 of the ASX Listing Rules specifies that a company must obtain shareholder approval where the significant change in activity involves the disposal of the main undertaking of the company. Although not specifically required by the ASX Listing rules, the directors have determined that it is appropriate include with the Notice of Meeting and EM to be sent to members for the meeting to be held during May 2009, a report from an independent expert commenting on the transaction

1.3 Structure of the Proposal

The Heads of Agreement provides that:

- MSI sell to Suretech 100% of the issued capital of Superlink[1];
- MSI will grant a 10 year licence to Suretech to use, in the territories, all MSI's intellectual property associated with the manufacture of air conditioning equipment;
- MSI and Superlink will enter mutual releases in respect of obligations for debts due by MSI (or its non PRC and Hong Kong entities) to the Superlink group; and
- Suretech will pay MSI A$3.2 million cash in instalments over 12 months from the date of execution of final transaction documents[2];

collectively "the Proposal".

As noted, the Proposal will result in the disposal of the MSI Chinese manufacturing and sales operations and investments. This will alter significantly the scale of the Company's operations and its geographic reach.

We understand that a supply agreement will ensure that MSI remains the exclusive distributor of Multistack chillers in Australia.

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[1] *The Heads of Agreement was drafted with the inclusion of Penthill Ltd as a 99% owned subsidiary of Superlink. These shares are in fact owned directly by MSI, but will still be transferred as part of the Proposal. All references to the Superlink Group throughout this Report should be taken to include Penthill Ltd and its subsidiaries.*

[2] *The schedule of instalments is set out at 5.4(b) of the Notice of Meeting*

2. Summary and Opinion

2.1 General

We have considered the terms of the Proposal as outlined in the Notice of Meeting and in this Report and as a result of our review and considering all of the factors we are of the opinion that:

- the Proposal is fair and reasonable;
- that advantages of the Proposal outweigh the disadvantages for the non associated shareholders (the "Shareholders"); and
- they will be better off if it is approved at the General Meeting.

We consider that the Directors are justified in recommending that Shareholders vote in favour of the Proposal.

2.2 Financial impact of the Proposal

In Section 6.2 we determined that the Proposal improves the underlying Earnings Per Share and Net Asset Backing of each MSI share as detailed hereunder.

Table 1 –EPS, NAB and CAB Comparison

	Current (cents p.s)	Post Proposal (cents p.s)
Earnings Per Share (pre tax)		
EBIT	(0.646)	(0.039)
Operating Profit (before impairment and tax)	(0.540)	0.074
Net Asset (and NTA) Backing per share	2.81	4.99
Cash Asset Backing per share	1.40	3.47

It is our view that the market value of MSI shares will be more heavily influenced initially by the underlying asset backing rather than its earnings.

The above indicates that the Proposal is favourable to Shareholders on a quantitative analysis.

At section 6.3.1 we have analysed the value of the consideration received under the Proposal (including the mutual loan releases) against the fair value of the net asset of Superlink. We consider that the consideration is at a premium to the assets forgone in the range of A$2.0 million to A$3.2 million, with a preferred value mid point of approximately A$2.4 million.

The Proposal does not provide for MSI to receive a royalty from Suretech for the intellectual property licenced for the 10 years. We regard this as an asset (or right) forgone and thus forms part of the assets disposed of by MSI under the Proposal. We consider the present value of the royalty stream forgone is in the range of A$0.86 million to A$1.2 million. This analysis assumes a royalty consistent with that charged to other 3rd party licencees (primarily Multistack USA) and based on existing sales by Superlink, with an implied growth rate of 4% p.a.

Overall the value of the consideration received under the Proposal is at a premium to the assets foregone in the range of A$0.77 million to A$2.3 million, with a preferred mid point of approximately A$1.4 million.

The above indicates that the consideration received under the Proposal is fair.

2.3 Reasonableness of the Proposal

ASIC Regulatory Guide 111 indicates that an offer is "reasonable" if it is "fair".

An offer may also be reasonable if, despite not being "fair" but after considering other significant factors, shareholders should accept the offer in the absence of any superior bid before the close of the offer.

In accordance with ASIC RG 111, the offer is "reasonable" because it is "fair".

2.4 Other advantages and disadvantages of the Proposal

In Section 6.5.1 and 6.5.2 of this Report, in terms of both:

- advantages and disadvantages of the Proposal; or
- alternatives available if the Proposal is not approved.

In our opinion, the position of Shareholders if the Proposal proceeds is more advantageous than the position if the Proposal does not proceed.

The Proposal does not bring about any change in the share structure of shareholders of MSI.

The respective advantages and disadvantages considered are summarised below in table 2:

Table 2 – Summary of Advantages and disadvantages of the Proposal

Advantages	Disadvantages
The Proposal improves the immediate outlook for share price metrics both on an earnings and asset backing basis.	The company's activities will be significantly scaled down and be solely focused on distribution and service activities in Australia. Revenues are likely to be less than A$2.5 m.p.a and operations break-even for the foreseeable future.
The Proposal delivers a premium return over the implied fair value of the Chinese assets and the Intellectual property royalty foregone	The Company will lose control of Superlink and opportunities to take advantage of changes (improvements) in market conditions in the future may be limited by the small scale, single country focus of the business
The disposal provides some certainty in value for the Chinese assets in a deteriorating market	The disposal now would prevent obtaining a better price for the assets at a future point

Table 2 – Summary of Advantages and disadvantages of the Proposal (cont…)

Advantages	Disadvantages
The Proposal removes significant re-finance risk in relation to current debt obligations with bankers and associated entities. The cash payment for the asset provides certainty of working capital for ongoing operations and preservation of the Company as a going concern	
The Proposal should enable management focus on the Australian business and further opportunities for re-investment in the DunnAir operations or new business activities	There is a risk business development opportunities may not materialise, and the Company's operations stay at a small scale
The structure of the Company's business is simpler more transparent and lower risk. The simplification may facilitate more opportunities for new capital to fund a large acquisition.	
The Proposal is structured in such a manner that if the Purchaser defaults on payment of the full consideration, the Chinese assets revert to MSI control	

2.5 Alternatives available if the Proposal is Not Approved

If the Proposal is not approved then MSI will still maintain its existing interests in and control of Superlink and will be able to continue to operate the Chinese manufacturing and sales business and other investments in much the same manner as present.

That structure would mean that the Company remains exposed to the Chinese market and may face continuing operational and investment risks. Additionally, if the Chinese business cannot be resorted to profitability in the short-term, the group may face refinancing risk. If refinancing cannot be secured, that group may be forced to either:-

- dispose of the investment properties and investments in Multistack Thermal to provide immediate cashflow for debt retirement (the forced disposals may be on terms less favourable than the values attributed to the assets under the Proposal); or
- seek to raise new equity capital for debt retirement and working capital. The capital raising in the current environment may be substantially dilutive to existing shareholders.

2.6 General disclosures and limitations

2.6.1 Changes in Market conditions

Our analysis and conclusions are based on market conditions existing at the date of this Report. A limitation of our conclusion is that market conditions may change between the date of this Report and when the various aspects of the transaction are concluded. This is potentially significant if the offer period is extended.

2.6.2 Individual shareholder circumstances

Acceptance or rejection of the Proposal is a matter for individual shareholders based upon their own views of value, risk, liquidity preference, portfolio strategy and tax position. MSI shareholders who are in doubt as to the action that they should take in relation to the Proposal should consult their professional advisor.

2.6.3 Entirety of report

This summary opinion should be read in conjunction with and not independent of the remainder of this Report, which contains the following sections:-.

Yours sincerely,
Nexia ASR Pty Ltd
Holder of Australian Financial Services Licence No. 247362

Gary Graco
Authorised Representative

3. Terms of the Proposal

3.1 Background

Multistack originally commenced activities in China during 1988 when MSI granted an exclusive license to the ACR Equipment / Superlink group to use its modular air-conditioning technology in China, for mass manufacturing and distributing modular water cooled chillers.

In 1993, MSI acquired the Hong Kong and Chinese operations of the Superlink group.

Over the last several years, MSI group has experienced a decline in business activity and has only been able to achieve modest profitability. During 2007-2008, the Chinese operations turned from delivering a small contribution to incurring losses of approximately A$1 million. The directors undertook a review of the outlook for the Chinese business, both from a continuing financing perspective and operational outlook and determined that it was in the Company's best interests to exit that market.

Advisers were engaged and an offer procured from Suretech to purchase the Chinese operations and investments for cash consideration of A$3.2 million. The directors consider the offer is an opportunity to exit the business on favourable terms.

3.2 The Proposal

On 27 March 2009, MSI entered into a Heads of Agreement ("HOA") to sell all of the issued capital of Superlink to Suretech.

Full details of the terms of the HOA are set out at section 5.4 of the Notice of Meeting and EM.

In summary, the Proposal involves:-

- MSI to transfer to Suretech 100% of the issued capital of Superlink[3];
- MSI will grant a 10 year licence to Suretech to use, in the territories, all MSI's intellectual property associated with the manufacture of air conditioning equipment;
- MSI and Superlink entities will enter mutual releases in respect of all obligations for debts due by/to MSI (or its non PRC and Hong Kong entities) to/from the Superlink group; and
- Suretech will pay MSI A$3.2 million cash in instalments over 12 months from the date of execution of final transaction documents;

collectively 'the Proposal".

Superlink is presently a wholly owned subsidiary and is the holding company for a group of entities which own and operate MSI's Chinese business and investments. Appendix E sets out the Superlink group entities and ownership structure.

Suretech is an overseas investment group specialising in air-conditioning businesses in China.

Completion of the Superlink sale agreement is subject to approval of MSI shareholders.

Whilst operational control of the Superlink entities will be assumed by Suretech upon completion of the final transaction documents, the transaction terms provide that the transfer of the Superlink shares from MSI to Suretech will not occur until all cash instalments payable under the contract have been paid.

We understand that it is also the intention of MSI and Suretech to enter into a supply agreement to ensure MSI's continuing position as the sole Australian distributor of Multistack chillers and associated air-conditioning equipment manufactured by Suretech/Superlink.

[3] *See note 2 in section 1.3 of this Report*

4. Purpose & Scope of Report

4.1 Purpose of the Report

The purpose of this Report is to assess whether:-

- the Proposal is fair and reasonable;
- the advantages of the Proposal outweigh the disadvantages for the non-associated shareholders (the "Shareholders"); and
- they will be better off if it is approved at the General Meeting.

4.2 ASX Listing Rules

Chapter 11 of the ASX Listing Rules governs the conduct of companies where there is a proposed change in activities. Rule 11.1 provides that the ASX may require companies to obtain shareholder approval before undertaking any significant change to the nature or scale of its activities. Furthermore, rule 11.2 specifies that a company must obtain shareholder approval if the significant change in activity involves the disposal of the major undertaking of a company.

The directors have determined that the Proposal is within the ASX guidelines concerning Chapter 11 of the rules and propose to submit the Proposal for approval by shareholders, prior to completing the Proposal.

Although not specifically required by the ASX Listing rules, the directors have also determined that it is appropriate to include with the Notice of Meeting and EM to be sent to members for the meeting to be held during May 2009, a report from an independent expert commenting on the transaction.

4.3 Guiding principles on opinion

As Chapter 11 does not impose a requirement for a disposal resolution to be accompanied by an Independent Experts Report, the rules do not prescribe the format of that report and the opinions required.

We have taken guidance from Rule 10.1 (dealing with disposal to related parties) where there is a positive requirement for an Independent Experts Report. Under rule 10.1, the expert must provide an opinion if the transaction is fair and/or reasonable.

4.4 Guidelines issued by ASIC on fair and reasonable

With respect to the meaning of fair and reasonable, ASIC has issued Regulatory Guides ("RG") 111– *Content of Experts Reports* Whilst RG 111 focuses on reports prepared for Chapters 5, 6 and 6A of the Corporations Act the RG provide guidance on matters relating to fair and reasonable.

RG 111 states that an expert should focus on the issues facing the security holders for whom the report is being prepared. Broadly the RG implies that to determine whether the proposal is fair and reasonable, the likely advantages and disadvantages to the shareholders of a company if the proposal is implemented must be compared to the likely advantages and disadvantages if the proposal is not implemented. Fairness and reasonableness should be judged in all the circumstances of the proposal. In essence, the proposal would be fair and reasonable if the shareholders of a company are better off if the proposal is implemented, that is the expected advantages to the non associated shareholders outweigh the disadvantages.

Although the term fair and reasonable has no real definition, over time a commonly accepted meaning has evolved. The RG reinforces this commonly accepted view that fairness relates to price whereas reasonableness involves consideration of factors other than price.

Fairness generally involves comparison of the value of the consideration and the value that may be attributable to the securities, which are the subject of the transaction based on the valuation of the underlying business and assets.

The concept of reasonableness involves an analysis of factors other than fairness that non-associated shareholders might consider prior to voting on the proposal.

Where the proposal may result in a change in control of the issuing company, RG's 111 also requires the independent expert to provide an opinion as to whether there is any premium for control being received as consideration as a result of the proposal. In order to express an opinion as to whether any control premium is being received, the independent expert needs to:-

- consider whether there has been any change in control; and
- quantify the control premium.

If there is a premium being received, the higher the premium the greater the benefit for shareholders, however, any such benefit may be offsetting against a change of control.

4.5 Basis of assessment

In undertaking our analysis and forming our opinion, we have considered:-

(a) the financial impact on MSI of the Proposal;

(b) if the Proposal is fair and/or reasonable and

(c) other qualitative and strategic issues associated with the Proposal.

4.6 Limitations of the Report

This Report has been prepared at the request of the directors for the purposes of assisting non-associated shareholders in their decision on whether or not to vote in favour of the Proposal.

The Report is not intended to serve any other purpose and should not be relied upon by any other person for any other purpose in preparation of this Report. Nexia has relied upon financial and other information provided by the Company. We believe that the information provided was reliable, complete and not misleading and there is no reason to believe that any material facts have been withheld, however we have not conducted any audit or due diligence of our own to assess the correctness or completeness of this information.

The opinion of Nexia is based on economic market and other conditions prevailing on the date of this Report. Such conditions can change significantly over a relatively short period of time.

5. Profile of MSI

5.1 Company Overview

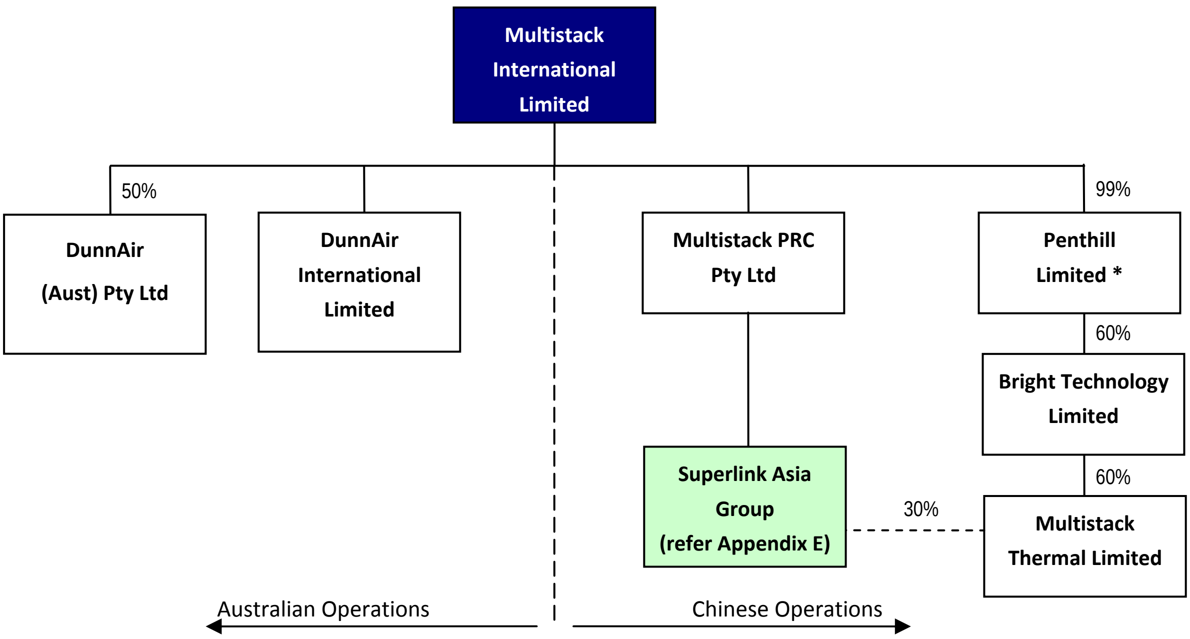
MSI was founded in 1985 to commercialise the development of the world first Multistack modular water cooled chiller. MSI now manufactures, distributes and markets industrial air-conditioning products, water cooled chillers and braze plate heat exchangers. The products are sold worldwide through direct channels, agencies and distributors.

MSI was listed on the ASX in February 1993. The group expanded internationally with sizeable owned operations in the US, China and Australia.

Over the several years, the group has disposed of several owned operations and the Company now has manufacturing, sales and service operations in China and sales and service operations in Australia.

MSI has a wide international network of distributors and has a strong reputation through its ISO 9002 and TUV CERT quality accreditation. Major customers include builders, contractors, large industrial building and factories

The MSI group currently consists of approximately 20 companies. The corporate chart is set out as follows. Unless otherwise noted, MSI has beneficial interests of 100%.



* to complete the agreement, Penthill will be transferred to the purchaser as part of the transaction process.

Australian Operations

In Australia MSI operates under the DunnAir banner.

DunnAir International is the Australian distributor of the Multistack water cooled chillers range and associated products. It undertakes sales, service and assembly. The DunnAir organisation was established in Australia in 1970. It was acquired by MSI in 1995. Head office is located in Melbourne, which directs national and international sales of Multistack products. The business has a consistent client base for modular chillers that have been supplied to the Australian market for over 20 years. The Melbourne office also supports the overseas agent network in New Zealand, the Philippines and the Middle East and provides service and retrofit support. The Service Division in Adelaide, South Australia is a stable operation supported by a group of customers including universities and factories that normally consider reliability as a prime issue.

Turnover is approximately A$2.2 million – comprising 65% sales and 35% service. The operations have incurred small losses in recent years, but following a restructure management now expect the unit to achieve break-even or better

DunnAir (Aust) was established in 2004 in conjunction with Rogton Pty Ltd to design and market range of 6.5kw to 200kw split ducted and rooftop packaged air-conditioners. Turnover for the last 12 months was approximately A$3.5 million. The venture incurred losses during the early years, however over the last 18 months, it has returned a small profit. The business is expected to remain profitable and self sustaining. Total working capital and capex funding provided by MSI to the venture to date is approximately A$1.2 million. The other shareholder has matched that funding, in accordance with the joint venture agreement requirements.

Chinese Operations

In the Hong Kong and Chinese markets, MSI operates under the Superlink banner.

The company has 3 manufacturing plants and 22 regional sales offices throughout China and employs over 250 personnel.

Whilst the Chinese business experienced strong growth throughout the late 1990's and first half of this decade, activity has been in decline over the last 4 years with revenues falling from A$14.4 million in 2005 to A$10.7 million for the 2008 year. Profitability of the operations has also declined with contribution falling from approximately A$1.2 million in 2005 to a loss of approximately A$1 million during 2008. The changes in the Chinese market place over the last 6 months indicate a bleak outlook for new residential and commercial construction in the short term. Management are expecting losses to continue during the current year. It is not known if the US$800 billion infrastructure stimulus package announced in early 2009 will flow through to the sector serviced by Superlink.

In addition to the manufacturing and sales business in China, Superlink group also has direct investments in 3 investment properties (office units and a parcel of land and a building erected thereon) located in the PRC and Hong Kong.

The Superlink group also has a substantial investment (effective 66% beneficial interest) in Multistack Thermal Limited ("MTL"). MTL is a Chinese company specialising in the manufacture and sale of heat exchangers and related services. MTL has been profitable with Superlink equity accounting approximately A$2.1 million of profits over the last 4 years including A$0.6 million in 2008 and A$0.5 million in 2007).

5.2 Share Price Performance and Ownership

The Company has languished in the market for several years, with a price variation over the last 4 years from 0.4 cents to 4.8 cents. MSI's present market capitalisation is approximately A$2.8 million, representing a premium of approximately A$0.8 million, or 38%, over published net asset backing.

Trading in the Company's shares is very thin. During the last 12 months:

- trades have only been recorded on 23 days;
- total turnover was only 3% of quoted capital; and
- the share price has traded within a range of 1.1 cents to 5 cents.

Whilst the Company has over 500 shareholders, ownership is concentrated with the top 20 controlling 89% of all capital. Approximately 50.2% of the Company is controlled by the 3 executive directors. Those holdings have been steady for several years.

5.3 Financial Performance

A summary of the financial performance of the Company for the year ended 31 December 2008 is set out below.

Table 3 - MSI Income Statement : CY2008

	TOTAL GROUP A$000	Comprising: Dunnair Group (Australian & HO Operations) A$000	Comprising: Superlink Group (Chinese operations) A$000
Operating revenue			
Revenue from sale of goods	11,103	1,395	9,708
Revenue from services	810	774	36
Total operating revenue	11,913	2,169	9,744
Other operating revenue			
Proceeds on sale of non current	54	11	43
Licence fees & royalties	388	388	(0)
Other	374	59	315
Total other operating revenue	816	459	357
Total operating revenue	12,729	2,628	10,101
Less:			
Cost of Goods Sold	(8,163)	(1,535)	(6,628)
Salaries & Employee Benefits expenses	(2,225)	(537)	(1,688)
Other expenses from ordinary activities	(2,844)	(429)	(2,415)
EBITDA	(503)	128	(631)
Depreciation & Amortisation expenses	(223)	(11)	(212)
EBIT	(726)	117	(843)
Borrowing costs expenses	(478)	13	(491)
OPERATING PROFIT (before share of associates)	(1,204)	129	(1,333)
Share of net P/L of associates (using equity method)	598	-	598
OPERATING PROFIT (before impairment charges and tax)	(606)	129	(735)
Impairment Adjustments	(7,897)		(7,897)
Profit/(loss) before tax	(8,503)	129	(8,632)
Earnings Per Share (cents)			
EBITDA	(0.448)	0.114	(0.562)
EBIT	(0.646)	0.104	(0.750)
Operating Profit (before impairment and tax)	(0.540)	0.115	(1.187)

Source: 2008 Annual Report and Management consolidation work papers

As can be noted, the group results for 2008 were significantly impacted by impairment charges against the Chinese business assets. The allocation of impairment charges was approximately A$2.8 million against operating assets (PP&E and inventories) and A$5.1 million against investments in associates.

The business operations in China experienced the first year of losses in several years reflecting the impact of a slowdown in the Chinese construction activity and increasing competition for business. The Australian business incurred a small loss. Corporate operations were supplemented from royalty income from licences granted to the US licencee.

5.4 Financial Position

A summary of the financial position of the Company as at 31 December 2008 is set out below. Adjustments to the reported balances (as audited) have been made based upon more recent fair value assessments by management or its advisers.

Table 4 - MSI Balance Sheet – 31 December 2008

			Comprising	
	TOTAL GROUP A$000		Dunnair Group (Australian & HO Operations) A$000	Superlink Group (Chinese operations) A$000
Current assets				
Cash	1,577		700	877
Receivables	10,394		190	10,204
Inventories	3,598	(1)	613	2,985
Other	5		5	(0)
Total current assets	15,574		1,509	14,065
Non-current assets				
Receivables - related entities	1,192		8,847	9,170
Investments (associates)	3,496	(1)	0	3,496
Property plant & equip	481		43	438
Investment property	3,651	(3)	-	3,651
Intangibles & Other	-		-	-
Total non-current assets	8,820		8,890	16,755
TOTAL ASSETS	24,394		10,843	30,820
Current liabilities				
Accounts payable	3,895		170	3,725
Payables - group entities	-		9,170	7,655
Payables - associated entities	10,235		-	10,235
Borrowings	6,646		-	6,646
Provisions	145		108	37
Other	-		(0)	-
Total current liabilities	20,921		9,448	28,298
Non current liabilities				
Provisions	317		67	250
Total non current	317		67	250
Total liabilities	21,238		9,515	28,548
NET ASSETS	3,156		884	2,272
Per share (cents)				
Cash Backing	1.40		0.62	0.78
NTA & Net Assets	2.81		0.79	2.02

Source: 2008 Annual Report and Management consolidation work papers, Grant Sherman report work papers

As noted, the above financial position includes adjustments made to the audited balance sheet as at 31 December 2008. The reconciliation to the audited financials is as follows:-

Table 5 - Reconciliation to 31 December 2008 Audited Accounts

	TOTAL GROUP A$000	Dunnair Group (Australian & HO Operations) A$000	Superlink Group (Chinese operations) A$000
Net Assets (per audited accounts)	2,058	884	1,174
Add (deduct)			
(1) Inventory provision on premises relocation	(1,692)		(1,692)
(2) Uplift in Fair value of Investment in MTL	696		696
(3) Uplift in fair value of investment properties	2,094		2,094
Adjusted Net Assets - at fair value	3,156	884	2,272

(1) Management have advised that a further Inventory provision A$1.672 million should have been made at 31 December 2008. The original provision for stock obsolescence was based on aging/expected use. Subsequent to year end, in preparation for relocation of the Paynu factory, management determined that due to space constraints some of the inventory held would be obsolete and incompatible with current production. (*Source: Company CFO – March 2009*).

During March 2009, the Company commissioned Grant Sherman Appraisal Limited – Hong Kong to provide an independent valuation as at 31 December 2008 of MSI's investment in MTL and the investment properties regarding:-

(a) 5 office units of a commercial building located in Yue Xiu District, Guangzhou City, the PRC;

(b) a strata title whole floor in a 23 storey office tower in Hong Kong; and

(c) a piece of land together with a block of building located in Panyu District, Guangzhou City, the PRC.

Grant Sherman has acknowledged that reliance will be placed on its assessment for the purposes of this Report. I have reviewed the report of Grant Sherman and working models used by them in their analysis. Further comments are set out in Section 6.3.2.1.

(2) As at 31 December 2008, Grant Sherman independently appraised the fair value of the investment in the 66% effective equity interest of MTL in a range of A$2.75 million to A$3.93 million, with a preferred mid point valuation of approximately A$3.5 million. This compares with carrying value of A$2.8 million. (*Source: Grant Sherman report and working files*).

(3) As at 31 December 2008, Grant Sherman independently appraised the fair value of the investment properties held at approximately A$3.6 million, compared with carrying value of A$1.6 million. (*Source: 2008 Annual Report and Grant Sherman report*).

6. Assessment of the Proposal for non-associated shareholders

6.1 Basis of Assessment

In assessing whether the Proposal is in the interests of Shareholders, we have had regard to the criteria set out in ASIC's Regulatory Guide 111 "*Content of Experts Reports*".

RG 111 directs an expert to consider all the circumstances of the Proposal, and compare the likely advantages and disadvantages to non-associated shareholders if they vote in favour of the Proposal to the advantages and disadvantages to those shareholders if they do not.

The following factors have been considered in evaluating the merits of the Proposal for MSI non-associated shareholders.

- the financial impact of the Proposal on MSI;
- whether the consideration received under the Proposal is fair (that is it is valued at more than the fair value of the assets being disposed of);
- the respective advantages and disadvantages associated with the Proposal, assuming it is approved by shareholder;
- the alternatives available to MSI if the Proposal does not proceed; and
- any other factors which may have a material impact

6.2 Financial impact on MSI of the Proposal

6.2.1 Impact on Earnings

We consider the Proposal will have a positive impact on the Company's earnings.

As set out in table 3, the 2008 operating earnings of the group was a loss approximately A$0.6 million, equivalent to earnings per share of:-

	Cents p.s.
EBIT	(0.646)
Operating Profit before tax	(0.540)

On the basis of the Proposal completing, MSI's sole operations will be the DunnAir businesses in Australia and its corporate activities. Based on the 2008 actual results, the earnings profile of the Company post proposal may be summarised as follows:-

Table 6 - Post Proposal Earnings Summary

	A$000's
EBIT – Australian group (per table 3)	117
EBIT – Dunnair (Aust) – equity accounted share of profit	40
costs re-allocation [(1)]	(200)
Adjusted EBIT	(43)
Implied interest earnings on A$3.9 m cash	127
Adjusted Operating Profit before tax	84
EPS (cents)	
EBIT	(0.039)
Operating Profit before tax	0.074

[(1)] Management advises that approximately A$0.2 million p.a. of director remuneration and other costs currently absorbed within the Chinese entities will be a cost reallocated to MSI direct.

Management have provided cash flow forecast for the 2009 year, as if the Proposal had completed. The forecast indicates a small net operating cash outflow over the year and the following 6 months.

The DunnAir operations are expected to break-even from an earnings perspective.

6.2.2 Impact on Financial Position

We consider the Proposal will have a positive impact on the Company's financial position, with a substantial improvement in liquid assets and no debt exposure.

Should shareholders approve the Proposal, the financial position of MSI will be as follows:-

Table 7 – MSI Balance Sheet – Actual 31 Dec 2008 and Pro-forma Post Proposal

	Current A$000	Post Proposal A$000	
Current assets			
Cash	1,577	3,900	(1)
Receivables	10,394	190	
Inventories	3,598	613	
Other	5	5	
Total current assets	15,574	4,709	
Non-current assets			
Receivables - related entities & JV	1,192	1,192	
Investments (associates)	3,496	-	
Property plant & equip	481	43	
Investment property	3,651	-	
Intangibles & Other	-	-	
Total non-current assets	8,820	1,235	
TOTAL ASSETS	24,304	5,944	
Current liabilities			
Accounts payable	3,895	170	
Payables - group entities	-		
Payables - associated entities	10,235	-	
Borrowings	6,646	-	
Provisions	145	108	
Other	-	(0)	
Total current liabilities	20,921	278	
Non current liabilities			
Provisions	317	67	
Total non current	317	67	
Total liabilities	21,238	345	
NET ASSETS	3,156	5,599	
Per share (cents)			
Cash Backing	1.40	3.47	
NTA & Net Assets	2.81	4.99	

(1) For the purposes of this analysis, the A$3.2 million proceeds from the Proposal is treated as cash, notwithstanding the amount will be received in instalments over a 12 month period.

6.3 Assessment of the Fairness of the Proposal

We consider the terms of the Proposal are fair, with the value of the consideration notionally valued at approximately A$4.7 million, whereas the value of the assets disposed of, or rights forgone, has a value in the range of A$2.38 million to A$3.94 million.

6.3.1 Valuation of the Consideration

The Proposal provides for effective consideration of A$4.715 million comprising:-

Consideration component	Fair Value A$000's	Basis of Assessment	Source
Cash Payable	3,200	Per contractual arrangements. Cash is payable by instalments over a 12 months period. We have not applied a discount to present value as the amount involved would not be significant given current rates that would be applied.	Heads of Agreement
Net Loans Forgiven benefit	1,515	Book value of loans (to)/from Superlink A$000's ARC equipment 9,170 Penthill Ltd (7,010) Bright Technology (645)	Heads of Agreement Dec 2008 audited financial accounts
Total	**4,715**		

6.3.2 Valuation of the Assets sold/forgone

We have assessed the value of the assets to be sold or forgone in the range of A$2.38 to A$3.94 million, with a preferred valuation of approximately A$3.32 million.

Asset	Fair Value A$000's		
	HIGH A$000's	PREFERRED A$000's	LOW A$000's
Superlink shares	2,709	**2,272**	1,523
Forgone royalty stream on 10 year IP and trademarks licence	1,235	**1,048**	860
Total	**3,944**	**3,320**	**2,383**

6.3.2.1 Superlink shares

Valuation and Basis of Assessment

We have assessed the fair value of the Superlink shares by reference to the following assets:-

Asset	Basis of Assessment	Source	Fair Value A$000's		
			HIGH A$000's	**PREFERRED A$000's**	**LOW A$000's**
Investment Properties	Open market sale or depreciated replacement cost, vacant possession	Grant Sherman appraisal	3,651	**3,651**	3,651
Investment in associate - MTL	Comparable	Grant Sherman appraisal	3,932	**3,496**	2,746
Underlying China business operations and assets	Net assets	Dec 2008 audited financial accounts	(4,874)	**(4,874)**	(4,874)
Total			**2,709**	**2,272**	**1,523**

Included at Appendix D is a summary of the accepted valuation methodologies when considering assets, should they be operating businesses or passive assets

As previously noted, in March 2009, the Company commissioned Grant Sherman Appraisal Limited of Hong Kong to provide an independent assessment of the fair value of the investment properties held in Hong Kong and China by MSI and the investment held in the 66% effective equity interest of MTL as at 31 December 2008. Their assessment was used by directors in the negotiations with Suretech. At the Company's and our request Grant Sherman has provided an updated report specifically for use and reliance by us in the preparation of this Report. Grant Sherman have consented to the use of their report by Nexia and references to their name and report in the context in which it is included in this Report.

We have reviewed Grant Sherman's experience, their report, some of the detailed workpapers and analysis prepared by them in formulating their opinion and discussed with them certain aspects of their report and analysis. We are satisfied that Grant Sherman has the appropriate experience and has adopted appropriate methodologies in valuing the assets in question and has considered major issues identified by us. We have not included the Grant Sherman report in this Report, however make comment on certain aspects of their analysis and comments from their report.

Investment Properties

There are 3 investment properties:-

(a) 5 office units of a commercial building located in Yue Xiu District, Guangzhou City, the PRC – total area approx 746.1 sq.m. – fully leased;

(b) a strata title whole floor in a 23 storey office tower in Hong Kong – total area approx. 119.6 sq.m. – presently vacant; and

(c) a piece of land together with a block of buildings located in Panyu District, Guangzhou City, the PRC – total area approx. 7,748 sq.m. – presently vacant.

Grant Sherman has assessed market value derived from Comparison Sales Approach for properties (a) and (b) given available evidence of comparable sales in the relevant markets. For property (c), they have utilised a Depreciated Replacement Cost approach due to the specific purpose nature of the building and lack of comparable sales evidence.

Investment in associate - MTL

MSI holds an economic interest in MTL of 66%, although it only has voting power of 33%. As MSI does not exercise control over MTL, it accounts for the investment on an equity accounting basis. MTL has been profitable for several years and total profit brought to account (on an equity basis) by MSI over the last 4 years exceeds A$2 million.

Grant Sherman has ascribed a valuation range of A$2.75 to A$3.93 million to the 66% economic interest as at 31 December 2008.

They have applied a Market Based approach to the assessment and employed a Guideline Publicly Traded Company ("GPTC") method to determine the equity value. Under this method, the fair market value is based on prices at which securities of similar companies are traded in a public market. Grant Sherman selected 4 comparable companies located in China or the US. In applying the GPTC method, different value measures or market multiples of the comparable companies are calculated and analysed to induce a series of multiples that are considered representative of industry averages. Those multiples are than applied to the subject company (MTL) to determine a value in a freely traded market. The specific multiples Grant Sherman applied were (1) price to EBITDA, (2) price to EBIT; and (3) price to net income.

Based on an average of earnings over the 3 years 2006 – 2008, Grant Sherman determined an enterprise value of MTL of approximately A$12.6 million, or a total equity value (after deducting debt) of A$9.46 million.

MTL is not listed and Grant Sherman correctly applied a 'lack of marketability' discount to the above values. The discount range applied was 30% to 45%.

As MSI only has a beneficial interest of 66% and a voting interest of only 33%, Grant Sherman correctly applied a further discount for minority control. This discount recognises that a purchaser who is not able to exercise control over an investment, and have control over corporate policies and strategies, management selection, acquisition, divestment, funding and dividend policies will require a greater return on the investment because of the inherent risks in relying on other shareholders/directors. Grant Sherman have applied a minority discount range of 10% to 20%.

Grant Sherman's preferred valuation mid point adopts a 30% marketability discount and a 20% minority discount.

Underlying China business operations and assets

We have considered the Chinese operations and associated assets and are of the view that the Net Asset methodology is the only appropriate basis to determine the fair market value of the assets being disposed of. The operations incurred an operating loss for the 2008 year. MSI has not provided us with detailed forecast for 2009 and beyond or a business plan, however have informed us that they expect that the operations will continue to incur losses in the foreseeable future owing to the continued downturn in construction activity and over supply of available product in the market place and the impact this will have on turnover and margins.

As noted in Appendix D, the discounted cash flow or earnings based approach can only typically be adopted where there is an expectation that profits will be maintained at reasonably predictable levels in the future or that cash flows will be positive.

In the absence of other authoritive information, we have relied upon the December 2008 audited financial accounts of the group. We have examined the balance sheet of the Superlink group (refer table 4 at section 5.4 above).

The stated value of the business assets at December 2008 is reconciled as follows:-

Net Assets - at fair value (refer table 4)	2,272
Less – non operating assets	
Investment in associated entity	(3,496)
Investment Properties	(3,651)
Net operating assets, debt and loans - at fair value	(4,874)

We have not made any further adjustments to the reported asset or liability values, other than the additional provision for inventory obsolescence identified by management during preparation for relocation of the Panyu manufacturing facility. The audit of the MSI annual accounts was completed in late March 2009. According to the directors, no other matters have come to light during the last 2 months that would indicate the fair values applied to assets and liabilities at December 2008, and as set out in the audited financials, should be further adjusted.

We again reiterate that we have not conducted a separate audit or due diligence of the financial information provided by the Company. We have, for the purposes of the asset and liabilities assessment, relied upon the procedures and opinions drawn by the Company's auditors.

The transaction documents, based on the HOA, will provide that the effective date of the transfer is 31 December 2008. Accordingly, any operating losses incurred from that date to completion of the agreements will be to the account of the Purchaser. In these circumstances, no further adjustment to take account of those liabilities arising from those continuing operating losses is required in our analysis.

6.3.2.2 Forgone royalty stream

The Proposal requires that MSI grant Suretech (or its nominated entity) a licence to use all of MSI's intellectual property, patents and trademarks for the purpose of operations in the factories and sales offices in the P.R. of China. The licence shall be for a fixed period of 10 years.

There is no separate consideration attributed to the grant of the licence. Any value (or payment) ascribed is incorporated in the cash settlement and loan releases.

The IP, patents and trademarks are a valuable asset of MSI. As can be noted from the Income Statement, MSI derived royalties of A$0.388 million during 2008. The royalty is derived predominately from the US 3rd party licence, Multistack Inc. Whilst the royalty stream has been forecast to reduce during 2009/10 given economic conditions in the US and other markets, the income derived never-the-less demonstrates that the IP has value and licencing of the IP to 3rd parties is capable of contributing a separate income stream to MSI.

We have assessed the value of the royalty stream asset forgone (or provided to Suretech) on the basis of a net present value of a future royalty stream from licencing of the IP. The income stream is based on current sales in China, and assuming an annual 4% growth therein. The royalty rate has been set at 2%, being a rate consistent to that charged to the US licencee. We have applied a discount rate range of 15% to 25% reflecting current interest rates and the risks applicable to the cashflows. The cashflow period used was 10 years, being the fixed licence period.

Based on those parameters and assumptions, we assessed the value of the licence grant to be in the range of A$0.86 million to A$1.24 million.

6.4 Reasonableness of the Proposal

ASIC Regulatory Guide 111 indicates that an offer is "reasonable" if it is "fair".

As noted at section 6.3 we consider that the fair value of the consideration in the Proposal is greater than the fair value of the assets provided to the Purchaser. We concluded on that basis that the Proposal was fair.

In accordance with ASIC RG 111, the offer is "reasonable" because it is "fair".

6.5 Advantages and Disadvantages of the Proposal

We have considered the advantages and disadvantages of the Proposal for Shareholders.

6.5.1 Key Advantages of the Proposal

The following are what we consider are the key advantages for Shareholders if the Proposal IS approved:-

- *underlying earnings per share will increase*

  As noted in table 6 above, the EPS of all MSI shares will increase by approximately 0.615 cents per share (based on FY2008 profits).

- *underlying asset backing per share will increase*

  As set out in table 7 above, the Cash Asset Backing and Net Asset Backing of all MSI shares will increase by approximately 2.07 and 2.26 cents per share respectively (based on Dec 2008 balances and the Proposal).

Both of the above metrics should, under normal conditions, be expected to have a positive impact on the Company's share price.

- *The group structure will be simplified*

  The disposal of Superlink will simplify the group structure and enable compliance benefits to be achieved such, reduced accounting and audit requirements, and operating efficiencies. The structure should also make the group more transparent to capital markets, which will be a significant issue in raising funds.

- *The Proposal provides some certainty in value for the Chinese assets in a deteriorating market*

  At present, the outlook for the Chinese operations is not positive and there is uncertainty as to when and to what extent the market will recover and restoration to profitable trading can be achieved. Continued operation of the Chinese business carries inherent risk of having to fund further losses, and potentially the value of the assets deteriorating. Should the Proposal not be approved and a decision is made at a later date to dispose of the operations, the price achieved may not be as attractive as the market and asset values therein may have deteriorated even further. The Proposal provides some certainty on achieving a positive outcome at a price in excess of the assessed fair value. The Company's principal asset, will be cash, the value of which can be preserved in this uncertain and volatile period.

- *The Proposal removes significant re-finance risk in relation to current debt obligations with bankers and associated entities*

  The Superlink group presently has external debt obligations of A$6.5 million to bankers and A$9.5 million to MTL, which is not a controlled entity. If the operations cannot demonstrate a capacity to service and/or retire those obligations, the lenders may require re-financing. Such re-financing may prove difficult to achieve in the current and foreseeable market. Failure to refinance may bring about action by the lenders to liquidate the operating or investment assets. Disposal under these circumstances may not be at a price consistent with the Proposal.

- *The cash payment for the asset provides certainty of working capital for ongoing operations and preservation of the Company as a going concern*

  The 2008 audit opinion contained commentary on a material uncertainty for the Company to continue as a going concern. The Proposal will bring to the Company significant cash reserves to fund ongoing operations. The continuation of activities will preserve for shareholders the intrinsic value of the listed vehicle as directors pursue new business opportunities via cash and or share based transactions.

- *The Proposal should enable management focus on the Australian business*

  The Chinese operations are sizeable and require significant management effort and time. Management should be released from focussing on making the China business perform and could redirect efforts to improving the scope and performance of the Australian activities. The availability of working capital should also enable new initiatives to be trialled or equipment upgraded.

- *The Proposal is structured in such a manner that if the Purchaser defaults on payment of the full consideration, the Chinese assets revert to MSI control*

  Final ownership of Superlink does not pass until the final cash instalment has been paid by the Purchaser. In the event of default at any time the Company will be free to take back control and operation of the assets, deal with them by disposal to another party or realise value by an orderly disposal. The monies paid by the Purchaser can be retained by MSI.

6.5.2 Key Disadvantages of the Proposal

The following are what we consider are the key disadvantages for the non associated shareholders if the Proposal IS approved

- *The company's activities will be significantly scaled down*

  Following completion the only activities conducted by the Company will be the Australian operations and the licensing of the technology. The Australian business only have sales of approximately A$5.5 million and are unlikely to generate significant profits (currently only forecast to break-even). The licensing activities may be difficult to expand in the current environment. Notwithstanding net earnings should improve, on 2008, if the Proposal is approved, the quantum of earnings will not be significant.

  We understand it is the directors' intentions to pursue new business opportunities to ensure the Company has a substantial presence as a listed entity.

  We point out that there is a risk that suitable opportunities may not materialise in a timely manner.

- *A disposal now of the Chinese operations and assets would prevent obtaining a better price for the assets at a future point*

  It may be possible that the Chinese operations can be restored to profitability through better management or improvement in markets earlier than expected. If this is the case then the operations could be reasonably expected to derive a better price than the current Proposal given some significant risks would have been taken out of the business.

6.6 Control Premium

The Proposal does not involve the issue of shares in MSI, nor any other changes that would bring about a change of control. Accordingly we have not considered any control premium issues.

6.7 Alternatives available if the Proposal is Not Approved

If the Proposal is not approved then MSI will still maintain its existing interests in and control of Superlink and will be able to continue to operate the Chinese manufacturing and sales business and other investments in much the same manner as present.

That structure would mean that the Company remains exposed to the Chinese market and may face continuing operational and investment risks. Additionally if the Chinese business cannot be restored to profitability in the short-term the group may face refinancing risk. If re-financing cannot be secured that group may be forced to either:-

- dispose of the investment properties and investments in Multistack Thermal to provide immediate cashflow for debt retirement (the forced disposals may be on terms less favourable than the values attributed to the assets under the Proposal); or
- seek to raise new equity capital for debt retirement and working capital. The capital raising in the current environment may be substantially dilutive to existing shareholders.

6.8 Conclusion

We have considered the terms of the Proposal as outlined in the body of this Report and are of the opinion that :-

- the Proposal is fair and reasonable;
- the advantages of the Proposal outweigh the disadvantages; and
- the directors are justified in recommending that Shareholders vote in favour of the Proposal.

APPENDIX A

Statement of Qualifications, Independence, Declarations and Consents

Qualifications

Nexia ASR Pty Ltd ("Nexia ASR") is a Melbourne based accounting, audit and business advisory practice and is a licensed investment adviser within the terms of the Corporations Act 2001. Senior partners at Nexia ASR specialise in and regularly perform corporate and asset valuations and advice on company restructures acquisitions and proposals. Nexia ASR, acting through different partners also performs audit on the accounts of Australian companies.

Nexia ASR is an independent member of the Nexia International network of independent accounting firms. Nexia International origins go back over 35 years making it one of the most established accounting and advisory networks. The network consists of more than 300 independent accounting and consulting firms in 95 countries and engages more than 14,000 professionals who share their experience and expertise.

The persons responsible for preparing this Report on behalf of Nexia ASR are Gary Graco (Dip. Bus Studies – Accounting, ACA) and Tom Borsky (B. Ec. FCA), each of whom has a significant number of years of experience in relevant corporate advisory matters including valuations and independent expert reports.

Independence

Nexia ASR considers itself to be independent in terms of Regulatory Guide 112 issued by ASIC relating to independence of experts and has developed and issued an opinion and report on an unbiased basis.

Nexia ASR and its related entities or any of its Directors or Partners have not had within the previous two years, any shareholding in MSI nor Suretech.

Nexia ASR and its related entities have not provided any professional services to either MSI or Suretech during the previous 2 years.

None of Nexia ASR, Gary Graco, Tom Borsky, nor any other member, director, partner or employee of any of Nexia ASR has any interest in the opinion reached by Nexia ASR except that we are entitled to receive professional fees for the completion of this Report based on time incurred at normal professional rates. The estimated fees for preparation of this Report are A$12,000 (exclusive of GST) With the exception of these fees no parties will receive any other benefits, whether directly or indirectly, for or in connection with issuing this Report.

Disclaimers

This Report should not be used or relied upon for any purpose other than as an expression of Nexia ASR opinion of the Proposal. Nexia ASR expressly disclaims any liability to any person who relies on our Report, or seeks to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose.

Appendix C identifies the sources of information upon which this Report has been based. Whilst Nexia ASR has no reason to believe that such information is not reliable and accurate, it has not caused such information to be independently verified or audited in any way. Inquiry, analysis and review have brought nothing to our attention to indicate a material misstatement, omission or lack of reasonable grounds upon which to base our opinion.

The opinions given by Nexia ASR in this Report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. This Report has been prepared with care and diligence. However, no responsibility is accepted by Nexia ASR or any of its officers or employees for errors or omissions however arising in the preparation of this Report, provided that this shall not absolve Nexia ASR from consequences related to an opinion expressed recklessly or in bad faith.

Advanced drafts of this Report were provided to the Directors of the Company. Minor changes for factual content were made to this Report. There was no alteration to the methodology or conclusions reached as a result of discussions related to drafts of the Report.

Nexia ASR's opinion is based on prevailing conditions at the date of this Report including market, economic and other relevant circumstances. These can change over relatively short time period and any subsequent changes in these conditions in the value either positively or negatively

Indemnity

The Company has agreed that it will indemnify Nexia ASR and its employees and officers in respect to any or all losses, claims, damages and liabilities arising as a result of or in connection with the preparation of this Report.

Consent

This Report has been prepared at the request of the Company and may accompany the Notice of Meeting to be given to shareholders.

Nexia ASR consents to the issuing of this Report and the form and context to which it is to be included with the Notice of Meeting. Other than the Report, Nexia ASR has not been involved in the preparation of the documents or other aspects of the Proposal or the Notice of Meeting to which this Report may be attached. Accordingly, we take no responsibility for the content of the Notice of Meeting or the Proposal as a whole. Neither the whole nor any part of this Report nor any reference thereto may be included in any other document without prior written consent of Nexia ASR as to the form and context to which it appears.

APPENDIX B

Nexia ASR Pty Ltd Financial Services Guide

This Financial Services Guide is dated 24 April 2009.

1. About us

Nexia ASR Pty Ltd (ABN 25 825 209 842, Australian Financial Services Licence no 247262) ("Nexia ASR") has been engaged by Multistack International Limited ("MSI") to provide a report in the form of an Independent Experts Report (the "Report") for inclusion with the Notice of Meeting of Shareholders to be held on or about 29 May 2009 to consider resolutions associated with the proposed the disposal of the shares in Superlink Australia Limited (an effective disposal of MSI's Chinese operations and investments) and other matters to Suretech Investments Limited for A$3.2 million cash.

You have not engaged us directly but have been provided with a copy of the Report as a shareholder because of your connection to the matters set out in the Report.

2. This Financial Services Guide

This Financial Services Guide ("FSG") is designed to assist retail clients in their use of any general financial product advice contained in the Report. This FSG contains information about Nexia ASR generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the Report, and how complaints against us will be dealt with.

3. Financial services we are licensed to provide

Our Australian Financial Services Licence allows us to provide general financial product advice in relation to various financial products such as securities, interests in managed investment schemes, and superannuation to retail and wholesale clients.

4. General financial product advice

The Report contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs. You should consider your own objectives, financial situation and needs when assessing the suitability of the Report to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

5. Fees, commissions and other benefits we may receive

Nexia ASR charges fees to produce reports, including this Report. These fees are negotiated and agreed with the entity that engages Nexia ASR to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this Report our fees are approximately A$12,000 excluding GST.

Directors or employees of Nexia ASR or other associated entities may receive partnership distributions, salary or wages from Nexia ASR.

6. Associations with issuers of financial products

Nexia ASR and its authorised representatives, employees and associates may from time to time have relationships with the issuers of financial products. For example, Nexia ASR may be the auditor of, or provide financial services to, the issuer of a financial product in the ordinary course of its business.

Other than the preparation of this Report, Nexia ASR has not provided any professional services to either MSI or Suretech during the previous 2 years.

7. Complaints

If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavor to satisfactorily resolve your complaint in a timely manner. In addition, a copy of our internal complaints handling procedure is available upon request.

8. Contact Details

Nexia ASR can be contacted by sending a letter to the following address:

Kevin Mullen
Nexia ASR Pty Ltd
Level 14, 440 Collins St, Melbourne, Vic, 3000

APPENDIX C

Sources of Information & Recent MSI Announcements

1. MSI Announcement – 27 March 2009 – Sale of Business
2. ASX Rules Listing Rules
3. PBC Consolidation Spreadsheet 31 Dec 2008 – Multistack Group, Version 1
4. Grant Sherman Appraisal Limited – Valuation report dated 22 April 2009 and Xl workbook "*BV11 Multistack Rolling Multiple – 31 December 2008*"
5. Draft AGM Notice for 29 May 2009 (9 April 2009)
6. Draft AGM Notice for 29 May 2009 (14 April 2009)
7. MSI – Minutes of Meeting of Directors 27/3/09 - (Sale of Superlink and Grant of Licence)
8. DunnAir (Aust) Pty Ltd - Management Accounts – December 2008
9. DunnAir (Aust) Pty Ltd - Shareholders Agreement (executed but undated)
10. Heads of Agreement – Final – 24 March 2009
11. DunnAir International Cashflow forecast : Jan 2009 – June 2010
12. MSI – Head Office Cashflow Forecast : Jan 2009-June 2010
13. MSI audited financial Accounts: year ended 31 December 2006 and year ended 31 December 2008
14. Superlink Australia Limited – audited group reporting package : financial accounts year ended 31 December 2008
15. ASIC Regulatory Guides 111 & 112
16. Telephone conversations and e-mails with Ms Yan Wong – Company Secretary & Financial Controller of Multistack International Limited
17. Telephone conversations and e-mail with Mr K Chan and Ms M Lam of Grant Sherman Appraisal Limited – Hong Kong
18. Nexia ASR /Multistack – Engagement letter 8 April 2009
19. Various websites
20. Telephone conversation and e-mails with Mr W Beckworth – Strategic Capital Advisers – Perth (corporate adviser to MSI)

APPENDIX D

Overview of valuation methodologies

Discounted Cash Flow Based Analysis

This methodology recognises the present value of the net cash flows which are expected to be derived from future activities. These future cash flows are discounted to current values by recognising both the risk of their receipt and the time value of money using a suitable discount rate. This methodology is normally considered to be the most appropriate method in the calculation of the value where there is adequate information about likely future cash flows, usually over a finite term.

Capitalisation of Maintainable Earnings (CME)

This requires consideration of the following factors:

(a) estimation of future maintainable earnings. The maintainable level of earnings is considered to be the level below which, in the absence of unforeseen and exceptional circumstances, the income stream flowing from the assets is unlikely to fall. Maintainable earnings can be influenced by a number of factors including the trend and consistency of historical performance, the stage of development of the business sensitivity to key industry risk factors and the general economic outlook, and the extent to which one-off or non-recurring transactions are reflected in the financial records; and

(b) determination of an appropriate capitalisation rate which will reflect a purchaser's required rate of return from the business. It should therefore reflect among other things: -

- the operational risks of the business;
- the growth profile of the business;
- the working and long-term capital requirements of the business currently and requirement for funding growth;
- the nature of the environment in which the business operates;
- alternative investment opportunities;
- a separate assessment of surplus or unrelated assets and liabilities, being those items which are not essential to producing the estimated future earnings.

This methodology is generally recognised as a surrogate for a discounted cashflow analysis (DCF). It is typically employed where an entity or asset has mature operations with a history of profits and an expectation that these will be maintained at similar levels in the future. It is considered a reliable methodology particularly where capital expenditure does not constitute a large part of the cash outflows of the business or where such outflows are generally of a replacement nature.

Comparable Market Transactions or Market Based Approach

This methodology requires research to ascertain details of any comparable transactions in the same industry for a similar entity to that being valued. If such transactions exist and the entity being valued is directly comparable to that being acquired then the assets, revenue or earnings multiples, or other measures employed in the actual transaction, can be utilised in the valuation.

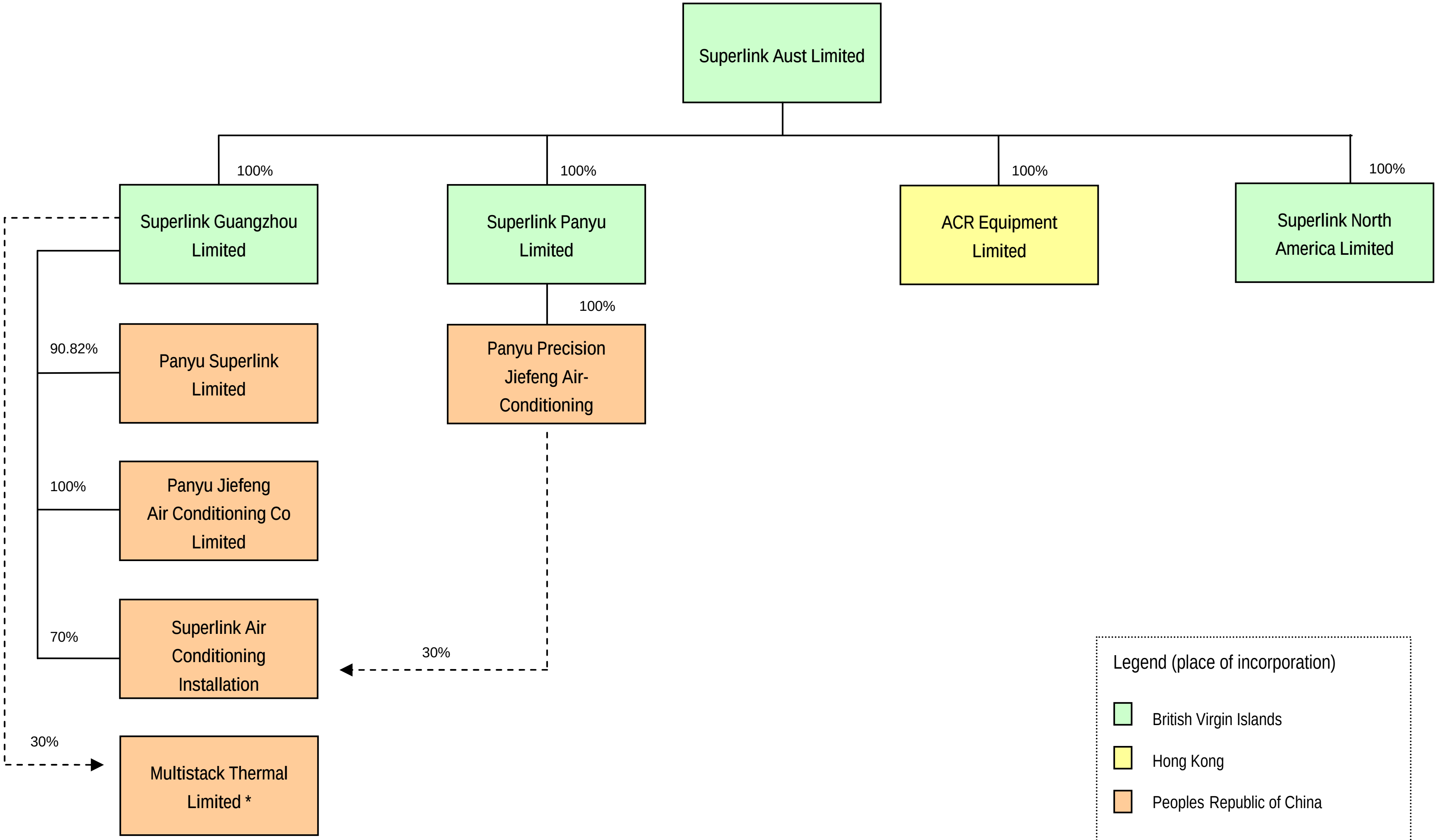
The difficulty with this methodology is the sourcing of sufficient information involving the sale process to accurately analyse the consideration paid and to establish the comparability of the two businesses or entities.

Net assets or cost based

In the absence of positive or very poor cashflows or earnings, the net asset value of an entity can be a reasonable indication of the minimum value for that entity. This involves the determination of the net realisable value of the assets of the business or company assuming an orderly realisation of those assets. This value includes a reduction in value to allow for the reasonable costs of carrying out the sale of assets and for the time value of money. It is not a valuation on the basis of a forced sale, where the assets might be sold at values materially different from their fair market value.

This approach is appropriate where the business or entity concerned is predominately a property or liquid investment entity, or where the business is not generating adequate returns and in certain circumstances where there are surplus non-operating assets.

APPENDIX E
SUPERLINK AUSTRALIA GROUP
Entities & Ownership Structure



*60% owned by the Penthill Ltd group. See section 5.1

PROXY FORM

APPOINTMENT OF PROXY
MULTISTACK INTERNATIONAL LIMITED
ABN 54 007 254 346
ANNUAL GENERAL MEETING

I/We

of

being a member of Multistack International Limited entitled to attend and vote at the Annual General Meeting, hereby

appoint

Name of proxy

or ☐ the Chairman of the Annual General Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Annual General Meeting, or the Chairman's nominee, to vote in accordance with the following directions, or, if no directions have been given, as the proxy sees fit, at the Annual General Meeting to be held at 10 am (EST), on 29 May 2009 at Minter Ellison, Rialto Towers, Level 23, 525 Collins Street, Melbourne, and at any adjournment thereof.

If no directions are given, the Chairman will vote in favour of all the Resolutions.

☐ If the Chairman of the Annual General Meeting is appointed as your proxy, or may be appointed by default, and you do not wish to direct the Chairman how to vote as your proxy in respect of Resolution 4 please place a mark in this box.

By marking this box, you acknowledge that the Chairman of the Annual General Meeting may exercise your proxy even if he has an interest in the outcome of Resolution 4 and that votes cast by the Chairman of the Annual General Meeting for Resolution 4other than as proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman will not cast your votes on Resolution 4 and your votes will not be counted in calculating the required majority on a poll on Resolution 4.

OR

Voting on Business of the Annual General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Adoption of remuneration report	☐	☐	☐
Resolution 2 – Re-election of Director – Mr S W Yan	☐	☐	☐
Resolution 3 – Re-election of Director – Ms Y N Chan	☐	☐	☐
Resolution 4 – Sale of Super Link Australia Limited & Penthill Limited	☐	☐	☐

Please note: If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution and your votes will not to be counted in computing the required majority on a poll.

Signature of Member(s): **Date: ____________________**

Individual or Member 1	**Member 2**	**Member 3**
Sole Director/Company Secretary	**Director**	**Director/Company Secretary**

Contact Name: ________________________________ **Contact Phone (daytime): __________________**

INSTRUCTIONS FOR COMPLETING PROXY FORM

1. (**Appointing a Proxy**): A member entitled to attend and vote at an Annual General Meeting is entitled to appoint not more than two proxies to attend and vote on a poll on their behalf. The appointment of a second proxy must be done on a separate copy of the Proxy Form. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If a member appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes. A duly appointed proxy need not be a member of the Company.

2. (**Direction to Vote**): A member may direct a proxy how to vote by marking one of the boxes opposite each item of business. Where a box is not marked the proxy may vote as they choose. Where more than one box is marked on an item the vote will be invalid on that item.

3. (**Signing Instructions**):
   - (**Individual**): Where the holding is in one name, the member must sign.
   - (**Joint Holding**): Where the holding is in more than one name, all of the members should sign.
   - (**Power of Attorney**): If you have not already provided the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
   - (**Companies**): Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held.

4. (**Attending the Meeting**): Completion of a Proxy Form will not prevent individual members from attending the Annual General Meeting in person if they wish. Where a member completes and lodges a valid Proxy Form and attends the Annual General Meeting in person, then the proxy's authority to speak and vote for that member is suspended while the member is present at the Annual General Meeting.

5. (**Return of Proxy Form**): To vote by proxy, please complete and sign the enclosed Proxy Form and return by:

   (a) post to Multistack International Limited,10 Cochranes Road, Moorabbin, Victoria 3189 or PO Box 195, Moorabbin, Victoria 3189; or

   (b) facsimile to the Company on facsimile number +61 3 8552 1201,

   so that it is received not later than 10.00am (EST) on 27 May 2009.

   Proxy forms received later than this time will be invalid.