ICE CORPORATION LIMITED

ABN: 82 058 010 692

HALF-YEAR REPORT
DECEMBER 2003

COMPANY PARTICULARS

BOARD OF DIRECTORS

Raymond Shaw (Chairman)

Jeffrey Hooper

Malcolm Duncan

Valentino Vescovi

SECRETARY

Brian Manuel

REGISTERED OFFICE

18 Joseph Street

Blackburn North, Victoria 3130

Telephone: 03 9896 7550

Facsimile: 03 9896 7566

SHARE REGISTRY

Corporate Registry Services

Level 2,

45 St Georges Terrace

PERTH, W.A. 6000

AUDITORS

McLean Delmo & Partners

300 Burwood Road

Hawthorn, Vic 3122

BANKERS

HSBC Bank Australia Limited

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ICE Corporation Limited ABN 82 058 010 692

and Controlled Entities

DIRECTORS' REPORT

Your directors submit the financial report of the economic entity for the half-year ended 31 December 2003.

Directors

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

Dr. Raymond J. Shaw (appointed 6 October 2003)

Mr. Jeffrey C. Hooper

Mr. Malcolm A. Duncan

Mr. Valentino F. Vescovi

Review of Operations

OVERALL

The overall segment result was a considerable improvement on the prior corresponding period. As identified in the Segment Information, Note 5 to the Financial Statements, the total segment revenue for the half-year ended December 2003 has improved by $1,060,000 to $3,824,000 while the segment results improved by $374,000 to $400,000.

MANUFACTURING AND TRADING

The manufacturing and trading segment returned a significantly improved result for the half against the prior corresponding period. This improvement was attributable to higher sales and the repositioning of the business to operate at a lower fixed cost level to maximise profits achieved from sales. Revenue improved by $943,000, or 44%, to $3,091,000 and profit contribution increased by $184,000 to $539,000 for the comparable half.

LICENSING

Despite the tough global market in telecommunications supply, the operating results of the licensing segment for the December half-year period are better than that of last year's corresponding six months. Revenue improved by $164,000, or 32%, to $684,000. Although the segment generated a loss of $311,000 for the half, this was a $152,000 improvement on the prior corresponding period loss of $463,000. By its very nature, licensing revenue is one whereby the source of revenue experiences varying times of activity, hence periods of profit volatility are not unexpected. It is noted that, as at 31 Decemeber 2003, the Company has approximately $1,200,000 worth of licenses contracted for future delivery.

ROYALTIES

Revenue from the royalty segment has increased by $38,000 from the previous half-year period. While this 28% improvement in revenue has been welcolmed, the relatively low result is a reflection of the continuing global downturn in the telecommunications industry. The Company considers this segment to be well placed for growth once the demand for telecommunication infrastructure products returns to reasonable levels.

ROUNDING OF AMOUNTS

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1,000.

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

Jeffrey Hooper

Director

Dated this 20th day of February 2004

ICE Corporation Limited ABN 82 058 010 692

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CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Economic Entity	
	31 December 2003 $000	31 December 2002 $000
Revenues from ordinary activities	3,871	8,766
Changes in inventories of finished goods and work in progress	(19)	7
Raw materials and consumables used	(1,319)	(822)
Employee benefits expense	(1,877)	(1,634)
Depreciation and amortisation expenses	(277)	(160)
Borrowing costs expense	(18)	(403)
Other expenses from ordinary activities	(298)	(577)
Profit from ordinary activities before income tax expense	63	5,177
Income tax expense relating to ordinary activities	(35)	(111)
Net profit from ordinary activities after income tax expense attributable to members of the parent entity	28	5,066
Total revenues, expenses and valuation adjustments attributable to members of the parent entity recognised directly in equity	-	-
Total changes in equity other than those resulting from transactions with owners as owners	28	5,066
Basic earnings per share (cents per share)	0.0¢	5.8¢
Diluted earnings per share (cents per share)	0.0¢	5.2¢

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2003

	Economic Entity	
	31 December 2003 $000	30 June 2003 $000
CURRENT ASSETS		
Cash assets	136	199
Receivables	1,557	1,381
Inventories	1,480	1,491
Other	107	168
TOTAL CURRENT ASSETS	3,280	3,239
NON-CURRENT ASSETS		
Property, plant and equipment	403	417
Other	1,597	1,602
TOTAL NON-CURRENT ASSSETS	2,000	2,019
TOTAL ASSETS	5,280	5,258
CURRENT LIABILITIES		
Payables	827	1,782
Interest-bearing liabilities	39	1,084
Current tax liabilities	14	17
Provisions	185	220
TOTAL CURRENT LIABILITIES	1,065	3,103
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	41	58
Provisions	126	110
TOTAL NON-CURRENT LIABILITIES	167	168
TOTAL LIABILITIES	1,232	3,271
NET ASSETS	4,048	1,987
EQUITY		
Contributed equity	32,103	30,070
Retained profits/ (losses)	(28,055)	(28,083)
TOTAL EQUITY	4,048	1,987

The accompanying notes form part of this financial report.

ICE Corporation Limited ABN 82 058 010 692

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

	Economic Entity	
	31 December 2003 $000	31 December 2002 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	3,833	3,361
Payments to suppliers and employees	(4,600)	(3,082)
Interest received	6	3
Borrowing costs	(18)	(297)
Income tax paid	(3)	(3)
Net cash provided by (used in) operating activities	(782)	(18)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(38)	(20)
Purchase of other non-current assets	(214)	(502)
Net cash provided by (used in) investing activities	(252)	(522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,033	3,463
Proceeds from borrowings	-	106
Repayment of borrowings	(1,062)	(3,061)
Net cash provided by (used in) financing activities	971	508
Net increase/(decrease) in cash held	(63)	(32)
Cash at 1 July 2003	199	102
Cash at 31 December 2003	136	70

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by ICE Corporation Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 annual report.

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

	Economic Entity	
	31 December 2003	31 December 2002
NOTE 2: PROFIT FROM ORDINARY ACTIVITIES	$000	$000
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Profit on the exchange of interest-bearing liabilities for share option	-	5,000
Forgiveness of interest-bearing liabilities	-	1,000

NOTE 3: DIVIDENDS

No dividend was paid during the interim period and no interim dividend is recommended.

NOTE 4: DISCONTINUING OPERATIONS

During the period the economic entity did not dispose of any operations .

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2003

NOTE 5: SEGMENT INFORMATION

Primary reporting — Business segment

	Manufacturing & Trading $000	Licensing $000	Royalties $000	Eliminations $000	Economic Entity $000
2003					
Total Segment Revenue	3,091	684	172	(123)	3,824
Unallocated revenue					47
Revenue from ordinary activities					3,871
Segment Result	539	(311)	172	-	400
Unallocated expenses net of unallocated revenue					(337)
Profit from ordinary activities before income tax expense					63
2002					
Total Segment Revenue	2,148	520	134	(38)	2,764
Unallocated revenue					6,002
Revenue from ordinary activities					8,766
Segment Result	355	(463)	134	-	26
Unallocated expenses net of unallocated revenue					5,151
Profit from ordinary activities before income tax expense					5,177

NOTE 6: CONTINGENT LIABILITIES

Since the last annual reporting date, certain contingent liabilities relating to property and equipment leases totalling $158,000 per annum expired thereby reducing the maximum liability under the remaining leases to $343,000 per annum.

The bank guarantee in respect of the property lease rental has increased from $78,000 to $104,000 since the last annual reporting date.

There has otherwise been no change in any contingent liabilities since the last annual reporting date.

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DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 2 to 6:

   a. comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and

   b. give a true and fair view of the economic entity's financial position as at 31 December 2003 and of its performance for the half year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Jeffrey Hooper
Director

Dated this 20th day of February 2004

ICE Corporation Limited ABN 82 058 010 692

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INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF ICE CORPORATION LIMITED

Scope

We have reviewed the financial report of ICE Corporation Limited for the half-year ended 31 December 2003 as set out on pages 2 to 7. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029: Interim Financial Reporting and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/ Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of ICE Corporation Limited is not in accordance with:

a. the Corporations Act 2001, including:

   i. giving a true and fair view of the company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations 2001; and

b. other mandatory professional reporting requirements in Australia.

McLean Delmo + Partners

McLean Delmo & Partners
Hawthorn, Victoria

Ian A Duff - Partner
20th February 2004