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Appendix 4E

Preliminary final report

Period ending on 31 December 2008

Introduced 1/1/2003

Name of entity	ABN
Multistack International Limited	54 007 254 346

1. Reporting period

Report for the financial year ended 31 December 2008.
Previous corresponding period is the financial year ended 31 December 2007.

2. Results for announcement to the market

				$A'000
Revenues from ordinary activities (*item 3.1*)	down	8.63 %	to	12,754
Profit (loss) from ordinary activities after tax attributable to members (*item 3.6*)	down	2,461.66%	to	(8,502)
Net profit (loss) for the period attributable to members *(item 3.10)*	down	2,461.66%	to	(8,502)

Dividends (distributions)	Amount per security	Franked amount per security
Final dividend *(Preliminary final report only)*	- ¢	- ¢
Previous corresponding period	- ¢	- ¢
Record date for determining entitlements to the dividend	Not applicable	

Results for announcement to the market (cont'd)

Dividends
No dividends were paid or proposed for the year ended 31 December 2008.

Trends in Performance

Total revenue in 2008 was reduced by 8.63% to $12,754,000. The net loss for the period attributable to members was $8,502,000, including an impairment of $7,896,734 made on assets, down by 2,461.66% from last year's profit of $360,000. The fall in both revenue and profit was a sign reflecting the difficult conditions of operations of the Company hit by the economy slowdown.

Operations-
The MTL heat exchanger plant in Panyu China has survived in the last financial period but down in both sale and profit. Many of its OEM customers were affected by diminishing export markets. The management has taken measures to work with major customers providing them with better pricing and service. This was enhanced by the price reduction in raw material. If the material cost stays at its current level the management would desire to keep similar sales in 2009 but less profit as margin would be slim. The Directors believed that MTL would continue to make contribution to the group.

The chiller and precision control air conditioning operation has come across more difficulties in the second half of the last period because its export market solely relied on its own agent's network around the world. Sales in overseas markets like Australia, Indonesia, Malaysia, Singapore, Iran, and New Zealand dropped in different scales. Expectations from new customers like agents in Germany, S. Africa, UAE, Thailand and India were not able to crystallize in the last period due to various reasons. The management has now changed its tactics to focus on the domestic market in China as the Central government announced to execute stimulation plans to revive the local economy. Smaller units with lower selling price would be launched in the first quarter of the new financial period to help growing the local dealer network. However the management believed that the competition in the HVAC industry would become much keener because many companies are now facing their survival tests, both in revenue and cash flow. As the overall vision of the industry is not clear, the management would not be able to predict a time of turning around, rather they would do their best to increase the sales and improve on margins. Different measures have been taken in cost saving and overhead reduction. In the mean time cash flow is an important subject to be monitored by both the management and the Board. The Directors would take a prudent attitude towards the performance of the operations in China.

The results of the operations in Australia were not promising. Dunnair International Pty Ltd has reported losses as it has been hit by the slowdown of economy both in the local market and overseas sales. The Service Division in South Australia was just able to break even. Revenue has dropped, compounding by reducing enquiries. The Joint Venture in Australia – Dunnair Australia Pty Ltd managed to be profitable in the last period but the outlook of the business was not promising as it is facing keen competition and the slowdown in the construction industry.

The Directors will monitor the performance in all operations and re-consider the options for the future of the Group's investments.

In view of the very difficult and deteriorating business environment, particularly in the manufacturing sector in China, we have engaged a professional firm to conduct an independent valuation on the Group's business in that country. The exercise indicated a substantial impairment in value of the Group's business in China and the directors, having conducted their own review of the subject matter, considered that the impairment in value should be reflected in the financial statements of the Group.

3. Condensed Consolidated Income Statement

		31 Dec 2008 $A'000	31 Dec 2007 $A'000
3.1	Revenues from continuing operations	12,754	13,959
3.2	Expenses from continuing operations including Finance Costs	(502)	(444)
	Other	(21,352)	(13,787)
	Expenses from continuing operations	(21,854)	(14,231)
3.3	Share of net profits of associates and joint venture entities	598	516
3.4	**Profit/(Loss) from continuing operations before tax**	(8,502)	244
3.5	Income tax	-	116
3.6	**Profit/(Loss) from continuing operations after tax**	(8,502)	360
3.7	**Profit/(Loss) from discontinued operations**	-	-
3.8	**Net profit/(Loss)**	(8,502)	360
3.9	Net profit/(loss) attributable to outside equity interests	-	-
3.10	**Net profit/(loss) for the period attributable to members**	(8,502)	360

Earnings per security (EPS)		31 Dec 2008	31 Dec 2007
3.11	Basic EPS	$(0.0757)	$0.0032
3.12	Diluted EPS	$(0.0757)	$0.0032

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

4. Condensed Consolidated Balance Sheet

		31 Dec 2008 $A'000	31 Dec 2007 $A'000
	Current assets		
4.1	Cash and cash equivalents	1,577	1,231
4.2	Receivables	11,586	9,251
4.3	Inventories	6,229	5,090
4.4	Other	5	7
4.5	**Total current assets**	19,397	15,579
	Non-current assets		
4.6	Investments in associates	1,861	5,751
4.7	Property, plant and equipment	591	1,397
4.8	Investment property	1,557	1,363
4.9	**Total non-current assets**	4,009	8,511
4.10	**Total assets**	**23,406**	**24,090**
	Current liabilities		
4.11	Payables	14,130	9,772
4.12	Short term borrowings	6,646	5,798
4.13	Provisions	145	179
4.14	Other	-	56
4.15	**Total current liabilities**	20,921	15,805
	Non-current liabilities		
4.16	Provisions	317	335
4.17	**Total non-current liabilities**	317	335
4.18	**Total liabilities**	**21,238**	**16,140**
4.19	**Net assets**	**2,168**	**7,950**
	Equity		
4.20	Share capital	155,639	155,639
4.21	Reserves	7,784	5,777
4.22	Retained earnings (accumulated losses)	(162,598)	(154,455)
4.23	**Equity attributable to members of the parent entity**	**825**	**6,961**
4.24	Outside equity interests in controlled entities	1,343	989
4.25	**Total equity**	**2,168**	**7,950**

5. Condensed Consolidated Statement of Changes in Equity

CONSOLIDATED	Attributable to equity holders of the parent Issued Capital $'000	 Retained Earnings $'000	 Other Reserves $'000	 Total $,000	Minority Interest $'000	Total Equity $,000
At 1 January 2007	**155,639**	**(155,136)**	**6,374**	**6,877**	1,026	**7,903**
Transfer to/from General Reserve	-	(12)	12	-	-	-
Transfer to/from Retained Earnings	-	333	-	333	-	333
Currency translation differences	-	-	(609)	(609)	(37)	(646)
Total Income and Expense for the period recognised directly in equity	-	**321**	**(597)**	**(276)**	**(37)**	**(313)**
Profit for the period	-	360	-	360	-	360
At 31 December 2007	**155,639**	**(154,455)**	**5,777**	**6,961**	**989**	**7,950**

CONSOLIDATED	Attributable to equity holders of the parent Issued Capital $'000	 Retained Earnings $'000	 Other Reserves $'000	 Total $,000	Minority Interest $'000	Total Equity $,000
At 1 January 2008	**155,639**	**(154,455)**	**5,777**	**6,961**	989	**7,950**
Transfer to/from Retained Earnings	-	359	-	359	-	359
Currency translation differences	-	-	2,007	2,007	354	2,361
Total Income and Expense for the period recognised directly in equity	-	**359**	**2,007**	**2,366**	**354**	**2,720**
Loss for the period	-	(8,502)	-	(8,502)	-	(8,502)
At 31 December 2008	**155,639**	**(162,598)**	**7,784**	**825**	**1,343**	**2,168**

6. Condensed Consolidated Statement of Cash Flows

		31 Dec 2008 $A'000	31 Dec 2007 $A'000
	Cash flows related to operating activities		
6.1	Receipts from customers	11,529	16,406
6.2	Payments to suppliers and employees	(16,326)	(16,102)
6.3	Interest and other items of similar nature received	24	-
6.4	Interest and other costs of finance paid	(502)	(444)
6.5	Income tax refund/(paid)	-	103
6.6	**Net operating cash flows**	**(5,275)**	**(37)**
	Cash flows related to investing activities		
6.7	Payment for purchases of property, plant and equipment	(31)	(23)
6.8	Proceeds from sale of property, plant and equipment	506	613
6.9	**Net investing cash flows**	**475**	**590**
	Cash flows related to financing activities		
6.10	Proceed from borrowings	848	-
6.11	Repayment of borrowings	-	(293)
6.12	Increase in advance to joint venture	-	724
6.13	Loan from or (to) associates and director related parties	4,298	(1,193)
6.14	**Net financing cash flows**	**5,146**	**(762)**
6.15	**Net increase (decrease) in cash held**	**346**	**(209)**
6.16	Cash at beginning of period	1,231	1,440
6.17	**Cash at end of period**	**1,577**	**1,231**

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period $A'000	Previous corresponding period $A'000
6.18 Cash on hand and at bank	1,577	1,231
6.19 Total cash at end of period	**1,577**	**1,231**

7.1 Profit from ordinary activities attributable to members

	Current period $A'000	Previous corresponding period $A'000
Profit/(Loss) from ordinary activities after tax (*item 3.6*)	(8,502)	360
Less outside equity interests	-	-
Profit/(Loss) from ordinary activities after tax, attributable to members (*item 3.10*)	(8,502)	360

Revenue and expenses from continuing operations

		Current period $A'000	Previous corresponding period $A'000
Revenue from sales of goods		11,103	11,354
Revenue from services		811	1,964
Interest revenue		24	16
Other relevant revenue		816	625
Total operating income	*Note 3.1*	12,754	13,959
Details of relevant expenses			
Cost of goods sold		8,163	9,928
Changes in inventories of finished goods & WIP		(242)	(113)
Raw materials and consumables used		(7,921)	(9,815)
Depreciation and amortisation expense		(223)	(230)
Borrowing costs		(502)	(444)
Salaries and employee benefits expense		(2,225)	(1,846)
Travelling costs		(396)	(273)
Management fees		(345)	(312)
Advertising and promotion		(162)	(100)
Sales commission & consignment fees		(155)	254
Transportation		(182)	(219)
Rent and rates		(229)	(211)
Repairs & maintenance		(45)	(72)
Selling services charges		(147)	(67)
Offices expenses		(44)	(128)
Impairment of plant and equipment		-	-
Writeback of provision for inventory obsolescence		(115)	379
Writeback of bad and doubtful debt provision		77	195
Impairment expense		(7,897)	-
Other expenses from ordinary operations		(1,101)	(1,229)
	Note 3.2	(21,854)	(14,231)
Share of net profit of associate using equity method		598	516

7.2 Consolidated retained profits

	Current period $A'000	Previous corresponding period - $A'000
Retained profits (accumulated losses) at the beginning of the financial period	(154,455)	(155,136)
Net profit attributable to members (*item 3.10*)	(8,502)	360
Net transfers from (to) reserves	-	(12)
Net transfer from (to) retained earnings	359	333
Retained profits (accumulated losses) at end of financial period	(162,598)	(154,455)

7.3 Earnings per security (EPS)

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

Basic earnings per share is calculated at $(0.0757), based on a net loss for the period attributable to members of $8,502,000 and an average of 112,303,924 ordinary shares on issue for the period.

7.4 NTA backing

	Current period	Previous corresponding period
Net tangible asset backing per +ordinary security	$0.02	$0.07

7.5 Dividends

No dividends have been paid or declared in respect of the current or prior period.

8. Details of associates and joint venture entities

Name of associate or joint venture entity	% Securities held
Multistack Thermal Ltd	66%
Dunnair (Aust) Pty Ltd	50%

Aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period $'000	Previous corresponding Period $'000
Profit from ordinary activities before tax	598	516
Income tax on ordinary activities	-	-
Net profit from ordinary activities after tax	598	516
Adjustments	-	-
Share of net profit of associates and joint venture entities	598	516

9. The financial information provided in the Appendix 4E is based on the annual financial report, which has been prepared in accordance with Australian accounting standards.

10. Audit of the financial report

The financial report is in the process of being audited. The audit report is likely to be modified to include a reference to the significant uncertainty regarding whether the entity will be able to continue as a going concern.