

# PROSPECTUS

**INTERNATIONAL BUILDING INDUSTRIES LIMITED ('IBIL'),  
ACN: 116 936 862**

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FOR THIS OFFER OF 5,000,000 SHARES AT AN ISSUE PRICE  
OF \$0.20 PER SHARE TO RAISE \$1,000,000

**Manager to the Offer:** Martin Place Securities Pty Limited

## **IMPORTANT INFORMATION**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisors without delay. The shares offered by this Prospectus should be considered speculative.

## **IMPORTANT NOTICES AND STATEMENTS**

This Prospectus is dated 6 January 2006 and was lodged with the ASIC on that date. The ASIC and NSX and its respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates. No securities will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Before deciding to invest in the Company it is important that investors read this Prospectus in its entirety and seek professional advice before deciding to invest. In particular, investors should consider the risk factors outlined at Section 7 of this Prospectus that could affect the performance of the Company and should carefully consider these factors in light of their own personal circumstances. The Shares described in this Prospectus should be considered speculative.

No person is authorised to give any information or make any representation in connection with this Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company in connection with this Offer.

Any photographs and illustrations used in this Prospectus are not necessarily of assets or business interests of the Company, but have been included to give an indication of the Company's business and operations and the industry in which the Company operates.

### **EXPOSURE PERIOD**

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period of 7 days from the date of lodgment with the ASIC. This period may be extended by ASIC for a further period of 7 days. This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Acceptances and applications for Shares under this Prospectus will not be accepted by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge acceptances and applications prior to the expiry of the Exposure Period.

This Prospectus has been prepared by the Company. In preparing this Prospectus, the Company has taken reasonable steps to ensure that the information contained in this Prospectus is not false or misleading. In doing so, the Company has had regard to the requirements of the Corporations Act.

## **CORPORATE DIRECTORY**

### **Chairman of the Board of Directors:**

Mr Brendon Robert Vine

### **Directors:**

Mr Brendon Robert Vine

Mr Samuel Francis Hunter

Dr Ian Clarence Hoare

### **Company Secretary:**

Mr Peter Benson

### **Chief Executive Officer:**

Mr Klaus Behnfeld

### **General Manager, International Building Solutions Pty Ltd:**

Mr Gary Scambler

### **Manager, Marketing and Technical Services:**

Mr Patrick Roos

### **Manager, Finance:**

Mr Brendan Thomas

### **Registered Office:**

168 Wharf Street

Brisbane QLD 4000

### **Brisbane Office:**

Unit 1, 9 Virginia Street

Geebung QLD 4014

### **Independent Accountant:**

Mr David Lamb

BCS Lamb & Ellis

Level 2, 123 Clarence Street

Sydney NSW 2000

### **Auditors:**

Mr David Lamb

BCS Lamb & Ellis

Level 2, 123 Clarence Street

Sydney NSW 2000

**Share Registry:**

Computershare Investor Services Pty Limited  
Level 19  
307 Queen St  
Brisbane QLD 4001

**Manager to the Offer:**

Martin Place Securities Pty Limited  
Resource Stockbrokers  
Level 3, 14 Martin Place  
Sydney NSW 2000

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On behalf of the Board of the Company, I invite you to invest in our Company and in what we believe will be an excellent opportunity, but I request that you carefully read this Prospectus in its entirety before making an investment decision.

Yours sincerely

**Brendon R. Vine**  
**CHAIRMAN**

## **1. INVESTMENT OVERVIEW**

### **1.1 Important Notice**

This Section is not intended to provide full information for investors intending to apply for Shares. This Prospectus should be read and considered in its entirety.

### **1.2 Summary of the Offer**

By this Prospectus, the Company invites investors to apply for up to 5,000,000 Shares at an issue price of \$0.20 each to raise up to \$1,000,000.

### **1.3 Indicative Timetable**

Lodgment of Prospectus with the ASIC – Exposure Period Begins	6 January 2006
Opening Date – Exposure Period ends	13 January 2006
Closing Date (5pm AEST)	13 February 2006
Issue of Shares to investors	14 February 2006
Expected date for listing on NSX	22 February 2006

The above dates are indicative only and may change without notice. The Company reserves the right to extend the Closing Date or close this Offer early without notice. Accordingly, investors are encouraged to submit their Applications as early as possible.

### **1.4 Purpose of the Offer**

The Company is positioning itself to take advantage of potential growth for innovative products in the Australian building industry. Growth of sales will require an increase in working capital to fund inventories, distribution sales and product support. In addition, the Company believes that access to adequate working capital will enable it to investigate further product rights and opportunities to maximize the Company's well established distribution strategies, training and support systems. The Company believes that it has sufficient working capital to achieve its primary objectives if the minimum subscription is reached.

### **1.5 Minimum Subscription**

- 1.5.1 The minimum subscription to the issue is \$750,000. If the minimum subscription is not reached within four months from the date of this Prospectus, the Directors will not allot any shares and the Company will, within 14 days thereafter, repay all application monies without interest.
- 1.5.2 If the minimum subscription is reached funds will be applied as set out in clause 1.5.3. Any excess subscription over seven hundred and fifty thousand dollars (\$750,000) up to a maximum of the full amount sought in this Prospectus will be applied to working capital.

### 1.5.3 Description of Amount

Expansion of distribution network	\$100,000
Working Capital	\$573,250
Costs of the issue	\$76,750
	.....
<b>Total</b>	<b>\$750,000</b>

## 1.6 Capital Structure

1.6.1 The capital structure of the Company following completion of this Offer is summarised below:

### (a) If the minimum subscription is reached

<b>Shares</b>	<b>Number</b>
Existing	20,000,000
Current Offer	3,750,000
	.....
<b>Total</b>	<b>23,750,000</b>

### (b) If the full subscription is reached

<b>Shares</b>	<b>Number</b>
Existing	20,000,000
Current Offer	5,000,000
	.....
<b>Total</b>	<b>25,000,000</b>

1.6.2 IBS will on completion be a one hundred per cent (100%) owned subsidiary of the Company.

## 2. THE PUBLIC OFFER

2.0.1 Under the Public Offer, members of the general public may apply for Shares pursuant to this Prospectus. The Company does not guarantee that an application for Shares pursuant to the Public Offer will be accepted by the Company.

2.0.2 Applications for Shares under the Public Offer will only be accepted on the Public Application Form attached to this Prospectus.

### 2.1 Application for Shares

2.1.1 Applications for Shares by investors must be made using an Application Form attached to this Prospectus.



- 2.1.2 Payment for the Shares must be made in full at the issue price of \$0.20 per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Completed Application Forms and accompanying cheques must be delivered to:

168 Wharf Street, Brisbane

Or Mailed to:

International Building Industries Limited  
C/o Benson Partners Pty Ltd,  
G.P.O. Box 3224  
Brisbane  
QLD 4001

## **2.2 Over-subscriptions**

Over-subscriptions will not be accepted.

## **2.3 Allotments**

- 2.3.1 Subject to NSX granting approval for the Company to be admitted to the Official list, allotment of Shares pursuant to this Offer will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.
- 2.3.2 Applications for Shares by investors must be made using an Application Form attached to this Prospectus.

## **2.4 Underwriting**

This Offer is not underwritten.

## **2.5 Applicants outside Australia**

- 2.5.1 This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction where, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable law. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.
- 2.5.2 It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of Shares. The return of a completed Application Form will be taken by the Company to constitute a

representation and warranty by the applicant that all relevant approvals have been obtained.

### **3. COMPANY AND BUSINESS OVERVIEW**

#### **3.1 Background**

- 3.1.1 The Company was incorporated to acquire all of the issued shares in the capital of International Building Solutions Pty Ltd (ACN: 094 094 925) ('IBS') from its existing owners.
- 3.1.2 The consideration payable by the Company to the vendors pursuant to the Purchase and Sale Agreement is \$3,500,000 and was paid and satisfied by the allotment of shares in the Company. No cash consideration has been paid or will be payable from the proceeds of this issue or otherwise.
- 3.1.3 Seventeen million five hundred thousand of the shares (17.5M) issued in the Company are held by interests associated with the shareholders who previously owned all of the issued shares in IBS. In addition, two point five million (2.5M) shares in IBIL were recently issued by an initial private placement to a number of unrelated individuals at 20cents a share to fund working capital. None of these shareholders are related to the former IBS shareholders.
- 3.1.4 The Agreements for Sale and Purchase of the shares in IBS by the Company are Material Contracts.

#### **3.2 The Business**

- 3.2.1 Prior to its acquisition by the Company, IBS commenced its present business in February 2004 when it began investigations into, and the implementation of, a national distribution network for innovative building products and services. Among other agreements, the company has concluded an arrangement with Liquid Rubber Industries Inc. of Toronto, Canada, for exclusive distribution rights on behalf of Australia and New Zealand. Comprising an elastomeric emulsion that creates a monolithic seamless membrane, Liquid Rubber is intended to address recurring problems encountered by conventional membrane systems, and may be applied in various component forms as a spray, roll on, squeegee or brush-applied waterproofing process. The document in relation to this agreement is available for inspection at the registered office of the Company.
- 3.2.2 Key to its business establishment has been the implementation by IBS of warehouse and distribution facilities, training and product support manuals, compliance with regulatory and statutory requirements (including standards engineering), as well as systems designs and support. Quality control, customer support systems and sales and marketing strategies were also developed. A significant aspect of the business includes intellectual property developed by IBS (see below at Section 3.4 - Intellectual Property).

- 3.2.3 From commencement of sales operations in 2004 to 30 June 2005 the business recorded sales of \$1,970,000 and earned an un-audited profit of \$502,356.00. Potential investors should note that these figures are un-audited and do not constitute a forward projection of the future maintainable earnings of the Company. Investors should note that no provision been made in the figures for any costs of administration, listing expenses or maintaining any listing on the NSX, or audit expenses.

### **3.3 Distribution Rights**

The IBS business substantially comprises a national distribution network and attendant infrastructure. Distributors have been contracted throughout Australia and the business currently supplies through this channel a range of industrial protective coatings and ancillary products. Some of these products are generally available in the market and are not the subject of any proprietary right of the business or of any exclusive or non-exclusive distribution agreement.

### **3.4 Intellectual Property**

The IBS intellectual property includes all training manuals, product information, distribution agreements, government regulatory and product standards information, equipment, designs, customer testimonials and information, and a website.

### **3.5 The Vision**

- 3.5.1 Commenced in February 2004, the IBS business was established to gain national recognition for leadership in the building and construction industry. The Company seeks to achieve its goals through identifying, acquiring and distributing cost-effectively, a range of the world's most innovative building products and services to fulfill genuine industry needs. The IBS network development process for the identification, selection and qualification of distributors represents a singular skill and a significant element of future growth potential. The company seeks to optimize its distribution strategies not only for the establishment of new product and service markets, but also for the expansion of sales to existing customers and end-users.
- 3.5.3 Over the last ten (10) months IBS has also carried out extensive studies and due diligence into specialized products which the directors hope will become a part of the business. These products include state-of-the-art non-slip and fire-retardant coatings and systems to address important contemporary issues of risk management in commercial, industrial and domestic (residential) markets. The Company intends to continue discussions with potential suppliers with a view to acquiring these types of products for marketing and sale through its distribution systems.
- 3.5.4 The acquisition of IBS will therefore underpin the Company's long term objectives, which include:

- a. Becoming a major supplier of, and obtaining where possible the exclusive distribution rights for, innovative product solutions covering a range of industries.
- b. Utilizing its current distribution and customer support strategies and networks to achieve its objectives.
- c. Expanding sales to existing distributors and end-users.
- d. Establishing new markets.
- e. Achieving maximum efficiency in its distribution and customer support systems.
- f. Ensuring proper customer support and quality control mechanisms.
- g. Effectively supporting its distribution strategies.

### **3.6 Opportunities**

- 3.6.1 Through its acquisition of IBS, the Directors believe that the increased activity in the building, industrial and mining industries should provide significant opportunities for the Company. Future plans are focused on expansion through strategic opportunities that increase the size or scope of services offered. It is envisaged that the experience and contacts of incoming executives will facilitate this process.
- 3.6.2 The Directors further believe that the current operations of IBS, including its general know how, distribution strategies and expertise in the building sector provide an excellent base on which to build the Company into a leading industrial services entity.
- 3.6.3 The new Board and additions to the existing IBS management team should facilitate the Company's ability to expand. The Board's future plans for the Company may also involve growth through the acquisition of other businesses which complement the organisation's strategic business model and which Directors consider will add value to the Company.

### **3.7 Speculative Nature of the Investment**

- 3.7.1 Although acquisition of the shares in IBS brings with it the existing business and future opportunities, prospective investors should note that any investment in the Company pursuant to this Prospectus should be considered speculative.
- 3.7.2 You should consult your financial, legal or other appropriate advisor if you are in any doubt as to the content in whole or in part of this Prospectus.

## **4. CURRENT DIRECTORS AND KEY PERSONNEL**

The Details of directors and key personnel engaged in the operation of the Company and the business is set out in section four.

### **4.1 Directors**

#### **4.1.1 Mr Brendon Robert Vine (Chairman)**

Mr Vine has extensive national and international business experience and a distinguished history as an educator in the tertiary sector. He is an accomplished professional communicator and is regarded as a practical, down-to-earth leader. Mr Vine holds a Bachelor's degree in Chemical Engineering, as well as Diplomas in Accounting and Advertising, and post-graduate qualifications in Professional Ethics and Governance. Mr Vine brings significant relevant expertise and experience to the Company.

#### **4.1.2 Mr Samuel Francis Hunter**

Having worked in a senior executive capacity for organizations such as the Coca-Cola Company and DDB Needham, Mr Hunter possesses unparalleled experience in marketing, sales and advertising. His demonstrated success in devising and implementing corporate development and growth strategies, from initial conception to full product commercialization, will greatly assist the Company to achieve its strategic objectives. Mr Hunter holds a Bachelor of Business degree with discipline specializations in Accounting and Marketing.

#### **4.1.3 Dr. Ian Clarence Hoare**

Dr. Hoare is an internationally recognized researcher, scientific consultant and computer specialist, with highly-developed capacities for critical analysis, synthesis and innovation. Dr. Hoare has worked for organizations such as the Australian Atomic Energy Commission and the Commonwealth Scientific and Industrial Research Organization ('CSIRO'). He has extensive expertise in the fields of pure and applied chemistry, including coal and nuclear energy technologies, and is the author as well as co-author of many highly-regarded published works.

### **4.2 Key Personnel**

#### **4.2.1 Klaus Behnfeld - Chief Executive Officer - IBIL**

Mr Behnfeld's career spans many senior executive corporate roles in Australia and overseas. Mr Behnfeld is well recognised for his expertise and innate skills in growing businesses, both organically and through acquisition, with a singular capacity for evaluating opportunities critically and effectively, and

developing appropriate strategies to capture the initiative. Whether at the shop floor or in the boardroom, Mr Behnfeld also displays a level of communication skills and an ability to establish rapport that is unmatched when it comes to melding organizations into effective teams

#### **4.2.2 Gary Scambler - General Manager, International Building Solutions Pty Ltd**

Mr Scambler has extensive hands-on experience with business establishment and development. As the author of the book, *Simply Selling*, Mr Scambler can readily identify the essential personal qualities and professional values that are necessary for consistent success in growing a business profitably. As a consummate self-starter who has completed numerous courses in many aspects of business management, marketing and operations, Mr Scambler is genuinely knowledgeable about the personal commitment, drive and effort that are necessary to turn ideas into hard, practical business reality.

#### **4.2.3 Patrick Roos - Manager, Marketing & Technical Services - IBIL**

With qualifications in building and construction as well as business management, Mr Roos's career covers a broad spectrum of building construction, protective and industrial coating systems, as well as business development, planning and technical evaluation. Mr Roos holds a deep-seated passion for seeking better and more productive ways to deliver superior products and systems in an ever-changing world. His vision has been to identify the 'right' skills and individuals who will create the best possible 'world-class' company.

#### **4.2.4 Thomas (Tom) W. Forsberg - Senior Consultant, Special Projects**

Trained by W. Clement Stone, industrialist and philanthropist, Mr Forsberg founded Health Management Services in the 1970s. This was the first company to computerize hospitals, and became listed on the stock exchange as American Biomedical. Mr Forsberg has worked for Merrill Lynch, retired temporarily, founded subsequently The Retailers Digest Magazine, and in 2002 co-founded Global Intervend, which merged with ETT, an Australian public company. Educated in three different jurisdictions and Law Schools in the United States, Mr Forsberg's special expertise as a business consultant, advisor and financier, revolves around capital raisings, mergers and acquisitions.

## **5. INDEPENDENT ACCOUNTANT'S REPORT**

20 December 2005

The Directors  
International Building Industries Limited  
168 Wharf Street  
BRISBANE QUEENSLAND 4000

Dear Sirs

### **INDEPENDENT ACCOUNTANT'S REPORT**

#### **1. Introduction**

This report has been prepared at the request of the Directors of International Building Industries Limited ('IBIL' or 'the company') for inclusion in a Prospectus to be dated on or around 20 December 2005 ('the Prospectus') relating to the proposed issue by IBIL of a minimum of 3,750,000 fully paid ordinary shares at \$0.20 each to raise \$750,000, with a maximum of 5,000,000 fully paid ordinary shares at \$0.20 each to raise \$1,000,000. All amounts are expressed in Australian Dollars unless otherwise stated. The company intends to list on the Newcastle Stock Exchange (NSX).

#### **2. Basis of Preparation**

This report has been prepared to provide investors with information on historical results and the assets and liabilities of IBIL. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. BCS Lamb & Ellis ('BCS') has not been requested to consider the prospects for IBIL, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder, and accordingly, has not done so, nor purports to do so. BCS accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report.

### 3. Background

IBIL was incorporated in Australia on 1 November 2005. International Building Solutions Pty Ltd ('IBS'), a wholly owned subsidiary of IBIL was incorporated on 10 August 2000.

On 9 November 2005, IBIL entered into an unconditional agreement with IBS whereby it acquired 100% of the issued share capital of IBS which was satisfied through the issue of 17,500,000 shares in IBIL at \$0.20 each to the existing shareholders of IBS. The IBS shareholders approved the transaction on that day.

Subsequently a private placement of 2,500,000 shares was made by IBIL at 20cents per share to a number of individuals who are unrelated to any of the former IBS shareholders or each other.

IBS holds a distribution agreement with Liquid Rubber Industries Inc ('Liquid Rubber'), a Canadian company. The company provides technical support, product and services to its licensed distributors located around Australia. This company was owned by a small group of investors, principally Mr. T. Forsberg, prior to the above transaction occurring and the incorporation of IBIL.

The company plans to raise a minimum of \$750,000 and a maximum of \$1,000,000 by issuing a minimum of 3,750,000 and a maximum of 5,000,000 shares at \$0.20 each (by way of this Prospectus). Expenses relating to the issue of these shares are estimated at \$76,750, as referred to therein.

Set out in the table below are the respective percentage interests of Mr Forsberg ('TF') and associates in the capital structure of IBIL:

	<b>TF</b>	<b>TF Associates</b>	<b>Others</b>	<b>Total</b>
Prior to Prospectus issue	46.88%	40.62%	0.00%	100.00%
Assuming Minimum Capital Raising (3.75M shares for \$0.75M)	41.67%	34.21%	26.32%	100.00%
Assuming Maximum Capital Raising (5M shares for \$1.0m)	37.50%	32.50%	30.00%	100.00%

IBS in February 2004 commenced the business with the objective of gaining national recognition for leadership in the building and construction industry. The Company seeks to achieve its goals through identifying, acquiring, and distributing cost-effectively a range of the world's most innovative building products and services to fulfill genuine industry needs.

The business comprises a national distribution network with attendant warehousing, distribution and training facilities. IBS has adopted a channel management strategic focus that utilizes a proprietary network establishment system for the qualification and selection of licensed distributors.



In conjunction with other internally developed intellectual property such as sales, marketing and technical systems, supporting processes and documentation, the IBS network development represents a core competence and a significant element of future growth potential. The company seeks to optimize its distribution strategies not only for the establishment of new product and service markets, but also for the expansion of sales to existing customers and end-users.

The business currently supplies through its distributors a range of industrial protective coatings. Within this category, IBS has acquired exclusive distribution rights in Australia and New Zealand for *Liquid Rubber*. Comprising an elastomeric emulsion that creates a monolithic seamless membrane, this product is intended for application in various component forms as a spray, roll on, squeegee or brush-applied waterproofing process.

Liquid Rubber was developed to address the recurring problems encountered by conventional membrane systems.

- Independent Strength – Liquid Rubber has independent strength equal to or exceeding top quality sheet membranes.
- Reduced Susceptibility to Mechanical Damage – Liquid Rubber is extremely tough, significantly reducing the second main cause of membrane failure.
- Elimination of Tracking – Liquid Rubber will not allow water to track as it is permanently bonded to substrate. Should breaches occur, most will be of no consequence to the function of the membrane.

#### ENVIRONMENTAL CONCERNS & WORKSAFE PRACTICES

Liquid Rubber products are state of the art with respect to today's environmental concerns and work safe practices. The products consist of stable, non-toxic, odourless, non-flammable liquid components that do not present a storage or transportation hazard prior to, during, or following application.

Fumes associated with hot kettles and propane torches are not involved in application. Hence, Liquid Rubber is extremely user-friendly on site and during application.

#### USES OF LIQUID RUBBER

##### Corrosion Protection

- Most Metals

##### Environmental

- Landfills, Erosion Control, Methane Gas Barriers, Linings

##### Civil Work

- Tunnels, Bridges, Dams, Reservoirs

##### Building Industry

- Commercial & Residential – Between Slab, Basement Wall, Tanking, Foundation, Roofing, Planter Boxes, Internal Wet Areas, Balconies, Terraces

#### Agriculture

- Rural Dams, Irrigation Channels, Viaducts, Levees

#### Pipe Lining

- Internal, External Diameters of New & Existing Pipework

#### Sewage

- Pipe Re-lining, Water Treatment Plants

#### Protective

- Shipping Containers & Other Aggressive Situations, Bilge Tanks

#### Automotive

- Corrosion
- Underside & Other Areas of Vehicles to Control Noise & Vibration Transmission

#### Anti-Abrasive

- Augers, Silos, Piping, Pylons

#### Vapour & Termite Barriers

- Housing & Other Slab Underlay

#### Roofing

- New & Retrofit Construction

#### Mining – Underground

- Rock & Seam Stabilisation, controlling Seepage and Gas Emissions in Shafts

#### Mining – Open Cut

- Heap Leach Pads, Tailing Ponds

## **4. Scope**

You have requested BCS to prepare an Independent Accountants Report on the following financial information:

- The unaudited Statement of Financial Position and Statement of Financial Performance of IBS for the period ended 30 June 2005;
- Unaudited, pro-forma Statement of Financial Position of IBIL as at 30 June 2005;
- The Prospectus and the proposed transactions referred to in note 2 of Appendix 2 to this report.

The Statement of Financial Position for IBS to 30 June 2005 was not subject to audit.

We have conducted our review of the pro-forma Statements of Financial Position and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. Nothing in this report should be considered as indicating the future performance or profitability of the company.

Our examination included:

- Review of contractual arrangements;
- A review of publicly available information;
- A review of work papers, accounting records and other documents; and
- Enquiry of Directors and other key management personnel of IBIL and IBS.

These review procedures were substantially less in scope than an audit examination and conducted in accordance with Australian Auditing Standards, the purpose of which is an expression of an opinion on financial statements taken as whole, and accordingly, we do not express such an opinion.

## **5. Conclusion:**

### **Review Statement on Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the pro-forma Statements of Financial Position and the historical financial information as set out in Appendix 1 to this report :

- have not been properly prepared on the basis of the pro-forma transactions;
- do not present fairly the historical financial performance of IBIL and IBS for the period ended 30 June 2005;
- are not in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements, and accounting policies adopted by IBIL disclosed in Appendix 2 of this Report and on the basis of the assumptions and transactions set out in Appendix 2.

## **6. Subsequent events**

Apart from the matters dealt with in this report and having regard to the scope of our Report, to the best of our knowledge and belief, no material transactions or events outside of the ordinary course of business of IBIL have come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

## **7. Independence, Disclosure of interest and Consent**

At the date of this report, BCS do not have any material interest in IBIL either directly or indirectly, or in the outcome of the offer, other than in the preparation of this Report, for which normal professional fees will be received. In addition, BCS has been requested to act as auditors of IBIL.

BCS were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

BCS consents to the inclusion of this report (including Appendices 1 and 2) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours sincerely

**BCS LAMB & ELLIS**

**D J LAMB** FCA

DIRECTOR

## APPENDIX 1

### Statements of Financial Position

	Notes	IBS Unaudited 30.06.05 \$	IBIL Pro-forma 30.06.05 \$	Combined IBIL & IBS 30.06.05 \$	Pro-forma 30.06.05 (minimum issue) \$	Pro-forma 30.06.05 (maximum issue) \$
<b>Current Assets</b>						
Cash Assets	3	93,862	100,000	193,862	943,862	1,193,862
Receivables		115,721	400,000	115,721	115,721	115,721
Stock on Hand		103,101	-	103,101	103,101	103,101
Other current assets		405,000	-	405,000	405,000	405,000
Total Current Assets		717,684	500,000	817,684	1,567,684	1,817,684
<b>Non-Current Assets</b>						
Fixed Assets	4	10,190	-	10,190	10,190	10,190
Intangible Assets	4	283,883	-	283,883	283,883	283,883
Investments	5	-	3,500,000	-	-	-
Goodwill on consolidation		-	-	3,143,174	3,143,174	3,143,174
Total Non-Current Assets		294,073	3,500,000	3,437,247	3,437,247	3,437,247
Total Assets		1,011,757	4,000,000	4,254,931	5,004,931	5,254,931
<b>Current Liabilities</b>						
Payables	6	168,068	76,750	244,818	244,818	244,818
Total Current Liabilities		168,068	76,750	244,818	244,818	244,818
<b>Non-Current Liabilities</b>						
Loan Shareholders		486,863	-	86,863	86,863	86,863
Total Non-Current Liabilities		486,863	-	86,863	86,863	86,863
Total Liabilities		654,931	76,750	331,681	331,681	331,681
Net Assets		356,826	3,923,250	3,923,250	4,673,250	4,923,250
<b>Equity</b>						
Contributed Equity	7	500,007	3,923,250	3,923,250	4,673,250	4,923,250
Accumulated Losses		(143,181)	-	-	-	-
Total Equity		356,826	3,923,250	3,923,250	4,673,250	4,923,250

To be read in conjunction with Appendix 2

## **Independent Accountant's Report**

### **APPENDIX 2**

#### **Notes to the Statements of Financial Position**

##### **1. Statement of Significant Accounting Policies**

###### **(a) Basis of Accounting**

The financial information included in this Report has been prepared in accordance with the measurement and recognition criteria of applicable Australian Accounting Standards, Corporations Act 2001 and mandatory professional reporting requirements and we have made such disclosures as are considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated.

###### **(b) Accounts Payable**

Trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services.

###### **(c) Financial Instruments**

###### *Equity Instruments*

Debt and equity instruments are classified as either liabilities or equity in accordance with the substance of the contractual arrangement.

###### *Transaction Costs on the Issue of Equity Instruments*

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate.

Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

###### **(d) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. Where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expenses; or
- ii. For receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

**(e) Income tax**

Tax-effect accounting principles are adopted whereby the income tax expense is calculated on pre-tax accounting profits after adjustment for permanent differences (the liability method). The Tax-effect of timing differences, which occurs when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in provision for deferred income tax and future income tax benefit, as applicable.

**(f) Investments**

Investments are recorded at market value and, where appropriate, directors' valuation. Dividend revenue is recognised on a receivable basis. Interest revenue is recognised on an accruals basis.

**(g) Receivables**

Trade receivables and other receivables are recorded at amounts due less any allowances for doubtful debts.

**(h) Recoverable Amount of Non-Current Assets**

Non-current assets are written to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount underlying cash flows are not discounted.

**(i) Acquisition of Assets**

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

**2. Actual and Proposed Transactions Included in the Pro-forma Statements of Financial Position**

Actual and proposed transactions included in the 30 June 2005 Statement of Financial Position and in the pro-forma Statements of Financial Position are as detailed below.

**(a)** Of the net expenses of \$947,208 incurred in IBS in the period ended 30 June 2005, no payments in respect of the NSX listing expenses are assumed to be included.

**(b)** The issue of a minimum of 3,750,000 fully paid ordinary shares at 20 cents each to raise \$750,000, with a maximum of 5,000,000 fully paid ordinary shares at 20 cents each to raise \$1,000,000, pursuant to this Prospectus.

**(c)** The provision of \$76,750 for expenses incurred relating to the raising and issue of the minimum and maximum number of shares (of which an estimated \$Nil has been accounted for in the period ended 30 June 2005).

	<b>Note 2</b>	<b>Combined 30.06.05</b>	<b>Minimum Pro-forma</b>	<b>Maximum Pro-forma</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>

### 3. Cash Assets

The movements in cash assets are as follows:

Balances 30 June 2005		193,862	193,862	193,862
Minimum – 3,750,000 shares at 20 cents each	<b>(b)</b>	-	750,000	-
Maximum - 5,000,000 shares at 20 cents each	<b>(b)</b>	-	-	1,000,000
		<u>193,862</u>	<u>943,862</u>	<u>1,193,862</u>

	<b>Note 2</b>	<b>Combined 30.06.05</b>	<b>Minimum Pro-forma</b>	<b>Maximum Pro-forma</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>

### 4. Fixed Assets & Intangibles

The movement represents the following:

Plant & equipment – At cost		12,738	12,738	12,738
Less – Accumulated depreciation		<u>(2,548)</u>	<u>(2,548)</u>	<u>(2,548)</u>
Balance at 30 June 2005		<u>10,190</u>	<u>10,190</u>	<u>10,190</u>

The Intangible Asset of \$283,883 referred to in the combined IBIL and IBS Statements of Financial Position in Appendix 1 comprises costs incurred on intellectual property including drafting up training manuals, product information, distribution agreements, product standards information, equipment, designs, customer testimonials and information and a website. No amortisation has been provided for at 30 June 2005 – see also Note 8(c) below regarding impairment of assets' treatment pursuant to the introduction of International Financial Reporting Standards.

The investment of \$3,500,000, being the carrying value of IBS shares in IBIL is eliminated on consolidation. The carrying value of IBS was determined by the directors and based on the most recent share allotment prior to listing.

### 5. Investments

The IBIL Investment of \$3,500,00 comprises its 100% interest in IBS. The combined IBIL and IBS Balance Sheet comprises the consolidated IBIL Balance Sheet, hence this amount is eliminated on consolidation with the excess over the carrying values of the net assets (If any) of IBIL being recorded as an intangible asset being Goodwill on Consolidation (refer to Note 4 above).

	<b>Note 2</b>	<b>Combined 30.6.05</b>	<b>Minimum Pro-forma</b>	<b>Maximum Pro-forma</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>

### 6. Payables

The movement represents the following:

Balance at 30 June 2005		168,068	168,068	168,068
Expenses relating to capital raising	<b>(h)</b>	<u>76,750</u>	<u>76,750</u>	<u>76,750</u>
		<u>244,818</u>	<u>244,818</u>	<u>244,818</u>



## 7. Contributed Equity

The movement represents the following:

Balance at 30 June 2005	(c)	4,000,000	4,000,000	4,000,000
3,750,000 shares at 20 cents each	(d)	-	750,000	-
5,000,000 shares at 20 cents each	(d)	-	-	1,000,000
		4,000,000	4,750,000	5,000,000
Less: Share issue costs		(76,750)	(76,750)	(76,750)
		<u>3,923,250</u>	<u>4,673,250</u>	<u>4,923,250</u>

## 8. International Financial Reporting Standards ('IFRS')

The consolidated entity will be required to present its financial statements in accordance with Australian Accounting Standards that are equivalent to IFRS for the financial year commencing 1 July 2005, including the interim financial report for the half-year 31 December 2005 and the annual financial report for the year ending 30 June 2006.

The financial information in this report has been prepared in accordance with the Australian accounting standards and other financial reporting requirements ('Australian GAAP'). The difference between the Australian GAAP and IFRS identified to date as potentially having a significant effect on the company's financial performance and financial position are summarised below. This summary should not be taken as an exhaustive list of all the differences between Australian GAAP and IFRS. No attempt has been made to identify all disclosure, presentation or classification differences that would affect the manner in which transactions or events are presented.

Management has not quantified the effects of the differences outlined below. Accordingly, there can be no assurance that the financial performance and financial position of the consolidated entity as disclosed in this report would not be significantly different if determined in accordance with IFRS.

Management believes the key potential implications on the consolidated entity of its conversion to IFRS are as referred to below:

### (a) Comparatives

The comparatives financial information in respect of the annual financial report for the year ending 30 June 2006 will be restated using Australian Accounting Standards that are equivalent to IFRS, except for AASB 132 Financial Instruments: Disclosure and Presentation (AASB 132) and AASB 139 Financial Instruments: Recognition and Measurement (AASB 139). In order to restate the comparative information, opening undistributed income at 1 July 2004 will be adjusted to include the changes necessary to transition to the new standards, except for the changes relating to the AASB 132 and the AASB 139 that will be adjusted in opening undistributed income at 1 July 2005.

**(b) Income Tax**

Income tax will be calculated based upon the balance sheet approach (rather than the present liability or income statement method). Also, under the IFRS tax assets will be recognised when recovery is probable, rather than the current recognition criteria of being assured beyond a reasonable doubt (in respect of timing differences) or virtually certain (tax losses).

**(c) Impairment of Assets**

Goodwill will no longer be subject to amortisation but will be subject to an annual impairment test (or whenever there is an indication that the goodwill may be impaired). Impairment testing will require the identification of appropriate cash generating units, the allocation of goodwill to those units and the ability to determine reliable estimates of the future cash flows that those units will generate. There are certain transitional elections upon the adoption of IFRS available to a consolidated entity in respect of business combinations. This may result in changes to the values attributable to assets and liabilities to acquisition and in particular, the amount of goodwill recognised.

For intangible assets with an indefinite life such as brand names, the consolidated entity will be required to test the value attributed to brand names on at least an annual basis. In the absence of an external market value for such a particular brand name, such testing will require an identification of the appropriate cash generating unit and the ability to determine reliable future cash flow estimates that will generate.

For property, plant and equipment, the impairment test will be more rigorous and prescriptive, with future cash flow being appropriately discounted.

**(d) Share based payments**

Where the consolidated entity issues shares and/or options in return for services rendered, the fair value of these share-based payments will be recognised as expenses in the statement of financial performance in the periods during which the employee provides the related services

**(e) Revenue**

The definition of revenue will be narrower.

The above should not be regarded as a complete list of changes of accounting policies that will result from the transition to IFRS, as not all standards have yet been analysed and/or finalised and some decisions have not yet been made where choices of accounting policies are available. For these reasons it is not yet possible to quantify the impact of transition to IFRS on IBIL's financial position and reported results.

## 6. MATERIAL CONTRACTS

- 6.0.1 The Material Contracts comprise the Purchase and Sale Agreement for Shares in IBS and the Distribution Agreement with Liquid Rubber Industries Inc.
- 6.0.2 Both contracts are summarized below and the originals are available for inspection at the Company's registered office

### 6.1 Purchase and Sale Agreements for Shares in IBS

- 6.1.1 **Parties.** The Company is Purchaser and IBS is the Vendor. The following table identifies the current principal IBS Shareholders and their respective shareholdings, and the proposed corresponding shares to be issued in IBIL.

Current IBS P/L Principal Shareholders	Numbers of IBS P/L Shares Held	Numbers of IBIL Shares to be Issued
Thomas Forsberg	122,951	9,375,062
Gerard Trives	29,999	2,287,436
M & D Rodgers Invesments Pty Ltd	20,000	1,525,008
Arcodoro Pty Ltd	20,000	1,525,008
R & C Holland Properties Pty Ltd	10,000	762,504
Geoffrey Richard Pollard	10,000	762,504
Joyce Edith Starnes	10,000	762,504
Alexander Smith	6,557	499,974
<b>TOTALS:</b>	<b>229,507</b>	<b>17,500,000</b>

None of Arcodoro Pty Ltd, R & C Holland Properties Pty Ltd, Geoffrey Richard Pollard, Joyce Edith Starnes and Alexander Smith are related to either Mr Forsberg, to any director or to each other than as being minority shareholders in IBS

- 6.1.2 The Company has agreed to buy all of the issued shares in IBS from the Shareholders for a consideration of \$3,500,000, to be satisfied by the allotment of a total of 17,500,000 shares in the Company at an allotment price of 20

cents per share. Completion took place on the completion date noted as 9 November 2005.

- 6.1.3 Shareholders' obligations included the delivery of share transfers, share certificates and other necessary documents of title to effect the sale and transfer. Shareholders were required to use their best endeavors to convene the relevant meetings of directors of IBS to approve registration of the transfers to the Company, cancellation of existing share certificates and issue of new certificates. The shareholders were also required to confer title to the shares on the Company and to do such acts and execute such documents as necessary.
- 6.1.4 IBS was obliged to convene a meeting of its directors to effect approval to the registration of the share transfers to the Company, cancellation of existing share certificates and the issue of new share certificates.
- 6.1.5 As the party acquiring the shares in IBS, the Company was required to allot and issue to the IBS Shareholders according to their individual entitlements, a total of 17,500,000 shares in the capital of the Company in satisfaction of the purchase price of \$3,500,000. All shares to be allotted were to rank *pari passu* in relation to any existing shares. In addition, the Company was required to enter the shares issued in the allotment register and to issue and deliver share certificates to the purchasers as new shareholders, together with any other documents that may be necessary to deliver good title to each of the relevant shareholders.
- 6.1.6 The Company warranted that on completion the maximum number of issued shares in the Company would be 17,500,000. However, Clause 4 of the Agreement refers to a possible further issue of shares contemplated by a prospectus or memorandum. The parties to the Agreement acknowledged that the Newcastle Stock Exchange may require the shares to be subject to a restriction or covenant in relation to dealing with or disposal of the shares, and acknowledged that they would be bound by such restrictions and conferred upon the Company a Power of Attorney on behalf of each of them to effect such restrictions on dealing or disposal as the NSX may require.
- 6.1.7 Each party was liable for payment of its own costs and stamp duty was payable by the Company.
- 6.1.8 The Agreement contains a number of general provisions dealing with notices, amendments, confidentiality, further assurances, severability and jurisdiction.
- 6.1.9 The Agreement is stated to comprise the entire Agreement. No warranties were provided from IBS, its directors or shareholders or any of them in relation to the financial performance of IBS or the status of its business, or of any agreement or otherwise.

## **6.2 Distribution Agreement between IBS and Liquid Rubber Industries Inc. ('LRI')**

- 6.2.1 **Term and Status.** The agreement commenced on 27 January 2004 for an initial period of five years. Subject to the performance and observance by IBS of its obligations and the appropriate relevant notice being given, the agreement is renewable 'automatically' for additional periods. The agreement requires the parties to enter into contemporaneously a confidentiality and non-competition agreement and identifies the status of IBS as that of an independent contractor, not employee, joint venture, agent or partner of LRI.
- 6.2.2 **Product Overview and Warranty.** The agreement appoints IBS as its exclusive 'authorized distributor' for the sale of the products, as defined, including all Liquid Rubber products, component variants and processes such as delivery systems and application methods used, acquired or developed by LRI in connection with the development, marketing or sale of the products and related equipment. LRI warrants that the products sold and delivered to IBS conform to its standard specifications, as established from time to time, but in no event shall either party be liable to the other for indirect, special or consequential or other similar damages arising out of any breach of warranty, contract or tort (including sole or concurrent negligence of the other party) patent infringement or other breach of the agreement.
- 6.2.3 **Marketing and Sale of the Product.** LRI undertakes to supply and IBS agrees to acquire all products on an as-ordered basis in such amounts and within such commercially reasonable time frames as may be reasonably required by IBS and its customers. LRI is required to provide IBS with copies of all the relevant product information, case studies, test results, manuals, governmental and other agency approvals or endorsements. IBS is entitled to use the benefit of any such materials to promote the product, but must conform to LRI requirements relating to product promotion and advertising.
- 6.2.4 **The Obligations of IBS.** IBS is required to become familiar with and to familiarize its applicable personnel with the product and processes, and is to comply with all applicable laws and regulations in its promotion, marketing, distribution, sale and use of the products. IBS is also required to meet with LRI and its representatives regularly and as mutually convenient, for LRI to observe, inspect and review the compliance by IBS with its obligations for the use and application of the products and processes, including the maintenance of adequate facilities and equipment for instructional training in proper use, and the demonstration of products to potential customers.
- 6.2.5 **Term and Termination.** The agreement may be terminated for breach of its terms, such as the minimum quantities requirements not being reached. In addition, either Party may terminate at any time by giving prior notice in writing to the other Party in accordance with the terms of the agreement. Neither party is entitled to terminate other than as specifically provided in clauses 3, 6.2, 13 or 14 of the agreement. In all other respects termination may take place at the option of either party by written notice to the other if:
- a. IBS fails to meet the minimum sales requirement.

- b. Patrick Roos, Klaus Behnfeld, Tom Forsberg or a Company in which at least two (2) of the three of them has a significant interest ceases to be a shareholder of the distributor and the change in shareholders of distributor resulting from his exit results in a change of effective control which is unacceptable to LRI in its reasonable discretion.
- c. IBS gets wound up, becomes insolvent or enters into any Deed of Composition with its creditors or there is a receiver, trustee or similar officer appointed to its assets or undertakings.
- d. LRI is wound up, becomes insolvent or enters into a Deed of Composition with its creditors or there is a receiver, trustee or similar officer appointed to its assets or undertaking.

## **7. RISK FACTORS**

### **7.1 Introduction**

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Economic Risks**

The Company, in common with other companies, is affected by general economic conditions including the level of interest rates, exchange rates, employment rates, commodity demand and prices including freight rates and insurances, state and federal government levels of spending on infrastructure, global inflation and spending by clients on capital and maintenance works. Any changes in government fiscal, monetary and regulatory policies may also affect the Company's business.

### **7.3 Market Conditions**

This Offer represents the first offering of Company shares, and therefore Shares in the Company have no prior trading market. The market price of the Shares can fall as well as rise, and may be subject to varied and unpredictable influences on the market for equities. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **7.4 Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from investments in it, the Company may require further financing in addition to amounts raised in this Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating

activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its growth plans.

## **7.5 Uncertainty of Future Profitability and Competition**

- 7.5.1 The Company's ability to operate profitably in the future will depend on its ability to achieve customer expectations in quality, timely delivery and value, as well as building on existing customer relationships and developing new customer bases. Future profitability of the Company will depend on the ultimate demand for its services by customers which can not be guaranteed.
- 7.5.2 Other factors that will determine the Company's profitability are its ability to manage costs, to execute its development and growth strategies, economic conditions in the markets in which the Company operates, competitive factors, and regulatory developments. Accordingly, the extent of future profits, if any, and the time required to achieve a sustained profitability is uncertain. Moreover, the level of such profitability can not be predicted.

## **7.6 International Accounting Standards**

- 7.6.1 For reporting periods beginning on or after 1 January 2005, the Company must comply with International Financial Reporting Standards (**IFRS**). These changes will affect the way certain items are reported in the Company's financial statements. The most significant changes to accounting treatment under IFRS as it applies to the Company relates to the accounting for research and development costs, intangible assets being patents and goodwill, share-based payments, and foreign currency translation.
- 7.6.2 All share-based payments to employees and third parties in respect of goods and services must be expensed and a corresponding increase in equity recognized when goods or services are received, (or a liability if the goods or services were acquired in a cash-settled share-based transaction). In relation to foreign currency, the Company can choose in which currency it will present its financial statements. If Australian currency is not used, justification is required in the notes to the accounts.
- 7.6.3 Also in relation to foreign currency, there is no longer a distinction between self-sustaining and integrated foreign operations. Instead, where a foreign operation is required to be consolidated into the Company's financial statements (or vice versa), general translation provisions are included in the Standard which largely follow the current method for translating self-sustaining operations using a separate equity reserve for foreign exchange differences.

## **7.7 Licenses and Registration**

The Company is not aware of any legislative or regulatory requirements of any government, public or statutory authority in relation to its products or business with which it has not complied.

## **7.8 Legislation**

- 7.8.1 The Company's operations are subject to laws and regulations relating to, amongst other things, occupational safety, the use and handling of hazardous materials, prevention of illness and injury, and environmental protection. There can be no assurance that future legislation will not impose further regulation, which may adversely affect the business or financial condition of the Company.
- 7.8.2 The Company intends to conduct its activities to the highest standards of environmental obligation, including compliance with all environmental laws. Change in environmental laws governing the Company's operations may affect the Company's work processes.

## **7.9 Lease Arrangements**

The Company has recently entered into a Heads of Agreement (but not yet an enforceable lease) for new premises which are to be used as a warehouse, office, distribution and training facility. The Company does not have an enforceable lease in relation to its warehouse premises.

## **7.10 Competition**

The Company will be competing with other companies in its activities, many of which may have access to greater resources than the Company and may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

## **7.11 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

## **7.12 Reliance on Key Personnel**

- 7.12.1 The Company relies on a number of key members. There is a risk that the Company may fail to attract, retain or develop key personnel which could have an impact on the development of the Company. Success also largely depends on the core competencies of Company Directors and their familiarisation with and ability to operate in the construction, resource and maintenance services sectors. The loss of one or more of the Directors, or other key persons could have a material adverse effect on the Company's business, financial position and results of operations.



7.12.2 The distribution agreement between IBS and LRI requires Klaus Behnfeld, Thomas Forsberg and Patrick Roos to have a continuing involvement or shareholding in the company. Clause 6.2.5 of this Prospectus in relation to Material Contracts, allows LRI to terminate the distribution agreement if, in its reasonable opinion, two of the three parties do not have a continuing involvement with the company. This condition imparts a significant risk to the company, and although it has contracted the services of the relevant parties the death or departure of more than one of them entitles LRI to terminate the agreement if satisfactory ongoing arrangements can not be made.

## **8. ADDITIONAL INFORMATION**

### **8.1 Disclosure of Interests**

Directors are not required under the Company's Constitution to hold any Shares. As at the date of this Prospectus, the Directors have relevant interests in Shares as set out in the Table below:

Samuel Francis Hunter 435,716 Ordinary Shares

### **8.2 Fees and Benefits**

8.2.1 Other than as set out below or elsewhere in this Prospectus, no:

- a. Director of the Company;
- b. Person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- c. Underwriter, has, or has had within 2 years before lodgement of this Prospectus with ASIC, any interest in:
  - (1) The formation or promotion of the Company;
  - (2) Any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
  - (3) The offer of Shares under this Prospectus.

### **8.3 Consents.**

8.3.1 Each of the parties referred to in this Section:

- a. Does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and,
- b. To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a

reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section.

- 8.3.2 **BCS Lamb & Ellis ('BCS')** has given its written consent to being named as independent accountant in this Prospectus and to the inclusion of the Independent Accountant's Report in Section 6 in the form and context in which the report is included. BCS has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
- 8.3.3 **BCS** has also given its written consent to being named as auditors to the Company in this Prospectus. BCS has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.
- 8.3.4 **Martin Place Securities Pty Limited** has given its written consent to being named as Manager to the Offer in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.
- 8.3.5 **Computershare Investor Services Pty Ltd** has given its written consent to being named as share registry to the Company in this Prospectus and has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

#### **8.4 Rights Attaching to Shares**

- 8.4.1 **Ordinary Shares.** The rights and liabilities attaching to Shares can be summarised as follows:
- a. **General Meetings.** Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company. Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.
  - b. **Voting Rights.** Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:
    - (1) Each shareholder entitled to vote may vote in person or by proxy, attorney or representative.
    - (2) On a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and,
    - (3) On a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the

amount paid (or credited) bears to the total amounts paid and payable (including amounts credited).

- c. **Dividend Rights.** The Board may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend shall (subject to the rights of any preference shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Board may from time to time pay to the shareholders such interim dividends as they may determine which will be paid according to the proportion that the amount paid (or credited) bears to the total amounts paid and payable (including amounts credited) in respect of such shares. No dividends shall be payable except out of profits. A determination by the Board as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.
- d. **Winding-Up.** If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, Shares classified by NSX as restricted Shares and which are subject to escrow restrictions at the time of the commencement of the winding up shall rank in priority after all other shares.
- e. **Transfer of Shares.** Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.
- f. **Changes to Capital Structure.** The Company may by ordinary resolution and subject to the Corporations Act and the Listing Rules:
  - (1) Increase its share capital by the issue of new shares of such amount as is specified in a resolution.
  - (2) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares; and
  - (3) Sub-divide all or any of its shares into shares of smaller amount than is fixed by the Company's Constitution, but so that in the sub-division the proportion between the amount paid and the amount (if any) unpaid on each such share of a smaller

amount is the same as it was in the case of the share from which the share of a smaller amount was derived.

- g. **Variation of Rights.** Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares. If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

## **8.5 Corporate Governance**

The Board monitors the business affairs of the Company on behalf of Shareholders and has formally adopted a corporate governance policy which is designed to encourage the Board to focus their attention on accountability, risk management and ethical conduct.

## **8.6 Restricted Shares**

NSX has indicated that certain existing security holders may be required to enter into agreements which restrict dealings in Shares held by them. These agreements will be entered into in accordance with the Listing Rules. No shares issued under this Prospectus will be subject to restricted trading.

## **8.7 Expenses of the Offer**

The total expenses of this Offer, estimated to be approximately \$76,750, are to be applied towards the items set out in the table below:

ASIC and NSX Fees	\$ 13,000
Legal Adviser's Fees	\$ 25,000
Investigating Accountant's Fee	\$ 20,000
Printing and distribution	\$ 3,000
Sponsoring Broker	\$ 10,000
Other Consultants	\$ 5,500
<b>TOTAL</b>	<b>\$ 76,500</b>

## **8.8 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

## **9. DIRECTORS' AUTHORISATION**

- 9.0.1 This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.
- 9.0.2 In accordance with Sections 716 and 720 of the Corporations Act, each Director has consented in writing to the lodgment of this Prospectus with the ASIC and the inclusion of any statements in the Prospectus attributable to them.

## 10. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings, unless the context indicates otherwise:

**\$** means an Australian dollar.

**ABS** means Australian Bureau of Statistics.

**Application** means an application under this Offer made on an Application Form.

**Application Form** means a Round Up Application Form or a Public Application Form.

**ASIC** means Australian Securities & Investments Commission.

**AEST** means Australian Eastern Standard Time, Sydney, New South Wales.

**Board** means the board of Directors as constituted from time to time.

**Business Day** means a week day when trading banks are ordinarily open for business in (Sydney, New South Wales

**Closing Date** means the closing date for receipt of Application Forms under this Prospectus, being 5pm (AEST) on 22 December 2005 (unless this Offer is extended or closed early).

**Company** or IBIL means International Building Industries Limited (ACN 116 936 862).

**Company's Constitution** or **Constitution** means the constitution of the Company as at the date of this Prospectus.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**EBIT** means earnings before interest and tax.

**Exposure Period** means the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.

**GST** has the meaning given to it in the GST Act.

**GST Act** means A New Tax System (Goods and Services Tax) Act 1999 and any regulations thereto or such other act or regulations of equivalent effect.

**Listing Rules** means the official Listing Rules of the NSX.

**NSX** means Newcastle Stock Exchange Limited.

**Shareholders** means a holder of Shares on the Record Date.

**Martin Place Securities** means Martin Place Securities Pty Limited (ACN: 094 927 947)

**Offer** means the invitation to investors to apply for Shares pursuant to this Prospectus at an issue price of \$0.20 per Share as detailed in Section 3.1 (which includes both the Round Up Offer and the Public Offer).

**Official List** means the official list of NSX.

**Official Quotation** means official quotation by NSX in accordance with the NSX Listing Rules.

**Options** means an option to acquire a Share.

**Prospectus** means this prospectus.

**Public Application Form** means the Public Offer Application Form attached to this Prospectus.

**Public Offer** means the invitation to the general public to apply for Shares pursuant to the general offer detailed in Section 3.1 of this Prospectus.

**Record Date** means 5.00pm (AEST) on the date of this Prospectus.

**Section** means a section of this Prospectus.

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

**Share Registry** means Computershare Investor Services Pty Limited.

ONLY COMPLETE THIS APPLICATION FORM IF YOU WISH TO  
SUBSCRIBE FOR SHARES UNDER THE PUBLIC OFFER.

**PUBLIC OFFER APPLICATION FORM**

**INTERNATIONAL BUILDING INDUSTRIES LIMITED ACN: 116 936 862**

The securities to which this application form (**Application Form**) relates are fully paid ordinary shares (**Shares**) in the capital of International Building Industries Limited (**Company**). A prospectus containing information regarding investment in Shares was lodged with the Australian Securities and Investments Commission on 17 November 2005. The Prospectus will expire on 16 December 2006. While the Prospectus is current, the Company will send paper copies of the Prospectus, any supplementary documents and the Application Form, free of charge to any person upon request. You should read the Prospectus before applying for Shares. A person who gives another person access to the Application Form must at the same time and by the same means give the other person access to the Prospectus and any supplementary document.

Full name (PLEASE PRINT)

.....

Title, Given Name(s) & Surname or Company Name

.....

Joint Applicant #2 or <designated account>

.....

Joint Applicant #3 or <designated account>

.....

Postal Address (PLEASE PRINT)

.....

Street Number and Street

.....



Suburb/Town State Post Code

.....

ABN, Tax File Number or Exemption Applicant #2, Applicant #3

.....

Number of Shares applied for Application Money enclosed at 20 cents per Share

A\$.....

I/We whose full name(s) and address appear above hereby apply for the number of Shares shown above (to be allocated to me/us by the Company in respect of this Application) under the Prospectus on the terms set out in the Prospectus.

Cheque Details:

.....  
Drawer

.....  
Drawer

PLEASE ENTER CHEQUE DETAILS THANK YOU:

Drawer:

Bank:

BSB:

Amount:

My/Our contact numbers in the case of inquiry are:

Telephone ( ) ..... Fax ( ) .....

Cheques should be made payable to International Building Industries Limited – Share Offer Account, crossed "NOT NEGOTIABLE".

Cheques and completed Application Forms should be forwarded, **to arrive no later than 5:00pm on 28 January 2006** (or such other date as is determined by the Directors) to Benson Partners Pty Limited.

## GUIDE TO THE APPLICATION FORM

If an Applicant has any questions on how to complete this Application Form, please telephone Benson Partners Pty Limited on (07) 3831 8133, or speak with your advisor.

### A. Application for Shares

The Application Form must only be completed in accordance with instructions included in Prospectus.

### B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

### C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three Joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

### D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

### E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

### F. Cheque Details

Make cheques payable to **"International Building Industries Limited – Share Offer Account"** in Australian currency and cross them **"Not Negotiable"**. Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

### G. Declaration

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the Constitution of the Company;

- (3) authorises the Directors of the Company to complete or amend this Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the Prospectus attached to this Application Form or a copy of the Application Form before applying for the Shares; and
- (5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the Prospectus.

## **DIRECTORS' STATEMENT, AUTHOSRISATION AND CONSENT.**

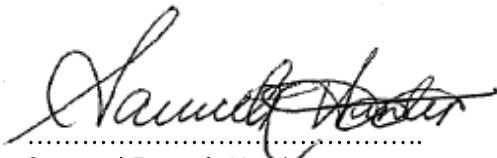
The Directors state that:

- a) They have made all reasonable inquiries and on that basis have reasonable grounds to believe that any statements made by them in this Prospectus are not misleading or deceptive.
- b) In relation to any statements made in this Prospectus other than by them they have made reasonable enquiries and on that basis have reasonable grounds to believe that any person, persons or party making any of those statements were competent to make such statements and that those persons have given their consent to the statements being included in this Prospectus in the form and context of their inclusion and have not withdrawn their consent prior to the lodgement of this Prospectus.
- c) Each Director by his execution of this statement has consented to the lodgement of this Prospectus with ASIC and none of those consents have been withdrawn.
- d) This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.
- e) This Prospectus has been signed by each of the Directors in accordance with the resolution of the Directors.

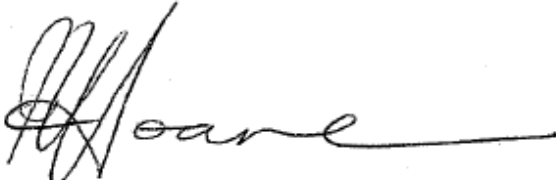
Dated 6 January 2006.



.....  
Brendon Robert Vine



.....  
Samuel Francis Hunter



.....  
Ian Clarence Hoare

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