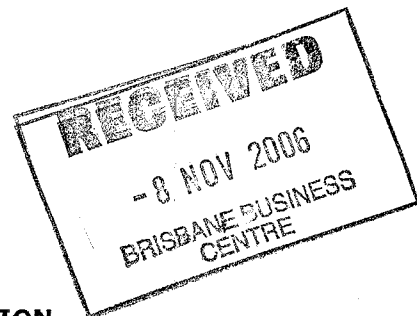


PROSPECTUS

**INTERNATIONAL BUILDING INDUSTRIES
LIMITED ('IBL') A.C.N. 116 936 862**

FOR THIS OFFER OF 16,666,667 SHARES AT AN ISSUE
PRICE OF \$0.30 PER SHARE TO RAISE \$5,000,000

Manager to the Offer: Martin Place Securities Pty Ltd



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 8 November 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 authorized to give any information or make any representation in connection with the 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 authorized by the Company in connection with this Offer.

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. In such 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 upon 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 and Chief Financial Officer:

Mr. David Lamb

Registered Office:

109 Leichhardt Street

Brisbane QLD 4000

Brisbane Office:

10 Virginia Street

Geebung QLD 4034

Independent Accountant:

Duncan Dovico Chartered Accountants

Level 4, 5 - 9 Harbourview Crescent

Milsons Point NSW 2061

Auditors:

Duncan Dovico Chartered Accountants

Level 4, 5 - 9 Harbourview Crescent

Milsons Point NSW 2061

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

CONTENTS

1. INVESTMENT OVERVIEW.....	7
2. THE PUBLIC OFFER.....	9
3. COMPANY AND BUSINESS OVERVIEW	10
4. CURRENT DIRECTORS AND KEY PERSONNEL.....	13
5. INDEPENDENT ACCOUNTANT'S REPORT	14
6. MATERIAL CONTRACTS	29
7. RISK FACTORS	33
8. ADDITIONAL INFORMATION.....	35
9. DIRECTORS' AUTHORISATION	39
10. GLOSSARY.....	40
PUBLIC OFFER APPLICATION FORM.....	42

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

Yours sincerely

A handwritten signature in black ink, appearing to read "BR Vine". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Brendon R. Vine
CHAIRMAN

INVESTMENT OVERVIEW

1.1 Important Notice

This Section is not intended to provide full or complete 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 16,666,667 Shares at an issue price of \$0.30 each to raise up to \$5,000,000.

1.3 Indicative Timetable

Lodgment of Prospectus with the ASIC – Exposure Period Begins	8 November 2006
Opening Date – Exposure Period ends	16 November 2006
Closing Date (5pm AEST)	30 November 2007
Issue of Shares to investors	17 November 2006

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

1.4 Purpose of the Offer

- 1.4.1 The Company is positioning itself to take advantage of perceived opportunities for significant national distribution and market recognition of the Shell Flintkote range of waterproofing products, as well as the emerging potential of its premier in-house brand, Sterling Engineered Products.
- 1.4.2 Anticipated growth in sales will require an increase in working capital to fund an appropriate range and depth of product inventories, and the extension and consolidation of distribution sales and product support infrastructure. The Company further believes that access to adequate working capital will enable it to raise the tempo of investigations into fresh product rights and opportunities to optimize the Company's well-established strategic distribution skills, training and support systems.

1.5 Minimum Subscription

- 1.5.1 The minimum subscription to the issue is \$250,000. 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 below. Any excess subscription over two hundred fifty thousand dollars (\$250,000) 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 and product sales activities, up to:	\$2,000,000
Working Capital	\$2,960,000
Costs of the issue (excluding brokerage)	\$40,000

Total	\$5,000,000

1.6 Capital Structure

- 1.6.1 The anticipated capital structure of the Company on completion of this Offer is summarized below:

(a) If the minimum subscription is reached

Shares	Number
Existing (Ordinary Class Shares at 23 October 2006)	28,016,667
Current Offer	833,333

Total	28,850,000

(b) If the full subscription is reached

Shares	Number
Existing (Ordinary Class Shares at 23 October 2006)	28,016,667
Current Offer	16,666,667

Total	44,683,334

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 An application 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 \$0.30 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:

Level 19, 307 Queen Street, Brisbane

Or Mailed to:

International Building Industries Limited
C/o Computershare Investor Services Pty Limited
Level 19
307 Queen St
Brisbane QLD 4001

2.2 Over-subscriptions

Over-subscriptions will not be accepted.

2.3 Allotments

- 2.3.1 The 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. Irrespective of whether the allotment of Shares takes place, the Company will retain any interest earned on application monies.

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 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 jurisdictions outside Australia.
- 2.5.2 Applicants outside Australia are responsible for obtaining 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.

COMPANY AND BUSINESS OVERVIEW

3.1 Background

- 3.1.1 The Company ('IBL') was incorporated on 1 November 2005 and listed on the Newcastle Stock Exchange ('NSX') in March 2006.
- 3.1.2 Consistent with its objectives for organizational flexibility and prudent risk management, IBL has acquired or established a number of specific-purpose, wholly-owned proprietary limited entities that are integral to its plans for growth.

3.2 The Business

- 3.2.1 Put simply, the business of IBL is to conceptualize and develop innovative commercial solutions which complement the Company's entrepreneurial flair. The Company aims to establish an efficient and vigorous network from which it will realize the inherent potential for sustainable recurrent earnings through product sales. In large measure, continuing Company success is dependent on the skills and abilities of IBL to identify market trends and opportunities early, and take timely advantage of product development life-cycles which favour emerging or disruptive technologies that better address commercial and industrial necessities.
- 3.2.2 **Distribution Rights.** Since its inception, the Company has secured distribution arrangements for world-class Shell Flintkote 'waterproofing' products and No Skidding 'non-slip' industrial treatments and protective coatings. Distributors have been contracted throughout Australia and New Zealand. While other competitive products of a similar genre (which may be substitutes) are generally available in the market, these alternatives are not necessarily the subject of any proprietary right of the business or of any exclusive or non-exclusive distribution agreement. Documentation in relation to existing arrangements is available for inspection at the registered office of the Company.
- 3.2.3 Waterproofing and related products selected by IBL to date are intended to comprehensively address recurring problems encountered by conventional 'membrane' systems. Common issues include susceptibility to mechanical damage and impermanence in bonding to substrata. The Company strongly prefers to focus on solutions that are non-toxic, odourless and non-flammable, and which do not present a hazard either during transportation and storage, or during and following proper application. Pollutants and other risks normally associated with products which require the use of hot kettles or propane torches – particularly those that may contain volatile organic compounds – are to be avoided. On-site applications of the Company's range of waterproofing products may be achieved in various component forms involving one or more roll on, squeegee, brush-applied or spraying processes.

3.2.4 Within ageing national populations, including that of Australia, the need to adopt simple and practical measures which minimize the incidence of 'slip and fall' occurrences is the epitome of responsible and prudent management. Such risks are considered to be of as much concern to all home owners as they are to employers and employees in every workplace. Inadvertent consequential physical injuries often lead to social disruption and medical disabilities, as well as economic losses from legal and insurance-related actions. The range of slip-resistant surface treatments and protective coatings for which IBL has acquired distribution rights, serve generally to increase the co-efficient of friction on virtually all types of common surfaces and thereby reduce a propensity for incidents and accidents.

3.2.5 **Intellectual Property.** A significant aspect of the business thus far has been its investment in the development and refinement of intellectual property assets. Key to the Company's anticipated rapid growth has been its implementation of warehouse and distribution facilities, training and product support systems including technical manuals, product and compliance information, and regulatory as well as statutory requirements and standards engineering. In addition, customer sales support and marketing strategies, and related quality controls along with equipment designs, customer testimonials and a website, have also been created.

3.3 The Financials

3.3.1 The business is structured around the implementation of distribution networks as a platform from which profitable long-term product sales may be launched. Depending upon the nature and attributes of the product selected for distribution, ongoing stable revenues are intended to be derived from organic growth in product sales. Scope also exists for the sale of consulting services to distributors. Key to Company growth will be the development of 'self-sustaining' systems, including both wholesale and retail sales channels via 'buying group' concepts.

3.3.2 From commencement of operations to 30 June 2006 the business recorded sales of \$2,213,236 and earned an audited pre-tax profit of some \$77,281.00.

3.4 The Vision

3.4.1 Despite the Company's initial dependence on a single product - 'Liquid Rubber' - the business has matured and evolved rapidly in the months since its genesis. With the critical insight and lessons derived from its early activities, IBL is being re-shaped as a multi-faceted corporation which possesses the brand identity and industry credentials to effectively support national distribution and customer requirements in relation to key products such as Shell Flintkote and No Skidding.

3.4.3 IBL is also in the process of developing in-house products which will become a significant part of its business. Known as 'Sterling Engineered Products', these state-of-the-art waterproofing systems and related products have been

conceived and specified to offer a level of performance at a price point which complements and extends the offering of the Shell Flintkote range.

3.4.4 The Company's medium-term goals include:

- a. Utilizing current distribution and customer support strategies to achieve for Shell Flintkote and Sterling Engineered Products national brand recognition for superior product qualities and keen value.
- b. Generating sustainable sales to, and earnings growth from, existing distributors and end-users, through proper customer support and quality control mechanisms.
- c. Contributing to Australian economic development through the establishment of valuable small business and self-employment opportunities in regional and provincial localities.
- d. Achieving maximum efficiency in distribution channels and customer support systems with long term 'buy in' from network participants and end-users.
- e. Implementing strategies for the optimization of health and safety in the workplace, and the protection of the environment.

3.5 Opportunities

- 3.5.1 The Directors believe that the current scope of operations for IBL, including its general know how and collective expertise in relation to the national distribution of international brand name products such as Shell Flintkote, provide an excellent basis from which to build and focus the Company into a leading industrial and service entity.
- 3.5.2 Prospective additions to the IBL group management team are expected to facilitate common-sense plans for expansion in a measured, cost-effective manner. The Board's future goals for the Company may also involve growth through the acquisition of other businesses which complement the organization's strategic business model and which Directors consider will add value to the Company.

3.6 Speculative Nature of the Investment

- 3.6.1 Although acquisition of the Shares in IBL brings with it the existing businesses and future opportunities, prospective investors should note that any investment in the Company pursuant to this Prospectus should be considered speculative.
- 3.6.2 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. 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 extensive experience in marketing, sales and advertising. 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 was employed by 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 published works.

4.2 Key Personnel

David Lamb – Chief Executive Officer & Chief Financial Officer – IBL

Mr. Lamb, a Chartered Accountant with a Bachelor of Business degree and post-graduate diploma in tax law, commenced his career with the international firm of Touche Ross & Co, initially in the Audit Division. For many years he was a partner in a Chartered Accounting firm and has extensive experience with public companies, business valuations, financial management and strategic marketing.

5. INDEPENDENT ACCOUNTANT'S REPORT



5. INDEPENDENT ACCOUNTANT'S REPORT

30 October 2006

The Directors
International Building Industries Limited
10 Virginia Street
VIRGINIA QLD 4014

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

1. Introduction

We have prepared this Independent Accountant's Report ("report") on historical information of International Building Industries Limited ("the Company" or "IBIL") and its controlled entities (collectively "the economic entity") for inclusion in a Prospectus dated on or about 1 November 2006, relating to the issue of up to 16,666,667 ordinary shares in the Company.

Expressions defined in the Prospectus have the same meaning in this report.

2. Background

IBIL was incorporated in Australia on 1 November 2005. In March 2006, IBIL was listed on the Newcastle Stock Exchange (NSX) and at 30 June 2006 the company had an issued capital of \$5,000,001 (excluding capital raising costs) comprising of 25,000,001 ordinary equity shares.

The company plans to raise between \$250,000 and \$5,000,000 by issuing between 833,334 and 16,666,667 shares at 30 cents each (by way of this Prospectus). Expenses relating to the issue of these shares are estimated at \$35,000, as referred to herein.

The business of IBIL commenced in February 2004 through its wholly owned subsidiary International Building Systems Pty Ltd (IBS) with an objective of gaining national recognition for leadership in the building and construction industry. The economic entity continues to seek 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.

CHARTERED ACCOUNTANTS
LEVEL 1 - HARBOURVIEW RESIDENT MILSON'S POINT NSW 2001 • PO BOX 116, MILSON'S POINT NSW 2001
Tel: 02 922 7064 • E: email@duncandovico.com.au • ABN: 19 172 226 190
Entities limited liability are approved under Professional Standards Legislation



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

3. Scope

Duncan Dovico Chartered Accountants ("Duncan Dovico") have been requested by the Board of IBIL to prepare a report with respect to the following information:

- the historical financial performance of the economic entity for the year ended 30 June 2006;
- the historical balance sheet as at 30 June 2006 and the pro forma balance sheet as at 30 June 2006 which assumes completion of the contemplated transactions as set out in Note 2 of Appendix 2 of this report ("the proforma transactions");
- the cash flow statement

Audit of Historical Financial Information

The historical financial information set out in Appendix 1 of the Independent Accountant's Report has been extracted from the audited financial statements of IBIL. An unqualified opinion was issued by Duncan Dovico in respect of the aforementioned financial statements. The Directors of IBIL are responsible for the preparation of the historical financial information, including determination of the adjustments, if any.

We have audited the historical financial information of IBIL for the period ended 30 June 2006. Our audit has been conducted in accordance with the Australian Auditing and Assurance Standards to provide reasonable assurance whether the historical information is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the historical financial information, and the evaluation of accounting policies and significant accounting estimates. Our procedures also included:

- consideration of the assumptions used to compile the pro forma balance sheet and/or the income statement;
- audit of the pro forma historical financial information; and
- comparison of consistency in application of the recognition and measurement principles in Accounting Standards and other mandatory professional reporting requirements in Australia, and the accounting policies adopted by IBIL disclosed in Appendix 2 of the Independent Accountant's Report.

These procedures have been undertaken to form an opinion whether, in all material respects, the historical financial information is presented fairly in accordance with the recognition and measurement principles prescribed in Accounting Standards and other mandatory professional reporting requirements (and relevant statutory and other requirements) in Australia so as to present a view which is consistent with our understanding of IBIL's financial position, the results of its operations and its cash flows. The audit opinion expressed in this report has been formed on the above basis.



Conclusion:

Audit Opinion on Historical Financial Information

In our opinion:

- the pro forma balance sheet has been properly prepared on the basis of the transactions described in Note 2 of Appendix 2 of this report; and
- the other historical financial information, as set out in Appendix 1 of the Independent Accountant's Report presents fairly:
 - (a) the historical financial performance of IBIL and its controlled entities for the year ended 30 June 2006, and
 - (b) the historical balance sheet of IBIL and its controlled entities as at 30 June 2006;

in accordance with the recognition and measurement principles prescribed in the Accounting Standards and other mandatory professional reporting requirements, and accounting policies adopted by IBIL and its controlled entities disclosed in Appendix 2 of the Independent Accountant's Report.

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 business of IBIL and its controlled entities 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.

Independence or Disclosure of Interest

Duncan Dovico does not have any interest in the outcome of this issue other than in the preparation of this report for which normal professional fees will be received. In addition, Duncan Dovico is also the statutory auditor of IBIL and its controlled entities.

Yours faithfully

DUNCAN DOVICO

ROSEMARY MEGALE

Partner

APPENDIX 1 (INDEPENDENT ACCOUNTANT'S REPORT)

1A BALANCE SHEET (ECONOMIC ENTITY)

	Notes	Audited 30-Jun-06	Proforma 30-Jun-06 Maximum	Proforma 30-Jun-06 Minimum
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents		1,785	5,001,785	251,785
Trade and other receivables		915,686	915,686	915,686
Inventories		60,951	60,951	60,951
Other current assets		23,391	23,391	23,391
TOTAL CURRENT ASSETS		1,001,813	6,001,813	1,251,813
NON-CURRENT ASSETS				
Trade and other receivables		-	-	-
Financial assets		-	-	-
Property, plant and equipment		512,724	512,724	512,724
Deferred tax assets		50,362	50,362	50,362
Intangible assets		4,348,014	4,348,014	4,348,014
TOTAL NON-CURRENT ASSETS		4,911,100	4,911,100	4,911,100
TOTAL ASSETS		5,912,913	10,912,913	6,162,913
CURRENT LIABILITIES				
Trade and other payables		842,864	842,864	842,864
Short-term borrowings		172,955	172,955	172,955
Current tax liabilities		-	-	-
Short-term provisions		7,200	7,200	7,200
TOTAL CURRENT LIABILITIES		1,023,019	1,023,019	1,023,019
NON-CURRENT LIABILITIES				
Trade and other payables		-	-	-
Long-term borrowings		30,251	30,251	30,251
Deferred tax liabilities		10,423	10,423	10,423
TOTAL NON-CURRENT LIABILITIES		40,674	40,674	40,674
TOTAL LIABILITIES		1,063,693	1,063,693	1,063,693
NET ASSETS		4,849,220	9,849,220	5,099,220
EQUITY				
Issued capital		4,826,279	9,826,279	5,076,279
Retained earnings		22,941	22,941	22,941
TOTAL EQUITY		4,849,220	9,849,220	5,099,220

APPENDIX 1 (INDEPENDENT ACCOUNTANT'S REPORT) (Cont'd)

1B BALANCE SHEET (PARENT ENTITY)

	Notes	Audited 30-Jun-06	Proforma 30-Jun-06 Maximum	Proforma 30-Jun-06 Minimum
		\$	\$	\$
CURRENT ASSETS				
Cash and cash equivalents	23	5,000,023	250,023	
Trade and other receivables	94,081	94,081	94,081	
Inventories	-	-	-	-
Other current assets	-	-	-	-
TOTAL CURRENT ASSETS		94,104	5,094,104	344,104
NON-CURRENT ASSETS				
Trade and other receivables	1,302,538	1,302,538	1,302,538	
Financial assets	3,500,106	3,500,106	3,500,106	
Property, plant and equipment	-	-	-	-
Deferred tax assets	6,000	6,000	6,000	
Intangible assets	-	-	-	-
TOTAL NON-CURRENT ASSETS		4,808,644	4,808,644	4,808,644
TOTAL ASSETS		4,902,748	9,902,748	5,152,748
CURRENT LIABILITIES				
Trade and other payables	27,588	27,588	27,588	
Short-term borrowings	84,087	84,087	84,087	
Current tax liabilities	-	-	-	-
Short-term provisions	-	-	-	-
TOTAL CURRENT LIABILITIES		111,675	111,675	111,675
NON-CURRENT LIABILITIES				
Trade and other payables	6	6	6	
Long-term borrowings	-	-	-	-
Deferred tax liabilities	10,423	10,423	10,423	
TOTAL NON-CURRENT LIABILITIES		10,429	10,429	10,429
TOTAL LIABILITIES		122,104	122,104	122,104
NET ASSETS		4,780,644	9,780,644	5,030,644
EQUITY				
Issued capital	4,826,279	9,826,279	5,076,279	
Retained earnings	(45,635)	(45,635)	(45,635)	
TOTAL EQUITY		4,780,644	9,780,644	5,030,644

APPENDIX 1 (INDEPENDENT ACCOUNTANT'S REPORT) (Cont'd)

1C INCOME STATEMENT (ECONOMIC ENTITY & PARENT ENTITY)

	Notes	Economic Entity Audited 30-Jun-06 \$	Parent Entity Audited 30-Jun-06 \$
Sales revenues		2,213,236	76,829
Cost of sales		(934,497)	-
Gross profit		1,278,739	76,829
Other income		11,278	2,108
Marketing expenses		(128,751)	-
Occupancy expenses		(51,818)	-
Administrative expenses		(897,634)	(116,923)
Finance costs		(6,995)	(3,226)
Other expenses		(127,538)	-
Profit before income tax		77,281	(41,212)
Income tax expense		(54,340)	(4,423)
PROFIT AFTER INCOME TAX		22,941	(45,635)

APPENDIX 1 (INDEPENDENT ACCOUNTANT'S REPORT) (Cont'd)

1D CASH FLOW STATEMENT (ECONOMIC ENTITY & PARENT ENTITY)

	Notes	Economic Entity	Parent Entity
		Audited	Audited
		30-Jun-06	30-Jun-06
		\$	\$
<i>Cash flows from operating activities</i>			
Receipts from customers		1,274,158	2,108
Interest received		4,472	-
GST received		343	-
Payments to suppliers & employees		(1,476,082)	(55,297)
Finance costs		(6,995)	-
GST paid		-	(4,516)
Net cash from operating activities		<u>(204,104)</u>	<u>(57,705)</u>
<i>Cash flows from investing activities</i>			
Purchase of property, plant & equipment		(543,881)	-
Purchase of investments		(50,000)	(50,000)
Payment for subsidiary, net of cash acquired		4,104	4,104
Acquisition of intangibles		(733,819)	-
Loans to subsidiaries		-	(1,306,742)
Net cash from investing activities		<u>(1,323,596)</u>	<u>(1,352,638)</u>
<i>Cash flows from financing activities</i>			
Proceeds from issue of shares		1,500,001	1,500,001
Proceeds from borrowings		127,244	84,087
Capital raising costs		(173,722)	(173,722)
Net cash from financing activities		<u>1,453,523</u>	<u>1,410,366</u>
Net increase / (decrease) in cash held		(74,177)	23
Cash at the beginning of the year		-	-
Cash at the end of the year		<u>(74,177)</u>	<u>23</u>

APPENDIX 2 (INDEPENDENT ACCOUNTANT'S REPORT)

NOTES TO THE BALANCE SHEET

1. Statement of significant accounting policies

The aforementioned balance sheets have been prepared in accordance with the measurement and recognition criteria of the Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The balance sheets of the economic entity and the parent entity comply with the measurement and recognition criteria of all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The parent entity was incorporated on 1 November 2005. Hence, the results of the year ended 30 June 2006 included above do not include a full year. Further, no historical financial information exists for the financial years prior to the date of incorporation of the parent entity.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

First-time Adoption of Australian Equivalents to International Financial Reporting Standards

IBIL and its controlled entities, and IBIL as an individual parent entity have prepared the balance sheets in accordance with the measurement and recognition criteria of Australian equivalents to International Financial Reporting Standards ("AIFRS") from the date of incorporation being 1 November 2005.

As this is the first year of existence of the economic entity, no comparative figures are available for the prior year. Further, no retrospective adjustments need to be made on account of transition to the AIFRS.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity International Building Industries Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of entities controlled by IBIL as at 30 June 2006 is included hereunder. All controlled entities have a June financial year-end.

<i>Name of entity</i>	<i>Percentage owned</i>
(i) International Building Solutions Pty Ltd	100%
(ii) IBS (Dist) Pty Ltd	100%
(iii) IBIL (Admin) Pty Ltd	100%
(iv) Sterling Engineered Products Pty Ltd	100%

(v)	S.E.P. (Dist) Pty Ltd	100%
(vi)	S.E.P. Logistics Pty Ltd	100%
(vii)	Non Skid Australia Pty Ltd	100%

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Plant and equipment	15%
Leased plant and equipment	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Distribution agreements

Distribution agreements are recognised at cost of acquisition. Distribution agreements have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Intellectual property

Acquired intellectual property is initially recognised at cost of acquisition. Intellectual property is carried at cost less any accumulated impairment losses.

(o) **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the groups foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(i) **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(j) **Provisions**

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(k) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(l) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from investment properties is recognised on an accruals basis or straight line basis in accordance with leases agreements.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

(m) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key estimates – Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

2. Actual and Proposed Transactions Included in the Pro-forma Balance Sheet

Actual and proposed transactions included in the Balance Sheet as at 30 June 2006 and in the pro-forma Balance Sheet are as detailed below.

- (a) The issue of a minimum of 833,334 fully paid ordinary shares at 30 cents each to raise \$250,000, with a maximum of 16,666,667 fully paid ordinary shares at 30 cents each to raise \$5,000,000, pursuant to this Prospectus.
- (b) The provision of \$35,000 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 2006).

3. Cash Assets

	Note 2	Audited 30 Jun 06	Proforma 30 Jun 06 Maximum	Proforma 30 Jun 06 Minimum
Economic Entity		\$	\$	\$
The movements in cash assets are as follows:				
Balances 30 June 2006		1,785	1,785	1,785
Maximum - 16,666,667 shares at 30 cents each	(b)	-	5,000,000	-
Minimum - 833,334 shares at 30 cents each	(b)	-	-	250,000
		1,785	5,001,785	251,785
Parent Entity				
The movements in cash assets are as follows:				
Balances 30 June 2006		23	23	23
Maximum - 16,666,667 shares at 30 cents each	(b)	-	5,000,000	-
Minimum - 833,334 shares at 30 cents each	(b)	-	-	250,000
		23	5,000,023	250,023

4. Trade and other receivables

The non-current trade receivables in the parent entity consist solely of amounts receivable from the wholly-owned subsidiaries.

5. Financial assets

The financial assets in the parent entity consist solely of the investment by IBIL in its wholly-owned subsidiaries as follows -

	Audited 30 Jun 06
Parent Entity	\$
Investments in wholly-owned subsidiaries -	
International Building Solutions Pty Ltd	3,500,000
IBS. (Dist) Pty Ltd	1
IBIL (Admin) Pty Ltd	1
Sterling Engineered Products Pty Ltd	2
S.E.P. (Dist) Pty Ltd	1
S.E.P. Logistics Pty Ltd	1
Non Skid Australia Pty Ltd	100
	<u>3,500,106</u>

The above shareholding will not change as a result of the proposed transactions.

6. Property, plant and equipment

The amount included in the balance sheet in Appendix 1 consists solely of plant and equipment included in the subsidiaries of IBIL. Due to the parent entity itself being simply a holding entity, there are no fixed assets in IBIL. The proforma amounts after the proposed transactions will remain the same as the audited amounts at 30 June 2006.

7. Deferred tax assets and liabilities

The details of the audited deferred tax balances at 30 June 2006 are as follows -

	Economic Entity Audited 30 Jun 06	Parent Entity Audited 30 Jun 06
	\$	\$
Deferred tax asset consists of -		
Provisions	8,160	6,000
Tax loss	26,096	-
Income received in advance	15,000	-
Tax allowances relating to fixed assets	1,106	-
	<u>50,362</u>	<u>6,000</u>
Deferred tax liability consists of -		
Other	10,423	10,423
	<u>10,423</u>	<u>10,423</u>

8. Intangibles

The details of the audited intangibles balance at 30 June 2006 is as follows -

	Economic Entity Audited 30 Jun 06	Parent Entity Audited 30 Jun 06
	\$	\$
Distribution agreement (at amortised cost)	30,131	-
Intellectual property (at cost)	983,883	-
Goodwill on acquisition (at cost)	3,334,000	-
	<u>4,348,014</u>	<u>-</u>

The distribution agreement mentioned above includes the amount paid to acquire the exclusive distribution rights for all products of Non Skidding Inc. in Australia and New Zealand. The exclusive distribution agreement is for an initial term of 5 years.

Intellectual property carried at a cost of \$983,883 represents costs incurred on matters including drafting up training manuals, product information, distribution agreements, product standards information, equipment, designs, customer testimonials and information, a website as well as setting up the distribution network which will be used by IBIL to introduce various products into the Australian and New Zealand markets. As indicated in the accounting policies in Note 1 of Appendix 2, no amortisation has been provided for at 30 June 2006.

Goodwill on acquisition represents the difference between IBIL's cost of acquisition of the entire issued share capital of IBS and the fair value of the net assets of IBS as at the date of acquisition, being 8 November 2005. As indicated in the accounting policies in Note 1 of Appendix 2, no amortisation has been provided for at 30 June 2006.

All non-current assets, including the intangibles mentioned above, are subject to an annual review for any impairment losses. The directors believe that there is no impairment loss as at 30 June 2006, nor as at the date of this report.

9. Borrowings

The details of the audited borrowings balance at 30 June 2006 is as follows -

	Economic Entity Audited 30 Jun 06 \$	Parent Entity Audited 30 Jun 06 \$
Current borrowings consist of -		
Bank overdrafts	75,962	-
Lease liability	12,906	-
Other third party loans	94,087	-
	172,955	-
Non-current borrowings consist of -		
Lease liability	10,423	-
	10,423	-

6. MATERIAL CONTRACTS

- 6.0.1 Current material contracts comprise the Distribution Agreements with *The Shell Company of Australia Limited* (plus a corresponding arrangement with Shell New Zealand Limited), and *No Skidding Products Inc.* of Toronto, Canada.
- 6.0.2 All contracts are summarized below and the originals are available for inspection at the Company's registered office.

6.1 Distribution Agreement – The Shell Company of Australia Limited ('Shell')

- 6.1.1 **Term and Status.** This non-exclusive agreement for Australia commenced on 1 July 2006 for an initial period of three years, and was entered into on behalf of IBL by its wholly-owned subsidiaries, Sterling Engineered Products Pty Ltd ('SEP' or the 'Distributor') and S.E.P. Logistics Pty Ltd ('SEPL' or the 'Distributor'). Subject to performance, the proper observance of obligations and with the relevant prior written consensus, the agreement may be renewed for a further period of three years. The agreement identifies the status of SEP and SEPL as independent contractors, and not partners, agents or employees of Shell.
- 6.1.2 **Product Overview and Warranty.** The agreement appoints SEP and SEPL as non-exclusive 'authorized dealers or distributors' to market and distribute Shell products as defined. Subject to the prior procurement of an executed distribution agreement substantially in the form of the parent Shell agreement, the Distributor may appoint licensed distributors and sub-distributors. Shell may itself sell the products directly or indirectly and deal direct with customers or potential customers, or appoint other distributors. Shell warrants that the products sold and delivered to the Distributor conform to its stated specifications, as established from time to time, but otherwise excludes all other warranties where this is permitted by law. In no event shall Shell be liable to any party for indirect, special, consequential or other similar damages arising from any breach of the agreement, negligence or any other tort, breach of statutory duty or otherwise.
- 6.1.3 **Marketing and Sale of the Product.** Shell undertakes to supply and the Distributor agrees to acquire all products on an as-ordered basis in volumes that will satisfy agreed Key Performance Indicators ('KPI'), and within such commercially reasonable time frames as may be reasonably required by the Distributor. Shell will support the Distributor in its efforts to promote and sell the products by providing, at its discretion and in consultation with the Distributor, technical assistance (including literature, performance and application advice and appropriate regulatory approvals); information and advice relating to the reception, storage, stock management and distribution of products; brand management expertise; promotional and advisory materials; and training and other assistance as may be agreed from time to time. Unless otherwise agreed beforehand, such Shell advice and assistance will be provided at no cost to the Distributor. SEP and SEPL are entitled to use the benefit of any such materials to promote the products, but must conform to Shell requirements relating to product promotion, advertising and the protection of Shell intellectual property rights.
- 6.1.4 **The Obligations of SEP and SEPL.** The Distributor is required to maintain adequate stocks, facilities, storage capacity and experienced staff to actively promote and do all things reasonably required to sell and obtain orders for the products. In managing its business of promoting, marketing, distributing, selling and using the products, the Distributor must comply with all applicable laws and regulations, including requirements for the protection of Health, Safety and the Environment and the observance of a Shell Statement of General Business Principles. As mutually convenient, the Distributor is required to meet with Shell

representatives regularly for Shell to observe, inspect and review the maintenance by the Distributor of its obligations and processes with regard to product and brand standards. Nothing in the agreement places any responsibility on Shell for compliance by the Distributor with such laws and regulations. The Distributor must notify Shell if any prosecutions or legal proceedings are threatened or commenced in relation to the products.

- 6.1.5 **Term and Termination.** The agreement may be terminated for breach of its terms, such as a material and substantial failure by the Distributor to meet KPI targets, or its breach of Shell advertising requirements or intellectual property rights. In addition, either Party may terminate at any time if the other party commits a material breach which it fails to remedy after receiving the relevant prior notice from the other party to do so, or becomes insolvent or fails to comply with a statutory demand, or enters into any Deed of Composition or compromise with its creditors, or there is an administrator, controller, receiver, trustee or similar officer appointed to its assets or undertakings.

6.2 Distribution Agreement – No Skidding Products Inc. ('NSP')

- 6.2.1 **Term and Status.** This agreement commenced on 14 December 2005 for an initial term of five years, and was entered into on behalf of IBL by its wholly-owned subsidiary, Non Skid Australia Pty Ltd ('NSA'). Subject to performance and the observance of its obligations, and unless NSA otherwise gives notice to NSP of its intention not to renew, then at each anniversary of its commencement date the agreement will be extended automatically for a further year, with the effect of giving NSA a 'rolling' five year term. The agreement identifies the status of NSA as independent contractors, and not agent, legal representative, partner or joint venture of NSP.
- 6.2.2 **Product Overview and Warranty.** The agreement grants to NSA and NSA accepts the exclusive rights to acquire, market, sell, promote and distribute the products of NSP as defined, including via the establishment by NSA of licensed branch distributors and/or sub-distributors. NSA agrees that it shall not conduct or promote the sale and distribution of products that are directly competitive with or directly related to NSP products; however, this prohibition does not apply to products sold, marketed for and distributed by or on behalf of NSA or a related entity in the genera of asphalt-, polyurethane, poly-urea or epoxy-derived coatings, or where NSP confirms upon order that it is unable to supply promptly. NSP warrants that, for a period of twelve months after sale to any user or buyer, NSP shall provide a limited warranty that the products are free from any defects in manufacturing or production. The NSP warranty does not extend to anyone other than the original user or buyer, or where application was not made in accordance with label directions, or where unauthorized modifications were made to product formulation prior to use, or in circumstances of other misuse or neglect by the user or buyer including any conduct which is contrary to good commercial trade practices. NSP expressly disclaims all other warranties where this is permitted by law. In no event shall NSP be liable to any party for indirect, special, consequential or other similar damages arising from any breach of the agreement, negligence or any other tort, breach of statutory duty or otherwise.

- 6.2.3 **Marketing and Sale of the Product.** NSP undertakes to supply and NSA agrees to acquire all products on an as-ordered basis in volumes that will satisfy agreed minimum annual purchase obligations, and within such commercially reasonable time frames as may be reasonably required by NSA. NSP will pass to NSA any inquiries or leads it receives and shall not itself conduct direct sales into the territory. NSP will furthermore support NSA in its efforts to promote and sell the products by providing sales literature, brochures and marketing materials in reasonable quantities at cost. NSP will supply all necessary and sufficient standard technical training and information pertaining to the products and their proper applications to assist NSA in training and educating sales personnel, users, buyers and/or licensed distributors, as well as reasonable ongoing support that will enable NSA to respond promptly and authoritatively to users' questions. NSA is entitled to use the benefit of any such materials to promote the products, but must conform to NSP requirements for the appropriate use of its name and trademarks and the protection of its proprietary information and intellectual property rights.
- 6.2.4 **The Obligations of NSA.** NSA is required to meet stipulated product purchase parameters and conduct sales within the territory only, and must provide NSP with timely annual forecasts to facilitate economical manufacturing and inventory requirements. NSA must comply with all applicable laws and regulations and not knowingly do or permit anything to be done which will impair the rights of NSP in relation to its trademarks, proprietary information or intellectual property.
- 6.2.5 **Term and Termination.** The agreement may be terminated by either party if the other party commits a material breach which it fails to remedy after receiving relevant prior notice from the other party to do so.

6.3 Distribution Agreement – Liquid Rubber Inc. ('Liquid Rubber')

- 6.3.1 In the Company's previous prospectus, the contract between the Company's subsidiary, International Building Solutions Pty Ltd ('IBS'), and Liquid Rubber was included as a material contract. Although the agreement remains in existence, the Company is no longer a party to it.
- 6.3.2 IBS had been notified by Liquid Rubber that its product range was no longer manufactured by Lafarge Inc. of the United States of America, and that a new manufacturer had been sought who was unknown to IBS. IBS does not consider the quality control standards and the quality of product supplied by the new manufacturer to be acceptable. The Company considers that it was entitled to rely on actual and implied representations made by Liquid Rubber that all products would be manufactured by Lafarge Inc.
- 6.3.3 The Company has been advised that the employment restrictions placed upon Messrs. Behnfeld and Roos detailed in the last prospectus are unenforceable. IBS has also been advised that the false, deceptive and misleading conduct of Liquid Rubber in inducing IBS to enter into the contract is actionable. The

Company is considering available legal options and has taken advice in relation to the contract.

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 second offering of Company Shares and therefore Shares in the Company have some 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 upon 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 lease arrangements for premises which are to be used as a warehouse, office, distribution and training facility.

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

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 industrial, resources and maintenance services' sectors. The loss of one or more of the Directors, or other key persons, could have material adverse effects on the Company's business, financial position and results from operations.

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 follows:

Samuel Francis Hunter	435,716 Ordinary Shares
Brendon Robert Vine	50,000 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

a. Underwriter;

has, or has had within 2 years before lodgment 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 **Duncan Dovico Chartered Accountants ('DDCA')** 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. DDCA has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

8.3.3 **DDCA** has also given its written consent to being named as auditors to the Company in this Prospectus. DDCA 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 lodgment 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 \$40,000, are to be applied towards the items set out in the table below:

ASIC and NSX Fees	\$10,000
Legal Adviser's Fees	\$10,000
Investigating Accountant's Fee	\$ 5,000
Printing and distribution	\$ 5,000
Sponsoring Broker	\$10,000
TOTAL	\$40,000

In addition, normal brokerage will be paid to licensed, authorized dealers.

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 Summer 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 30 November 2007 (unless this Offer is extended or closed early).

Company or IBL 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 mean 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 lodgment 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 \$0.30 per Share as detailed in Section 2.1.

Official List means the official list of NSX.

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

Option 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 2.1 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 THIS 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 1 November 2006. The Prospectus will expire on 1 December 2007. 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 30 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 30 November 2007** (or such other date as is determined by the Directors) to Computershare Investor Services Pty Limited, Level 19, 307 Queen St, Brisbane QLD 4001.

GUIDE TO THE APPLICATION FORM

If an Applicant has any questions on how to complete this Application Form, please telephone Computershare Investor Services Pty Limited, 307 Queen St, Brisbane QLD 4001 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, AUTHORISATION AND CONSENT

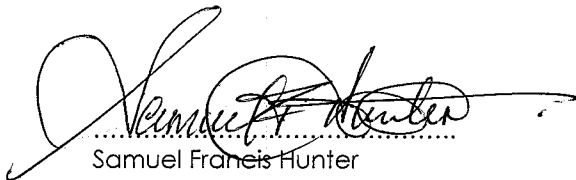
The Directors state that:

- 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 lodgment of this Prospectus.
- c) Each Director by his execution of this statement has consented to the lodgment 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.

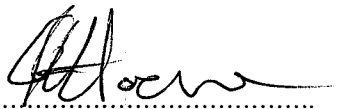
Dated: 1 November 2006



.....
Brendon Robert Vine



.....
Samuel Francis Hunter



.....
Ian Clarence Hoare