

Appendix 3

Half yearly report

Introduced 01/01/2003

Name of entity	INTERNATIONAL BUILDING INDUSTRIES LIMITED
ABN	42 116 936 862
Half-year ended	31 December 2006

For announcement to the market

				\$A
Revenues from ordinary activities (item 1.1)	Up / Down	12%	to	238,883
Loss from ordinary activities after tax attributable to members (item 1.22)	Up / Down	-25113%	to	(6,402,712)
Loss from extraordinary items after tax attributable to members (item 2.5(d))	Gain / Loss	-	-	-
Loss for the period attributable to members (item 1.11)	Up / Down	-25113%	to	(6,402,712)
Dividends (distributions)	Amount per security		Franked amount per security	
Final dividend (<i>Preliminary final report only - item 15</i>)	NIL ¢		NIL ¢	
Interim dividend (<i>Half yearly report only - item 15.6</i>)	NIL ¢		NIL ¢	
Previous corresponding period (<i>Preliminary final report - item 15.5; half yearly report - item 15.7</i>)	NIL ¢		NIL ¢	
Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)				N/A

This half yearly report is to be read in conjunction with the most recent annual financial report.

Condensed income statement

	Current period A\$	Previous corresponding period A\$
1.1 Revenues from ordinary activities (see items 1.2	238,883	213,695
1.2 Expenses from ordinary activities (see items 1.2	(6,636,983)	(245,812)
1.3 Borrowing costs	(4,612)	(4,452)
1.4 Share of net profits (losses) of associates and joint venture entities (see item 16.7)	-	-
1.5 Loss from ordinary activities before tax	(6,402,712)	(36,569)
1.6 Income tax on ordinary activities (see note 4)	-	10,971
1.7 Loss from ordinary activities after tax	(6,402,712)	(25,598)
1.8 Profit (loss) from extraordinary items after tax (see note 4)	-	-
1.9 Net loss	(6,402,712)	(25,598)
1.10 Net (profit) / loss attributable to outside equity holders	-	-
1.11 Net loss for the period attributable to members	(6,402,712)	(25,598)
Non-owner transaction changes in equity		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	-	-
1.14 Other revenue, expense and initial adjustments recognised directly in equity (attach details)	-	-
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity (items 1.12 to 1.15)	-	-
1.17 Total changes in equity not resulting from transactions with owners as owners	(6,402,712)	(25,598)

Earnings/(Loss) per security (EPS)	Current period ¢	Previous corresponding period ¢
1.18 Basic EPS	(0.23)	(0.14)
1.19 Diluted EPS	(0.23)	(0.14)

Notes to the condensed income statement

Profit (loss) from ordinary activities attributable to members	Current period A\$	Previous corresponding period A\$
1.20 Loss from ordinary activities after tax (item 1.7)	(6,402,712)	(25,598)
1.21 Less (plus) outside equity interests	-	-
1.22 Profit (loss) from ordinary activities after tax, attributable to members	(6,402,712)	(25,598)

Revenue and expenses from ordinary activities (see note 15)	Current period A\$	Previous corresponding period A\$
1.23 Revenue from sales or services	238,615	211,356
1.24 Interest revenue	268	142
1.25 Other relevant revenue	-	2,197
1.26 Details of relevant expenses		
Administration expenses	(5,257,938)	(234,309)
Borrowing costs	(4,612)	(4,452)
Other expenses from ordinary activities	(386,485)	-
Goodwill written off	(983,883)	-
1.27 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)	(8,677)	(532)
	(6,402,712)	(25,598)
Capitalised outlays		
1.28 Interest costs capitalised in asset values	-	-
1.29 Outlays capitalised in intangibles (unless arising from an acquisition of a business)	-	-

Consolidated retained profits	Current period A\$	Previous corresponding period A\$
1.30 Accumulated losses at the beginning of the financial period	-	-
1.31 Loss attributable to members (item 1.11)	(6,402,712)	(25,598)
1.32 Net transfers from (to) reserves (details if material)	-	-
1.33 Net effect of changes in accounting policies	-	-
1.34 Dividends and other equity distributions paid or payable	-	-
1.35 Accumulated losses at end of financial period	(6,402,712)	(25,598)

Intangible and extraordinary items

	Current period A\$			
	Before tax (a)	Related tax (b)	Related outside equity interests (c)	Amount (after tax) attributable to members (d)
2.1 Amortisation of goodwill	-	-	-	-
2.2 Amortisation of other intangibles	-	-	-	-
2.3 Total amortisation of intangibles	-	-	-	-
2.4 Extraordinary items (details)	-	-	-	-
2.5 Total extraordinary items	-	-	-	-

Comparison of half year profits *(Preliminary final report only)*

	Current period A\$	Previous corresponding period A\$
3.1 Consolidated loss from ordinary activities after tax attributable to members reported for the 1st half year (item 1.22 in the half yearly report)	(6,402,712)	(25,598)
3.2 Consolidated loss from ordinary activities after tax attributable to members for the 2nd half year	-	-

Condensed balance sheet

	At end of current period A\$	As shown in last annual report A\$	As in last half yearly report A\$
Current assets			
4.1 Cash	(19,056)	1,785	53,378
4.2 Receivables	54,757	915,687	213,800
4.3 Investments (Held-for-sale)	-	-	-
4.4 Inventories	233,922	60,951	97,011
4.5 Tax assets	-	-	103,750
4.6 Other	-	23,391	-
4.7 Total current assets	269,623	1,001,814	467,939
Non-current assets			
4.8 Receivables	-	-	-
4.9 Investments (equity accounted)	-	-	-
4.10 Other investments	-	-	-
4.11 Inventories	-	-	-
4.12 Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.13 Development properties (mining entities)	-	-	-
4.14 Other property, plant and equipment (net)	48,859	512,724	8,820
4.15 Intangibles (net)	-	4,348,014	3,640,576
4.16 Tax assets	-	50,362	97,791
4.17 Other (incorporation & listing expenses)	-	-	58,015
4.18 Total non-current assets	48,859	4,911,100	3,805,202
4.19 Total assets	318,482	5,912,914	4,273,141
Current liabilities			
4.20 Payables	1,092,340	842,864	143,500
4.21 Interest bearing liabilities	-	172,955	-
4.22 Tax liabilities	(4,366)	-	-
4.23 Provisions exc. tax liabilities	-	7,200	-
4.24 Other (provide details if material)	-	-	-
4.25 Total current liabilities	1,087,974	1,023,019	143,500
Non-current liabilities			
4.26 Payables	-	-	-
4.27 Interest bearing liabilities	-	30,251	70,073
4.28 Tax liabilities	-	10,423	85,165
4.29 Provisions exc. tax liabilities	-	-	-
4.30 Other (provide details if material)	-	-	-
4.31 Total non-current liabilities	-	40,674	155,238

Condensed balance sheet *continued*

	At end of current period A\$	As shown in last annual report A\$	As in last half yearly report A\$
4.32 Total liabilities	1,087,974	1,063,693	298,738
4.33 Net assets	(769,492)	4,849,221	3,974,403
Equity			
4.34 Capital/contributed equity	5,610,279	4,826,279	4,000,001
4.35 Reserves	-	-	-
4.36 Accumulated losses	(6,379,771)	22,942	(25,598)
4.37 Equity attributable to members of the parent	(769,492)	4,849,221	3,974,403
4.38 Outside equity interests in controlled entities	-	-	-
4.39 Total equity	(769,492)	4,849,221	3,974,403
4.40 Preference capital included as part of 4.37	-	-	-

Notes to the condensed balance sheet

Exploration and evaluation expenditure capitalised

(To be completed only by entities with mining interests if amounts are material. Include all expenditure incurred.)

	Current period A\$	Previous corresponding period A\$
5.1 Opening balance	-	-
5.2 Expenditure incurred during current period	-	-
5.3 Expenditure written off during current period	-	-
5.4 Acquisitions, disposals, revaluation increments,	-	-
5.5 Expenditure transferred to Development Properties	-	-
5.6 Closing balance as shown in the consolidated balance sheet (item 4.12)	-	-

Development properties

(To be completed only by entities with mining interests if amounts are material)

	Current period A\$	Previous corresponding period A\$
6.1 Opening balance	-	-
6.2 Expenditure incurred during current period	-	-
6.3 Expenditure transferred from exploration and evaluation	-	-
6.4 Expenditure written off during current period	-	-
6.5 Acquisitions, disposals, revaluation increments,	-	-
6.6 Expenditure transferred to mine properties	-	-
6.7 Closing balance as shown in the consolidated balance sheet (item 4.13)	-	-

Condensed cash flow statement

	Current period A\$	Previous corresponding period A\$
Cash flows related to operating activities		
7.1 Receipts from customers	481,572	136,830
7.2 Payments to suppliers and employees	(1,172,908)	(485,485)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	-	-
7.5 Interest and other items of similar nature received	268	142
7.6 Interest and other costs of finance paid	(4,613)	(4,452)
7.7 Income taxes paid	-	-
7.8 Other (provide details if material)	-	-
7.9 Net operating cash flows	(695,681)	(352,965)
Cash flows related to investing activities		
7.10 Payment for purchases of property, plant and equipment	(15,363)	-
7.11 Proceeds from sale of property, plant and equipment	-	-
7.12 Payment for purchases of equity investments	-	-
7.13 Proceeds from sale of equity investments	-	-
7.14 Loans to other entities	-	-
7.15 Loans repaid by other entities	-	-
7.16 Other (Cash balances of controlled entities)	-	-
7.17 Net investing cash flows	(15,363)	-
Cash flows related to financing activities		
7.18 Proceeds from issues of securities	784,000	500,001
7.19 Proceeds from borrowings	-	-
7.20 Repayment of borrowings	(203,206)	(97,868)
7.21 Dividends paid	-	-
7.22 Other (provide details if material)	-	-
7.23 Net financing cash flows	580,794	402,133
7.24 Net increase (decrease) in cash held	(130,250)	49,168
7.25 Cash at beginning of period	1,785	-
7.26 Cash acquired on acquisition of subsidiary	-	4,210
7.27 Cash at end of period	(128,465)	53,378

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. (If an amount is quantified, show comparative amount.)

None

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current period A\$	Previous corresponding period A\$
8.1 Cash on hand and at bank	-	53,378
8.2 Deposits at call	-	-
8.3 Bank overdraft	(19,056)	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.27)	(19,056)	53,378

Other notes to the condensed financial statements

Ratios	Current period	Previous corresponding period
Profit before tax / revenue (%)	-2680%	-17%
9.1 Consolidated profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)		
Profit after tax / equity interests (%)	832%	-1%
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members (item 1.11) as a percentage of equity (similarly attributable) at the end of the period (item 4.37)		

Earnings per security (EPS) (cents) (0.23) (0.14)

10 Details of basic and diluted EPS reported separately are as follows:		
Earnings (A\$)	(6,402,712)	(25,598)
Weighted average number of ordinary shares for the	27,552,551	17,704,919

NTA backing (see note 7)	Current period	Previous corresponding period
11.1 Net tangible asset backing / ordinary security	(0.03)	0.20

Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations in accordance with paragraph 7.5 (g) of AASB 1029: Interim Financial Reporting, or, the details of discontinuing operations they have disclose

12.1 Discontinuing Operations

	None
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Control gained over entities having material effect

13.1 Name of entity (or group of entities)	None
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13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	N/A
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13.3 Date from which such profit has been calculate	N/A
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13.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	N/A
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Loss of control of entities having material effect

14.1 Name of entity (or group of entities)	None
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14.2 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the current period to the date of loss of control	N/A
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14.3 Date to which the profit (loss) in item 14.2 has been calculated	N/A
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14.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) while controlled during the whole of the previous corresponding period	N/A
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14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control	N/A
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14.6	
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Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable	N/A
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15.2 Record date to determine entitlements to the dividend (distribution) (ie, on the basis of proper instruments of transfer received by 5.00 pm if securities are not CHES approved, or security holding balances established by 5.00 pm or such later time	N/A
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15.3 If it is a final dividend, has it been declared? (Preliminary final report only)	N/A
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Amount per security

	Amount per security	Franked amount per security at % tax (see note 4)	Amount per security of foreign source dividend
<i>(Preliminary final report only)</i>			
15.4 Final dividend: Current year	NIL ¢	NIL ¢	NIL ¢
15.5 Previous year	NIL ¢	NIL ¢	NIL ¢
<i>(Half yearly and preliminary final reports)</i>			
15.6 Interim dividend: Current year	NIL ¢	NIL ¢	NIL ¢
15.7 Previous year	NIL ¢	NIL ¢	NIL ¢

Total dividend (distribution) per security (interim plus final)

(Preliminary final report only)

	Current year	Previous year
15.8 Ordinary securities	NIL ¢	NIL ¢
15.9 Preference securities	NIL ¢	NIL ¢

Half yearly report - interim dividend (distribution) on all securities or Preliminary final report -

	Current period A\$	Previous corresponding period A\$
15.10 Ordinary securities <i>(each class separately)</i>	NIL	NIL
15.11 Preference securities <i>(each class separately)</i>	NIL	NIL
15.12 Other equity instruments <i>(each class separately)</i>	NIL	NIL
15.13 Total	NIL	NIL

The dividend or distribution plans shown below are in operation.

NIL

The last date(s) for receipt of election notices for the dividend/distribution **N/A**

Any other disclosures in relation to dividends (distributions). *(For half yearly reports, provide details in accordance with paragraph 7.5(d) of AASB 1029 Interim Financial Reporting)*

Details of aggregate share of profits (losses) of associates and joint venture entities

Group's share of associates' and joint venture entities':	Current period A\$	Previous corresponding period A\$
16.1 Profit (loss) from ordinary activities before tax	-	-
16.2 Income tax on ordinary activities	-	-
16.3 Profit (loss) from ordinary activities after tax	-	-
16.4 Extraordinary items net of tax		
16.5 Net profit (loss)	-	-
16.6 Adjustments	-	-
16.7 Share of net profit (loss) of associates and joint venture entities	-	-

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities. (If the interest was acquired or disposed of during either the current or previous corresponding period, indicate date of acquisition ("from dd/mm/yy") or disposal ("to dd/mm/yy").

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to net profit (loss) (item 1.9)	
	Current period A\$	Previous corresponding period A\$	Current period A\$	Previous corresponding period A\$
17.1 Equity accounted associates and joint venture entities				
17.2 Total	NIL	NIL	NIL	NIL
17.3 Other material interests				
17.4 Total	NIL	NIL	NIL	NIL

Issued and quoted securities at end of current period

(Description must include rate of interest and any redemption or conversion rights together with prices and dates)

Category of securities	Total number	Number quoted	Issue price per security (see note 14) (cents)	Amount paid up per security (see note 14) (cents)
18.1 Preference securities (description)	NIL	NIL	NIL	NIL
18.2 Changes during current period				
(a) Increases through issues	NIL	NIL	NIL	NIL
(b) Decreases through returns of capital, buybacks,	NIL	NIL	NIL	NIL
18.3 Ordinary securities	25,000,001	NIL	-	20
18.4 Changes during current period				
(a) Increases through issues	3,216,667	NIL	-	24
(b) Decreases through returns of capital, buybacks	NIL	NIL	NIL	NIL
18.5 Convertible debt securities (description and conversion factor)	NIL	NIL	NIL	NIL
18.6 Changes during current period				
(a) Increases through issues	NIL	NIL	NIL	NIL
(b) Decreases through securities matured, converted	NIL	NIL	NIL	NIL
18.7 Options (description and conversion factor)	NIL	NIL	Exercise price	Expiry date (if any)
18.8 Issued during current period	NIL	NIL	NIL	NIL
18.9 Exercised during current period	NIL	NIL	NIL	NIL
18.10 Expired during current period	NIL	NIL	NIL	NIL
18.11 Debentures (description)	NIL	NIL	NIL	NIL
18.12 Changes during current period				
(a) Increases through issues	NIL	NIL	NIL	NIL
(b) Decreases through securities matured, converted	NIL	NIL	NIL	NIL
18.13 Unsecured notes (description)				
18.14 Changes during current period				
(a) Increases through issues	NIL	NIL	NIL	NIL
(b) Decreases through securities matured, converted	NIL	NIL	NIL	NIL

Segment reporting

NOT APPLICABLE

Comments by directors

During the interim period, and up to the date of signing, the Board have commenced a process of corporate restructure, culminating with the appointment of a new Chief Executive Officer, Mr Martin Callaghan. The Board believes that this appointment will help facilitate the change management process commenced during the interim period, with a view to creating required corporate governance, and ultimately, increasing value to shareholders.

Administration of IBS Pty Limited

During the interim period, a wholly owned subsidiary, International Building Solutions Pty Limited, was in receipt of inventory which was found to be below specifications, and deemed unsaleable. As a result of this, on 16th November 2006 the Directors placed International Building Solutions Pty Limited into Voluntary Administration. This created a moratorium on all creditors of the company, potentially enabling the Directors to pursue action against the suppliers of the stock.

On 30th January 2007, creditors of International Building Solutions Pty Limited accepted a deed of arrangement for outstanding liabilities. At the time of signing this report, the Deed of Arrangement was being executed by the Administrator.

Basis of financial report preparation

19.1 This report is a half yearly report and is a general purpose financial report prepared in accordance with the listing rules and AASB 134: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announcements made by the company during the relevant period. This half yearly report is the first interim financial report prepared under Australian equivalents to the International Financial Reporting Standards. Hence, some of the accounting policies applied are inconsistent with those applied in the annual report for the year ended 30 June 2006 as that report was prepared under the previous Australian GAAP. The half yearly report does not include full disclosures of the type normally included in an annual financial report.

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period. In a half yearly report, provide explanatory comments about any seasonal or irregular factors affecting operations.

The loss incurred for the interim period include the following non recurring amounts:

- Write down of acquired goodwill and intellectual property of \$4,317,883;
- Provision against debts whose recoverability is either doubtful or not assured of \$587,972
- Write down of non current assets to recoverable amounts of \$465,836

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

At the time of signing, the Board has secured additional funding to the amount of \$525,000, to be advanced as and when deemed required by the Board.

19.4 Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.

NONE

19.5 Unless disclosed below, the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report.

NONE

19.6 Revisions in estimates of amounts reported in previous interim periods. For half yearly reports the nature and amount of revisions in estimates of amounts reported in previous annual reports if those revisions have a material effect in this half year.

NONE

19.7 Changes in contingent liabilities or assets. For half yearly reports, changes in contingent liabilities and contingent assets since the last annual report.

The directors believe there are no reportable contingent liabilities at this stage.

Additional disclosure for trusts

20.1 Number of units held by the management company or responsible entity or their related parties.

N/A

20.2 A statement of the fees and commissions payable to the management company or responsible entity.

N/A

Identify:

*initial service charges

*management fees

*other fees

Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the +annual report will be available

N/A

Compliance statement

1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX (see note 12).

Identify other standards used

NONE

2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.

3 This report does not/~~does~~* (*delete one*) give a true and fair view of the matters disclosed (see note 2).

Refer to the qualified audit opinion attached to the interim financial report.

4 This report is based on accounts to which one of the following applies.

(Tick one)

The accounts have been audited.

The accounts have been subject to review.

X

The accounts are in the process of being audited or subject to review.

The accounts have not yet been audited or reviewed.

5 If the audit report or review by the auditor is not attached, details of any qualifications are attached / ~~will follow immediately they are available~~* (*delete one*). (Half yearly report only - the audit report or review by the auditor must be attached to this Appendix)

6 The entity does not have / ~~has~~* (*delete one*) a formally constituted audit committee.

Sign here:
(Director)

Date: 16/3/07 16 March 2007

Print name: Mr Brendan Vine