



4 June 2007

Rosemary Megale
Duncan Dovico
Chartered Accountants
PO Pox 446
MILSONS POINT NSW 1565

Dear Rosemary

Subject: Management Representation Letter on the Financial Report of International Building Industries Limited and its controlled entities for the period ended 30 April 2007

We, the directors, confirm to the best of our knowledge and belief, and having made appropriate inquiries of other directors and officials of the company, the following representations given to you in connection with your audit of the company's financial report for the period ended 30 April 2007, and in the light of the requirements of the Corporations Act 2001.

We acknowledge the directors and management's responsibility for ensuring:

- (a) the accuracy of the financial records and the financial report prepared from them; and
- (b) that the financial report is drawn up:
 - (i) to give a true and fair view of the company's financial position as at 30 April 2007 and of its performance, as represented by the results of its operations and cash flows, for the period ended on that date;
 - (ii) in accordance with the Corporations Act 2001; and
 - (iii) to comply with Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and



Authorised Distributor of

Shell

Flintkote
Waterproofing Products

www.ibil.com.au



**Fraud and Error**

We acknowledge our responsibility for the implementation and operation of accounting and internal control systems that are designed to prevent and detect fraud and error.

We have disclosed to the auditor all significant facts relating to any frauds or suspected frauds known to management that may have affected the entity; and

We have disclosed to the auditor the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.

CLERP 9 & Corporations Act 2001 Requirements

The company has fully complied with applicable Corporations Act 2001 regulations and including CLERP 9 requirements.

The directors are aware of their responsibilities per Corporations Act 2001 in relation to corporate governance and maintaining adequate accounting documentation to substantiate all transactions reported in the financial report.

Financial Records and Transactions

All the financial records have been made available for the purpose of the audit, and all the transactions undertaken have been properly reflected and recorded in the financial records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial report, including minutes of directors' and shareholders' meetings (and of all relevant management meetings), have been made available to you and no such information has been withheld.

We are not aware of any irregularities involving management or those employees who have significant roles in the control structure. Any irregularities have been made aware to you.

All expenses incurred by the directors on credit cards are business related and there are no personal expenses included therein.

Disclosure of Assets

The financial report at 30 April 2007 includes all cash and bank accounts and all other assets of the company required to be included therein in accordance with generally accepted accounting principles. The *company* has satisfactory title to all recorded assets.



Authorised Distributor of

Shell

Flintkote

Waterproofing Products

www.ibil.com.au

**Accounts Receivable**

All accounts receivable shown in the financial report have been recorded at reasonable values and were owing to the company at balance date and represent bona fide claims against debtors at that date and are not subject to discount except for normal cash discounts. We are of the opinion that these debts will be realised in full and that no provisions need to be made for any of the receivables, other than those already provided for.

The directors have taken reasonable steps to ascertain what action has been taken in relation to the writing off of bad debts and the making of provisions for doubtful debts and to cause all known bad debts to be written off and adequate provisions to be made for doubtful debts.

Current Assets

All recorded current assets will be realisable in the ordinary course of business at a value that is at least the amount recorded in the financial records at balance date.

All period-end inventories are carried at lower of cost and net realisable value and includes only tradeable stock. No provision for inventory obsolescence is required as at year-end.

The directors have taken reasonable steps to ascertain whether any current assets (other than accounts receivable) are likely to be realised in the ordinary course of business at a value less than the amount recorded in the financial records of the company and if so, have caused:

- (a) those assets to be written down to an amount which they might be expected to realise; or
- (b) adequate provision to be made for the difference between the amount in the financial records and the amount that they might be expected to realise.

Property, Plant And Equipment

The company has satisfactory title to all its property, plant and equipment recorded in the financial report.

The amounts capitalised to property, plant and equipment represent expenditure on actual capital additions.

All disposals, retirements or scrappings of property, plant and equipment have been authorised and correctly recorded in the financial records.



Authorised Distributor of

Shell

Flintkote

Waterproofing Products



Depreciable non-current assets have been depreciated by charges against revenue on bases and at rates calculated to allocate the depreciable amount of each asset over its total useful life. In this respect we are satisfied that the total useful lives have been realistically estimated.

Non-Current Assets

The directors have taken reasonable steps to ensure that non-current assets (including all investments and loans and advances) are not carried at amounts that are in excess of their recoverable amounts at balance date based on expected net cash flows that have been discounted to their present value.

The directors believe it is appropriate to determine recoverable amounts using expected net cash flows that have been discounted to their present value.

Liabilities

All known liabilities of the company at balance date were included in the financial records and no further liabilities of a material amount have since come to our knowledge.

All obligations, if any, in respect of options (both put and call), guarantees, on selling and buy back arrangements and all other arrangements, contingent or otherwise, relating to the acquisition or disposal of assets, including investments, have been disclosed to you.

We are not aware of any pending litigation, proceedings, hearings or claims negotiations which may result in significant loss to the company.

Contingent Liabilities

There are no contingent liabilities of the company at balance date except those already disclosed in the financial report.

Capital Commitments

There were no commitments under contracts for capital expenditure at balance date or as at the date of this letter.

Future Cash Resources

Based on cash flow forecasts, adequate cash resources will be available to cover the company's requirements for working capital and capital expenditure for at least the next twelve months.

Insurance

All insurable assets and risks are to the best of *our* knowledge and belief fully covered



Authorised Distributor of

Shell

Flintkote
Waterproofing Productswww.ibil.com.au



by insurance.

Transactions And Agreements

We are not aware of any material transactions or agreements the effect of which are not properly recorded in the financial records.

Other Matters

We are not aware of any possible breaches of statute, regulations, contracts, agreements which might result in the company suffering significant penalties or other loss. No allegations of such breaches have come to *our* notice.

After Balance Date Events

In addition to those disclosed in the financial report, no additional matters or occurrences have come to *our* attention up to the present time which would materially affect the financial report or disclosures therein, or which are likely to materially affect the future results or operations of the company.

Yours faithfully

BRENDON VINE
Director



Authorised Distributor of

Shell

Flintkote

Waterproofing Products

www.ibil.com.au

