

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES**

ABN: 42 116 936 862

**INTERIM FINANCIAL REPORT
30 APRIL 2007**

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**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES
HALF YEAR ENDED 30 APRIL 2007**

DIRECTOR'S REPORT

Your directors present their report on the consolidated entity for the interim period ended 30 April 2007.

Directors

The names of directors who held office during or since the end of the half-year:

Mr Brendon Vine
Dr Ian Hoare
Mr Samuel Hunter (resigned 19 February 2007)
Mr Martin Lloyd Callaghan (appointed 22 February 2007)

Principal Activities

The principal activity of the consolidated entity is the procurement of distribution rights and sale of world leading and innovative building products.

There were no significant changes in the nature of the activities of the Company or consolidated entity during the interim period.

Review of Operations

In the ten months to 30 April 2007, the group realised total revenues for the relevant period of \$370,726 and made a loss of \$5,991,091.

Over the past months the company has undergone a rigorous overview of its activities. The new CEO Martin Callaghan has systematically reviewed all aspects of the IBIL Group of Companies. The resulting conclusion from this extensive exercise is that the company now has a clear business direction that will allow it to move forward with implementing the new Business Plan.

The company has recommenced sales and application activities using the Shell Flintkote range of waterproofing products. The company is also proactively attempting to re-engage the Licensed Business Distributors (LBD's) previously signed under IBS as distributors for the Shell range of products, with positive results in most cases.

The company is developing relationships with entities in industries that will enable IBIL to expand its current distribution network into specific targeted markets. These markets are as follows:

Mining Environmental
Civil Engineering Utilities
Government, national and local

The company is also accessing the possibilities of entering the retail market with a vision of servicing the trade and the DIY markets. A select product range from Shell will allow the development of this retail initiative with a plan to commence this activity in the third quarter of 2007.

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
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HALF YEAR ENDED 31 DECEMBER 2006**

DIRECTOR'S REPORT (Cont'd)

Review of Operations (Cont'd)

Other key areas the company is addressing are -

Direct

This internal group is developing the profile for the Shell Flintkote range of products, including the driving of initiatives to have the product range specified into architects, builders, developers and engineers. This will enable our channel greater opportunity of developing relationships and establishing consistent workflows.

A direct team will undertake work directly on behalf of the company, which will enable greater revenues from specific jobs undertaken. This may also mean engaging the LBD's in the direct projects wherever the opportunity of involvement is necessary.

Whilst the sale of exclusive territories has been suspended for now, the company is still progressing with a new trailer solution. This strategy is targeted at specific trades that may benefit from utilising the range of Shell Flintkote products. These trades include:

Plumbers	Waterproofers
Roofing companies	Tilers

The company is also accessing the establishing of learning centres which will be called "Centres of Excellence", offering training both within and without our industry.

The above initiatives are targeted at delivering increased volume sales for the Shell Flintkote range, as well as increasing the profile of IBIL and its associates. Naturally the Shell range does not meet all market requirements with some specific niche markets going unserved by most existing applications currently available, therefore the company has sourced a complimentary range of products from France enabling the company to provide a total solution to waterproofing.

The group is also in the process of rebuilding the Company's website. This activity is planned over the coming six months. This web site will be complimentary to our channel partners enabling them to have access to the following:

- | | |
|---------------------|------------------------|
| - Self help | - Specification sheets |
| - Technical support | - Trade sales |
| - Quotation tools | - Hosting of LBD's web |

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
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DIRECTOR'S REPORT (Cont'd)

Review of Operations (Cont'd)

New Zealand

We have had a relationship with a company in New Zealand, Sealtec Ltd, which is now in dispute over a myriad of issues. We believe a commercial outcome is achievable, however, if a satisfactory result is not achieved, we will look for an alternative distributor for the Shell range of products within New Zealand.

Legal Actions

Over the four months, the CEO has addressed legal actions.

Previous Officers of the Company

At issue are matters of law relating to the ASIC good governance and fundamental corporate law requirements. There are diary irregularities with the record keeping within the group. The company has had discussions with the regulatory bodies with the view to ensuring compliance with all statutory and regulatory requirements. The company is currently disputing a payment to Mr John Carbines, former Company Secretary, and seeking legal advice in relation to a share allotment of 250,000 shares issued as part of an alleged contractual arrangement with him. The company anticipates legal action as a result of the allotment in relation to the allotment and has requested the registry to suspend trading of the relevant shares. The Company is also disputing a claim for recovery of an amount claimed by Mr. Carbines of \$12,000

SA Protective Coatings

A commercial dispute and a fundamental difference exists, the company is currently negotiating in an attempt to achieve a commercial resolution.

Infultrader Pty Ltd

Infultrader has initiated action against the company for payment of leases for which it believes the company is liable. The Company disputes any liability and in addition has initiated action to recover money loaned to Infultrader.

Ultimate Internet Europe trading as 'The Internet Company'

The company loaned UIE / TIC \$115,000 in 2006, this loan is being recalled. The Directors of TIC, Mr Andrew Wightman and Mr Brian Carroll deny any obligation for repayment notwithstanding the existence of enforceable loan agreements and an admission of the existence of the loan. The company is pursuing recovery.

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
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HALF YEAR ENDED 31 DECEMBER 2006**

DIRECTOR'S REPORT (Cont'd)

Review of Operations (Cont'd)

ALC – Australian Logistic Corporation

ALC was established to become a sales and distribution centre IBIL. Heads of Agreement were signed in February 2006 with a service agreement to be signed in May 2006.

A dispute regarding the validity of this agreement has existed for some time. ALC have made claims on the company, which are denied. Attempts to discuss a commercial resolution with ALC management to the table to resolve the issues have been unsuccessful to date.

DPMA – Design Print Mail Australia

DPMA recently sent all shareholders a Statutory Demand pursuant to the Corporations Act. A prior Statutory Demand was withdrawn with Design Print Mail Australia acknowledging they had entered into payment arrangements with the Company. Discussions are proceeding to resolve the issue.

Non Skid

The company has recently advised No Skidding that it shall not continue with the exclusivity of No Skidding in Australia. This does not mean we have stopped selling the product range.

The company believes we should focus on our core range of Shell products.

The company has also had the opportunity to secure the No Skidding exclusive territory for New Zealand. Recently the company was advised by the proposed purchaser of this licence for New Zealand that they do not wish to proceed. The company is currently abandoning plans for No Skidding in New Zealand.

Capital Raising

Over the past month the company has secured funding. The company will look at its funding requirements in the coming month to assess the full requirements of further capital raising.

ASIC

During the past months, the company has had approaches by ASIC, this was a review of books and records. The company has complied with all requests from ASIC on this matter and will continue to co-operate fully with ASIC.

ASIC also wrote to the company as a result of Infultrader Pty Ltd attempting to have ASIC enforce their purported agreement with IBIL. Again the company complied with the requests made by ASIC on this matter.

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
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HALF YEAR ENDED 31 DECEMBER 2006**

DIRECTOR'S REPORT (Cont'd)

NSX

The company advised the Newcastle Stock Exchange (NSX) that it required a trading halt as a result of the destabilisation caused by the previous Company Secretary and his activities in the market place. The company also complied with an NSX request for a 30th April audit and we will be complying with the request of a full and timely disclosure which the previous secretary ignored.

The company will seek relisting on the strength of the Interim Audit results and disclosure of the company's activities.

Change of address and primary place of business.

As part of the consolidation process, the company is no longer conducting business at Virginia, Brisbane. All activities have been moved to Unit 6, 20 Indy Court, Nerang. The company is releasing the Brisbane warehouse.

Events Subsequent to Reporting Date

No events have occurred subsequent to the interim reporting date.

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 8 for the period ended 30 April 2007.

This report is signed in accordance with a resolution of the Board of Directors.



Mr. Brendan Vine

Chairman

Date: 4 June 2007.



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307c OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF INTERNATIONAL BUILDING INDUSTRIES LIMITED

I declare that, to the best of my knowledge and belief, during the period ended 30 April 2007 there have been:

- (a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is made in respect of International Building Industries Limited and the entities it controlled during the period.

R Megale
Partner
Duncan Dovico Chartered Accountants

Sydney
4 June 2007

CHARTERED ACCOUNTANTS

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**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES**

INTERIM CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED 30 APRIL 2007

	<u>Economic Entity</u>	
	10 months 30-Apr 2007 \$	6 months 31-Dec 2006 \$
Revenue	370,726	238,883
Raw materials and consumables used	(256,121)	(137,800)
Employee benefits expense	(338,656)	(248,685)
Depreciation and amortisation expense	(4,158)	(8,677)
Finance costs	(5,234)	(4,612)
Impairment of intangible assets	-	(4,317,883)
Other expenses	(5,757,608)	(1,923,938)
Profit / (loss) before income tax	<u>(5,991,051)</u>	<u>(6,402,712)</u>
Income tax benefit / (expense)	-	-
Profit / (loss) from continuing operations	<u>(5,991,051)</u>	<u>(6,402,712)</u>
Profit / (loss) from discontinued operations	-	-
Profit / (loss) for the period	<u>(5,991,051)</u>	<u>(6,402,712)</u>
Profit / (loss) attributable to minority equity interest	-	-
Profit / (loss) attributable to members of the parent entity	<u>(5,991,051)</u>	<u>(6,402,712)</u>

This statement is to be read in conjunction with the notes to and forming part of the financial statements

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES**

INTERIM CONSOLIDATED BALANCE SHEET AS AT 30 APRIL 2007

	Economic Entity	
	30-Apr 2007	30-Jun 2006
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	181,207	1,785
Trade and other receivables	1,404,607	915,686
Inventories	91,656	60,951
Current tax asset	407	23,391
TOTAL CURRENT ASSETS	1,677,877	1,001,813
NON-CURRENT ASSETS		
Property, plant and equipment	49,207	512,724
Intangible assets	106	4,348,014
Deferred tax asset	23,970	50,362
TOTAL NON-CURRENT ASSETS	73,283	4,911,100
TOTAL ASSETS	1,751,160	5,912,913
CURRENT LIABILITIES		
Trade and other payables	514,643	1,023,019
Current tax liabilities	17,193	-
TOTAL CURRENT LIABILITIES	531,836	1,023,019
NON-CURRENT LIABILITIES		
Borrowings	29,126	30,251
Deferred tax liability	10,423	10,423
TOTAL NON-CURRENT LIABILITIES	39,549	40,674
TOTAL LIABILITIES	571,385	1,063,693
NET ASSETS	1,179,775	4,849,220
EQUITY		
Issued capital	6 7,147,885	4,826,279
Retained earnings / (Accumulated losses)	(5,968,110)	22,941
TOTAL EQUITY	1,179,775	4,849,220

This statement is to be read in conjunction with the notes to and forming part of the financial statements

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 APRIL 2007**

	\$ Share Capital Ordinary	\$ Retained Profits	\$ Asset Revaluation	\$ Minority Interests	\$ Total
Balance at 1.7.2005	-	-	-	-	-
Shares issued during the period	4,000,001	-	-	-	4,000,001
Capital raising costs	-	-	-	-	-
Profit attributable to members of parent entity	-	(25,598)	-	-	(25,598)
Sub-total	-	-	-	-	-
Dividends paid or provided for	-	-	-	-	-
Balance at 31.12.2005	4,000,001	(25,598)	-	-	3,974,403
Balance at 1.7.2006	5,000,001	22,941	-	-	5,022,942
Shares issued during the period	784,000	-	-	-	784,000
Capital raising costs	(173,722)	-	-	-	(173,722)
Profit attributable to members of parent entity	-	(6,402,712)	-	-	(6,402,712)
Revaluation increment	-	-	-	-	-
Sub-total	5,610,279	(6,379,771)	-	-	(769,492)
Dividends paid or provided for	-	-	-	-	-
Balance at 31.12.2006	5,610,279	(6,379,771)	-	-	(769,492)
Balance at 01.07.2006	5,000,001	22,941	-	-	5,022,942
Shares issued during the period	2,321,500	-	-	-	2,321,500
Shares of wholly owned subsidiaries	106	-	-	-	106
Capital raising costs at 30 June 2006	(173,722)	-	-	-	(173,722)
Profit attributable to members of parent entity	-	(5,991,051)	-	-	(5,991,051)
Revaluation increment	-	-	-	-	-
Sub-total	7,147,885	(5,968,110)	-	-	1,179,775
Dividends paid or provided for	-	-	-	-	-
Balance at 30.04.2007	7,147,885	(5,968,110)	-	-	1,179,775

This statement is to be read in conjunction with the notes to and forming part of the financial statements

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES**

INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 APRIL 2007

	Economic Entity	
	30-Apr 2007	30-Jun 2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	24,345	1,274,158
Payments to suppliers and employees	(2,561,071)	(1,475,739)
Dividends received	-	-
Interest received	230	4,472
Finance costs	(5,235)	(6,995)
Income tax paid	-	-
Net cash provided by (used in) operating activities	(2,541,731)	(204,104)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(50,000)
Purchase of non-current assets	192,135	(543,881)
Acquisition of intangibles	-	(733,819)
Payment for subsidiary, net of cash acquired	-	4,104
Net cash provided by (used in) investing activities	192,135	(1,323,596)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,321,606	1,500,001
Proceeds from borrowings	284,500	127,244
Repayment of borrowings	(1,126)	(173,722)
Dividends paid	-	-
Net cash provided by (used in) financing activities	2,604,980	1,453,523
Net increase in cash held	255,384	(74,177)
Cash at 1 July 2006	(74,177)	-
Cash at 30 April 2007	181,207	(74,177)

This statement is to be read in conjunction with the notes to and forming part of the financial statements

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 APRIL 2006**

NOTE 1: BASIS OF PREPARATION OF FINANCIAL REPORT

This general purpose financial report for the interim period ended 30 April 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006 and any public announcements made by International Building Industries Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and the 31 December 2006 interim reporting period.

Comparative Information

Comparative information for the profit and loss, and related items reflect the last lodged financial report, being that of the half year ended 31 December 2006.

Comparative information for the balance sheet, and related items reflect the last lodged annual financial report, being that of the year ended 30 June 2006.

Economic Entity Period Ended	
30-Apr 2007	31-Dec 2006
\$	\$

NOTE 2: PROFIT FROM ORDINARY ACTIVITIES

The following revenue and expense items are relevant in explaining the financial performance for the interim period:

Depreciation	4,158	8,677
Interest paid	5,234	4,612
Bad and doubtful debts	35,500	617,972

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 30 APRIL 2007**

NOTE 3: SEGMENT INFORMATION

The economic entity currently operates in only one business and geographical segment being the sale of building products throughout Australia.

NOTE 4: CONTINGENT LIABILITIES

As noted in the Directors Report, numerous disputes of amounts payable exist. These are as follows:

An amount remains unpaid for a portion of fees payable for the distribution agreement for Non Skid product. The Directors believe that this amount is not due and payable, and as a result, has not been reflected as a payable in the financial report for the period to 30 April 2007. The financial effect of this contingent liability is \$20,769.

The company loaned Ultimate Internet Europe - trading as The Internet Company ("TIC") \$115,000 in 2006, this loan is being recalled. The Directors of TIC, Mr Andrew Wightman and Mr Brian Carroll deny any obligation for repayment notwithstanding the existence of enforceable loan agreements and an admission of the existence of the loan. The company is pursuing recovery. At 30 April 2007 this amount was recorded as a receivable.

The company is currently disputing a payment to Mr John Carbines, former Company Secretary, and seeking legal advice in relation to a share allotment of 250,000 shares issued as part of an alleged contractual arrangement with him. The company anticipates legal action as a result of the allotment in relation to the allotment and has requested the registry to suspend trading of the relevant shares. The Company is also disputing a claim for recovery of an amount claimed by Mr.Carbines of \$12,000. This amount has not been reflected in the financial report at 30 April 2007.

A commercial dispute exists with SA Protective Coatings. This dispute relates to International Building Solutions, and is currently being addressed by the Administrators of International Building Solutions.

Infultrader has initiated action against the company for payment of leases for which it believes the company is liable. The Company disputes any liability. Total claims amount to \$32,888. These claims are not reflected in the financial report at 30 April 2007.

A dispute regarding the validity of an agreement with Australian Logistics Corporation ("ALC") has existed for some time. ALC have made claims on the company, which are denied. Attempts to discuss a commercial resolution with ALC management have been unsuccessful to date. At the time of signing, no amount had been qualified by ALC, and hence no amount reflected in the financial report at 30 April 2007.

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2007**

Economic Entity Period Ended	
2006	2005
\$	\$

NOTE 5: EVENTS SUBSEQUENT TO REPORTING DATE

No events have occurred subsequent to 30 April which warrant disclosure or adjustment to the interim financial report for 30 April 2007.

NOTE 6: CONTRIBUTED EQUITY

30,396,091 fully paid ordinary shares (30 June 2006: 25,000,001) (31 December 2005: 20,000,001)	7,321,607	5,000,001
Capital raising costs	(173,722)	(173,722)
	<u>7,147,885</u>	<u>4,826,279</u>

NOTE 7: GOING CONCERN

The financial report has been prepared on a going concern basis, which assesses the continuity of normal business, and the ability of the business to realise its assets and settle its liabilities at stated values, and in the course of ordinary business.

At 30 April 2007, the group had net assets of \$1,179,775, compared with net liabilities of \$769,492 at 31 December 2006.

The Directors have prepared cash flow projections indicating that over the next 12 months, the company will be able to pay all debts, as and when they fall due. These forecasts are based on the company continuing to receive financial support from shareholders, and actively raising additional capital.

The continued financial support sought will provide additional working capital to fund the anticipated growth in sales.

The Directors are of the opinion that the going concern basis is appropriate for the preparation of the interim financial report for the group.

**INTERNATIONAL BUILDING INDUSTRIES LIMITED
AND ITS CONTROLLED ENTITIES
PERIOD ENDED 30 APRIL 2007**

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on 3 to 15:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity's financial position as at 30 April 2007 and of its performance for the half year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Mr. Brendan Vine
Chairman

Date: 4 June 2007



**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF
INTERNATIONAL BUILDING INDUSTRIES LIMITED & ITS CONTROLLED ENTITIES**

Scope

We have reviewed the accompanying interim financial report of International Building Industries Limited and its controlled entities, which comprises the consolidated interim balance sheet as at 30 April 2007, the income statement, the statement of changes in equity, cash flow statement for the half year ended on that date, a statement of accounting policies, and other selected explanatory notes and the directors' declaration.

Directors' responsibility for the Financial Report

The Directors' of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free of material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASGRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the interim financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. As the auditor of International Building Industries Limited, and its controlled entities, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

CHARTERED ACCOUNTANTS

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Statement

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report of International Building Industries Limited and its controlled entities is not in accordance with the Corporations Act 2001, including:

- i. giving a true and fair view of the entity's financial position at 30 April 2007 and of its performance for the half-year ended on that date; and
- ii. complying with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter

Going Concern

Without qualification to the above, as indicated in Note 7, at the time of signing, the Board is confident that it will be able to generate additional funds for the group to continue its activities beyond the next 12 months. Further, the Board have obtained from nominated shareholders, a commitment to continue to financially support the group, to ensure that the groups' debts will be payable as and when they fall due.

Should this financial support cease to exist, and should the Directors' not generate additional funds for the group, then the going concern basis for the preparation of these accounts is not valid, and there is no certainty as to whether the group may be able to realise assets and extinguish liabilities at the values stated in this interim financial report.

DUNCAN DOVICO CHARTERED ACCOUNTANTS



R Megale

Partner

Duncan Dovico Chartered Accountants

This 4th day of June 2007.