

# Appendix 3

## Preliminary Final Report

Introduced 30/6/2002.

Name of entity

**INTERNATIONAL BUILDING INDUSTRIES LTD & its  
controlled entities**

ABN / ACN

**42 116 936 862**

### 1. REPORTING PERIOD

Reporting Period:

**Financial year ended 30 June 2007**

Previous corresponding Period

**Financial year ended 30 June 2006**

### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

*(All figures in this report are in Australian Dollars unless otherwise stated)*

|   |                     | Change  |                             | Amount         |
|---|---------------------|---------|-----------------------------|----------------|
| 2.1 Revenues from ordinary activities   |                     | -72%    | to                          | A\$<br>615,760 |
| 2.2 Profit from ordinary activities after tax attributable to members                                   |                     | -28365% | to                          | (6,484,315)    |
| 2.3 Profit for the year attributable to members   |                     | -28365% | to                          | (6,484,315)    |
| 2.4 Dividends (distributions)   | Amount per security |         | Franked amount per security |                |
| Final dividend  | NIL ¢               |         | NIL ¢                       |                |
| Interim dividend  | NIL ¢               |         | NIL ¢                       |                |
| Previous corresponding period   | NIL ¢               |         | NIL ¢                       |                |
| 2.5 Record date for determining entitlements to the dividend,<br>(in the case of a trust, distribution) |                     | N/A     |                             |                |

### 2.6 Brief explanation of figures 2.1 to 2.4

International Building Industries Limited ( IBIL) has experienced a period where a significant process of corporate restructure has taken place in an effort to correct the severe lack of leadership and management experienced in the past. A new chief executive officer was appointed during the year, and new chairman of the board appointed subsequent to year end.

As the focus of the group was on corporate governance and restructure minimal sales were realised for the year, and a significant amount of expenses were incurred, including the write-off of goodwill in International Building Solutions Pty Limited, which was placed in administration on 16 November 2006, together with the write-off group wide of any amounts receivable from the entity.

This restructure also addressed operational matters, as the relationships previous management developed with critical aspects of the business such as distribution, training and technical support clearly had not worked. These relationships actually cost the business significant revenue opportunities. Australian Logistics Corporation Pty Ltd's lack of performance against their obligations were never met, nor was the company able

Without the ability to supply product or provide technical training and support to the LBD channel a role to be conducted by the appointed distrib

## Condensed income statement

|  | Current period<br>(A\$)         | Previous<br>corresponding<br>period (A\$)          |
|--|---------------------------------|--|
| 1.1 Revenues from ordinary activities (see items 1.23 -1.25)                                       | 615,760                         | 2,224,514  |
| 1.2 Expenses from ordinary activities (see items 1.26 & 1.27)                                      | (7,090,224)                     | (2,140,237)  |
| 1.3 Borrowing costs  | (9,850)                         | (6,995)  |
| 1.4 Share of net profits (losses) of associates and joint venture entities (see item 16.7)         | (1)                             | (1)  |
| <b>1.5 Profit / (loss) from ordinary activities before tax</b>                                     | <b>(6,484,315)</b>              | <b>77,281</b>                                      |
| 1.6 Income tax (expense) benefit on ordinary activities  |                                 | (54,340)   |
| <b>1.7 Profit / (loss) from ordinary activities after tax</b>                                      | <b>(6,484,315)</b>              | <b>22,941</b>                                      |
| 1.8 Profit / (loss) from extraordinary items after tax   | -                               | -  |
| <b>1.9 Net profit / (loss)</b>   | <b>(6,484,315)</b>              | <b>22,941</b>                                      |
| 1.10 Net profit / (loss) attributable to outside equity interests                                  | -                               | -  |
| <b>1.11 Net profit /(loss) for the year attributable to members</b>                                | <b>(6,484,315)</b>              | <b>22,941</b>                                      |
| <b>Non-owner transaction changes in equity</b>   |                                 |  |
| 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)         | -                               | -  |
| <b>1.17 Total changes in equity not resulting from transactions with owners as owners</b>          | <b>(6,484,315)</b>              | <b>22,941</b>                                      |
| <b>Earnings/(Loss) per security (EPS)</b>  | <b>Current Period<br/>(A\$)</b> | <b>Previous<br/>corresponding<br/>period (A\$)</b> |
| 1.18 Basic EPS   | 0.19                            | 0.11   |
| 1.19 Diluted EPS   | 0.19                            | 0.11   |

## Notes to the condensed income statement

| <b>Profit (loss) from ordinary activities attributable to members</b>                   | <b>Current Period (A\$)</b> | <b>Previous corresponding period (A\$)</b> |
|---|-----------------------------|--|
| 1.20 Profit / (loss) from ordinary activities after tax (item 1.7)                      | (6,484,315)                 | 22,941                                     |
| 1.21 Less (plus) outside equity interests   | -                           | -  |
| <b>1.22 Profit / (loss) from ordinary activities after tax, attributable to members</b> | <b>(6,484,315)</b>          | <b>22,941</b>                              |

| <b>Revenue and expenses from ordinary activities (see note 15)</b>                              | <b>Current Period (A\$)</b> | <b>Previous corresponding period (A\$)</b> |
|---|-----------------------------|--|
| <b>1.23 Revenue from sales or services</b>  | <b>589,249</b>              | <b>2,213,236</b>                           |
| <b>1.24 Interest revenue</b>  | <b>688</b>                  | <b>4,472</b>                               |
| <b>1.25 Other relevant revenue</b>  |                             |  |
| -Dividends received   | -                           | -  |
| -Proceeds from disposal of equity investments   | -                           | -  |
| -Gain on revaluation of investment  | -                           | -  |
| -Adjustment for debt forgiveness and loan accounts with controlled entities disposed / wound up | -                           | -  |
| -Sundry income  | 25,824                      | 6,806                                      |
| <b>Total revenue</b>  | <b>615,760</b>              | <b>2,224,514</b>                           |
| <b>1.26 Details of relevant expenses</b>  |                             |  |
| -Cost of goods sold   | (282,559)                   | (934,497)                                  |
| Employee expenses   | 5,793                       |  |
| -Occupancy costs  | -                           | (51,818)                                   |
| -Directors fees   | -                           | -  |
| -Professional and consultants fees (including related party transactions)                       | -                           | -  |
| -Administration expenses  | (2,092,153)                 | (897,634)                                  |
| -Borrowing costs  | (9,850)                     | (6,995)                                    |
| -Other expenses from ordinary activities  | (326,672)                   | (231,720)                                  |
| -Goodwill amortisation  | -                           | -  |
| -Adjustments due to write down of investments in controlled entities                            | (4,383,712)                 |  |
| -Net carrying value of equity investments sold  | -                           | -  |
| 1.27 Depreciation and amortisation excluding amortisation of intangibles (see item 2.3)         | (10,922)                    | (24,569)                                   |
| <b>Total expenses</b>   | <b>(7,100,075)</b>          | <b>(2,147,233)</b>                         |
| <b>Profit / (loss) before income tax expense</b>  | <b>(6,484,315)</b>          | <b>77,281</b>                              |

| <b>Retained profits / (Accumulated losses)</b>                            | <b>Current Period (A\$)</b> | <b>Previous corresponding period (A\$)</b> |
|---|-----------------------------|--|
| 2.1 Retained profits (Accumulated losses) at start of financial year      | -                           | -  |
| 2.2 Profit / (Loss) attributable to members (item 1.11)                   | (6,484,315)                 | 22,941                                     |
| 2.3 Dividends and other equity distributions paid or payable              | -                           | -  |
| <b>2.4 Retained profits (Accumulated losses) at end of financial year</b> | <b>(6,484,314)</b>          | <b>22,941</b>                              |

## Comparison of half-year profits

(Preliminary final statement only)

3.1 Consolidated profit (loss) after tax attributable to security holders reported for the 1st half year (item 1.11 in the half yearly statement)

3.2 Consolidated profit (loss) after tax attributable to security holders for the 2nd half year

| Current Period<br>(A\$) | Previous<br>corresponding<br>period (A\$) |
|-------------------------|---|
| (6,402,712)             | (25,598)                                  |
| (6,484,315)             | 22,941                                    |

## Balance Sheet

|   | Current Period<br>(A\$) | Previous<br>corresponding<br>period (A\$) |
|---|-------------------------|---|
| <b>Current assets</b>   |                         |   |
| 4.1 Cash  | 2,832                   | 1,785                                     |
| 4.2 Receivables   | 820,705                 | 915,686                                   |
| 4.3 Investments   | -                       | -   |
| 4.4 Inventories   | 94,358                  | 60,951                                    |
| 4.5 Tax assets  | 407                     | -   |
| 4.6 Other   | 258,033                 | 23,391                                    |
| <b>4.7 Total current assets</b>                                 | <b>1,176,335</b>        | <b>1,001,813</b>                          |
| <b>Non-current assets</b>                                       |                         |   |
| 4.8 Receivables   | -                       | -   |
| 4.9 Investment in subsidiaries                                  | -                       | -   |
| 4.10 Other investments  | -                       | -   |
| 4.11 Inventories  | -                       | -   |
| 4.12 Expenditure capitalised                                    | -                       | -   |
| 4.13 Development properties (+mining entities)                  | -                       | -   |
| 4.14 Other property, plant and equipment (net)                  | 49,208                  | 512,724                                   |
| 4.15 Intangibles (net)  | 23,367                  | 4,348,014                                 |
| 4.16 Tax assets   | 23,970                  | 50,362                                    |
| 4.17 Other (provide details if material)                        | -                       | -   |
| <b>4.18 Total non-current assets</b>                            | <b>96,545</b>           | <b>4,911,100</b>                          |
| <b>4.19 Total assets</b>  | <b>1,272,880</b>        | <b>5,912,913</b>                          |
| <b>Current liabilities</b>                                      |                         |   |
| 4.20 Payables   | 230,856                 | 740,785                                   |
| 4.21 Interest bearing liabilities                               | -                       | 172,955                                   |
| 4.22 Tax liabilities  | 15,607                  | -   |
| 4.23 Provisions excl. tax liabilities                           | 450                     | 7,200                                     |
| 4.24 Other (provide details if material)                        | 23,518                  | 102,079                                   |
| <b>4.25 Total current liabilities</b>                           | <b>270,432</b>          | <b>1,023,019</b>                          |
| <b>Non-current liabilities</b>                                  |                         |   |
| 4.26 Payables   | -                       | -   |
| 4.27 Interest bearing liabilities                               | 305,619                 | 30,251                                    |
| 4.28 Tax liabilities  | 10,423                  | 10,423                                    |
| 4.29 Provisions exc. tax liabilities                            | -                       | -   |
| 4.30 Other (provide details if material)                        | -                       | -   |
| <b>4.31 Total non-current liabilities</b>                       | <b>316,042</b>          | <b>40,674</b>                             |
| <b>4.32 Total liabilities</b>                                   | <b>586,474</b>          | <b>1,063,693</b>                          |
| <b>4.33 Net assets</b>  | <b>686,406</b>          | <b>4,849,220</b>                          |
| <b>Equity</b>   |                         |   |
| 4.34 Capital/contributed equity                                 | 7,321,502               | 5,000,001                                 |
| 4.35 Capital raising costs                                      | (173,722)               | (173,722)                                 |
| 4.36 Accumulated losses   | (6,461,374)             | 22,941                                    |
| <b>4.37 Equity attributable to members of the parent entity</b> | <b>686,406</b>          | <b>4,849,220</b>                          |
| 4.38 Outside equity interests in controlled entities            | -                       | -   |
| <b>4.39 Total equity</b>  | <b>686,406</b>          | <b>4,849,220</b>                          |
| 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<br>(A\$) | Previous<br>corresponding<br>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, etc.                             | -                       | -   |
| 5.5 Expenditure transferred to Development Properties                                 | -                       | -   |
| <b>5.6 Closing balance as shown in the consolidated balance sheet<br/>(item 4.12)</b> | <b>-</b>                | <b>-</b>                                  |

### Development properties

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

|   | Current Period<br>(A\$) | Previous<br>corresponding<br>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, etc.                             | -                       | -   |
| 6.6 Expenditure transferred to mine properties  | -                       | -   |
| <b>6.7 Closing balance as shown in the consolidated balance sheet<br/>(item 4.13)</b> | <b>-</b>                | <b>-</b>                                  |

## Condensed consolidated cash flow statement

|  | Current Period<br>(A\$) | Previous<br>corresponding<br>period (A\$) |
|--|-------------------------|---|
| <b>Cash flows related to operating activities</b>                  |                         |   |
| 7.1 Receipts from customers  | 674,553                 | 1,274,158                                 |
| 7.2 Payments to suppliers and employees                            | (3,185,250)             | (1,476,082)                               |
| 7.3 Dividends received from associates                             | -                       | -   |
| 7.4 Other dividends received                                       | -                       | -   |
| 7.5 Interest and other items of similar nature received            | 688                     | 4,472                                     |
| 7.6 Interest and other costs of finance paid                       | (9,851)                 | (6,995)                                   |
| 7.7 Income taxes paid  | 0                       | -   |
| 7.8 Other (provide details if material)                            | -                       | 343                                       |
| <b>7.9 Net operating cash flows</b>                                | <b>(2,519,860)</b>      | <b>(204,104)</b>                          |
| <b>Cash flows related to investing activities</b>                  |                         |   |
| 7.10 Payment for purchases of property, plant and equipment        | 0                       | (543,881)                                 |
| 7.11 Proceeds from sale of business                                | -                       | -   |
| 7.12 Payment for purchase of equity investments                    | -                       | (50,000)                                  |
| 7.13 Net cash balance acquired of subsidiary                       | -                       | 4,104                                     |
| 7.14 Loans to related entities                                     | -                       | -   |
| 7.15 Loans by related entities                                     | -                       | -   |
| 7.16 Other   | (0)                     | -   |
| -Payments for acquisition of other non-current assets              | -                       | (733,819)                                 |
| -Proceeds from disposal of physical non-current asset              | -                       | -   |
| -Net cash balances of entities acquired during the year            | -                       | -   |
| -Net cash balances of entities disposed during the year            | -                       | -   |
| -Other   | -                       | -   |
| <b>7.17 Net investing cash flows</b>                               | <b>0</b>                | <b>(1,323,596)</b>                        |
| <b>Cash flows related to financing activities</b>                  |                         |   |
| 7.18 Proceeds from issues of securities (shares, options, etc.)    | 2,321,501               | 1,500,001                                 |
| 7.19 Proceeds from borrowings                                      | (30,251)                | 127,244                                   |
| 7.20 Repayment of borrowings                                       | -                       | -   |
| 7.21 Dividends paid  | -                       | -   |
| 7.22 Other (Capital raising costs during the year)                 | 305,619                 | (173,722)                                 |
| <b>7.23 Net financing cash flows</b>                               | <b>2,596,869</b>        | <b>1,453,523</b>                          |
| <b>7.24 Net increase (decrease) in cash held</b>                   | <b>77,009</b>           | <b>(74,177)</b>                           |
| <b>7.25 Cash at beginning of year (see Reconciliation of cash)</b> | <b>(74,177)</b>         | <b>-</b>                                  |
| 7.26 Exchange rate adjustments to item 7.25.                       | -                       | -   |
| <b>7.27 Cash at end of year (see Reconciliation of cash)</b>       | <b>2,832</b>            | <b>(74,177)</b>                           |

## Notes to the condensed cash flow statement

### 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.)

No such transactions during the current year.

### 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   | 2,832                | 1,785                               |
| 8.2 Deposits at call   | -                    | -                                   |
| 8.3 Bank overdraft   | -                    | (75,962)                            |
| 8.4 Other (provide details)  | -                    | -                                   |
| <b>8.5 Total cash at end of period (item 7.27)</b>   | <b>2,832</b>         | <b>(74,177)</b>                     |

## Other notes to the condensed financial statements

| Ratios   | Current Period (A\$) | Previous corresponding period (A\$) |
|--|----------------------|-------------------------------------|
| <b>Profit (Loss) before tax / revenue (%)</b>  | <b>(1,053)</b>       | <b>3</b>                            |
| 9.1 Profit (loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)   |                      |                                     |
| <b>Profit /(loss) after tax / equity interests (%)</b>   | <b>-944.7%</b>       | <b>0.5%</b>                         |
| 9.2 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) |                      |                                     |

|  |             |             |
|--|-------------|-------------|
| <b>Earnings (loss) per security (EPS) (cents) (Comparative restated)</b> | <b>0.19</b> | <b>0.11</b> |
|--|-------------|-------------|

|  |             |            |
|--|-------------|------------|
| 10 Details of basic and diluted EPS reported are as follows: |             |            |
| Earnings /(losses) (A\$'000)                                 | (6,484,315) | 22,941     |
| Weighted average number of ordinary shares for the year      | 30,929,717  | 21,825,727 |

| NTA backing   | Current Period (A\$) | Previous corresponding period (A\$) |
|---|----------------------|-------------------------------------|
| 11.1 Net tangible asset backing per ordinary security | 21.437               | 22.964                              |

## Other notes to the condensed financial statements (cont'd)

### Discontinuing Operations

(Entities must report a description of any significant activities or events relating to discontinuing operations)

#### 12.1 Discontinuing Operations

Not applicable

#### Control gained over entities having material effect (A\$'000)

13.1 Name of entity (or group of entities)

N/A

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

13.3 Date from which such profit has been calculated

N/A

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

#### Loss of control of entities having material effect (A\$'000)

14.1 Name of entity (or group of entities)

International Building Solutions Pty Limited ( Under administration effective 16/11/06)

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

NIL

14.3 Date to which the profit (loss) in item 14.2 has been calculated

16 November 2006

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

76,613

14.5 Contribution to consolidated profit (loss) from ordinary activities and extraordinary items from sale of interest leading to loss of control

Write off of goodwill and associated acquisitions amounts = \$3,576,613

Write off of receivables = \$ 807,015



## Other notes to the condensed financial statements (cont'd)

### Dividends (in the case of a trust, distributions)

15.1 Date the dividend (distribution) is payable

NONE

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 CHESS approved, or security holding balances established by 5.00 pm or such later time

NONE

15.3 If it is a final dividend, has it been declared? *(Preliminary final report only)*

NONE

### 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)*

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 - final dividend (distribution) on all securities

No dividend has been declared by the economic entity.

15.10 Ordinary securities *(each class separately)*

NIL

NIL

15.11 Preference securities *(each class separately)*

NIL

NIL

15.12 Other equity instruments *(each class separately)*

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 or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

## Other notes to the condensed financial statements (cont'd)

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

| Group's share of associates' and joint venture entities':                | Current year<br>A\$'000 | Previous year<br>A\$'000 |
|--|-------------------------|--------------------------|
| 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 ("

| Name of entity  | Percentage of ownership interest held at end of year or date of disposal |                             | Contribution to net profit (loss) (item 1.9) |                          |
|---|--|-----------------------------|--|--------------------------|
|   | Current year   | Previous corresponding year | Current year<br>A\$'000                      | Previous year<br>A\$'000 |
| 17.1 Equity accounted associates and joint venture entities |  |                             |  |                          |
|   | NIL  | NIL                         | NIL  | NIL                      |
| 17.2 Total  | NIL  | NIL                         | NIL  | NIL                      |
| 17.3 Other material interests                               | NIL  | NIL                         | NIL  | NIL                      |
| 17.4 Total  | NIL  | NIL                         | NIL  | NIL                      |

## Other notes to the condensed financial statements (cont'd)

### Issued and quoted securities at end of current year

(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) |
|---|--------------|---------------|--|---|
| <b>18.1 Preference securities</b> (description)                             | NIL          | NIL           | NIL  | NIL   |
| <b>18.2 Changes during current year</b>                                     |              |               |  |   |
| (a) Increases through issues  | NIL          | NIL           | NIL  | NIL   |
| (b) Decreases through returns of capital, buybacks, redemptions             | NIL          | NIL           | NIL  | NIL   |
| <b>18.3 Ordinary securities</b>   | 34,963,333   | 34,963,333    | -  | -   |
| <b>18.4 Changes during current year</b>                                     |              |               |  |   |
| (a) Increases through issues  | 20,000,000   | 20,000,000    | 0.2  | 0.2   |
|   | 3,633,333    | 3,633,333     | 0.24   | 0.24  |
|   | 3,333,333    | 3,333,333     | 0.3  | 0.3   |
|   | 2,996,667    | 2,996,667     | 0.15   | 0.15  |
| (b) Decreases through returns of capital, buybacks                          | -            | -             | n/a  | n/a   |
| <b>18.5 Convertible debt securities</b> (description and conversion factor) |              |               |  |   |
|   | NIL          | NIL           | 10 Cents                                       | n/a   |
| <b>18.6 Changes during current year</b>                                     |              |               |  |   |
| (a) Increases through issues  | N/A          | N/A           | N/A  | N/A   |
| (b) Decreases through securities matured, converted                         | N/A          | N/A           | N/A  | N/A   |
| <b>18.7 Options</b> (description and conversion factor)                     |              |               | Exercise price                                 | Expiry date (if any)                              |
| <b>18.8 Issued during current period</b>                                    | NIL          | NIL           | NIL  | NIL   |
| <b>18.9 Exercised during current period</b>                                 | NIL          | NIL           | NIL  | NIL   |
| <b>18.10 Expired during current period (Quoted options)</b>                 | NIL          | NIL           | NIL  | NIL   |
| <b>18.11 Debentures</b> (description)                                       |              |               |  |   |
| <b>18.12 Changes during current period</b>                                  |              |               |  |   |
| (a) Increases through issues  | NIL          | NIL           | NIL  | NIL   |
| (b) Decreases through securities matured, converted                         | NIL          | NIL           | NIL  | NIL   |
| <b>18.13 Unsecured notes</b> (description)                                  |              |               |  |   |
| <b>18.14 Changes during current period</b>                                  |              |               |  |   |
| (a) Increases through issues  | NIL          | NIL           | NIL  | NIL   |
| (b) Decreases through securities matured, converted                         | NIL          | NIL           | NIL  | NIL   |

## Other notes to the condensed financial statements (cont'd)

### Segment reporting

The IBIL group operated in only one business segment in this first year of operations in Australia. The directors believe that there is no need for any further segment reporting in the current reporting period.

#### Comments by directors

None

#### Basis of financial report preparation

19.1 If this report is a half yearly report, it is a general purpose financial report prepared in accordance with the listing rules and AASB 4029: Interim Financial Reporting. It should be read in conjunction with the last annual report and any announce

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

The following items had a material effect on the revenues and expenses for the year:

#### Revenue and performance

As noted at point 2.6, the major impact of the group for the year was the write-off of goodwill, and associated receivable balances from International Building Solutions Pty Limited, which was placed in administration on 16 November 2006. The company has also struggled with the Australian appointed distributor ALC in having them perform their obligations as the distributor of Liquid Rubber and Shell Flintkote. This has directly impacted upon sales performance and revenues.

The following items had a material effect on the revenues and expenses for the year:

#### Other significant matters:

Other significant matters effecting financial performance include the focus of the Board and Management on improving the level of corporate governance and management leadership. This has shifted focus away from the generation of revenue and to the development of a strong corporate and managerial base to take the group forward both financially and commercially.

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):

Events subsequent to the year end are as follows:

1. Mr Brendon Vine resigned from the board on September 4 2007
2. Alex Smith appointed chairman of the board on September 4 2007
3. Additional issue of shares subsequent to year end as follows:

- (a) 06/07/07, Dr Lionel Joshua Hovey - 50,000
- (b) 25/07/07, Giles Geoffrey Woodgate - 1,000,000
- (c) 25/07/07, TWA Superannuation Fund (Terry Winn) - 166,667
- (d) Restricted shares out of escrow - 100,000
- (e) 07/08/07, Giles Geoffrey Woodgate - 2,000,000
- (f) 07/08/07, Diana Mary O'Hallaran Evans - 133,333
- (g) 30/07/07, Martin Place Securities - 333,333
- (h) 03/08/07, Martin Place Securities - 333,333

4. In August 2007 the distribution agreement with Shell Australia and Sterling Engineered Products Pty Ltd and Sterling Engineered Products (NZ) Limited was terminated. The company has sourced replacement products which will be released in September 2007

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. Any changes in accounting policies, estimation methods and measurement bases since the

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 ye

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.

None

## 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.

NONE

Identify:

\*initial service charges

\*management fees

\*other fees

## Annual meeting

(Preliminary final report only)

The annual meeting will be held as follows:

Place

Date

Time

Approximate date the +annual report will be available

Details of venue, date & time

to be determined by

Board in

due course

## 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/does-not\* (delete one) give a true and fair view of the matters disclosed (see note 2).

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.

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

X

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

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



Sign here:  
(Director / Company Secretary)

Date: 13 September 2007