



Chartered Accountants
& Business Advisers

TO CREDITORS

INTERNATIONAL BUILDING INDUSTRIES LTD
ACN 116 936 862
NON SKID AUSTRALIA PTY LTD
ACN 117 321 767
S.E.P. (DIST) PTY LTD
ACN 119 424 814
I.B.S. (DIST) PTY LTD
ACN 117 770 822
STERLING ENGINEERED PRODUCTS PTY LTD
ACN 113 809 206
I.B.I.L. (ADMIN) PTY LTD
ACN 118 339 825
S.E.P. LOGISTICS PTY LTD
ACN 117 767 683
(ALL ADMINISTRATORS APPOINTED)
('the Companies')

I was appointed joint and several administrator of the Companies with John Maxwell Morgan on 2 October 2007, pursuant to Section 436A of the *Corporations Act 2001* ('the Act').

A second meeting of creditors to decide the future of the Companies will be held, pursuant to section 439A of the Act, on Friday 30 November 2007 at 10.00am at the offices of PKF Chartered Accountants and Business Advisers, Level 6, 10 Eagle Street, Brisbane.

Creditors at that meeting may resolve one of the following:

1. That the Administration of the Companies should end and control of the Companies revert to its directors; or
2. That the Companies should be wound up; or
3. That the Companies execute a Deed of Company Arrangement.

The following documents are **attached** to this circular for your information and consideration:

1. Notice of meeting;
2. Formal proof of debt or claim (Form 535) for each company

Creditors who have already lodged a proof of debt with the Administrators are not required to lodge a further proof of debt.

Creditors who have not lodged a proof of debt should lodge their claim with the Administrators by 4pm on the last business day before the

Tel: 61 7 3226 3555 | Fax: 61 7 3226 3500 | www.pkf.com.au

PKF | ABN 83 236 985 726

Level 6, 10 Eagle Street | Brisbane | Queensland 4000 | Australia

GPO Box 1078 | Brisbane | Queensland 4001 | Australia

meeting.

3. Appointment of Proxy Form (Form 532) for each company

Proxies provided by creditors for the previous meeting, held on 9 October 2007, cannot be used for the meeting to be held on 30 November 2007. Creditors who wish to participate in the meeting by proxy must complete and lodge with the Administrators the attached proxy form.

Proxies will be accepted at any time before the start of the meeting. However, I request that proxies be lodged before 4pm on the last business day before the meeting.

Creditors please note that in accordance with regulation 5.6.33 of the Corporations Regulations a person acting under:

- (a) a general proxy; or
- (b) a special proxy;

must not vote in favour of any resolution which would directly or indirectly place:

- (a) the person; or
- (b) the person's partner; or
- (c) the person's employer;

in a position to receive any remuneration out of assets of the company except as a creditor rateably with the other creditors of the company.

Accordingly, any creditor wishing to appoint the Chairman as their proxy must carefully review the Form 532 Appointment of Proxy Form. The proxy in favour of the Chairman must be a special proxy and your vote should be marked against each resolution put forward. I also advise that the chairman will not be able to exercise your vote in regard to any resolution regarding remuneration or any amended resolution.

If you wish to appoint a general proxy, it should be in favour of someone other than the Administrators or Chairman.

4. Report by the Administrators' detailing the Companies' business, property, affairs and financial circumstances.

Should you require any further information in relation to the above please do not hesitate to contact me.

Dated this 22nd day of November 2007.


GAVIN C MORTON

Administrator
encl

FORM 529

Sub-regulation 5.6.12(2)

Corporations Act 2001

NOTICE OF CONCURRENT MEETINGS OF CREDITORS

INTERNATIONAL BUILDING INDUSTRIES LTD

ACN 116 936 862

NON SKID AUSTRALIA PTY LTD

ACN 117 321 767

S.E.P. (DIST) PTY LTD

ACN 119 424 814

I.B.S. (DIST) PTY LTD

ACN 117 770 822

STERLING ENGINEERED PRODUCTS PTY LTD

ACN 113 809 206

I.B.I.L. (ADMIN) PTY LTD

ACN 118 339 825

S.E.P. LOGISTICS PTY LTD

ACN 117 767 683

(ALL ADMINISTRATORS APPOINTED)

('the Companies')

Notice is hereby given that a meeting of creditors of the Companies will be held at the offices of PKF Chartered Accountants and Business Advisers, Level 6, 10 Eagle Street, Brisbane on Friday 30 November 2007 at 10:00am.

AGENDA

1. Receive a report by the Administrators.
2. Receive a statement setting out details of any proposed Deed of Company Arrangement.
3. Receive a statement setting out the Administrators' opinion about each of the following matters:
 - a) whether it would be in the creditors' interests for the Companies to execute a Deed of Company Arrangement;
 - b) whether it would be in the creditors' interests for the Administrations to end;
 - c) whether it would be in the creditors' interests for the Companies to be wound up;and their reasons for those opinions.
4. Resolve:
 - a) that the Companies execute a Deed of Company Arrangement; or
 - b) that the Administrations should end; or
 - c) that the Companies be wound up.

5. Approval of the remuneration of the Administrators;
6. If creditors resolve that a Deed of Company Arrangement is to be executed, approval of the remuneration of the Administrators of the Deed;
7. If the Companies are placed into liquidation, appointment of a Committee of Inspection;
8. If the Companies are placed into liquidation and no Committee of Inspection is appointed, approval of the Liquidators' remuneration.
9. General Business.

NOTE: CREDITORS WHO MAY VOTE

A person shall not be entitled to vote as a creditor at a Meeting of Creditors unless:

- a) he or she has lodged, with the Chairman of the Meeting or with the person named in the Notice convening the Meeting as the person who may receive particulars of the debt or claim:
 - i) those particulars; or,
 - ii) where required, a formal Proof of Debt of claim (Form 535);
- b) and the Administrators have admitted the claim, wholly or in part, for the purposes of voting at the meeting of creditors

Forms of Proof of Debt and Proxy should be returned to this office no later than 4.00pm on the last business day before the meeting. Proofs of Debt should show whether any priority is claimed under Section 556 of the Act.

A secured creditor may vote for the whole of his debt without deduction for his security (reg. 5.6.24(4)).

Dated this 22nd day of November 2007.



GAVIN C MORTON
Administrator

Australian Company Number: 116 936 862

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM

(GENERAL FORM)

To the administrators of International Building Industries Limited (Administrators Appointed):

1. This is to state that the company was on 2 October 2007 and still is truly indebted to

(insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor for the amount \$

(insert amount owed to you)

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of Voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

*3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of , 2007.

Signature:

Name:

Occupation:

Address:

Phone:

Facsimile:

Australian Company Number: 117 321 767

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM

(GENERAL FORM)

To the administrators of Non Skid Australia Pty Ltd (Administrators Appointed):

1. This is to state that the company was on 2 October 2007 and still is truly indebted to

(insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor for the amount \$ _____

(insert amount owed to you)

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of Voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

- *3. I am the creditor's agent authorised in writing to make this statement in writing.
I know that the debt was incurred for the consideration stated and that the debt,
to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of , 2007.

Signature:

Name:

Occupation:

Address:

Phone:

Facsimile:

Australian Company Number: 119 424 814

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM

(GENERAL FORM)

To the administrators of S.E.P (Dist) Pty Ltd (Administrators Appointed):

1. This is to state that the company was on 2 October 2007 and still is truly indebted to

(insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor for the amount \$

(insert amount owed to you)

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of Voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

- *3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of , 2007.

Signature:

Name:

Occupation:

Address:

Phone:

Facsimile:

Australian Company Number: 117 770 822

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM

(GENERAL FORM)

To the administrators of I.B.S. (Dist) Pty Ltd (Administrators Appointed):

1. This is to state that the company was on 2 October 2007 and still is truly indebted to

(insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor for the amount \$

(insert amount owed to you)

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of Voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

- *3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of , 2007.

Signature:

Name:

Occupation:

Address:

Phone:

Facsimile:

Australian Company Number: 113 809 206

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM

(GENERAL FORM)

To the administrators of Sterling Engineered Products Pty Ltd (Administrators Appointed):

1. This is to state that the company was on 2 October 2007 and still is truly indebted to

(insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor
for the amount \$ _____

(insert amount owed to you)

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of Voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

*3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of , 2007.

Signature:

Name:

Occupation:

Address:

Phone:

Facsimile:

Australian Company Number: 118 339 825

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM

(GENERAL FORM)

To the administrators of I.B.I.L (Admin) Pty Ltd (Administrators Appointed):

1. This is to state that the company was on 2 October 2007 and still is truly indebted to

(insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor for the amount \$

(insert amount owed to you)

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of Voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

*3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of , 2007.

Signature:

Name:

Occupation:

Address:

Phone:

Facsimile:

Australian Company Number: 117 767 683

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM

(GENERAL FORM)

To the administrators of S.E.P Logistics Pty Ltd (Administrators Appointed):

1. This is to state that the company was on 2 October 2007 and still is truly indebted to

(insert full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor for the amount \$

(insert amount owed to you)

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of Voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

- *3. I am the creditor's agent authorised in writing to make this statement in writing.
I know that the debt was incurred for the consideration stated and that the debt,
to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated this day of , 2007.

Signature:

Name:

Occupation:

Address:

Phone:

Facsimile:

Form 532

APPOINTMENT OF PROXY⁽¹⁾

Regulation 5.6.29

A.C.N: 116 936 862

I/We(2) _____ of _____ a creditor of
International Building Industries Limited (Administrators Appointed) appoint

_____ or in his/her absence _____ any my/our
general/special proxy to vote at the meeting of creditors to be held on Friday 30 November 2007, at
10.00am, or at any adjournment of that meeting,(3) and to vote:

generally as he/she determines on my/our behalf*

or

specifically in accordance with the following special instructions*:

<i>Resolution to determine the future of the company.</i>	To vote for**	To vote against**
1. That the company executes a deed of company arrangement proposed by the administrators.		
2. That the administration should end.		
3. That the company be wound up.		
4. To approve the remuneration of the Administrators' for the period 2 October 2007 to 30 November 2007 in the sum of \$21,000 plus GST plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and charged on a time spent basis.		
5. If it is resolved by creditors that the Company enter into a Deed, to approve the future Administrators' remuneration to the signing of the Deed to a maximum of \$2,000, plus GST, plus disbursements, calculated on a time basis in accordance with the scale of fees prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
6. The remuneration of the deed Administrators, if Deed of Company Arrangement is approved from 1 December 2007, to a maximum of \$2,000 plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
7. Appointment of a Committee of Inspection.		
8. If no Committee of Inspection has been formed, to approve the Liquidators' remuneration from 1 December 2007 to a maximum of \$20,000, plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
9. Adjourn the meeting for a maximum of 60 days.		

**Place tick or cross in box to record your special instruction.

[Insert other special instructions]

I/We authorise _____ [insert name and address of person authorised] to represent me/us on the Committee of Inspection should one be elected

Dated this _____ day of _____, 2007

(Signature(4) of individual or person authorised(5) by corporate resolution to represent corporation)

OR

Executed for and on behalf of _____

by authority of the directors in the presence of:

Name:
Director or Secretary:

Name:
Director:

CERTIFICATE OF WITNESS (special cases(7))

I, _____ of _____ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

Dated this _____ day of _____ 20__

Signature of witness _____

Description _____

Place of residence _____

* Strike out if inapplicable

[Notes:

- | | |
|---|---|
| (1) Proxy to accompany notice of meeting sent out by administrator. | (5) Corporations Act 2001, sec 249(3). |
| (2) If a firm, strike out "I" and set out the full name of the firm | (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles. |
| (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular solution. | (7) This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.] |
| (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy. | |

Form 532

APPOINTMENT OF PROXY⁽¹⁾

Regulation 5.6.29

A.C.N: 117 321 767

I/We(2) _____ of _____ a creditor of Non
 Skid Australia Pty Ltd (Administrators Appointed) appoint _____
 _____ or in his/her absence
 _____ any my/our general/special proxy to vote at the meeting of creditors to be
 held on Friday 30 November 2007, at 10.00am, or at any adjournment of that meeting,(3) and to vote:
 generally as he/she determines on my/our behalf*

or

specifically in accordance with the following special instructions*:

Resolution to determine the future of the company.	To vote for**	To vote against**
1. That the company executes a deed of company arrangement proposed by the administrators.		
2. That the administration should end.		
3. That the company be wound up.		
4. To approve the remuneration of the Administrators' for the period 2 October 2007 to 30 November 2007 in the sum of \$15,000 plus GST plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and charged on a time spent basis.		
5. If it is resolved by creditors that the Company enter into a Deed, to approve the future Administrators' remuneration to the signing of the Deed to a maximum of \$2,000, plus GST, plus disbursements, calculated on a time basis in accordance with the scale of fees prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
6. The remuneration of the deed Administrators, if Deed of Company Arrangement is approved from 1 December 2007, to a maximum of \$2,000 plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
7. Appointment of a Committee of Inspection.		
8. If no Committee of Inspection has been formed, to approve the Liquidators' remuneration from 1 December 2007 to a maximum of \$10,000, plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
9. Adjourn the meeting for a maximum of 60 days.		

**Place tick or cross in box to record your special instruction.

[Insert other special instructions]

I/We authorise _____ [insert name and address of person authorised] to represent me/us on the Committee of Inspection should one be elected

Dated this _____ day of _____, 2007

(Signature(4) of individual or person authorised(5) by corporate resolution to represent corporation)

OR

Executed for and on behalf of

by authority of the directors in the presence of:

Name:
Director or Secretary:

Name:
Director:

CERTIFICATE OF WITNESS (special cases(7))

I, _____ of _____ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

Dated this _____ day of _____ 20__

Signature of witness _____

Description _____

Place of residence _____

* Strike out if inapplicable

[Notes:

- | | |
|---|---|
| (1) Proxy to accompany notice of meeting sent out by administrator. | (5) Corporations Act 2001, sec 249(3). |
| (2) If a firm, strike out "I" and set out the full name of the firm | (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles. |
| (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular solution. | (7) This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.] |
| (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy. | |

Form 532

APPOINTMENT OF PROXY⁽¹⁾

Regulation 5.6.29

A.C.N: 119 424 814

I/We(2) _____ of _____ a creditor of S.E.P.
 (Dist) Pty Ltd (Administrators Appointed) appoint _____
 _____ or in his/her absence
 _____ any my/our general/special proxy to vote at the meeting of creditors to be
 held on Friday 30 November 2007, at 10.00am, or at any adjournment of that meeting,(3) and to vote:
 generally as he/she determines on my/our behalf*

or

specifically in accordance with the following special instructions*:

Resolution to determine the future of the company.	To vote for**	To vote against**
1. That the company executes a deed of company arrangement proposed by the administrators.		
2. That the administration should end.		
3. That the company be wound up.		
4. To approve the remuneration of the Administrators' for the period 02 October 2007 to 30 November 2007 in the sum of \$4,500 plus GST plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and charged on a time spent basis.		
5. If it is resolved by creditors that the Company enter into a Deed, to approve the future Administrators' remuneration to the signing of the Deed to a maximum of \$2,000, plus GST, plus disbursements, calculated on a time basis in accordance with the scale of fees prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
6. The remuneration of the deed Administrators, if Deed of Company Arrangement is approved from 1 December 2007, to a maximum of \$2,000 plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
7. Appointment of a Committee of Inspection.		
8. If no Committee of Inspection has been formed, to approve the Liquidators' remuneration from 1 December 2007 to a maximum of \$2,000, plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
9. Adjourn the meeting for a maximum of 60 days.		

**Place tick or cross in box to record your special instruction.

[Insert other special instructions]

I/We authorise _____ [insert name and address of person authorised] to represent me/us on the Committee of Inspection should one be elected

Dated this _____ day of _____, 2007

(Signature(4) of individual or person authorised(5) by corporate resolution to represent corporation)

OR

Executed for and on behalf of

by authority of the directors in the presence of:

Name:
Director or Secretary:

Name:
Director:

CERTIFICATE OF WITNESS (special cases(7))

I, _____ of _____ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

Dated this _____ day of _____ 20__

Signature of witness _____

Description _____

Place of residence _____

* Strike out if inapplicable

[Notes:

- | | |
|---|---|
| (1) Proxy to accompany notice of meeting sent out by administrator. | (5) Corporations Act 2001, sec 249(3). |
| (2) If a firm, strike out "I" and set out the full name of the firm | (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles. |
| (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular solution. | (7) This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.] |
| (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy. | |

Form 532

APPOINTMENT OF PROXY⁽¹⁾

Regulation 5.6.29

A.C.N: 117 770 822

I/We(2) _____ of _____ a creditor of I.B.S
(Dist) Pty Ltd (Administrators Appointed) appoint _____ or in his/her absence
_____ any my/our general/special proxy to vote at the meeting of creditors to be
held on Friday 30 November 2007, at 10.00am, or at any adjournment of that meeting,(3) and to vote:
generally as he/she determines on my/our behalf*

or

specifically in accordance with the following special instructions*:

Resolution to determine the future of the company.	To vote for**	To vote against**
1. That the company executes a deed of company arrangement proposed by the administrators.		
2. That the administration should end.		
3. That the company be wound up.		
4. To approve the remuneration of the Administrators' for the period 2 October 2007 to 30 November 2007 in the sum of \$3,500 plus GST plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and charged on a time spent basis.		
5. If it is resolved by creditors that the Company enter into a Deed, to approve the future Administrators' remuneration to the signing of the Deed to a maximum of \$2,000, plus GST, plus disbursements, calculated on a time basis in accordance with the scale of fees prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
6. The remuneration of the deed Administrators, if Deed of Company Arrangement is approved from 1 December 2007, to a maximum of \$2,000 plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
7. Appointment of a Committee of Inspection.		
8. If no Committee of Inspection has been formed, to approve the Liquidators' remuneration from 1 December 2007 to a maximum of \$2,000, plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
9. Adjourn the meeting for a maximum of 60 days.		

**Place tick or cross in box to record your special instruction.

[Insert other special instructions]

I/We authorise _____ [insert name and address of person authorised] to represent me/us on the Committee of Inspection should one be elected

Dated this _____ day of _____, 2007

(Signature(4) of individual or person authorised(5) by corporate resolution to represent corporation)

OR

Executed for and on behalf of _____

by authority of the directors in the presence of:

Name: _____
Director or Secretary:

Name: _____
Director:

CERTIFICATE OF WITNESS (special cases(7))

I, _____ of _____ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

Dated this _____ day of _____ 20__

Signature of witness _____

Description _____

Place of residence _____

* Strike out if inapplicable

[Notes:

- | | |
|---|---|
| (1) Proxy to accompany notice of meeting sent out by administrator. | (5) Corporations Act 2001, sec 249(3). |
| (2) If a firm, strike out "I" and set out the full name of the firm | (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles. |
| (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular solution. | (7) This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.] |
| (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy. | |

Form 532

APPOINTMENT OF PROXY⁽¹⁾

Regulation 5.6.29

A.C.N: 113 809 206

I/We(2) _____ of _____ a creditor of
Sterling Engineered Products Pty Ltd (Administrators Appointed) appoint

_____ or in his/her absence _____ any my/our
general/special proxy to vote at the meeting of creditors to be held on Friday 30 November 2007, at
10.00am, or at any adjournment of that meeting,(3) and to vote:

generally as he/she determines on my/our behalf*

or

specifically in accordance with the following special instructions*:

<i>Resolution to determine the future of the company.</i>	To vote for**	To vote against**
1. That the company executes a deed of company arrangement proposed by the administrators.		
2. That the administration should end.		
3. That the company be wound up.		
4. To approve the remuneration of the Administrators' for the period 2 October 2007 to 30 November 2007 in the sum of \$3,500 plus GST plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and charged on a time spent basis.		
5. If it is resolved by creditors that the Company enter into a Deed, to approve the future Administrators' remuneration to the signing of the Deed to a maximum of \$2,000, plus GST, plus disbursements, calculated on a time basis in accordance with the scale of fees prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
6. The remuneration of the deed Administrators, if Deed of Company Arrangement is approved from 1 December 2007, to a maximum of \$2,000 plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
7. Appointment of a Committee of Inspection.		
8. If no Committee of Inspection has been formed, to approve the Liquidators' remuneration from 1 December 2007 to a maximum of \$2,000, plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
9. Adjourn the meeting for a maximum of 60 days.		

**Place tick or cross in box to record your special instruction.

[Insert other special instructions]

I/We authorise _____ [insert name and address of person authorised] to represent me/us on the Committee of Inspection should one be elected

Dated this _____ day of _____, 2007

(Signature(4) of individual or person authorised(5) by corporate resolution to represent corporation)

OR

Executed for and on behalf of

by authority of the directors in the presence of:

Name:
Director or Secretary:

Name:
Director:

CERTIFICATE OF WITNESS (special cases(7))

I, _____ of _____ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

Dated this _____ day of _____ 20__

Signature of witness _____

Description _____

Place of residence _____

* Strike out if inapplicable

[Notes:

- | | |
|---|---|
| (1) Proxy to accompany notice of meeting sent out by administrator. | (5) Corporations Act 2001, sec 249(3). |
| (2) If a firm, strike out "I" and set out the full name of the firm | (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles. |
| (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular solution. | (7) This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.] |
| (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy. | |

Form 532

APPOINTMENT OF PROXY⁽¹⁾

Regulation 5.6.29

A.C.N: 117 767 683

I/We(2) _____ of _____ a creditor of S.E.P.
 Logistics Pty Ltd (Administrators Appointed) appoint _____ or in his/her absence
 _____ any my/our general/special proxy to vote at the meeting of creditors to be
 held on Friday 30 November 2007, at 10.00am, or at any adjournment of that meeting,(3) and to vote:
 generally as he/she determines on my/our behalf*
 or

specifically in accordance with the following special instructions*:

Resolution to determine the future of the company.	To vote for**	To vote against**
1. That the company executes a deed of company arrangement proposed by the administrators.		
2. That the administration should end.		
3. That the company be wound up.		
4. To approve the remuneration of the Administrators' for the period 2 October 2007 to 30 November 2007 in the sum of \$21,000 plus GST plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and charged on a time spent basis.		
5. If it is resolved by creditors that the Company enter into a Deed, to approve the future Administrators' remuneration to the signing of the Deed to a maximum of \$2,000, plus GST, plus disbursements, calculated on a time basis in accordance with the scale of fees prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
6. The remuneration of the deed Administrators, if Deed of Company Arrangement is approved from 1 December 2007, to a maximum of \$2,000 plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
7. Appointment of a Committee of Inspection.		
8. If no Committee of Inspection has been formed, to approve the Liquidators' remuneration from 1 December 2007 to a maximum of \$15,000, plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
9. Adjourn the meeting for a maximum of 60 days.		

**Place tick or cross in box to record your special instruction.

[Insert other special instructions]

I/We authorise _____ [insert name and address of person authorised] to represent me/us on the Committee of Inspection should one be elected

Dated this _____ day of _____, 2007

(Signature(4) of individual or person authorised(5) by corporate resolution to represent corporation)

OR

Executed for and on behalf of

by authority of the directors in the presence of:

Name:
Director or Secretary:

Name:
Director:

CERTIFICATE OF WITNESS (special cases(7))

I, _____ of _____ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

Dated this _____ day of _____ 20__

Signature of witness _____

Description _____

Place of residence _____

* Strike out if inapplicable

[Notes:

- | | |
|---|---|
| (1) Proxy to accompany notice of meeting sent out by administrator. | (5) Corporations Act 2001, sec 249(3). |
| (2) If a firm, strike out "I" and set out the full name of the firm | (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles. |
| (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular solution. | (7) This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.] |
| (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy. | |

Form 532

APPOINTMENT OF PROXY⁽¹⁾

Regulation 5.6.29

A.C.N: 118 339 825

I/We(2) _____ of _____ a creditor of I.B.I.L.
 (Admin) Pty Ltd (Administrators Appointed) appoint _____ or in his/her absence
 _____ any my/our general/special proxy to vote at the meeting of creditors to be
 held on Friday 30 November 2007, at 10.00am, or at any adjournment of that meeting,(3) and to vote:
 generally as he/she determines on my/our behalf*
 or

specifically in accordance with the following special instructions*:

Resolution to determine the future of the company.	To vote for**	To vote against**
1. That the company executes a deed of company arrangement proposed by the administrators.		
2. That the administration should end.		
3. That the company be wound up.		
4. To approve the remuneration of the Administrators' for the period 2 October 2007 to 30 November 2007 in the sum of \$10,000 plus GST plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and charged on a time spent basis.		
5. If it is resolved by creditors that the Company enter into a Deed, to approve the future Administrators' remuneration to the signing of the Deed to a maximum of \$2,000, plus GST, plus disbursements, calculated on a time basis in accordance with the scale of fees prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
6. The remuneration of the deed Administrators, if Deed of Company Arrangement is approved from 1 December 2007, to a maximum of \$2,000 plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
7. Appointment of a Committee of Inspection.		
8. If no Committee of Inspection has been formed, to approve the Liquidators' remuneration from 1 December 2007 to a maximum of \$10,000, plus GST, plus disbursements, calculated pursuant to the hourly rates prescribed by PKF Chartered Accountants and Business Advisers, Brisbane and charged on a time spent basis.		
9. Adjourn the meeting for a maximum of 60 days.		

**Place tick or cross in box to record your special instruction.

[Insert other special instructions]

I/We authorise _____ [insert name and address of person authorised] to represent me/us on the Committee of Inspection should one be elected

Dated this _____ day of _____, 2007

(Signature(4) of individual or person authorised(5) by corporate resolution to represent corporation)

OR

Executed for and on behalf of _____

by authority of the directors in the presence of: _____

Name:
Director or Secretary:

Name:
Director:

CERTIFICATE OF WITNESS (special cases(7))

I, _____ of _____ certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him/her before he/she attached his/her signature or mark to the instrument.

Dated this _____ day of _____ 20__

Signature of witness _____

Description _____

Place of residence _____

* Strike out if inapplicable

[Notes:

- | | |
|---|---|
| (1) Proxy to accompany notice of meeting sent out by administrator. | (5) Corporations Act 2001, sec 249(3). |
| (2) If a firm, strike out "I" and set out the full name of the firm | (6) The method of affixing the common seal should be prescribed by the creditor corporation's articles. |
| (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular solution. | (7) This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.] |
| (4) The signature of the creditor, contributory, debenture holder or member is not to be attested by the person nominated as proxy. | |



Chartered Accountants
& Business Advisers

REPORT TO CREDITORS OF

INTERNATIONAL BUILDING INDUSTRIES LTD
ACN 116 936 862
NON SKID AUSTRALIA PTY LTD
ACN 117 321 767
S.E.P. (DIST) PTY LTD
ACN 119 424 814
I.B.S. (DIST) PTY LTD
ACN 117 770 822
STERLING ENGINEERED PRODUCTS PTY LTD
ACN 113 809 206
I.B.I.L. (ADMIN) PTY LTD
ACN 118 339 825
S.E.P. LOGISTICS PTY LTD
ACN 117 767 683
(ALL ADMINISTRATORS APPOINTED)

BY

GAVIN C MORTON AND JOHN M MORGAN,
ADMINISTRATORS

PURSUANT TO SECTION 439A(4)(a) OF THE *CORPORATIONS ACT, 2001*

22 NOVEMBER 2007

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List of Annexures

Annexure A - Statutory Information

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Annexure C – Estimated Outcome Statement

Annexure D – Statement Regarding Independence and Remuneration

1. GLOSSARY

Abbreviation	Description
Ascent	Ascent Capital Management
ASIC	Australian Securities and Investments Commission
ALC	Australian Logistics Corporation Pty Ltd ACN 117 812 727
ATO	Australian Taxation Office
Behnfeld	Mr Klaus Behnfeld
Benson	Mr Peter Benson, Benson Partners Chartered Accountants
Callaghan	Mr Martin Lloyd Callaghan
Carbines	Mr John Carbines
DD	Duncan Dovico Chartered Accountants
DOCA	Deed of Company Arrangement
Forsberg	Mr Thomas Forsberg
Hoare	Dr Ian Hoare
Hunter	Mr Sam Hunter
IBIL	International Building Industries Limited ACN 116 936 862
IBILA	I.B.I.L. (Admin) Pty Ltd ACN 118 339 825
IBS	International Building Solutions Pty Ltd (Subject to Deed of Company Arrangement) ACN 094 094 925
IBSD	I.B.S. (Dist) Pty Ltd ACN 117 770 822
Lamb	Mr David Lamb
LRI	Liquid Rubber Industries Inc. (Canada)
NSA	Non Skid Australia Pty Ltd ACN 117 321 767
NSX	National Stock Exchange of Australia

RATA	Report as to Affairs
SEP	Sterling Engineered Products Pty Ltd ACN 113 809 206
SEP (NZ)	S.E.P. (NZ) Pty Ltd
SEPD	S.E.P. (Dist) Pty Ltd ACN 119 424 814
SEPL	S.E.P. Logistics Pty Ltd ACN 117 767 683
Smith	Mr Alexander Noel Smith
the Act	Corporations Act, 2001
the Companies	IBIL, NSA, SEPD, IBSD, SEP, IBILA, SEPL
the Group	IBIL, NSA, SEPD, IBSD, SEP, IBILA, SEPL, IBS and SEP (NZ)
UIE	Ultimate Internet Europe Pty Ltd
Vine	Mr Brendon Vine
Westpac	Westpac Banking Corporation
Wightman	Mr Andrew Wightman
Woodgate	Mr Geoffrey Giles Woodgate
Zandbergen	Mr Gerard Zandbergen

2. EXECUTIVE SUMMARY

John Maxwell Morgan and myself were appointed administrators of the Companies on 2 October 2007 pursuant to section 436A of the Act.

At a concurrent meeting of creditors of the Companies convened on 9 October 2007 our appointment was ratified and creditors resolved that no committee of creditors be appointed.

At the time of our appointment the Companies had ceased to trade.

Shares of IBIL were suspended from trading on the Newcastle Stock Exchange on 1 October 2007.

The estimated realisable value of the assets of the Companies totals approximately \$114,659.

The value of liabilities (excluding inter entity liabilities) total \$787,497. Inter entity liabilities, total \$3,023,859. The total estimated deficiency for the Companies is \$3,696,697.

At the time of our appointment, there were approximately 140 shareholders in IBIL, with 39,079,995 issued shares. We have accounted for \$1.8m of funds received from capital raising since February 2006. Several transactions regarding the allocation of shares of IBIL to officers or former officers of the Companies are currently under investigation.

Following our appointment we entered into discussions with the directors and their advisors in relation to the formulation of a DOCA. However at the time of issuing this report no DOCA has been proposed by the directors or any third party.

Having regard to the significant deficiency even after the receipt of funds from capital raising, we have conducted a detailed investigation into the affairs of the Companies to determine whether there may be actions brought by a liquidator to recover funds for the benefit of creditors. We believe there have been serious misappropriation of funds and mismanagement of the Companies since their inception and as a consequence we believe there are recovery actions available to a liquidator if appointed at the forthcoming meeting.

We are currently in the process of finalising our report to ASIC in accordance with section 438D of the Act detailing the offences identified from our investigations.

At this time funds recovered from realisation of the assets of the Companies will be insufficient to pay a dividend to any class of creditor. Any return to the creditors of the Companies is likely to come from recovery actions taken by the liquidators, if appointed. Creditors should note that funding would be required to finance any such action as the value of realisable assets is only sufficient to pay costs incurred to date.

It is our recommendation that the Companies be wound up at the second meeting of creditors which has been convened for Friday 30 November 2007.

3. INTRODUCTION

3.1 First Meeting of Creditors

The first meeting of creditors was held on 9 October 2007 and as there was no nomination for the appointment of an alternative Administrator, our appointment continues. It was further resolved that no Committee of Creditors be formed.

3.2 Purpose and Objective of the Voluntary Administration Process

In accordance with section 435A of the Act, the object of a Voluntary Administration is to provide for the business, property and affairs of an insolvent company to be administered in a way that either maximises the chances of the company continuing in existence; or, if it is not possible, for the company to continue in existence, resulting in a better return for the company's creditors than would result from an immediate winding up. This outcome is achieved by the company entering into a DOCA, which is essentially an agreement between the company and its creditors for previous debts owing to be paid in full or in part.

Despite discussions with the directors and their advisers, no DOCA has been proposed at the time of issuing this report. Any creditor that wishes to propose a DOCA is requested to provide full details in writing to us as a matter of urgency.

3.3 Disclaimer

In preparing this report, we have relied on the records and financial statements of the Companies and the advice of the directors. Whilst we have endeavoured to determine the accuracy or otherwise of the information provided, we are unable to warrant its accuracy, completeness or reliability. Furthermore, we note that our investigations are limited due to the time constraints imposed by the Voluntary Administration timetable. Accordingly, neither ourselves, nor our employees undertake responsibility arising in any way whatsoever for errors or omissions however caused, by way of this report.

Should creditors have information that may assist our investigations into the Companies affairs, please forward written details to this office as soon as possible.

4. BACKGROUND INFORMATION

4.1 Statutory Information

Annexure A sets out detail about the Companies as per the records of the ASIC on 2 October 2007.

4.2 History of the Companies and Circumstances Leading to the Administrators' Appointment

IBIL was incorporated in Australia on 1 November 2005. IBIL's subsidiaries are:

- IBILA
- IBSD
- NSA
- SEP
- SEPL
- SEPD
- SEP (NZ)
- IBS

We were appointed Administrators of IBILA, IBSD, NSA, SEP, SEPL, SEPD as well as IBIL on 2 October 2007.

Vine is the director of SEP(NZ).

IBS was incorporated in August 2000 and commenced operations in April 2004. The director and main shareholder of IBS was Forsberg.

The main business activities of IBS and the Group was the implementation of a national distribution network of building products and services. IBS had an agreement with LRI for exclusive distribution of liquid rubber products in Australia and New Zealand. IBS sold exclusive rights to distribute and sell LRI

products to Licensed Business Dealers. Liquid rubber stock, trailers and application equipment were also sold to the Licensed Business Dealers.

In November 2005, IBIL acquired the issued share capital of IBS through the issue of shares in IBIL to the existing shareholders of IBS on a pro rata basis. A total of 17,500,000 shares were issued to the 8 IBS shareholders at 20 cents per share, totalling \$3,500,000.

During the period November 2005 and January 2006 the other Companies in the group were registered for the following purposes:

- IBIL Ultimate holding company
- IBILA Administration entity
- SEPL Main trading entity; purchase stock and distribute stock
- NSA Purchasing entity for Non Skid stock
- IBSD Distribution of IBS products
- SEPD Unknown; not used
- SEP Unknown; not used
- SEP(NZ) New Zealand trading entity; purchased and distributed stock

Funds raised by IBIL through private and public offerings were to be used to finance growth and enhance the business. In its prospectus dated 6 January 2006 the purpose of the offer to raise \$1m was described by IBIL as follows:

"The Company [IBIL] is positioning itself to take advantage of potential growth for innovative products in the Australian building industry. Growth of sales will require an increase in working capital to fund inventories, distribution sales and product support. In addition, the Company believes that access to adequate working capital will enable it to investigate further product rights and opportunities to maximize the Company's well established distribution strategies, training and support systems. The Company believes that it has sufficient working capital to achieve its primary objectives if the minimum subscription is achieved."

At the time of our appointment IBIL had issued 39,080,001 shares to approximately 140 shareholders with a value of \$7,984,000.

In late 2005, early 2006, faults were identified with the liquid rubber product imported by IBS from LRI. Subsequent tests have found the product to be 'off specification'. As a consequence IBS may have an action against LRI for compensation.

In November 2006 IBS appointed Woodgate as voluntary administrator. In his report to creditors dated 28 December 2006, Woodgate advised the causes of the failure of IBS as:

- The acquisition of faulty products supplied by LRI and Lafarge

And contributing factors as:

- Lack of risk management
- Under capitalization
- Incompetency of management

- Purchase of intellectual property which is now of no commercial value.

At a meeting of creditors of IBS on 11 January 2007 a DOCA was entered into, the main terms of which are as follows:

1. 5,000,000 issued (or to be issued) shares in IBIL to form part of the DOCA fund.
2. Those shares shall be procured from Forsberg, to the extent of 1,000,000 shares, Behnfeld to the extent of a further 1,000,000 shares and IBIL for a further 3,000,000 shares.
3. IBIL shall advance to the Deed Administrator, in stages, to form part of the Deed Fund the amount of up to \$181,000 for Administration and Deed Administration costs and also to pursue the claim for damages caused by alleged acts and/or omissions of LRI referred to above.
4. The proceeds of any such successful litigation, to the extent that IBS was entitled to them, would form part of the DOCA fund.
5. From the Deed Fund, the following shall be paid in the following order of priority:
 - The costs, charges and expenses, including remuneration, of the Voluntary Administrator.
 - Return to IBIL of the advances made as referred to in paragraph (3) above; and,
 - The balance is to be paid to creditors pursuant to the order of priorities and in terms of the provisions of the Act.
6. The shares of IBIL referred to in paragraph (1) above were to be distributed on a pro-rata basis to ordinary unsecured creditors. The shares were to be held in escrow for 12 months and thereafter 10% of the distributed shares were to be released from escrow and available for creditors to sell. All shares were to be released from escrow 24 months from the date of distribution.
7. Apart from the return to IBIL of advances from IBIL pursuant to paragraph (3) no related entities shall participate in a dividend.

At the time of our appointment IBS was subject to the above DOCA. Shares had been issued to Woodgate in accordance with the DOCA however only approximately \$40,000 was paid by Smith on behalf of IBIL in relation to IBIL DOCA contributions.

In the event IBIL is placed into Liquidation at the second meeting of creditors, it is likely the shares of IBIL will become worthless.

Following the problems experienced by IBS with LRI products, the Group sought a replacement product supplied by Shell. The Group continued to market and sell distributorships, this time using the Shell product, through IBSD.

From January 2007 IBIL sought to raise further capital through Ascent.

In late January/early February 2007 Callaghan was approached by the board of IBIL to conduct a review of its business. After reviewing the affairs of the Companies, Callaghan provided the Board with a report on his findings and on 22 March 2007 Callaghan was appointed director of IBIL.

In March 2007 the Group received a heavily qualified audit report in relation to the financial statements for the 6 months ended 31 December 2007.

With the support of Ascent for ongoing funding required as a result of the qualified audit report, Callaghan formulated a plan for the Companies to continue in existence.

In August 2007, Shell, the Group's major supplier advised the Group it was going to terminate its contract with the Companies. This event severely impacted on the Companies ongoing viability.

On 3 September 2007 Callaghan was appointed director of NSA, SEPD, IBSD, SEP, IBILA, SEPL in place of Vine and Smith was appointed director of IBIL in place of Vine.

By late September 2007 Ascent had essentially withdrawn funding and the Group ceased trading. As a consequence, Callaghan sought professional advice and shortly thereafter appointed ourselves Administrators of the Companies.

4.3 Reasons for Failure of the Companies

From our review of the affairs of the Companies, the reasons for failure of the Companies are as follows:

- Mismanagement of Companies' financial affairs
- Lack of ongoing funding
- Loss of customer confidence in main product and withdrawal of support by major suppliers
- Fallout from the IBS administration
- Possible misappropriation of funds, breach of directors' duties and lack of corporate governance

5. FINANCIAL INFORMATION

5.1 Historical Financial Statements

The following financial statements have been provided:

- IBIL and its Controlled Entities Interim Financial Report to 31 December 2006
- IBIL and its Controlled Entities Interim Financial Report to 30 April 2007
- IBIL and its Controlled Entities Draft Annual Financial Report for the Year Ended 30 June 2007
- Internally produced balance sheet and profit and loss statements for the Companies to 2 October 2007

On 9 October 2007, we met with the Group's auditor, Ms Rose Megale of Duncan Dovico Chartered Accountants. At that meeting and in subsequent correspondence to our office, Ms Megale advised the following:

- DD was engaged to perform an audit of the financial reports for the year ended 30 June 2006. Benson was responsible for the maintenance of the records for the year ended 30 June 2006. At some time between 31 October 2006 and 31 December 2006, maintenance of the books and records of the Group was transferred from Benson to the Group's internal accountant/Chief Financial Officer.
- DD was engaged to perform an audit of the Group's financial report for the half year ended 31 December 2006, and a subsequent review as at 30 April 2007 and the audit of the financial statements of the Group for the year ended 30 June 2007 (which is yet to be completed).

The December 2006 audit was highly qualified. Large discrepancies were found in some financial statement balances and no audit trail was evident. A loss of \$6,390,934 was recorded for the six month period due mainly to the following:

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

As a result of the audit qualification the following occurred:

- shares in IBIL were suspended on NSX;
- a further set of financial accounts were required to be prepared (being to 30 April 2007); and
- ASIC through its National Insolvent Trading Program commenced a review of the Group.

Following is a brief summary of the consolidated audited financial accounts for the Group for the periods described above:

	12 months to 30 June 2006 \$	6 months to 31 Dec 2006 \$	10 months to 30 April 2007 \$
Operating profit / (Loss)	22,941	(6,402,712)	(5,991,051)
Current Assets	1,001,813	269,623	1,677,877
Current Liabilities	1,023,019	1,087,974	531,836
Working Capital	(21,206)	(818,351)	1,146,041
Non Current Assets	4,885,004	48,859	73,283
Non Current Liabilities	40,674	Nil	39,549
Net Assets	4,823,124	769,492	1,179,775

The internally produced financial accounts as at 2 October 2007 for the Companies record the following:

	\$
Operating Profit / (Loss)	<u>(6,973,022)</u>
Current Assets	1,375,308
Current Liabilities	<u>2,331,536</u>
Working Capital	(956,228)
Non Current Assets	2,320,496
Non Current Liabilities	<u>353,814</u>
Net Assets	<u>1,010,454</u>

We have received records of the Companies from the following:

- Callaghan / the Companies
- DD
- QMB Lawyers
- Woodgate
- Anonymous creditor/shareholder

Records were requested from Benson who advised all records of the Companies in his possession had been supplied to the Companies twelve months prior.

5.2 Report as to Affairs

Pursuant to section 438B(2) of the Act, the directors are to submit a statement about the Company's business, property, affairs and financial circumstances.

Callaghan submitted a RATA on 2 November 2007 for the Companies. We are yet to receive a completed and signed RATA from Smith or Hoare.

Annexure B is a summary of the RATA, together with our comments on the assets and liabilities disclosed therein. Our comments are based on the RATA as well as information obtained from our review of the records of the Companies and our investigations into the Companies' affairs.

6. CONDUCT OF THE ADMINISTRATION

6.1 Actions Taken by the Administrators

Following is a summary of the actions undertaken by ourselves and our staff since our appointment:

6.1.1 Statutory Matters

- Notification of appointment as Administrators to the Companies to ASIC
- Preparation of advertisement for first meeting of creditors
- Lodgment of minutes of first meeting of creditors
- Preparation of application to Court for extension of convening period

6.1.2 *Review of Financial Position of Companies*

- Meet with Companies' internal bookkeeper regarding receipt and review of financial information
- Meet with Companies' former auditor regarding receipt and review of financial information
- Meet with Companies' director regarding preparation of RATA and information relating to the history of the Companies.
- Preparation of correspondence to directors, former directors and other persons of interest regarding delivery of records

6.1.3 *Meetings and Report to Creditors*

- Preparation of first report to creditors
- Preparation and attendance at first meeting of creditors
- Preparation of minutes of first meeting of creditors
- Preparation of second letter to creditors advising of extension of convening period
- Preparation of this report

6.1.4 *Meetings with Directors*

- Attend meetings with directors immediately subsequent to appointment to discuss affairs of the Companies
- Attend meetings with directors and their advisors regarding possible DOCA
- Attend meetings with directors regarding taking possession of books and records
- Liaising with director and former staff of the Companies in relation to realisation of the Companies assets.

6.1.5 *Collation of Records*

- Archiving of records
- Complete detailed listing of records received

6.1.6 *Investigations*

- Review records of the Companies regarding evidence to support possible recovery actions, in particular:
 - Bank statements and cash book entries
 - Financial accounts, prospectus, share register and company registers
 - Minutes of board meetings
 - Correspondence by the Companies to related parties and shareholders
 - Audit working papers
- Assess possible recovery actions based on the information obtained in relation to merits of claims and prospects of success.
- Drafting of detailed report to ASIC in accordance with section 438D of the Act.

6.1.7 *Asset Realisations*

- Arrange valuation of assets
- Liaise with Westpac regarding closure of bank accounts
- Liaise with interested parties regarding sale of assets
- Instruct solicitors to provide advice in relation to prospects of success regarding possible recovery actions
- Deal with leased and rented assets
- Attend to collection of debtors, refunds and rental bonds
- Undertake assessment of potential recovery actions on behalf of the Companies

6.1.8 *Liaising with Creditors and Shareholders*

- Various telephone discussions and email communication with creditors, shareholders, interested parties, solicitors representing creditors, officers and former officers the Companies, ASIC, Woodgate and ATO

6.2 **Asset Realisations**

We are currently in the process of realising the following assets:

- Stock
- Sundry debtors
- Rental bond
- Office furniture and equipment
- Tax refunds

Creditors should refer to Annexure B for full details of asset realisations.

7. **INVESTIGATIONS**

7.1 **Introduction**

We are required under the Act to inform creditors as to whether there are any transactions to which provisions of Part 5.7B of the Act may apply. The Act provides that where a company is being wound up, certain transactions may be recovered by a Liquidator as unfair preferences, uncommercial transactions, unfair loans or insolvent transactions. The following transactions may be recoverable on the application of the Liquidator of a company to the Court: -

- A payment made to a creditor, in the six month period prior to the appointment of an Administrator, which is an insolvent transaction of the company (unfair preference);
- A payment made to a non-related creditor during the two years prior to the appointment of an Administrator which is an insolvent transaction and an uncommercial transaction;
- A payment made to a related creditor in the four years prior to the filing of the appointment of an Administrator which is an insolvent transaction and an uncommercial transaction;
- A payment made to a creditor in the ten years prior to the appointment of an Administrator which is fraudulent; and

- An unfair loan whenever made.

A liquidator is may also commence proceedings against directors for breach of duty

7.2 Books and Records

Section 286 of the Act states that a company is required to maintain financial records that correctly record and explain its transactions, financial position and performances and which would enable true and fair financial statements to be prepared and audited.

As the Administrators, we are required to form an opinion as to whether the officers of the Companies have complied with the provisions of Section 286 of the Act. Failure to comply with the requirements of Section 286 of the Act evokes a presumption that a company has been insolvent for the duration of the non-compliance.

With the exception of the missing records previously referred to in this report, we have formed the view that the Companies have complied with Section 286 of the Act.

7.3 Unfair Preferences

A payment to a creditor is of a preferential nature, if it is made at a time when the company is insolvent, and results in the recipient receiving a greater return than would be received if the payment was set aside, and the creditor required to lodge a claim in the Liquidation.

Should the Liquidators, if appointed, be able to establish any such preferential payments, these amounts may be able to be recouped.

However, before this can occur, it will be necessary to correspond with each individual creditor who has, in our opinion, received a preference. Where necessary, a Liquidator would then obtain a formal legal opinion in relation to the likely success and cost effectiveness of a recovery action in each case. Any legal costs incurred in relation to the recovery actions would form part of the costs of the winding up and would reduce the net benefit to creditors of recoveries from this source.

From our investigations of the Companies records, the details of which have been provided above, we have not identified any payments that, prima facie, may represent unfair preference payments that may be recoverable by a Liquidator for the benefit of unsecured creditors.

7.4 Uncommercial Transactions

For an uncommercial transaction to exist at the time of the transaction, it must have the following features:

- A reasonable person would not have entered into the transaction after taking into account the detriment and benefits to the company;
- It was made when the company was insolvent;

- It must have been entered into two years or less prior to my appointment as Administrator however, if it was a related entity it may be 4 years prior to the commencement of the Administration; and
- The person could have reasonably been aware that the company was insolvent at the time of the transaction or the person did not provide valuable consideration.

Subject to the issues identified in paragraph 7.7 below, some of which may represent uncommercial transactions, we have not identified any transactions of this nature to date in respect of the Companies.

7.5 Unfair Loans

Section 588FD of the Act defines a loan as being unfair if:

- The interest on the loan was extortionate when the loan was made, or has since become extortionate because of variation; or
- The charges in relation to the loan were extortionate when the loan was made, or has since become extortionate because of variation;

We have not identified any transactions of this nature.

7.6 Insolvent Trading

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found by the Court to have failed to comply with this duty, the Court may order the director to pay compensation to the Company equal to the amount of any loss or damage suffered by creditors of the Company.

A Liquidator, if appointed, would be required to conduct a detailed investigation into the Companies financial affairs and to obtain legal opinion before deciding whether any action against the directors would be warranted.

From our preliminary investigations, it appears that the Companies were insolvent at the time of our appointment. However the following issues are relevant in assessing the date each of the Companies became insolvent and the relevant quantum of any insolvent trading claim:

1. Whether debts due to related parties were due and payable.
2. Whether funds held by the director(s) or third parties were available to meet debts due and payable.
3. Whether the director(s) would be able to successfully rely on the statutory defences to insolvent trading should any such action be brought.

4. Whether there are insufficient funds in the liquidation to finance such actions, or alternatively whether there are other parties that may wish to fund those actions.

In addition to the above, the success of any potential recoveries will depend upon the directors' personal financial position in being able to meet any damages awarded by the Court should any legal action taken for insolvent trading be successful. Generally actions for insolvent trading are expensive and time consuming.

Further investigation is required in relation to this issue if a liquidator is appointed at the forthcoming meeting of creditors. However, in our opinion from the information currently available to us an insolvent trading claim is not particularly strong for the following reasons:

- Ascent was providing working capital on an ongoing basis to the Companies up until September 2007
- The Companies had prospects of improving trading performance up until the time Shell terminated its contract with the Companies in August 2007
- There is limited anecdotal evidence of insolvency, such as trade creditors being outside terms, legal action by creditors, dishonoured cheques or overdrawn bank accounts and significant tax and superannuation debts outstanding
- There is no evidence to suggest the inter entity loans were due and payable

7.7 Directors' Duties

The directors and officers of a company are subject to a civil duty of care and discipline as provided for in Section 180(1) of the Act. Subsection 180(c) provides that a director or other officer who makes a "business judgement" is taken to have met the requisite statutory duty and the equivalent requirements in Common Law and in Equity, in respect of the judgement if they:-

- Make the judgement in good faith for a proper purpose;
- Do not have a material personal interest in the subject matter of the judgement;
- Inform themselves about the subject matter of the judgement to the extent they would reasonably believe to be appropriate; and
- Rationally believe that the judgement is in the best interest of the company.

Our investigations have revealed a number of transactions under review, details as follows:

7.7.1 Missing Records

As previously advised in this report, the audit report for the financial accounts for the year ended 31 December 2007 were heavily qualified causing, amongst

other things, the shares in IBIL to be suspended and an review of the Group's affairs by ASIC.

The audit report prepared by DD dated 16 March 2007 advised as follows:

"During the interim period, management did not maintain complete corporate governance, including the retention of sufficient accounting records. As a result, some financial transactions that transpired during the review period, relating to the payment of goods and services, were not accompanied with an adequate trail of accounting records, or evidence of Board approval, which would have permitted the application of necessary review procedures."

In particular we are concerned about a lack of documentation regarding transactions of the Companies operated through bank accounts in the name of IBIL that were maintained by Benson.

We are also concerned about the lack of documentation about payments made to Benson from the IBIL bank account maintained by Benson and for which Benson was the sole signatory.

Subsequent to our appointment we requested Benson provide all records of the Companies in his possession to which he responded by advising all records had been delivered to the Companies some 12 months prior.

7.7.2 Issuing of Shares to Officers or Related Parties of the Companies

As previously advised in this report, at the time of my appointment, IBIL had issued 39,080,001 shares with a value of \$7,984,000.

Following is a breakdown of this amount:

	\$
IBS transaction	3,500,000
Funds received from IBIL from sale of shares as per IBIL bank records	1,838,386
Shares allocated but not paid for	565,000
Shares allocated to Woodgate under IBS DOCA	510,000
	<u>6,413,386</u>
Value of Issued Shares	<u>7,984,000</u>
Value of shares Unaccounted For	<u><u>1,570,614</u></u>

It appears from the records available that several parcels of shares were allocated to various persons including the following:

	\$
Smith	210,000
Vine	75,000
Lamb	75,000
NZ Building Solutions (Zandbergen)	180,000
Hunter	24,500
	<u><u>565,000</u></u>

We are currently in the process of determining the basis for the above and other share allocations including:

- The reasons for such allocations
- Consideration provided, if any; and
- Whether the appropriate board and shareholder approval was sought and provided

Of greater concern is the value of shares unaccounted for totalling \$1,570,614. Our investigations in this regard are continuing.

7.7.3 Lack of Proper Corporate Governance

In the audit report signed by Vine and dated 4 June 2007, the Director's report advised as follows:

"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...."

In our opinion, from the evidence available to us at this time, serious breaches of directors' general duty of care, skill and diligence have been committed. A review of the Conduct of the following persons associated with the Companies is currently underway:

- Behnfeld
- Benson
- Callaghan
- Carbines
- Forsberg
- Hunter
- Lamb
- Smith
- Vine
- Wightman
- Zandbergen

Creditors should be aware Forsberg passed away on 27 October 2007.

7.8 Conclusions

Given the sensitive nature of the investigations currently underway, we have not provided full details of all transactions currently being investigated.

However, from the information currently available to us, we are of the view that there are recovery actions that may be brought by a liquidator if appointed at the forthcoming meeting of creditors.

As previously mentioned in this report we are currently finalising our report to ASIC in accordance with section 438D of the Act which provides an Administrator is required a report to ASIC if it appears that:

- '(a) a past or present officer or employee, or a member, of the company may have been guilty of an offence in relation to the company; or*
- (b) a person who has taken part in the formation, promotion, administration, management or winding up of the company:*
- (i) may have misapplied or retained, or may have become liable or accountable for, money or property (in Australia or elsewhere) of the company; or*
 - (ii) may have been guilty of negligence, default, breach of duty or breach of trust in relation to the company;'*

7.8.1 Remedies for Creditors

As previously mentioned in this report, there are insufficient funds available from realization of the assets of the Companies to fund further investigations and/or legal actions on behalf of the Companies for the benefit of creditors/shareholders. Further before any legal action is commenced it is prudent to determine the following:

1. The merits of the claim and likelihood of success
2. Risks associated with claim and consideration of indemnity for costs
3. Costs involved in getting the matter(s) to trial
4. Time taken to finalise the matter(s)
5. Ability of defendant to pay any judgement claim(s)
6. Assessment of whether there is an ability to secure assets of the defendant(s) pending outcome of the matter such as caveats on properties.
7. The overall outcome for creditors/shareholders

Our experience is that costs of litigation are generally expensive and time consuming. In this case we may recommend conducting a public examination pursuant to section 597 of the Act as the first step of the litigation process.

In the absence of adequate funds being available to fund any proposed legal action from the realisable assets of the Companies, following are options available:

1. Funding by creditors/shareholders
2. Litigation funding
3. Application to ASIC for funding

In the event the Companies are placed into Liquidation and creditors wish for the liquidators to pursue recovery actions, we recommend a Committee of Inspection be formed to liaise with the liquidators in relation to the ongoing litigation process.

8. OPTIONS AVAILABLE TO CREDITORS

8.1 Deed of Company Arrangement

No DOCA has been proposed by the directors or any third party at the time of issuing this report. Accordingly this is not an option for creditors.

8.2 Winding Up

The Companies are insolvent and no DOCA proposal has been put forward for our consideration.

Further, we have identified a number of possible recovery actions that may be brought by a liquidator that may not be available to a DOCA Administrator or the directors of the Companies.

8.3 Administrations End

Creditors may resolve that the administration should end if:

- i. it appears the Companies are solvent; or,
- ii. if, for some other reason, control of the Companies should revert to its directors.

It is clear, from our analysis of the Companies financial position, that the Companies are insolvent. Consequently, we believe this option is not a feasible alternative and that it is not in the interests of creditors that the Administration should end.

8.4 Adjournment of Meeting

Creditors may adjourn the meetings for a period of up to 60 days pursuant to section 439B(2) of the Act.

9. OPINION OF ADMINISTRATORS

Pursuant to the provisions of Section 439A(4)(b) of the Act, we are required to provide creditors with a statement setting out our opinion about each of the following matters:

1. Whether it would be in the creditors' interests for the Companies to execute a DOCA;
2. Whether it would be in the creditors' interests for the Administrations to end; or,
3. Whether it would be in the creditors' interests for the Companies to be wound up.

We are also required to provide our reasons for each of those opinions, and report as follows:

In our opinion;

- 1) It is **NOT** in the creditors interest to resolve that the Companies enter into a DOCA as no DOCA has been proposed.
- 2) It is **NOT** in the creditors interests to resolve that the Administrations should end as the Companies are insolvent in our opinion; and

- 3) It **IS** in the creditors interests to resolve that the Companies be wound up.

10. ESTIMATED OUTCOME FOR CREDITORS

Annexure C sets out the estimated outcome for creditors from an optimistic and pessimistic perspective. Creditors will note the realisable assets will only be sufficient to pay the costs of the Administration to date. At this time we are unable to quantify the recovery actions as further investigations and funding is required to advance these actions.

Any return to unsecured creditors is dependant upon the net proceeds of these recovery actions.

11. ADMINISTRATORS' REMUNERATION

Annexure D provides details of the resolutions regarding our remuneration as Administrators and the proposed resolutions for the remuneration as Liquidator (if appointed).

Creditors are advised that there a number of methods available to insolvency practitioners in calculating their professional remuneration. These alternatives include percentages of realisations or distributions, fixed fee amounts, time costs, or some combination. The Insolvency Practitioners Association recommends that remuneration based on the time spent at the level appropriate to the work performed is the most appropriate method of calculating professional remuneration.

It is proposed that the remuneration of the Administrators and the Liquidators be calculated on an hourly basis at the hourly fees charged by PKF Chartered Accountants & Business Advisers for such work, as previously provided to creditors.

Creditors should refer to section 6.1 of this report for a summary of the activities undertaken during the Administration.

Should creditors have any questions regarding the contents of this report, please do not hesitate to contact me.

Dated this 22nd day of November 2007.



GAVIN C MORTON
Administrator

Schedule of Statutory Information as per ASIC records at 2 October 2007

	International Building Industries Limited	Non Skid Australia Pty Ltd	S.E.P. (Dist) Pty Ltd	I.B.S. (Dist) Pty Ltd	Sterling Engineered Products Pty Ltd	I.B.I.L. (Admin) Pty Ltd	S.E.P. Logistics Pty Ltd
ACN	116 936 862	117 321 767	119 424 814	117 770 822	113 809 206	118 339 825	117 767 683
ABN	42 116 936 862	85 117 321 767	61 119 424 814	66 177 770 822	N/A	54 118 339 825	73 117 767 683
Date of Incorporation	1/11/2005	28/11/2005	27/04/2006	6/01/2006	14/04/2005	14/02/2006	6/01/2006
Registered In	Queensland	Queensland	Queensland	Queensland	Queensland	Queensland	Queensland
Registered Office	Unit 6 20 Indy Court Nerang QLD 4211	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Level 1 109 Leichhardt St BRISBANE QLD 4000	Level 1 109 Leichhardt St BRISBANE QLD 4000
Principal Place of Business	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220	Unit 6 32 Junction Rd Burleigh Heads QLD 4220
Directors	Ian Hoare (Commenced 01/11/05) Martin L Callaghan (Commenced 22/03/07) Alexander N Smith (Commenced 03/09/07)	Martin L Callaghan (Commenced 03/09/07)	Martin L Callaghan (Commenced 03/09/07)	Martin L Callaghan (Commenced 03/09/07)	Martin L Callaghan (Commenced 03/09/07)	Martin L Callaghan (Commenced 03/09/07) Alexander N Smith (Commenced 03/09/07)	Martin L Callaghan (Commenced 03/09/07) Alexander N Smith (Commenced 03/09/07)
Previous Directors	Brendon R Vine (Ceased 03/09/07) Samuel F Hunter (Ceased 22/03/07)	Brendon R Vine (Ceased 03/09/07)	Brendon R Vine (Ceased 03/09/07)	Brendon R Vine (Ceased 03/09/07)	Brendon R Vine (Ceased 03/09/07) Thomas Forsberg (Ceased 04/01/06)	Brendon R Vine (Ceased 03/09/07) Peter A Benson (Ceased 07/09/06)	Brendon R Vine (Ceased 03/09/07)
Secretary	Brendon R Vine (Commenced 23/12/06)	N/A	N/A	N/A	N/A	N/A	N/A
Previous Secretary	Peter A Benson (Ceased 23/12/06)	N/A	N/A	N/A	N/A	Peter A Benson (Ceased 13/08/07)	N/A
Shareholders	Refer to attached schedule	IBIL (100%)	IBIL (100%)	IBIL (100%)	IBIL (100%)	IBIL (100%)	IBIL (100%)
Registered Charges	Nil	Nil	Nil	Nil	Nil	WBC Fixed 26/06/06	Nil
Winding Up Applications	Nil	Nil	Nil	Nil	Nil	Nil	Nil

SHARE REGISTER AS PER COMPUTERSHARE RECORDS AT 2 OCTOBER 2007

NAME	SHARES	NAME	SHARES	NAME	SHARES	NAME	SHARES	NAME	SHARES
1ST FLEET PTY LTD	420,000	MS CHERYL MARIE HEMSLEY	10,000	MYGUNYAN PTY LTD	50,000	MS JOYCE EDITH STARNES	100,000		
MRS MARIANA ANDERSON	10,000	MS CYNTHIA HOLDSTOCK	10,000	THE NBA ELLIS SUPERANNUATION	10,000	MS JOYCE EDITH STARNES	1,137,504		
ARCODORO PTY LTD	1,691,674	MR PETER HOLLEY	250,000	MR GREG NETTLE	1,000,000	STATUSCARD AUSTRALIA PTY LTD	50,000		
ASCEND ASSET MANAGEMENT LTD	1,992,437	MR PETER JAMES HOLLEY	252,675	MR NATE NISSEN	50,000	MR JEREMY SUTTON	10,000		
MS GRAHAM AUSTIN	2	DR LIONEL JOSHUA HOVEY	50,000	MR BRUCE NIVEN	100,000	MR PETER EDWARD SWAN	66,667		
B MORAN PTY LTD	60,000	MRS KATRINA HUNTER	10,000	NZ BUILDING SOLUTIONS LTD	1,666,667	SWEE YEN TEO	9,100		
MS MARJORIE GERTRUDE BEASLEY	200,000	MR SAMUEL FRANCIS HUNTER	83,333	MR JUSTIN JAMES PAYNE &	25,000	MR CAMERON TESCH	10,000		
BF&F PTY LTD	50,000	I J V WHOLESALE PTY LTD	100,000	MR GEOFFREY RICHARD POLLARD	6,600	MR PETER ALAN THELANDER	200,000		
BF&F PTY LTD	50,000	INDIGOLD PTY LIMITED	50,000	MR GEOFFREY RICHARD POLLARD	50,000	MS MARJORIE THEYER	10,000		
MR KEITH BIELAMOWICZ	10,000	MR ALAN INGLIS	10,000	MR GEOFFREY RICHARD POLLARD	555,004	MR DAMIEN TIMMINS &	10,000		
BIGSON PTY LTD	81,667	JFB SERVICES PTY LIMITED	100,000	MISS CHERYL LEE POMFRETT	13,400	MRS JANE TIMMINS	62,245		
BOORNE GREG INVESTMENTS P/L	50,000	J J HOLDINGS (NSW) PTY LTD	1,000,000	MISS SAMARA KATE POMFRETT	28,000	MR GERARD TRIVES	354,102		
'BOUT TIME (FOR SOLUTIONS)	332,714	MR DEAN JOHNSON	10,000	MR STEVEN JOHN POMFRETT	28,000	MR CLAUDIO TROPEA	10,000		
MS ELIZABETH MAY BOWER	10,000	MS DINAH JOHNSON	5,000	MR STEVEN JOHN POMFRETT	30,000	MRS CONNIE TROPEA	10,000		
MS MICHELLE PRESCOTT-BRADY &	4,000	MR INAN JOHNSON	10,000	PURPLE (K) PTY LTD	3,839,583	UNITED & PACIFIC SHIRT CO	208,333		
BROHOK PACIFIC MANAGEMENT CO	500,000	JOLLY BROTHERS INTERNATIONAL	100,000	MRS JUDITH RESTOM &	20,000	MR BRENDAN VINE	700,000		
MR STEPHEN WILLIAM BROWN	716,667	JUST EXCELLENCE INVESTMENTS	400,000	MR OWEN CHRISTOPHER RESTOM &	40,000	MR LUKE ROBERT JOHN VINE	5,000		
MS KAYE MARILYN BUTLER &	20,000	KEW SUPERANNUATION FUND PTY	100,000	MRS ANTONETTE JOHANNA ROBERTS	500,000	MRS LYNETTE MAREE WALFORD	45,250		
MR KEVIN DAVID BUXTON	20,000	MR DAVID JOHN LAMB	250,000	ROCKLE ESTATE PTY LTD	100,000	MR ANTHONY WARD	10,000		
MS JACQUILINE CARBINES	140,000	MR ANDREW ALLAN LARKIN	7,645	MR SCOTT MITCHELL ROWE	150,000	MR GEOFFREY WILLIAM WELLS &	10,000		
CHIC ON TIME PTY LTD	25,000	MS ROSSANA LA SPINA	10,000	S & L INVESTMENTS PTY LTD	21,400	WHI SECURITIES PTY LTD	150,000		
CHICHI MARKETING PTY LTD	66,666	MR PETER LIGHTFOOT	10,000	MS HANNA SAMSON	10,000	MS LORRAINE WHITE	50,000		
MR FREDERICK EDWARD CLEMENTS	80,000	MR BRIAN LIPPIATT	333,332	JENNIFER ANNE SANDONA &	8,695	MR MICHAEL WHITE	50,000		
MR GEORGE COMINO	7,600	M & D RODGERS INVESTMENTS PTY	866,668	MRS HELEN ELIZABETH SARGENT	8,690	MRS SHIRLEY WILLIAMS	10,000		
MR ANTONY CONNORS	33,200	M & D RODGERS INVESTMENTS PTY	1,027,047	MR MURRAY ALFRED JAMES SARGENT	125,000	WHI SECURITIES PTY LTD	5,000,000		
REBECCA ANN COOKE	35,000	MR KELVIN ROBERT MACBETH	50,000	MRS LORELLE SCAMBLER	35,620	MR RODNEY DAVID YOUNG &	20,000		
MR ANTHONY THOMAS COYNE	216,666	MR KEVIN MACBETH	130,000	SHAREHOLDING PTY LTD	250,000				
MR CLINTON GEOFFREY DALY	12,500	MACLEIM PTY LTD	10,000	MR DANNY SIFE	50,000				
DAVID HENDERSON INVESTMENTS	241,325	MAGESTA PTY LIMITED	250,000	SMARTCOM PTY LTD	50,000				
MR KEITH VICTOR ELLIS	10,000	MALCOLM S REYNOLDS PTY LTD	10,000	SMARTCOM PTY LTD	1,449,974				
MR NEIL ELLIS	56,250	MARTIN PLACE SECURITIES P/L	816,666	MR ALEXANDER SMITH	2,260,000				
MR NEIL ELLIS	200,000	MARTIN PLACE SECURITIES	50,000	MR ALEXANDER NOEL SMITH	250,000				
MRS WINSOME JOY ELLIS	10,000	MARTIN PLACE SECURITIES STAFF	50,000	MR MARTIN DAVID SMITH	10,000				
EMU CARDS PTY LTD	10,000	MR FRANCESCO MEDURI	10,000	INTELTOTE SYSTEMS & SOLUTIONS	400,000				
MISS LIBERTAD GARCIA ERYAS	50,000	MR FRANCESCO MEDURI	10,000	SOUNDTRACK FASTENERS PTY LTD	10,000				
MRS DIANA MARY O'HALLORAN	713,333	MR FRANCESCO MEDURI	10,000	SPEEDCORP NO 15 PTY LTD	5,000				
EVOGUE PTY LTD	10,000	MEDELLA PTY LTD	10,000	SPEEDCORP NO 15 PTY LTD	30,000				
FACILITY SOLUTIONS AUSTRALIA	166,667	MS LYNNE ELIZABETH METCALFE	10,000	STAR DREAMER HOLDINGS PTY LTD	35,000				
MISS FITRI SARI FATMIMI	66,667	MKP CORPORATION PTY LTD	333,332	MR BARTLEY MELLON STARNES	10,000				
FOA PTY LTD	10,000	MKP CORPORATION PTY LTD	50,000						
MR THOMAS FORSBERG	1,565,478	MKP CORPORATION PTY LTD	20,000						
MRS JANELLE GROTH	20,000	MR JUSTIN PETER MORAN	60,000						
MR LUKE MEREDITH-HARDY	50,000	DR PETER MORAN	20,000						
MR LUKE MEREDITH-HARDY &	50,000	MS JILL MAREE MORRIS	12,500						
				</					

ANNEXURE B

IBIL GROUP

SUMMARY OF REPORTS AS TO AFFAIRS

ASSETS	Note	Int Build		Non Skid Australia (NSA)		S.E.P. (Dist) (SEPD)		I.B.S. (Dist) (IBSD)		Sterling Eng Products (SEP)		I.B.I.L. (Admin) (IBILA)		S.E.P. Logistics (SEPL)		Total	
		Ind Ltd (IBIL) Valuation \$	Ind Ltd (IBIL) ERV \$	Valuation \$	ERV \$	Valuation \$	ERV \$	Valuation \$	ERV \$	Valuation \$	ERV \$	Valuation \$	ERV \$	Valuation \$	ERV \$	Valuation \$	ERV \$
Sundry Debtors	1																
Cash on Hand	2			467,906	0			60,000	0					10,296	10,296	538,202	10,296
Cash at Bank	3											469	0	500	0	969	0
Stock	4	73	43									-7	0	37,962	37,962	38,028	38,005
Office Furniture and Equipment	5			52,443	30,000									7,722	0	60,165	30,000
Other Assets	6	333,011	1,017	50,965	1,106			105,352	15,000	111	111	5,100	5,100	385,373	6,717	5,100	5,100
Assets Subject to Specific Charges	7											469,436	7,307			1,344,248	31,258
Asset Value												Unknown	Unknown				
Amounts Owning Under Charge												30,445	30,445				
TOTAL ASSETS		333,084	1,060	571,314	31,106	0	0	165,352	15,000	111	111	474,998	12,407	441,853	54,975	1,986,712	114,559
LIABILITIES																	
Employee Entitlements	8																
Unsecured Creditors																	
Trade Creditors	9	57,548	57,548	1,884	1,884			12,892	12,892			24,157	24,157			24,157	24,157
Inter Entity loans	10	16,041	16,041	378,755	378,755	643	643	166,878	166,878	11,223	11,223	125,573	125,573	14,790	14,790	212,687	212,687
Other Unsecured Creditors	11	349,948	349,948	29	29					9,655	9,655	2,120,350	2,120,350	329,969	329,969	3,023,859	3,023,859
TOTAL LIABILITIES		423,537	423,537	380,668	380,668	643	643	179,770	179,770	20,878	20,878	2,307,939	2,307,939	497,921	497,921	3,811,356	3,811,356
Contingent Assets	12	Unknown	Unknown									Unknown	Unknown				
SURPLUS / (DEFICIENCY)		(90,453)	(422,477)	190,646	(349,562)	(643)	(643)	(14,418)	(164,770)	(20,767)	(20,767)	(1,832,941)	(2,285,532)	(56,088)	(442,946)	(1,824,644)	(3,896,697)
																-1,824,644	-3,696,697

ANNEXURE B**ADMINISTRATORS' NOTES TO REPORTS AS TO AFFAIRS**

The following notes represent the Administrators' comments in relation to the RATA prepared and signed by Callaghan.

Note 1 – Sundry Debtors**NSA**

The valuation amount represented in the RATA of \$467,906 relates to funds owed to the company by New Zealand Business Solutions Ltd and its principal Zandbergen.

After reviewing the documentation relating to this claim, we sought our own independent legal advice in relation to the merits of the claim and the prospects of success. A substantial counter claim had been raised by Zandbergen.

Having regard to all the circumstances, our legal advice is the claim is not strong and the prospects of success negligible.

Accordingly the ERV of this claim is shown by the directors in the RATA as Nil.

IBSD

The internally produced balance sheet of IBSD as at 2 October 2007 shows an amount of \$60,000 owing by Ian Tomlins in relation to monies outstanding for purchase of a distributorship from IBSD for \$121,000 on 10 August 2006.

I am advised by Mr Callaghan that this amount is not collectable as he believes Mr Tomlins paid the funds but to an entity other than IBSD. There is no evidence of the amount being deposited into IBSD or any other of the Companies' bank accounts.

I am currently in the process of investigating this issue to establish whether funds are recoverable from either Mr Tomlins or a third party, which may have received funds to which they are not entitled.

SEPL

The amount recorded in the RATA of \$10,296 relates to monies due and payable to the company from Shell in relation to product testing.

We expect the full amount to be recovered, and are in the process of collecting these funds.

Note 2 – Cash on Hand**IBILA**

At the date of my appointment \$469 was held in a petty cash fund.

These monies were consumed in the payment of incidental expenses subsequent to my appointment.

SEPL

At the date of my appointment \$500 was held in a petty cash fund.

These monies were consumed in the payment of incidental expenses subsequent to my appointment.

Note 3 – Cash at Bank

IBIL

At the time of our appointment \$73 was held in a Westpac bank account known as the "Share Offer" account.

We have requested closure of this account with the amount of \$43 realised after the payment of bank charges.

IBILA

At the time of our appointment a bank account was held with Westpac for IBILA with a balance of \$7 debit.

SEPL

At the time of our appointment \$37,962 was held in a Westpac bank account. We have requested Westpac to close the account and forward the proceeds to us. Westpac have referred the matter to its legal department for advice before releasing the funds. I expect to receive the funds by 30 November 2007.

Note 4 – Stock

NSA

At the time of our appointment an amount of stock was located at the Companies' former premises, Unit 6, 20 Indy Court Nerang Queensland. The balance sheet of NSA recorded the stock having a book value of \$52,443.

Subsequent to my appointment, I engaged a registered valuer to arrange a formal stocktake and valuation of the stock.

Callaghan estimates the ERV of the stock to be approximately \$30,000.

We are currently negotiating sale of the stock. It is therefore not commercially prudent to disclose details of the valuation of the stock at this time.

SEPL

The balance sheet of SEPL at the time of our appointment disclosed a value of stock of \$7,722.

Mr Callaghan has advised this stock has been sold and the amount referred to above is a residual amount which should be written off.

Note 5 – Office furniture and Equipment

IBILA

The amount represented in the RATA represents unencumbered office furniture and equipment.

Subsequent to my appointment, I engaged a registered valuer to conduct a valuation of the equipment.

We are currently negotiating sale of the equipment. It is therefore not commercially prudent to disclose details of the valuation of the office furniture and equipment at this time.

Note 6 – Other Assets

IBIL

The amount recorded in the RATA represents the following:

(i) Loan – UIE

The book value of this loan is \$115,000 and relates to funds loaned by IBIL to UIE on an unsecured basis in 2006, which are due and payable.

Wightman is the director of UIE.

Prior to our appointment IBIL commenced legal action against UIE for recovery of the outstanding amount. As a consequence of that action UIE was placed into liquidation on 24 September 2007.

I have lodged a proof of debt with the liquidator of UIE. The liquidator has advised that at this stage it is unlikely a dividend will be paid to the creditors of UIE.

(ii) Incorporation and Listing Costs of Public Company

An amount of \$173,721 is listed in IBIL's balance sheet as capitalised costs of incorporation and formation of the public company.

As no DOCA has been proposed and it is likely IBIL will be wound up, I do not expect any realisation of this asset.

(iii) Loan – SEP (NZ)

The amount recorded in the RATA of \$40,000 represents funds paid to Shell New Zealand for product by IBIL on behalf of SEP (NZ).

SEP (NZ) does not have the ability to repay the debt to IBIL and accordingly this amount will not be recovered.

(iv) *Shares in Subsidiaries*

IBIL is the owner of all shares in NSA, SEPD, IBSD, SEP, IBILA and SEPL. The value of those shares at \$1 each is \$6. As these companies are insolvent there is no value in this asset.

IBIL is also the owner of shares in IBS. IBS is currently subject to a DOCA and accordingly the value of the shares are negligible.

IBIL is also the owner of shares in SEP (NZ). SEP (NZ) was formed to deal with the New Zealand transactions of the Group. SEP (NZ) does not hold substantial assets and accordingly the value of the share held by SEP (NZ) are negligible.

(v) *BAS Refund*

IBIL is entitled to a BAS refund of approximately \$1,017.

Assuming there are no other ATO debts owing by IBIL or companies in the Group which the ATO may look to set off, I expect this amount will be collected.

(vi) *Loan – Smith*

The balance sheet of IBIL records an amount owing by Smith in the sum of \$3,266 for monies due on a trailer he purchased.

I do not expect this amount to be collected as it can be set off against funds owed by IBIL to Smith of \$278,606.

NSA

The amount recorded in the RATA represents the following:

(i) *Distribution Agreement*

In December 2005, IBIL purchased the rights to distribute non skid products in Australia from Non Skid Canada Inc on behalf of NSA. The amount recorded in the RATA of NSA of \$33,763 represents the NSA asset.

As NSA has ceased to trade there is limited value in this asset, if any.

(ii) *Loan - IBIL*

The amount of \$16,041 is not collectable as IBIL is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(iii) *BAS Refund*

NSA is entitled to a BAS refund of approximately \$1,106.

Assuming there are no other ATO debts owing by NSA or companies in the Group which the ATO may set off, we expect this amount will be collected.

IBSD

The amount recorded in the RATA represents the following:

(i) *Prepayment – BCI Australia*

The amount recorded in the RATA of \$8,594 is not collectable as it has been set off against funds due by IBSD to BCI Australia in the sum of \$12,892.

(ii) *Deferred Tax Asset*

IBSD is entitled to a BAS refund of approximately \$15,000.

Assuming there are no other ATO debts owing by NSA or companies in the Group which the ATO may set off, we expect this amount will be collected.

(iii) *Loan – NSA*

The amount of \$26,451 is not collectable as NSA is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(iv) *Loan - SEPL*

The amount of \$40,968 is not collectable as SEPL is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(v) *Loan – SEP*

The amount of \$383 is not collectable as SEP is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(vi) *Suspense*

An amount of \$13,956 is listed in the RATA. We have received the general ledger account relating to this amount and after consultation with Callaghan are of the opinion that no funds are collectable.

SEP

The amount of \$111 is recorded in SEP's balance sheet as deferred tax asset.

Assuming there are no other ATO debts owing by SEP or companies in the group which the ATO may set off, we expect this amount will be collected.

IBILA

The amount recorded in the RATA represents the following:

(i) *Training and Reference Manuals*

This amount recorded in the RATA of \$8,536 is not collectable.

(ii) *Deferred Tax Assets and BAS Refund*

The amount of \$2,160 and \$4,547 are recorded in the RATA as funds owed to IBILA.

Assuming there are no other ATO debts owing by IBILA or companies in the group which the ATO may set off, we expect this amount will be collected.

(iii) *Deposit – Energex*

IBILA paid a deposit of \$600 which I expect to be recovered after payment of any outstanding Energex invoices.

(iv) *Deposit – Legal Fees*

Represents \$2,500 in legal fees paid in relation to the winding up of UIE. These funds are unlikely to be recovered from the liquidation of UIE.

(v) *Travel Float – Callaghan*

The amount of \$1,964 is not collectable.

(vi) *Loan – NSA*

The amount of \$297,246 is not collectable as NSA is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(vii) *Loan – IBSD*

The amount of \$141,982 is not collectable as IBSD is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(viii) *Loan – SEPD*

The amount of \$61 is not collectable as SEPD is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(ix) *Loan - SEP*

The amount of \$9,840 is not collectable as SEP is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

SEPL

The amount recorded in the RATA represents the following:

(i) *Rental Bond*

The amount of \$3,100 was paid by the company as a rental bond on the Junction Road premises.

I am currently in the process of collecting this deposit.

(ii) *Loan – SEP*

The amount of \$1,000 is not collectable as SEP is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(iii) *Loan – IBILA*

The amount of \$322,600 is not collectable as IBILA is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(iv) Loan – NSA

The amount of \$55,056 is not collectable as NSA is insolvent and as this time, it is unlikely there will be funds available to pay a dividend to creditors.

(v) BAS Refund

The amount of \$6,617 is recorded in SEP's balance sheet as deferred tax asset.

Assuming there are no other ATO debts owing by SEP or companies in the group which the ATO may set off, we expect this amount will be collected.

Note 7 – Assets Subject to Specific Charges

IBILA

IBILA entered into an Equipment Finance Agreement with Westpac in relation to two telephone systems and a photocopier/printer.

Subsequent to our appointment we had the assets valued and determined there was no equity in the assets having regard to the amount due on the contract as detailed in the RATA.

Accordingly we have disclaimed these assets.

Westpac will be entitled to lodge a claim against the company for any shortfall after realisation of the assets.

As the Equipment Finance Agreement is held in the name of IBILA and the bank account funds held in the name of SEPL, I do not believe Westpac would be able to apply a right of set off of the bank account proceeds against any shortfall under the Equipment Finance Agreement.

Note 8 – Employee Entitlements

IBILA

The amount represented in the RATA is in relation to outstanding superannuation owed to former employees of the company.

These claims are afforded a priority over ordinary unsecured creditors in accordance with section 556(1) of the Act.

Note 9 – Unsecured Creditors – Trade

IBIL

The amount recorded in the RATA represents 6 creditors totalling \$57,548.

NSA

The amount recorded in the RATA represents 1 creditor totalling \$1,884.

IBILA

The amount recorded in the RATA represents 17 creditors totalling \$125,573.

SEPL

The amount recorded in the RATA represents 13 creditors totalling \$14,790.

Note 10 – Unsecured Creditors – Inter Entity Loans

IBIL

Following are loans by other companies in the group to IBIL as recorded in the RATA:

NSA	\$16,041.22
-----	-------------

NSA

Following are loans by other companies in the group to NSA as recorded in the RATA:

	\$
IBILA	297,248
IBSD	26,451
SEPL	55,056
	<u>378,755</u>

SEPD

Following are loans by other companies in the group to SEPD as recorded in the RATA:

	\$
BIL	582
IBILA	<u>61</u>
	<u>643</u>

IBSD

Following are loans by other companies in the group to IBSD as recorded in the RATA:

	\$
IBIL	24,896
IBILA	<u>141,982</u>
	<u>166,878</u>

SEP

Following are loans by other companies in the group to SEP as recorded in the RATA:

	\$
IBIL	9,840
IBSD	383
SEPL	1,000
	<u>11,223</u>

IBILA

Following are loans by other companies in the group to IBILA as recorded in the RATA:

	\$
IBIL	1,797,750
SEPL	322,600
	<u>2,120,350</u>

SEPL

Following are loans by other companies in the group to SEPL as recorded in the RATA:

	\$
IBIL	329,001
IBSD	40,968
	<u>369,969</u>

Note 11 – Unsecured Creditors – Other

IBIL

(i) Loan – UIE

The amount recorded on the RATA of \$20,923 represents a write down of the funds claimed as owing by UIE to IBIL.

(ii) Loan – Smith

The amount recorded on the RATA of \$40,000 represents an unsecured loan by Smith to IBIL.

(iii) Loan – F E Clements

The amount recorded on the RATA of \$40,000 represents an unsecured loan by Clements to IBIL.

(iv) Deferred Tax Liability

The amount of \$10,423 is to be set off against deferred tax assets and BAS refunds.

NSA

(i) ATO

The amount of \$10,423 is to be set off against deferred tax assets and BAS refunds.

SEP*(i) ATO*

The amount of \$10,423 is to be set off against deferred tax assets and BAS refunds.

IBILA*(i) Loan – G Trives*

The amount recorded in the RATA of \$10,000 represents an unsecured loan to IBILA.

(ii) Loan – J Starnes

The amount recorded on the RATA of \$25,000 represents an unsecured loan to IBILA.

(iii) ATO - PAYG

The amount of \$10,423 is to be set off against deferred tax assets and BAS refunds.

SEPL*(i) Loan – SEP (NZ)*

The amount recorded in the RATA of \$153,162 represents funds paid by SEP (NZ) on behalf of SEPL for New Zealand stock.

Note 12 – Contingent AssetsIBIL*(i) Unpaid Share Capital*

The RATA records as a contingent asset the following amounts outstanding in relation to shares issued but not paid for:

	\$
Smith	210,000
Vine	75,000
Lamb	75,000
NZ Building Solutions	180,000
Hunter	24,999
	<u>564,999</u>

We are currently in the process of assessing each of these transactions to determine whether these amounts are due and payable.

IBILA*(i) ALC*

The amount recorded in the RATA of \$40,163 represents monies owing to IBILA in relation to an apparent agreement entered into between IBILA and ALC whereby each party would share the rent and outgoing costs for the Virginia premises. The amount of \$40,163 is the portion of those costs owed by ALC to IBILA.

I am currently in the process of determining the merits of this claim.

(ii) Loan - SEP (NZ)

The amount recorded in the RATA of \$104,996 represents funds loaned by IBILA to SEP (NZ) for the purchase of stock.

We are currently in the process of determining the merits of this claim.

ANNEXURE C

ESTIMATED OUTCOME STATEMENT

LIQUIDATION SCENARIO

ASSETS	Int Build Ind Ltd (IBIL) Optimistic \$	Int Build Ind Ltd (IBIL) Pessimistic \$	Non Skid Australia (NSA) Optimistic \$	Non Skid Australia (NSA) Pessimistic \$	S.E.P. (Dist) (SEPD) Optimistic \$	S.E.P. (Dist) (SEPD) Pessimistic \$	I.B.S. (Dist) (IBSD) Optimistic \$	I.B.S. (Dist) (IBSD) Pessimistic \$	Sterling Eng Products (SEP) Optimistic \$	Sterling Eng Products (SEP) Pessimistic \$	I.B.I.L. (Admin) (IBILA) Optimistic \$	I.B.I.L. (Admin) (IBILA) Pessimistic \$	S.E.P. Logistics (SEPL) Optimistic \$	S.E.P. Logistics (SEPL) Pessimistic \$	Total Optimistic \$	Total Pessimistic \$	
Sundry Debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash at Bank	43	43	Withheld	Withheld	-	-	-	-	-	-	-	-	10,296	10,296	10,296	10,296	
Stock	-	-	-	-	-	-	-	-	-	-	-	-	37,962	37,962	38,005	38,005	
Office Furniture and Equipment	1,017	-	1,106	-	15,000	-	15,000	-	111	-	Withheld	Withheld	6,717	3,100	31,258	3,100	
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<hr/>																	
LESS ESTIMATED COSTS																	
Administrators' Remuneration	21,000	21,000	15,000	15,000	4,500	4,500	3,500	3,500	3,500	3,500	7,307	-	54,975	51,358	79,559	51,401	
Administrators' Outlays	1,000	1,000	1,000	1,000	250	250	250	250	250	250	10,000	10,000	21,000	21,000	78,500	78,500	
											1,000	1,000	1,000	1,000	4,750	4,750	
<hr/>																	
TOTAL ESTIMATED COSTS	22,000	22,000	16,000	16,000	4,750	4,750	3,750	3,750	3,750	3,750	11,000	11,000	22,000	22,000	83,250	83,250	
<hr/>																	
SURPLUS FUNDS	(20,940)	(21,957)	(14,894)	(16,000)	(4,750)	(4,750)	(3,750)	(3,750)	(3,639)	(3,750)	(3,693)	(11,000)	32,975	29,358	(3,691)	(31,849)	
<hr/>																	
RECOVERY ACTIONS																	
Liquidators' Recovery Actions	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Insolvent Trading	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Uncommercial Transactions	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Unfair Loans	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Breach of Directors' Duties	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
<hr/>																	
Contingent Assets																	
Shares	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Australian Logistics Corporation	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Sep (NZ) Loan	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown

ESTIMATED COSTS

Legal Fees	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
Liquidators' Outlays	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Liquidators' Remuneration	20,000	20,000	10,000	10,000	2,000	2,000	2,000	2,000	2,000	2,000	10,000	10,000	15,000	15,000	61,000	4,000	61,000
TOTAL ESTIMATED COSTS	Unknown	Unknown	Unknown	Unknown	2,000	2,000	2,000	2,000	2,000	2,000	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
FUNDS AVAILABLE FOR CREDITORS	Unknown	Unknown	Unknown	Unknown	(6,750)	(6,750)	(5,750)	(5,750)	(5,639)	(5,750)	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown
EMPLOYEE ENTITLEMENTS																	
FUNDS AVAILABLE FOR UNSECURED CREDITORS	Unknown	Unknown	Unknown	Unknown	(6,750)	(6,750)	(5,750)	(5,750)	(5,639)	(5,750)	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown

UNSECURED CREDITORS (per RATA)

ESTIMATED DIVIDEND	423,537	380,668	643	179,770	179,770	20,878	2,283,782	497,921	3,787,199
	Unknown	Unknown	Nil	0.05	Nil	Nil	Nil	Unknown	Unknown

ESTIMATED DIVIDEND

STATEMENT REGARDING INDEPENDENCE AND REMUNERATION

**INTERNATIONAL BUILDING INDUSTRIES LTD
ACN 116 936 862
NON SKID AUSTRALIA PTY LTD
ACN 117 321 767
S.E.P. (DIST) PTY LTD
ACN 119 424 814
I.B.S. (DIST) PTY LTD
ACN 117 770 822
STERLING ENGINEERED PRODUCTS PTY LTD
ACN 113 809 206
I.B.I.L. (ADMIN) PTY LTD
ACN 118 339 825
S.E.P. LOGISTICS PTY LTD
ACN 117 767 683
(ALL ADMINISTRATORS APPOINTED)
(‘the Companies’)**

We are not disqualified from acting as Administrators of the Companies by reason of ethical pronouncements of our professional bodies, The Institute of Chartered Accountants in Australia and CPA Australia or by operation of Section 448C of the Act.

In consenting to our appointment as Administrators, we state that neither our partners, our firm or ourselves have had any prior association either professionally or otherwise with the Companies or their directors in the past two years, with the exception of attending preliminary meetings to discuss a potential Voluntary Administration of the Companies.

We have consciously considered the question of our independence prior to accepting the appointment and have formed the view that there are no issues impairing our independence and objectivity.

Prior to the initial meetings with the directors and professional advisors, no prior relationship existed with: -

- a) The directors and officers or their associated businesses;
- b) The Companies, holding or subsidiary companies within the meaning of Corporate Groups;
- c) Any dominant creditor, be it the secured lender, usually a financial institution, or dominant and critical trade supplier, in advising such parties concerning the Companies; and
- d) Any other prior professional or advisory relationship concerning the Companies, e.g. acting for employees or the dominant Union.

At the forthcoming meeting of creditors we will be seeking creditor approval for payment of our professional costs regarding the conduct of the administration.

Separate resolutions in respect of the Companies are to be considered by creditors, details as follows;

IBIL: That the remuneration of the Administrators, their partners and staff be approved for the period 2 October 2007 to 30 November 2007 to be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Administrators be authorised to make periodical payments on account of such accruing remuneration at their discretion, fixed in the amount of \$21,000 exclusive of GST and disbursements.

- NSA: That the remuneration of the Administrators, their partners and staff be approved for the period 2 October 2007 to 30 November 2007 to be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Administrators be authorised to make periodical payments on account of such accruing remuneration at their discretion, fixed in the amount of \$15,000 exclusive of GST and disbursements.
- SEPD: That the remuneration of the Administrators, their partners and staff be approved for the period 2 October 2007 to 30 November 2007 to be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Administrators be authorised to make periodical payments on account of such accruing remuneration at their discretion, fixed in the amount of \$4,500 exclusive of GST and disbursements.
- IBSD: That the remuneration of the Administrators, their partners and staff be approved for the period 2 October 2007 to 30 November 2007 to be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Administrators be authorised to make periodical payments on account of such accruing remuneration at their discretion, fixed in the amount of \$ 3,500 exclusive of GST and disbursements.
- SEP: That the remuneration of the Administrators, their partners and staff be approved for the period 2 October 2007 to 30 November 2007 to be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Administrators be authorised to make periodical payments on account of such accruing remuneration at their discretion, fixed in the amount of \$3,500 exclusive of GST and disbursements.
- IBILA: That the remuneration of the Administrators, their partners and staff be approved for the period 2 October 2007 to 30 November 2007 to be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Administrators be authorised to make periodical payments on account of such accruing remuneration at their discretion, fixed in the amount of \$10,000 exclusive of GST and disbursements.
- SEPL: That the remuneration of the Administrators, their partners and staff be approved for the period 2 October 2007 to 30 November 2007 to be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Administrators be authorised to make periodical payments on account of such accruing remuneration at their discretion, fixed in the amount of \$21,000 exclusive of GST and disbursements.

In the event that any of the Companies are wound up and no Committees of Inspection are appointed, we propose the following resolution for each company:

That the remuneration of the Liquidators, their partners and staff be approved for the period 30 November 2007 to the conclusion of the liquidation be calculated on a time basis and charged at the hourly rates of PKF Chartered Accountants & Business Advisers and that the Liquidators be authorised to make periodical payments on account of such accruing

Annexure D

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remuneration at their discretion, exclusive of GST and disbursements, as follows:

IBIL	\$20,000
NSA	\$10,000
SEPD	\$2,000
IBSD	\$2,000
SEP	\$2,000
IBILA	\$10,000
SEPL	\$15,000

Outlined below is the manner in which we are seeking to be remunerated for our professional costs:

- PKF policy is to require that all staff maintain an electronic diary which tracks work performed for a particular client, the milestone target and a note as to the specifics of the task being performed. Such diary entries are maintained on the basis of 6 minute units.
- PKF has determined its schedule of hourly charge out rates with reference to my internal cost structure and it is applied having regard to the complexity and demands of each appointment.
- As at the date of this report the PKF standard hourly charge out rates for Brisbane are as follows:

Staff Level	\$ per hour
Principal	400
Manager 1	290
Manager 2	265
Supervisor	225
Senior 1	165
Senior 2	150
Intermediate 1	125
Intermediate 2	115
Secretary / WPO	105
Computer Operator	90
Junior	75

- GST of 10% is charged in addition to the values listed above.
- Detailed time costs information is available upon request and will also be available for discussion at the meeting of creditors.
- **Attached** is an analysis of our time costs incurred to date for each of the Companies for the period 2 October 2007 to 16 November 2007.

ANNEXURE D

IBIL GROUP

TIME COST ANALYSIS FOR THE PERIOD 2 OCTOBER 2007 TO 16 NOVEMBER 2007

IBIL

Employee	Position	\$/Hour (excl GST)	Total Actual Hours	Total \$ (excl GST)	Assets	Creditors	Employees	Trade On	Investigation	Dividend	Administration
Gavin Morton	Appointee	400	26	10,320	3	6			14		3
Hakki Hassan	Manager	290	20	5,684	4	7			6		3
Renee Lobb	Intermediate	115	7	748	1	1			1		4
Ellen Malone	Secretary	105	15	1,554	0	5			2		8
TOTAL (excl GST)			67	18,306	8	19	-	-	21	-	18
Average Hourly Rate				274							67

NSA

Employee	Position	\$/Hour (excl GST)	Total Actual Hours	Total \$ (excl GST)	Assets	Creditors	Employees	Trade On	Investigation	Dividend	Administration
Gavin Morton	Appointee	400	19	7,720	1	10			6		2
Hakki Hassan	Manager	290	4	1,015	2	1					1
Renee Lobb	Intermediate	115	7	828	1	2			1		4
Ellen Malone	Secretary	105	12	1,208	1	5			2		4
TOTAL (excl GST)			42	10,771	5	18	-	-	9	-	10
Average Hourly Rate				260							42

SEPD

Employee	Position	\$/Hour (excl GST)	Total Actual Hours	Total \$ (excl GST)	Assets	Creditors	Employees	Trade On	Investigation	Dividend	Administration
Gavin Morton	Appointee	400	8	3,120	0				6		2
Hakki Hassan	Manager	290	0	29							0
Renee Lobb	Intermediate	115	4	414	0				1		2
Ellen Malone	Secretary	105	3	357							3
TOTAL (excl GST)			15	3,920	1	-	-	-	7	-	8
Average Hourly Rate				263							15

IBSD

Employee	Position	\$/Hour (excl GST)	Total Actual Hours	Total \$ (excl GST)	Assets	Creditors	Employees	Trade On	Investigation	Dividend	Administration
Gavin Morton	Appointee	400	4	1,720	0	1			2		2
Hakki Hassan	Manager	290									
Renee Lobb	Intermediate	115	3	368	0	1			1		1
Ellen Malone	Secretary	105	6	588		1			1		3
TOTAL (excl GST)			13	2,676	1	3	-	-	3	-	6
Average Hourly Rate				204							13

SEP

Employee	Position	\$/Hour (excl GST)	Total Actual Hours	Total \$ (excl GST)	Assets	Creditors	Employees	Trade On	Investigation	Dividend	Administration
Gavin Morton	Appointee	400	4	1,680	0	1			2		2
Hakki Hassan	Manager	290	0	29							0
Renee Lobb	Intermediate	115	4	449	0	1			1		2
Ellen Malone	Secretary	105	5	567		1			1		3
TOTAL (excl GST)			14	2,725	1	3	-	-	3	-	7
Average Hourly Rate				200							14

IBILA

Employee	Position	\$/Hour (excl GST)	Total Actual Hours	Total \$ (excl GST)	Assets	Creditors	Employees	Trade On	Investigation	Dividend	Administration
Gavin Morton	Appointee	400	15	6,040	0	5			8		2
Hakki Hassan	Manager	290	3	870	2	0	0		0		1
Renee Lobb	Intermediate	115	7	782	1	2			1		4
Ellen Malone	Secretary	105	10	1,092	1	3			2		5
TOTAL (excl GST)			35	8,784	4	10	0	-	11	-	11
Average Hourly Rate				249							35

SEPL

Employee	Position	\$/Hour (excl GST)	Total Actual Hours	Total \$ (excl GST)	Assets	Creditors	Employees	Trade On	Investigation	Dividend	Administration
Gavin Morton	Appointee	400	32	12,880	1	13			16		2
Hakki Hassan	Manager	290	1	377	0	0					1
Renee Lobb	Intermediate	115	6	725	1	1			1		3
Ellen Malone	Secretary	105	17	1,754		8			5		4
TOTAL (excl GST)			56	15,535	2	22	-	-	22	-	10
Average Hourly Rate				277							56