



Chartered Accountants
& Business Advisers

**INTERNATIONAL BUILDING INDUSTRIES
LIMITED
ACN 116 936 862
(SUBJECT TO DEED OF COMPANY
ARRANGEMENT)**

**NOTICE OF GENERAL MEETING AND
EXPLANATORY STATEMENT**

**For a General Meeting to be held on Wednesday 19 March
2008 at 11:00am (AEST) in Pinaroo Room 1 at The Grace
Hotel, 77 York Street, Sydney, New South Wales**

**THIS IS AN IMPORTANT DOCUMENT ABOUT YOUR SHAREHOLDING IN
INTERNATIONAL BUILDING INDUSTRIES LIMITED. IF YOU CANNOT ATTEND
THE MEETING IN PERSON, YOU SHOULD COMPLETE AND RETURN THE
ENCLOSED PROXY FORM**

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

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GLOSSARY OF TERMS

Administrators	Gavin Charles Morton and John Maxwell Morgan
ASIC	Australian Securities and Investments Commission
Constitution	The Company's Constitution dated 31 October 2005
Deed Administrators	Gavin Charles Morton and Gerald Thomas Collins
Directors	Martin L Callaghan, Dr Ian Hoare and Alexander Noel Smith as directors of the Company
DOCA	Deed of Company Arrangement dated 18 February 2008 between the Company, the Subsidiaries and the Deed Administrators
Entrepid	Entrepid Pty Ltd ACN 113 095 471
General Meeting	General meeting of the Company's members convened for 19 March 2008-02-21
NSX	National Stock Exchange of Australia
Ordinary Resolution	The meaning provided in section 9 of the Act
Proposal	Consolidation and planning proposal of Entrepid attached as Annexure A
Shareholder	Holders of Shares in the Company
Shares	Fully paid ordinary shares in the Company
Special Resolution	The meaning provided in section 9 of the Act
Subsidiaries	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 Subject to Deed of Company Arrangement)
the Act	Corporations Act 2001 (Cth).
the Companies	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 Subject to Deed of Company Arrangement)
the Company	International Building Industries Limited ACN 116 936 862 (Subject to Deed of Company Arrangement)

LETTER TO SHAREHOLDERS

Dear Shareholder,

On 1 October 2007, the Shares of the Company were suspended from trading on the NSX.

The Shares were suspended as a result of the Company having failed to lodge its accounts with ASIC for the financial year ended 30 June 2007.

On 2 October 2007, myself and John Maxwell Morgan were appointed administrators of the Company and its Subsidiaries. The Company and its subsidiaries ceased trading at that time.

At a meeting of the creditors of the Company and its Subsidiaries on 29 January 2008, creditors resolved that the Companies execute a DOCA.

In broad terms the DOCA provides for \$350,000 to be offered to the creditors of the Company by Entrepid in consideration for recapitalisation of the Company on a 5 for 1 basis subject to the approval of the Shareholders of the Company at a General Meeting.

Neither Entrepid nor its directors or associates have any past connection with the Company or its Subsidiaries.

The DOCA was executed by Entrepid on 18 February 2008.

As a consequence a general meeting of the Company's shareholders has been convened for Wednesday 19 March 2008. Full details are provided in the Notice of Meeting **attached** to this letter.

In order for the recapitalisation of the Company to take effect, the following Ordinary Resolutions are required to be passed at the General Meeting:

- | | |
|-------------------|--|
| Resolution One: | Consolidation of Shares in the Company |
| Resolution Two: | Issue of Shares to Investors Under Capital Raising |
| Resolution Three: | Issue of Securities to Entrepid |
| Resolution Four: | Appointment of Anne Shilkin as a director of the Company |
| Resolution Five: | Appointment of Peter Neil as a director of the Company |
| Resolution Six: | Appointment of Noah Shilkin as a director of the Company |
| Resolution Seven: | Appointment of Steve Shilkin as a director of the Company |
| Resolution Eight: | Appointment of Ashley Shilkin as a director of the Company |

Resolution Nine: Change in Nature and Scale of Activities

The following Special Resolution is required to be passed at the General Meeting:

Resolution Ten: Amendment to the Company's Constitution

Resolutions 1-10 are interdependent of one another. If any of them is not passed, then none become effective. Further, if any of the resolutions is not passed the DOCA will be ineffective and as a consequence the Company and its Subsidiaries will be placed into liquidation. It is likely in this scenario that creditors will receive no return and the value of the Company's shares will be NIL.

If the resolutions are approved at the general meeting, shareholders will receive one share for every 5 shares held in proportion to their existing shareholdings (i.e. will hold 20% of the value of the fully paid shares of the Company). Entrepid will be issued with shares equivalent to the value of 80% of the fully paid shares of the Company (after the consolidation).

The Deed Administrators may have an interest in the proposals in that their preference would be to see this transaction proceed as this may provide a greater and more timely return to creditors than under a liquidation scenario.

Dated this 20th day of February 2008.



GAVIN C MORTON
Deed Administrator

NOTICE OF GENERAL MEETING

INTERNATIONAL BUILDING INDUSTRIES LIMITED ACN 116 936 862 (SUBJECT TO DEED OF COMPANY ARRANGEMENT)

Notice is given that a general meeting of International Building Industries Limited ('the Company') will be held at The Grace Hotel, 77 York Street, Sydney, New South Wales on Wednesday 19 March 2008 at 11:00am (AEST).

Terms defined in this Notice of Meeting have the meaning given to those terms in the Glossary which is part of this Explanatory Memorandum.

AGENDA

SPECIAL BUSINESS

Shareholders should note that resolutions 1 to 10 (inclusive) are interdependent with each other and if any one is not passed, then none becomes effective. This means that all of the resolutions must be passed for the Company to proceed with the DOCA. Accordingly these resolutions should be considered collectively as well as individually.

Resolution One – Consolidation of Shares in the Company

To consider and if thought fit, pass the following ordinary resolution:

"That for the purpose of section 254H of the Act, every 5 Shares be consolidated to 1 Share in the Company to take effect from the date of this resolution (and subject to all other resolutions herein being passed) with fractions to be rounded to the nearest whole number."

Short Explanation: Section 254H of the Act provides that a company may convert all or any shares into a larger or smaller number of shares by resolution passed at a general meeting.

Resolution Two - Issue of Shares to Investors Under the Capital Raising

To consider and if thought fit, pass the following ordinary resolution:

"That for the purpose of item 7 of section 611 of the Act, the issue of ordinary shares in the Company (as part of the proposed capital raising) which would cause the voting power of an investor and its associates to increase to more than 20% or to move from a starting point that is above 20% but below 90%, including in respect of ordinary shares on conversion be approved."

Short Explanation: As part of the proposed recapitalisation of the Company, shares will be issued to Entrepid. For this reason, approval is sought to allow Entrepid to acquire a relevant interest in more than 20% of the Company.

Resolution Three – Issue of Securities to Entrepid

To consider and if thought fit, pass the following ordinary resolution:

"Subsequent to the consolidation in resolution one above, approval of the issuing of 31,263,996 ordinary shares to Entrepid or its nominee in consideration for the DOCA payment."

Short Explanation: Approval is sought for Entrepid to be issued with shares that would give it an interest in the Company of greater than 20% after the consolidation in resolution one takes effect.

Resolution Four – Appointment of Anne Shilkin as director of the Company

To consider and if thought fit, pass the following ordinary resolution:

"Approval of the appointment of Anne Shilkin as a new director of the Company".

Short Explanation: According to the Company's constitution, the Company may, by ordinary resolution in general meeting, make appointment of directors.

Resolution Six – Appointment of Peter Neil as a director of the Company

To consider and if thought fit, pass the following ordinary resolution:

"Approval of the appointment of Peter Neil as a new director of the Company."

Short Explanation: According to the Company's constitution, the Company may, by ordinary resolution in general meeting, make appointment of directors.

Resolution Seven – Appointment of Steve Shilkin as a director of the Company

To consider and if thought fit, pass the following ordinary resolution:

"Approval of the appointment of Steve Shilkin as a new director of the Company."

Short Explanation: According to the Company's constitution, the Company may, by ordinary resolution in general meeting, make appointment of directors.

Resolution Eight – Appointment of Ashley Shilkin as a director of the Company

To consider and if thought fit, pass the following ordinary resolution:

"Approval of the appointment of Ashley Shilkin as a new director of the Company."

Short Explanation: According to the Company's constitution, the Company may, by ordinary resolution in general meeting, make appointment of directors.

Resolution Nine – Change in Nature and Scale of Activities

To consider and if thought fit, pass the following ordinary resolution:

"That for the purpose of NSX Listing Rule 6.16(4), a change in the nature or scale of activities of the Company (by virtue of the recapitalisation of the Company by Entrepid) be approved."

Short Explanation: NSX Listing Rule 6.16(4) provides that if a company makes changes to the nature and scale of its activities, it must provide details to the NSX

following the approval of the changes. Resolution 7 seeks Shareholder approval for this purpose prior to notifying the NSX of the changes.

Resolution Ten – Amendment of Constitution

To consider and if thought fit, pass the following special resolution:

“Approval of the Company’s Constitution required to give effect to any of the above resolutions.”

Short Explanation: Section 136(2) of the Act provides the Company may modify or repeal its constitution, or a provision of its constitution, by special resolution.

NOTES

A Shareholder who is entitled to attend and vote at the meeting is entitled to appoint a proxy. The proxy need not be a Shareholder. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

If you wish to appoint a proxy and are entitled to do so, then complete and return the attached proxy form in accordance with the instructions on that form by no later than Monday 17 March 2008 at 5:00pm. Any proxy received after that time will not be valid.

A corporation may elect to appoint a representative in accordance with section 250D of the Act in which case the Company will require written proof of the representative’s appointment, including a resolution of its directors or governing body, which must be lodged with or presented to the Company before the meeting.

If you have any queries, please contact Ms Renee Lobb on 07 3226 3555.

VOTING EXCLUSION STATEMENT

Resolution	Persons excluded from voting
Resolution 2 – approval to issue shares under item 7 of section 611 of the Act	<p>The Company will disregard any votes cast on a resolution by:</p> <ul style="list-style-type: none"> • Entrepid; or • a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the resolution is passed, <p>or an associate of those persons.</p>
	<p>However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>

<p>Resolution 9 – approval of a change in the nature or scale of the Company's activities under Listing Rule 6.16(4)</p>	<p>The Company will disregard any votes cast on a resolution by a person who might obtain a benefit, except a benefit solely in the capacity of a holder of Shares, if the resolution is passed, or an associate of that person.</p> <p>However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.</p>
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Dated this 20th day of February 2008.



GAVIN C MORTON
Deed Administrator

PROXY FORM

International Building Industries Limited
(Subject to Deed of Company Arrangement) ACN
116 936 862 ('the Company')

All correspondence to:
PKF Chartered Accountants
GPO Box 1078
BRISBANE QLD 4000
Telephone 07 3226 3555
Facsimile 07 3226 3500
www.pkf.com.au

Proxy form**Section 1: Name and address of member**

Name _____

Address _____

Section 2: Appointment of proxy

I, being a member of the Company and entitled to attend and vote appoint

☐ the Chairman of the meeting
(mark with an 'X')

OR

Write here the full name of the person or body corporate you are appointing if this person other than the Chairman of the meeting.

or failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the meeting, as my proxy to attend, to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit), and to act generally on my behalf, at the general meeting of the Company to be held at:

Location	77 York Street, Sydney, New South Wales
Date	Wednesday 19 March 2008
Time	11.00am (AEST)

at any adjournment of that meeting.

Section 3: Voting instructions

Voting directions to proxy – please mark <input checked="" type="checkbox"/> to indicate your directions.		For	Against	Abstain*
1.	Consolidation of Shares in the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	Issue of shares to Investors Under Capital Raising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	Issue of Securities to Entrepid	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	Appointment of Anne Shilkin as a new director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5.	Appointment of Peter Neil as a new director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	Appointment of Noah Shilkin as a new director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	Appointment of Steve Shilkin as a new director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8.	Appointment of Ashley Shilkin as a new director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9.	Change in nature on scale of activities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10.	Amendment of Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If you do not wish to direct your proxy to vote, please place a mark in this box.

By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution, and that votes cast by him, other than as proxy holder, would be disregarded because of that interest. The Chairman intends to vote all undirected proxies in favour of the resolutions.

Section 4: Signing by member

This section **must** be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Member 1 <div style="border: 1px solid black; height: 25px; width: 250px; margin: 5px 0;"></div> Sole Director and Sole Company	Member 2 (if joint holding) <div style="border: 1px solid black; height: 25px; width: 230px; margin: 5px 0;"></div> Director/Company Secretary (delete one)	Member 3 (if joint holding) <div style="border: 1px solid black; height: 25px; width: 220px; margin: 5px 0;"></div> Director
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Please provide the information below in case we need to contact you.

_____ Contact name	_____ Contact day time telephone	_____ / ____ / ____ Date
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EXPLANATORY MEMORANDUM

1. IMPORTANT NOTICE

This Explanatory Memorandum has been prepared to assist Shareholders with their consideration of the resolutions necessary to implement the Proposal. The Deed Administrators have given their consent to convene the meeting and to despatch this Explanatory Memorandum and the accompanying Notice of Meeting, but have taken no part in the preparation of those documents and express no opinion about the Proposal or the Company or its Subsidiaries, other than that set out in their report to the Company's creditors dated 22 November 2007 and 21 January 2008. In particular, the Deed Administrators have not undertaken any due diligence in relation to the Proposal. They have relied on discussions with the Director of Entrepid.

Shareholders should read this Explanatory Memorandum in full and if they have any questions, obtain professional advice before making any decisions in relation to the resolutions to be put to Shareholders at the General Meeting.

The Proposal includes information and statements that are both historical and forward-looking. To the extent that any statements relate to future matters, Shareholders should consider that they are subject to risks and uncertainties. Those risks and uncertainties include matters such as general economic conditions. Actual events or results may differ materially. None of the Company, its Directors, the Deed Administrators or their advisors can assure Shareholders that forecasts or implied results will be achieved.

2. GENERAL INFORMATION

This Explanatory Statement has been prepared for Shareholders of the Company in connection with the General Meeting of the Company to be held on 19 March 2008.

In considering the resolutions, Shareholders must bear in mind the current financial position of the Company. Shareholders should note that two reports to creditors have been issued by the Deed Administrators dated 22 November 2007 and 21 January 2008 about the Company and the Subsidiaries, covering the following topics:

- History of the Companies and circumstances leading to the Administrators' appointment
- Reasons for the failure of the Companies
- Financial information of the Companies
- Investigations into the affairs of the Companies
- Details of the DOCA proposal
- Estimated outcome for creditors under DOCA and liquidation scenarios
- Administrators' recommendation as to the future of the Companies

A copy of these reports can be obtained by contacting Ms Renee Lobb of this office on 07 3226 3555.

Shareholders should note, these reports were prepared for the benefit of the Companies' creditors which may not be aligned with the interests of Shareholders. As such Shareholders should not rely on these reports.

If the resolutions are passed and recapitalisation of the Company is effected, the Company will undertake the operations described by Entrepid in its Proposal.

If the resolutions are not passed, the DOCA will terminate and the Company and its Subsidiaries will be liquidated. Under this scenario it is unlikely there will be any return to creditors and the Company's shares will be worthless.

A summary of the terms of the DOCA is detailed in the Administrators' report to creditors dated 21 January 2008. A fully executed copy of the DOCA can be obtained by contacting Renee Lobb of this office on 07 3226 3555.

3. THE RESOLUTIONS

3.1 Consolidation of Shares in the Company

The Company is seeking Shareholder approval to consolidate the issued capital of the Company on a 5 for 1 basis in accordance with the DOCA.

Section 254H of the Act provides that a company may, by resolution passed in general meeting, convert all or any of its shares into a larger or smaller number of shares.

If Resolution 1 is passed, the number of shares on issue will be reduced from approximately 39,079,995 to 7,815,999. The terms and conditions of the Shares will not be effected.

Where the number of Shares is not evenly divisible by 5, any fractional entitlement will be rounded to the nearest whole share.

Shareholders should note that although after consolidation, the number of shares held will be reduced on a 5 to 1 basis, the proportion of shares held will remain unchanged.

In relation to taxation issues arising from the consolidation, Shareholders are advised to seek their own tax advice on the effect of consolidation.

3.2 Issue of Shares to Investors Under Capital Raising

3.2.1 Chapter 6 of the Act

Chapter 6 of the Act regulates takeovers. Section 606 of the Act prohibits a transaction as a result of which a person's voting power increases from 20% or below to more than 20% subject to certain exceptions. Section 611 of the Act lists one of the exceptions being an acquisition approved by resolution passed at a general meeting of the company in which the acquisition is made (item 7).

The following information is provided for the purposes of item 7 of section 611 of the Act:

- (a) Identity of the person proposing to make the acquisition: Entrepid
- (b) Associates of the person proposing to make the acquisition: Nil
- (c) The maximum extent of the increase in that person's voting power in the company that would result from the acquisition: The issue of approximately 31,263,996 Shares in the Company to Entrepid will increase Entrepid's voting power from zero to 80%.

- (d) The voting power that the person making the acquisition would have as a result of the acquisition: 80%
- (e) The maximum extent of the increase in voting power that the associates of the person making the acquisition would have as a result of the acquisition: Nil
- (f) The voting power of the associates of the person making the acquisition as a result of the acquisition: Nil

3.2.2 ASIC Regulatory Guide 74

Resolution 2 requires shareholder approval in accordance with RG 74.8 and RG 74.9 of the ASIC Regulatory Guide 74.

The following information is required by RG 74.8 in respect of the entity proposing to acquire shares in the Company:

- (a) The identity of the allottee or purchaser who will have a relevant interest in the shares to be allotted or issued: Entrepid
- (b) Full particulars (including number and the percentage) of the shares in the company to which the allottee or the purchasers are or will be entitled immediately before and after the proposed acquisition: The number of Shares allotted will be approximately 31,263,996 giving 80% of the Company.
- (c) The identity, association and the qualification of any person who is intended to become a director if shareholders agree to the allotment or purchase: Refer to the Proposal (Annexure A).
- (d) Statement of the allottees or purchasers intentions regarding the future of the company if shareholders agree to the allotment or purchase: Refer to the Proposal (Annexure A).
- (e) Particulars of the proposed allotment or purchase and any other contract or proposed contract between the allottee or purchaser and the company or vendor or any of their associates which is conditional upon or directly or indirectly dependent on shareholders' agreement to the allotment or purchase: Refer to the Proposal (Annexure A).
- (f) When the allotment is to be made or the purchase to be completed: The allotment of shares is to be completed immediately after the General Meeting subject to the timing requirements of NSX.
- (g) An explanation of the reasons for any proposed allotment: Refer to the Proposal (Annexure A).
- (h) The interests of the directors in the resolution: The Directors may have an interest in Resolution 2 in that they or their associates are shareholders of the Company.

The following information is required by RG 74.9 in respect of the entity proposing to acquire shares in the Company:

- (a) The identity of the directors who approved or voted against the proposal to put the resolution to shareholders and the relevant information memorandum: As the Company is subject to DOCA no Director vote was taken in relation to the resolution to Shareholders.
- (b) The recommendations or otherwise of each director as to whether non associated shareholders should agree to the acquisition and the reasons for that recommendation or otherwise: The Company is under DOCA and accordingly the Directors have not provided a recommendation. The Deed Administrators have provided a recommendation to creditors of the Company and the Subsidiaries, the details of which have been set out in their report to creditors dated 21 January 2008.
- (c) Any intention of the acquirer to change significantly the financial or dividend policies of the company: Refer to the Proposal (Annexure A).
- (d) An analysis of whether the proposal is fair and reasonable, when considered in the contexts of the interests of shareholders, other than those involved in the proposed allotment or purchase or associated with such persons: The Deed Administrators have no opinion as to whether the proposal is fair and reasonable, or in the interests of Shareholders. However, any proposal that results in Shares of the Company being of value is commercially superior than the alternative of the Company being liquidated, the effect being the Shares having a nil value.

3.2.3 *Recommendations and Interests of the Directors*

As the Company is subject to DOCA, the Directors make no recommendation in relation to Resolution 2.

The Directors may have an interest in Resolution 2 in that they or their associates are shareholders of the Company.

3.3 Issue of Securities to Entrepid

The shares under Resolution 3 are being issued to Entrepid in accordance with the DOCA.

Post consolidation, the issue of approximately 31,263,996 Shares in the Company will be made to Entrepid in consideration for \$350,000.

3.4 and 3.8 Appointment of New Directors

The Constitution of the Company states that the Directors may appoint any natural person to be a director of the Company either as an addition to the existing directors or to fill a casual vacancy.

Resolutions 4 to 8 inclusive seeks approval by Shareholders of Anne Shilkin, Peter Neil, Noah Shilkin, Steve Shilkin and Ashley Shilkin as directors of the Company. These appointments will become effective on satisfaction of the terms of the DOCA (which essentially is payment of the Deed Fund of \$350,000). A summary of the backgrounds of these persons is provide in the Proposal.

3.9 Change in Nature and Scale of Activities

NSX Listing Rule 6.16(4) provides that if a company proposes to make changes to the nature and scale of its activities, it must provide details to the NSX, following the approval of the changes. Resolution 7 seeks Shareholder approval for this purpose prior to notifying the NSX of the changes.

The Company ceased to trade on 2 October 2007, being the date of the appointment of the Administrators. The Company has not traded since that time.

Details of the proposed changes to the nature and scale of activities is set out in the Proposal.

3.10 Amendment of the Company's Constitution

Section 136(2) of the Act provides a company may modify or repeal its constitution, or a provision of the constitution, by Special Resolution.

4. FURTHER INFORMATION

Should Shareholders require any further information in relation to this Explanatory Memorandum, please do not hesitate to contact Ms Renee Lobb of this office on 07 3226 3555.

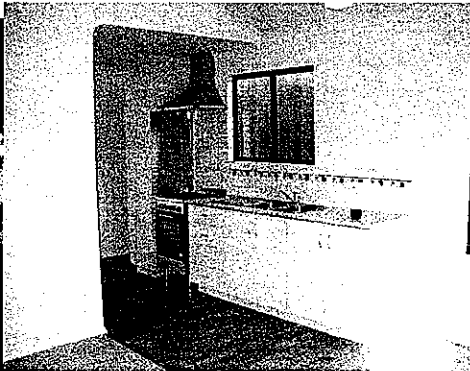
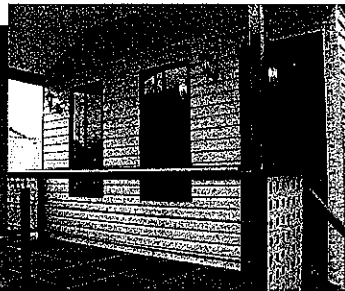
ANNEXURE A – CONSOLIDATION AND PLANNING PROPOSAL OF ENTREPID

ENTREPID PTY LTD

"service by deed not word"



Consolidation and Planning proposal



Entrepid Pty Ltd
3 Lot 500 Cutler Rd Jandakot WA

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BACKGROUND

“Entrepid” means:-

*To foster the spirit of venturing beyond the normal;
of being fearless and taking calculated risks,
whilst making smart business decisions to keep ahead of the competition.*

The Entrepid Group is a multi faceted enterprise with the core business’s being that of;

- Property Development encompassing Project Development and Construction management
- Sale of Transportable buildings and Park Homes.
- Import of building components – exclusive distribution
- Transport services

The core principle in the rapid growth has been; Cash flow enterprises underpinning the property development initiatives

Two companies owned by Mr and Mrs Steve and Anne Shilkin hold this group of businesses. Mr and Mrs Shilkin have identified the need for the business to “move to the next level” in order to take advantage of the opportunities available. The first step of establishing a Head Office and depot close to the Perth CBD is well under way. (see Activity one below) The business is also supported in an advisory form by Mr and Mrs Shilkin’s older children. Bree Ludlow who is a senior associate in the Corporate department of a Multi National law firm and Ashley Shilkin who is the Chief Financial Officer of a publicly listed company with a market cap over \$100million.

The business has grown ‘organically’ by producing its own capital to expand. At this point the group has no external debt except for vehicle leases and normal operational creditors. The balance sheet includes several Freehold properties.

The group is well placed to benefit from the current economic boom being experienced in Western Australia. The group’s primary business activities are currently located in the mining town of Newman where the growth of the town and infrastructure to service the surrounding mining activities will continue to experience enormous growth for the foreseeable future. The group is currently developing 24 residential home sites, and a 40/60-unit motel. The group also services a wide cross section of the communities needs with the provision of transport services to and from Newman.

It is envisaged that with the injection of some extra funding from the on sale of the Motel site and subsequent project management/construction contracts, that the

company will immediately take advantage of its current position in the short to medium term by:

Consolidating and expanding the current operations.

1. This will include the company becoming a registered building company.
*Negotiations are in the final stages of procuring a well established and reputable building company.
2. The consolidation of the recently acquired import of building components from China.
3. Increase profitability by direct purchasing products from over seas for use and sale in both retail and construction activities.
4. The manufacture and sales of Transportable and or Park Homes being placed on land owned by the group and sold as 'Home and Land Packages' (see
5. Further larger scale development opportunities using the proven investor model.

The directors have identified and confirmed that there is a significant demand for all of Entrepid's products and services;

- A contract of sale for the Motel site has been accepted and will settle upon issue of the new Title.
- The company's owners have completed the R&D phase and the design and development phase of the transportable and Park Home sale and or rental model. The company is now ready to implement the first stage. Production and marketing efforts for this product has commenced. Further R&D will be undertaken by the company to widen the application/s of this system with the aim of incorporating the system with a site-building alternative for rural and remote constructions. The aim is to gain a market advantage by a) price through direct purchase of components in China and Indonesia, b) innovative second tier(retirement and first home buyer) market models and c) Tree change trends.

The Directors believe that the group has long term financial growth prospects with sale and construction of packaged (containerised) dwellings from China and or steel framed accommodation units. The primary market being direct sales encompassing company owned land with dwellings with the secondary being for selected clients.

* The acquisition of the building company, which had a turnover of \$7mil last year with a Gross Profit margin of 35% will enable the company to carry out all its aims and objectives in regard to Development and building.

The AIM is to be a company with highly professional business practices, built using the experience of its executives, not dependant on debt, providing quality services and products for the infrastructural needs of the Western Australian community."

The purpose of this proposal is to focus the company on the immediate goals of the consolidation of the business under professional management and the preparation of a working business plan and information memorandum document in order to seek external project specific funding for the group. The intention is to move the company from a single privately owned propriety limited company to a parent holding company with separate subsidiary companies.

EXECUTIVE SUMMARY

As mentioned, the group is well placed to benefit from the open window of opportunity currently being experienced in Western Australia due to the economic boom. However economic times change and we believe the company must consolidate and be positioned to implement its land and dwelling sales and supply model. The directors have identified this need and have employed the services of professional contractors and advisors to expedite this process.

The key points we will address in detail in this proposal are:

- ♦ Consolidation and rationalisation of the group
- ♦ The professionalism of each of its operations
- ♦ Definition of sales and growth opportunities
- ♦ The setting of sales and financial targets
- ♦ The definition of capital requirements to achieve the set targets

Through extensive analysis by Beilby management it has been identified that the current CEO Mr. Steve Shilkin needs to move to the role of Executive Chairman and a new position of General business Manager be created. Mr. Noah Shilkin will take up the role of CEO in March 2008. Noah has recently been the operations and development manager of Canada's first private health organisation, Copeman Healthcare. He is 10 years younger than his brother and has greater administration expertise.

Steve Shilkin will continue to do what he does best:- Intelligently develop opportunities.

Ashley Shilkin will consult to the board. Ashley was the youngest chief Financial officer of a Publicly Listed Company with a Market capitalisation of over \$70million.

It is important to note that whilst family members are employed, all appointments are on a proven ability to perform basis.

INTRODUCTION

Mr and Mrs Steve and Anne Shilkin privately hold the Entrepid group. The company has grown very quickly over the past two years and is now well placed to reap the benefits of the various market opportunities open to it. All matters such as structure, accounts, management, ISO accreditation and policy & procedural organisation now require a focused and highly professional approach to be brought to the company by a strong and experienced board of directors and management team.

It is important and significant to note that the company to this point, has been funded solely by the owners and has 'organically' generated its own funding for the rapid expansion. There is currently no overdraft or debt facility other than stand alone property funding and vehicle leases.

The company estimates it will turnover in excess of \$5million this financial year. The company currently employs 15 people.

Entrepid has in excess of \$6mil in orders and work in progress not including the possible acquisition of the Building Company

The operations of the group are now centralised and housed in a facility in Jandakot WA.

The group has created business relationships with the appropriately qualified and experienced people and organisations with which agreements have been made to provide the services needed to achieve the companies' objectives.

- **Accountants-** W. K. Howarths (international standing)
- **Lawyers** – Talbot Olivier (property and commercial specialists)
- **Business Analysis IM and BP** – Ashley Shilkin (CFO of Public Company, CO2 LTD)
- **Real Estate** - Sunco Reality
- **Insurance-** John Allen Brokerage
- **Property Syndication-** Kennerly Holdings (Specialist accountants and Tax advisors)
- **Corporate Mentoring-** Mr. Peter Neil (Senior Corporate Lawyer specialist in Mining companies) Retained due to Entrepid's involvement in Mining regions.

Statement of Problem/Need

- ♦ The consolidation of the group and the capitalisation on the specific opportunities in hand may require extra funding. This will be determined by the results during the ensuing months. In order to plan for this eventuality, it is proposed that there be a clear and finite apportionment of funding requirements to specific objectives in the various business cells.
- ♦ Each business cell and relationship continues to be examined by management and re-viewed with the aim to implement a strong team culture and clear objectives, financial targets and appropriate accreditations and policy and procedures.
- ♦ A corporate business plan (“BP”) and information memorandum (“IM”) and a capabilities statement (“CS”) will be progressed from current draft working documents to implemented documents.
- ♦ All of the profitable enterprises continuing to be driven forward may create a strain on existing cash flows.

Project Scope and Objectives

- *Consideration of transforming the Entrepid Group into a Publicly Listed Company is on the Agenda in the short to medium term.*

Much of the requirement has been outsourced. A staffing and operational analysis has been undertaken by Beilby Management. The HR recommendations are partly implemented. There is a limited time frame for completing this work due to the window of opportunity currently open to the company: a fast track approach it is intended to acquire interim Inventory and or secured production financing..

- ♦ The identified construction manager will take charge of all construction requirements, including procurement and deliverable end product, managing each aspect of this division.
- ♦ Additional projects will be initiated by Steve Shilkin.
- ♦ A marketing/sales manager needs to be found to take charge of this aspect of the business.
- ♦ The management target for the group’s consolidation is the preparation of a CP(Corporate Plan) for the group encompassing each business cell.
- ♦ The management target for the BP (Business Plan) and the IM (Information Memorandum) is the preparation of each document by February 2008.

ACTION PLAN

We have identified the company's capital requirements by the analysis of the company's capabilities, research, market knowledge and the confirmation of future sales of projects.

The sourcing of funding needs to be in line with the Owners/Directors core principles in relation to debt being;

1. Real estate Assets must be funded independently and not cross collateralised.
2. Generic bank overdraft funding must not be done connecting private assets to Company assets
3. Core operational objectives should not be able to be constrained in any way by third party funding

Three options have therefore been identified:-

Option 1. Inventory Financing or 'Recourse Funding'

Option 2. Providing equity by way of Public Float.

Option 3. Put all growth on hold until further property development is completed to enable continued self funding.

We have chosen 'Options 1 and or 2' as the most sensible interim choice (to seek additional funding) to ensure the continuity of growth within the group whilst examining future directions and markets.

- ♦ The consolidation aspects of this project has involved the meeting of each person within the operations, an examination of the business being undertaken, an examination of the efficiencies or inadequacies of the operation, an examination of the profitability and financial ratios of each activity, an examination of the policies and procedures of each activity, the examination of the contractual obligations of each activity. Then management recommendations will be made to the board and defined changes will then be implemented and the CP will be prepared.
- ♦ The preparation of the BP and IM will be driven by the finance Manager and Directors and will require the implementation of a number strategic planning workshops in which there will be participation by the owners, the management and professional advisors. Simultaneously research will be undertaken.

Activity One

Our first objective is to rationalise and consolidate the group and professionalize each of its operations.

We have commenced by moving all the aspects of the business under one roof where possible. An appropriate office has been leased, prepared and occupied at 3 lot 500 Cutler Rd, Jandakot WA. We have also leased a warehouse close to the office at 1/53 Biscayne Way Jandakot, from this location we will operate the, warehousing and transport aspects related to the operations and activities in Newman.

It is now logistically more efficient to manage and coordinate all activities, as opposed to operating from Newman WA.

The company maintains an office and storage facility for its Newman/ North West operation.

Activity Two

Our second objective has been to define sales and growth opportunities. Set sales and financial targets, and define the capital requirement needed to achieve the set targets.

We believe that the best way to achieve these targets is to prepare a more detailed BP using the methodology of progressive workshops. The BP and the IM will be prepared in two different ways. The BP will be the first and immediate priority whereby the prepared document is intended to be an evolving or 'living' document. Once prepared the BP will be reviewed quarterly by the Board. A number of initial drafts have been made and these will be used as the foundation for the BP document preparation. It will be necessary to continue to liaise closely with the owners, management, staff and consultants. A schedule of workshop's and workshop attendees will be organised. The IM will be prepared simultaneously once the defined financial targets have been identified by process of the BP's preparation.

Activity Three

Whilst activity one and two are taking place it is also necessary to describe here the third defined activity that will take place during the coming months.

A play has been commenced to gain control of an NSX (National Stock Exchange) publicly listed Company. The success or otherwise will be known by March 2008 . The strategy at play will give Entrepid Pty Ltd > 60% control and instigate the raising of working capital of \$500,000

Results to Date;

1. A decision has been made to rationalise all non North West transport activities.. A decision was taken to consolidate and sell Non North West operation as soon as it can be streamlined and packaged into a saleable separate enterprise.
2. A drive to increase the Transportable buildings on Company land sales. With the company' expertise it is possible to show a Gross profit of up to 52% on this activity (based on past sales).
3. The Acquisition of an established building company which has display homes and only builds high end and commercial buildings will allow Entrepid Pty Ltd to be a registered builder in its own right. This will allow us to cut out the 'middle man' in the builder and be remunerated in full for what we already do in construction Management.

MANAGEMENT PLAN

Steve Shilkin will drive the process and Noah Shilkin the CEO will manage the project.

Project Organisation

The new Board will independently oversee preparation of the BP and IM. Part of the process will be the systematic implementation of the planning and consolidation processes in close lesion with the directors and senior management.

Entrepid Pty Ltd ABN 64113095471
Current Balance Sheet
3/500 Cutler Rd Jandakot WA 6844
DRAFT

20/02/2008

	Current	Totals
Assets		
Current Assets		
Cash at Bank	68,000	
Debtors	260,000	
Stock on Hand (incl transportables & parts)	292,000	
Total Current Assets	<u>620,000</u>	
Fixed Assets		
Property (Free-Hold) - Newman Block of Land	240,000	
Property (Free-Hold) - Morowa Property	160,000	
Property (Free-Hold) - Marvel Loch Property	80,000	
Motel Site Newman Currently under offer @	2,700,000	
Plant & Equipment Trucks, vans, cars containers etc	751,000	
less Accumulated Depreciation	(152,300)	
*Goodwill	4,500,000	
Total Fixed Assets	<u>8,898,700</u>	8,898,700
<i>less</i>		
Liabilities		
Current Liabilities		
Trade Creditors	- 340,000	
Finance - Vehicles	- 550,000	
BAS Liabilities	- 56,000	
Payroll Liabilities	- 68,000	
Total Current Liabilities	- 1,014,000	-1,014,000
Non Current Liabilities		
Loans investors (incl motel)	- 1,290,000	
Loans from existing shareholders A& S Shilkin	- 580,000	
Total Non Current Liabilities	- 1,870,000	-1,870,000
Net Assets		\$6,014,700

NB Entrepid deals in Barter Card and turned over in excess of \$1mil in Trade Dollars last financial year