



RESEARCH NOTE

International Barrier Technology Inc

Gerald F. LaKarnafeaux, CFA

Symbol (OTCBB)	IBTGF	Fiscal Year Ending: June	EPS	P/E	REVS	PSR
Industry:	Industrial & Manufacturing	Year				
Recent Price:	\$0.60	2004 A	\$-0.02	---	\$3.11	5.7
52-week Price Range:	\$0.53 - \$0.88	2005 A	\$-0.04	---	\$4.38	4.0
Target Price (12 Months):	\$1.34	2006 A	\$-0.01	---	\$6.61	2.7
Avg. Daily Vol. (3 mo.):	44,871	2007 E	\$0.01	60.0	\$10.68	1.7
		2008 N/A	---	---	---	---

Balance Sheet Data (mil)	09/30/06	Ownership and Valuation (mil)	Current Rating History
Cash Equivalent:	\$0.9	Shares Outstanding:	29.41
Working Capital:	\$1.0	Inside Ownership:	32.00%
Long-Term Liability:	\$0.5	Institutional Ownership:	15.00%
Shareholder's Equity:	\$5.0	Equity Market Value:	\$17.6
		Date Assigned:	9/6/2005
		Price at Rating:	\$0.70
		Original Price Target:	\$1.44
		Time Frame:	12 Months

Rating: Speculative Buy

11/17/2006

International Barrier Reported a 100% Increase in October Surface Volume Shipments. Positive Cash Flow Reported for the First 2007 Fiscal Quarter Ending September 30, 2006.

International Barrier Technology reported a year over year increase of 100% in surface volume for the month of October. Shipments were 876,384 sq. ft. compared to 439,000 sq. ft. in October of fiscal 2006.

The Company reported the results of the first 2007 fiscal quarter ending September 30, 2006. In the quarter, shipments of surface volume were 2.69 million sq. ft., up 63% over the prior year of 1.65 million sq. ft. Sales in the quarter were \$1.98 million for an increase of 48% over \$1.34 million of the prior year comparable period. The lower rate of increase in dollar sales compared to that of surface volume reflects the lower prices of substrate which is a commodity that is passed through to customers at cost plus a small handling fee. (For a full explanation of the impact of substrate pricing see the section entitled Gross Margin Computation in the JM Dutton Update Report dated November 9, 2006).

Gross profit for the quarter was \$425,000 which was 21% above the \$351,000 in the fiscal 2006 first quarter. The Company reported a quarterly operating loss of (\$127,000) compared to a profit of \$46,217 earned last year. There were several expense line items that were high relative to the 2006 fiscal quarter. For example, research and development costs were \$119,070 compared to \$12,193 in fiscal 2006. These costs in part reflected the capture of trade secrets associated with the new production line. Also, accounting, legal and insurance totaled \$88,298 compared to the \$16,166 reported in Q1 last year for the total of these three items.

The net loss for the quarter was (\$113,000) compared to a prior year profit of \$56,000. Cash flow reflecting the non-cash charges of amortization and stock based compensation was \$13,779.

The first fiscal quarter results were in line with our expectations. We continue to rate Barrier as a Speculative Buy.

Current Dutton Associates disclaimer and 17b disclosure information regarding International Barrier Technology Inc

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