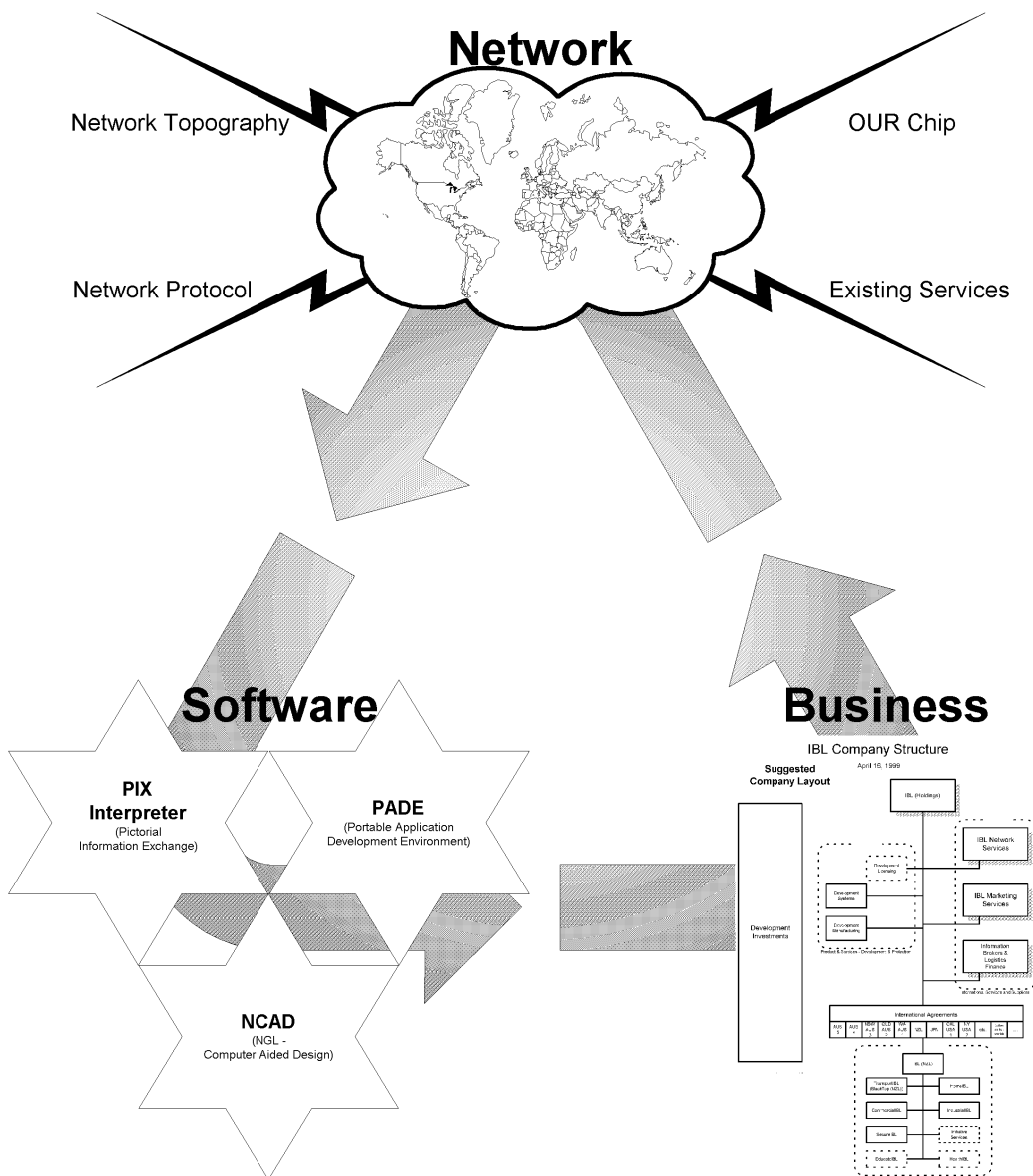


# Investment Prospectus for an Investment Company for a Wireless Network, Communications, Application Generator, and Business System

## KILOware<sup>TM</sup>



**Contents**

Investment Prospectus for an Investment Company for a Wireless Network, Communications, Application Generator, and Business System ..... 1

Summary of the Offer ..... 4

Summary of Events and Projected Development ..... 6

    History ..... 6

    Projected Development ..... 8

Overview of the IBL Business ..... 9

    IBL's Development Principles ..... 10

Mission Statement ..... 11

Strategy Outline ..... 12

*Break-Away to Deliver Absolute Advantage* ..... 12

*Shareholders' Value* ..... 12

Outline of IBL's Technology ..... 13

Directors, Management and Key Advisers ..... 15

    Directors ..... 15

    Consultants and Advisers ..... 15

Directory (as at December ) ..... 16

    Shareholders ..... 17

    Risk Factors ..... 18

        Human Resource Risk: ..... 18

        Intellectual Property Risk: ..... 19

        Technology Implementation Risk: ..... 19

        Future Equity Funding: ..... 19

        Minimum Subscription Level: ..... 20

Financial Information ..... 21

    Financial Information - Introduction ..... 21

    InvestIBL Ltd ..... 22

        Specific Assumptions: ..... 24

        General Assumptions ..... 24

*Patenting* ..... 27

*Income from Trading Activities* ..... 27

*General Assumptions* ..... 27

    Further notes to the Accounts – ..... 31

Auditors' Report ..... 32

Additional Statutory Information ..... 33

Appendix Challenges Addressed by IBL Technology ..... 37

    The Technology and business ..... 37

    Introduction to IBL Business ..... 38

    Keeping simple philosophies in mind ..... 39

    What we are doing: ..... 39

Jurisdiction and Currency ..... 43

    Jurisdiction ..... 43

    Currency ..... 43

***This Prospectus is dated 1 June 1999***

A copy of this Prospectus, signed and having attached copies of the documents as required by Section 41 of the Securities Act 1978 (and Regulation 7 of the Securities Regulations 1983), the Auditors Report, and the material contracts referred to in paragraph 17 of the Statutory Information section of this Prospectus have been delivered for registration to the Registrar of Companies at Auckland on 5<sup>th</sup> August 1999 in accordance with Section 42 of the Securities Act 1978.

***Important Notice***

Prospective investors are advised to read this Prospectus in its entirety and to consult their professional advisers in assessing the potential merits of the venture. Investment in this venture is speculative.

Application has NOT been made to the New Zealand Stock Exchange for permission to quote the shares on the official list.

# Summary of the Offer

## ***The Offer***

This Prospectus invites you to subscribe for up to 7,000,000 ordinary shares in InvestIBL Ltd (hereafter called the Company) at an issue price of NZ\$2.00 per Share. The offer is referred to as "the public offer" and is made on the terms set out in this Prospectus. The 7,000,000 ordinary shares of NZ\$2.00 each offered by the Company are collectively referred to as "the shares".

## ***Opening and Closing Dates***

The offer will open on 16<sup>th</sup> August 1999 and close on or before 10 September 1999. The Company reserves the right to extend the closing date at its discretion, to withdraw this Prospectus and decline all or any applications, and to close the issue, in each case at any time prior to the closing date and without giving any reasons.

## ***How to Invest***

Investors should ensure that they have read the Investment Statement before subscribing.

The following payment options are open to prospective investors:

- Investors may conduct the whole investment transaction on the World Wide Web either by down-loading the form and mailing their payment, or interactively, through the Web site opened by InvestIBL specifically for this share issue, by using their credit card (<http://www.investibl.co.nz> )
- Alternatively, investors may sign and return the Application Form included with the Prospectus, specifying the number of shares subscribed for, and including a cheque crossed "*Not Transferable*" made out to InvestIBL Ltd for the full amount of the subscription issue requested.

An application lodged by a Company must be executed in accordance with its Constitution or under a Power of Attorney (which must be submitted with the application for notation and return). If executed under Power of Attorney the Attorney must state that at the time of execution, and that the Attorney had no notice of revocation of the Power of Attorney pursuant to which execution is made.

When subscribing by mail, please direct Application Forms and Payments to:

IBL Float,  
InvestIBL Ltd,  
P.O. Box 302-074,  
North Harbour Postal Centre,  
Auckland,  
New Zealand.

## ***Minimum Subscription***

The minimum subscription required from investors in this issue, in order for this issue to proceed, is \$1,250,000, this being the minimum amount of working capital required by the Company to pursue its current development work. These funds will cover costs for the present share issue and related costs of ongoing software development by the inventor, PCT patenting process, marketing of the technology, information to

shareholders, and seeking alternative sources of funds. KILOWare™ development of the type IBL is involved in is a low cost activity compared with the development of a substantial pilot network, which is the main cost of the development program under the present share issue. This pilot network would be then funded at a later stage when the software development has progressed to a more advanced stage, thus facilitating the securing of further funding.

***Share Underwriting / Under-subscription***

This issue is not underwritten. In the event that the issue of shares is under-subscribed, the Company will consider its available alternatives, including the reduction of the scale of operations, to reduce funding requirements.

***Share Capital***

The Company has currently 70,000,000 ordinary shares issued.

***Payment for the shares***

Subscribers are required to pay the full amount of the shares on subscription. An investor must subscribe for at least 500 shares. IBL's prime aim is to benefit the final customers of networked and telecommunication information services. The low level of the minimum subscription was specifically chosen to make investment easily affordable to large categories of final customers, and give them an opportunity to become involved in a type of venture they normally would not have access to, while still partaking in what is effectively an Initial Public Offering (IPO) for a new type of technology.

***Allotment***

Allotment of the shares will proceed as soon as practicable following receipt of application. Allotment will be on a "*first come, first served*" basis. However, the Company reserves the right to reject or accept any application in full or in part only, without assigning any reason. Monies relating to the applications declined will be refunded (without interest) to the applicants. Receipts for application monies will not be issued, and the banking of a cheque will constitute an acknowledgement.

***Certificates of Company shares***

The Company does not issue share certificates. A copy of the Company's share register showing the entry for the shareholder will be issued within one month of allotment, and is expected to be available on-line within our web site

***Register of Shareholders***

The register of shareholders will be maintained internally.

***Audit***

The financial statements of the Company have NOT been audited. Auditors will be appointed to the company once business proceeds.

# Summary of Events and Projected Development

## History

- (1) InvestIBL Ltd has been created to pursue the funding for further development and commercialisation of the IBL technology invented in 1987 by Robert South.
- (2) From the start of his interest in electronics and technology at the age of 12, and through to “normal” employment, Robert South has made the deliberate choice of investing systematically a proportion of his professional time into his own private research. This research and development has been in a number of interdisciplinary and closely related domains that were not directly funded by any of his commercial consulting and contractual work. This long-term research investment led directly to the IBL invention. Robert South has devoted most of the last 13 years full time employment (usually unpaid) to bring the IBL technology to the state it is now. More specifically, during the 12 years from 1987 to the present, Robert South’s private research unfolded in areas of systems analysis and operations research, social and economic sciences, dynamics of social, economic and technological change. The main focus of his work was on communications, social processes of information production, collection and exchange, social networks, energy supply and use, networks, development and deployment of energy efficiency and energy management technology and related engineering domains, technology assessment and evaluation, dynamics of technology innovation, development and deployment.
- (3) Throughout this period Robert South sought to find ways of developing, and assisting in the development of, new technologies that could cost-effectively, and significantly address some of the growing inadequacies he could perceive with state-of-the-art technology, in particular in the areas of energy supply and use, transport and communications.
- (4) During the past 12 years Robert South has required various input from “experts” in their fields to prove and demonstrate the effectiveness of the IBL technology. This has led to a number of people pooling their own resources to help in the implementation of the IBL Technology.
- (5) The original conception of IBL was purely a software product. This software (called NGL at the time – “Nth Generation Language”) allowed applications to be described in pictures, put together in hours, and executed (run) without compiling on any target machine environment.
- (6) Attempts were made throughout the late eighties and early nineties to sell the product (either concept or finished application), these “sales” were to large computer organisations. It became obvious after spending six months modifying the core products for each customer that there was too much vested interest in the incumbent suppliers, DOS, Windows, Apple, UNIX to allow for yet another option in the market place. These “sales” were attempted on
  - IBM, wouldn’t even look at it, “good products come from REAL companies”.

- Unisys (through the LINC centre in Christchurch) – which as a matter of interest have recently “invented” a similar approach and philosophy to that described in the documentation we supplied them
  - NCR – who after supplying the documentation to head office in Dayton, Ohio finally told me that they could not take it on – “too much internal vested interest in present research”. (shortly afterwards their new marketing campaign began; based on supplying a solution not an upgrade).
  - GCS – Government Computing Services, the computing supply service for the New Zealand Government, - they allowed us to demonstrate the product and decided that they could do it better, “being a government department they were allowed to copy whatever they wanted”. This led to a form of installation on NCR UNIX boxes that were too big for the servers, but the basic idea was there.
- (7) During this process other people who believed in the concept, joined the fray. We soon saw the possibility of combining our respective expertise to develop a systematic critique of state-of-the-art communication and network technology and address the problems they had singled out in a radically new and cost-effective way.
- (8) It had become obvious (five years of “lost” work – much experience gained), that selling the IBL software “normally” was not going to happen. It was decided to “chase” new markets, ones that the computer industry had a problem with delivering services too. During the initial stages of looking at the transport and home security markets it became obvious there was a commonality to the customer base. This is where an idea conceived some 10 years earlier was bought back to life, and an attempt made to prove the design. It started out in a discussion back in the mid eighties (over a few hundred coffees), how to get a microprocessor (namely the Motorola 68000) to talk to its maximum memory. All that was available at the time were 4,000 Bit memory chips. And we could not see how we could address that much memory at the full speed of the 68000, 30Mhz. The idea of a “sine wave - follow on” effect had arrived at last. Now - IBL’s’ RF Networking technology.
- (9) In the early part of 1996, after a thorough process of scrutiny to examine in detail the potential of the new technology and the commercial risks, a number of investors assisted in the development effort.
- (10) Based on their investment decision, Development Systems Ltd was incorporated in April 1998, to allow other parties to partake in the commercialisation of the technology of IBL. It integrated the intellectual property and financial resources of the inventor and founding investors. To bring the IBL technology to market an investment vehicle has been generated to allow for further involvement by third parties and to allow the technology to proceed. At the date of this Prospectus, the inventor owns 14.4% of the capital, with the investors owning 26.6% while holding companies (for the future development and commercialisation work) own the remainder (59.0%).
- (11) In recognition of his investment to date Mr Robert South holds the chair and Managing Director for the new venture, and all associated companies.
- (12) By September 1998, the initial market research and technology assessment work, the development of the IBL concept, the assessment of its technological and economic viability, the development of an initial set of specifications for the

technology, and the designing of a technology development program and assessment of costs, were completed.

(13) Following the above Company's **Inception**, the subsequent **Stage I - Technology Viability and Protection** was also completed. Its main objectives were to:

- assess the feasibility, technical and economic viability of the technology;
- protect the technology by filing patent applications in New Zealand, and to plan the PCT process (Patent Co-operation Treaty) for world-wide protection;
- secure the initial funding, prepare a full set of technology specifications, plan and budget the subsequent stages of the development program, and prepare the present share issue.
- Patent applications were filed in New Zealand in February 1998.

## **Projected Development**

The development of the IBL technology is planned in a series of two further stages:

- (1) **Stage II - Technology Development:** this stage covers a period of up to eighteen (18) months. The objective is to develop the core of the technology up to the pre-commercial stage by focusing on the generic networking and telecommunications application. This will be done through the creation of the IBL Technology Development and Demonstration Laboratory. It is expected that this facility will eventually employ about 5 highly skilled designers and 5 application generators (and approvers). It is expected that this Stage II will also involve co-operation with third parties and or alliances in the private sector in New Zealand and overseas. However, owing to the radical nature of the technology, the IBL Development Team intends to retain full independence and control of the development program.
- (2) **Stage III - Commercialisation and Ongoing Development:** the start of the commercialisation phase is planned to take place during the development program (2000). The main means of commercialisation will be by way of licensing specific applications to a wide variety of network developers and operators. IBL's immediate objective is to secure a first commercial demonstration license with a number of clients and/or allies towards the end of year one and complete development of the first main application in co-operation with these clients. Full commercialisation is expected to take place in Year Two (2001).

The present offer is designed to secure funding for the first twelve months program of stage II. Subsequent steps and stages will be similarly funded through a series of floats or investments by third parties, namely the release of the shares from the companies that own those shares. This gives us a method for self-controlling the delivery of funding. **We will not release those shares until we have achieved the milestone that is required to prove the stated objective.** The release of co-operative companies' shares is to be timed to coincide with the achievement of major milestones, and through the establishment of partnerships or joint ventures with suitable allies.

# Overview of the IBL Business

KILOware™ is a revolutionary telecommunication network technology whose implementation will combine hardware and software using a novel design methodology. In essence, the system comprises telecommunications terminals, called minders, which are located on customer premises. The minders are interconnected wirelessly by way of low power integrated transceivers operating in the low (LF) to Very High (VHF) frequency range (3 - 300 MHz). The set of MindIBL's™ forms a mesh network. This network does not require wiring or cabling of phone lines or cellular tower antennas, and does not include exchanges. In parallel with their telecommunications functions, the minders carry out premise security, energy metering and energy management functions. They are also used to provide customers with a variety of third party services delivered through the IBL network. This integrated multi-function system provides services beyond those of commercially available state-of-the-art technologies, wirelessly and at low cost. IBL networks will provide an alternative way to communicate, meet and do business remotely, quickly, and easily. They will be a competitive alternative to current telecommunications systems. The development methodology for KILOware™ is currently the subject of world-wide patent applications. IBL plans to commercialise its technology by way of licensing, through Franchises, and by setting up actual IBL networks, in New Zealand and globally. The invention process occurred in three phases and was entirely customer driven:

**The first discovery was not at all obvious:** *in simple terms, a set of rules that allows all computer environments to be considered equal. Using these principles you could describe the hardware in simple terms (which stay with the machine), draw a set of replicating diagrams that describe the functional flow for a required output, and execute this as an application. If we could transfer the DATA from this application quickly to other processors we could build a massive parallel machine! - (High Speed Network required). By describing these building blocks for a given series of applications it became obvious that only a few would be required (137 in total), and these would allow the user to run EFTPOS, keep track of letters, or run a large accounting/HR package for a multinational company. You only have to describe the functions between DATA and the layout of this users screen (output) device.*

**The second discovery was, with hindsight, obvious:** *The RF Network (High Speed Network HSN) was needed to deliver the services, but how to keep it compatible with existing services – DON'T. Supply the service the customers want and need, taking into account the fact that eventually the legacy vendors will have to attack you because you ARE supplying the solution they have been espousing for years! Combine the two above and emerging technology now enables a radical transformation of interconnect business by eliminating market intermediaries and achieving massive economies of scale.*

**The third discovery was less obvious:** *The functionality required to run the network was going to become a major overhead on the system, but if we don't have to monitor or control any of the switching or routing, we now have an autonomous network. It is inherent in the way the Network Protocol carries itself. IBL's inventor found a novel way of developing self-managing and self-routing networks that eliminate the need for most of the existing telecommunication infrastructure (including exchanges, wires, cables, cells, and cellular towers). It is not compatible with the present ITU rules, but it works!*

*These discoveries led to the establishment of the principles that Govern the development of IBL.*

## IBL's Development Principles

IBL's business is to deliver absolute competitive advantage to its clients, and maximum benefits to the final customers of networked services. The key aspects to this development are:

**(1) There is a problem to be solved:** The computer industry has identified that it has an installed base of 27% of the available market place (this is only "developed" countries), what about the other 73%, and the 100% of the "under developed" world – they can't afford, so don't exist? Obviously something is WRONG.

Supply the tools for the customers to be able to describe their own requirements, give them the tools, the updates FREE, and the ability to distribute their own work to others in a similar vain.

***IBL sides with customers. Its business is to turn things around for them. IBL has ascertained that it can be done. It has acquired the fundamental knowledge and expertise to do it. IBL's inventor and founding investors took the initiative to develop this technology because, as customers, they were not satisfied with the services they were receiving.***

**(2) Life takes place locally, while the world is going global.** As individuals and as part of businesses or organisations, we are all swamped with ever increasing amounts of hard to use "information". Advanced networking and telecommunication technologies are presented as the answer. However most existing network, telecommunication, and computing systems are increasingly dysfunctional in terms of costs versus the quality of the services provided, and vis-à-vis emerging market requirements. A new costing model is needed, with the ability to change frequently to react to market changes. (This includes no time charge - only a find and connect charge for telephone calls).

***IBL's business is to enable people to find any and all information in easy and cost-effective ways, while allowing for validity testing of all data and data supplies, while integrating local and non-local facets of their lives, by removing technological hurdles and costs.***

**(3) A new world is emerging.** a global technological revolution is happening. It is largely based on **Information Technology (IT)** and is inducing profound social and economic changes. These changes are expected to transform communications, entertainment, information, transport, energy supply and management, security, safety, health and education, over the next two decades. This can bring about the best or the worst for customers.

***With the technology it is presently developing, IBL's technology is aimed at contributing to a safer, healthier, more sustainable world at low cost, for the benefit of the customers.***

**(4) IBL's Solution:** IBL eliminates most of the massive infrastructure presently required for telecommunications and networks. It offers vast increases in service quality, and massive economies of scale. IBL eliminates the need for cabling, wiring, layered exchanges, central exchanges, and cellular towers.

IBL replaces the bulk of traditional network infrastructure with OUR Chip, a Custom IC the size of a packet of matches. A number of OUR Chips are placed together to improve processing power locally and put into a functional "box". There are different boxes for the Network device, Business device, Household device, Vehicle device, and Education device. These devices all have the same core and same Software but execute different applications depending on their own requirements. The devices communicate wirelessly (using low power radio waves). Each device is part of a structure-less network extending across city or country that comprises no other infrastructure than the minders themselves.

***The new services that IBL is developing are designed to bridge the distances that separate people. The economies of scale achieved with IBL's approach are such that costs are expected to be lower than present services.***

## Mission Statement

The Mission of InvestIBL Ltd is to play a key role in the funding of **Information Technology** and a **Network Revolution**, and to contribute towards the global **Transition to Sustainable Development** by:

- Completing the development of the generic IBL technology;
- Developing and achieving global commercialisation of specific IBL applications;
- Providing an alternative basis for the development and implementation of symbiotic networked intelligence as a key component of the global transition to sustainable development;
- Achieving high returns to shareholders and high levels of re-investment into allied sustainable-development technology and downstream ventures.

The above objectives will be reached through a development strategy that is directly inspired by the very nature of IBL's technology.

# Strategy Outline

IBL is a radical departure from current Information Systems, Databases, and Networking technology paradigms. IBL's development strategy is based on the recognition of this fact and its implications. It is designed to take full advantage of the **break-away** character of both the technology and the approach to markets from which it originates.

## ***Break-Away to Deliver Absolute Advantage***

Most current telecommunications and networking technology developments are essentially additions and marginal improvements to the existing body of technologies. This general orientation faces severe constraints and limits.

By contrast, IBL's starting point was to ask:

***"Based on present day knowledge, and starting from a zero base, what would be the most cost-efficient and most elegant way of meeting emergent Information Access requirements?"***

While preserving compatibility with relevant existing technology and systems (such as Internet protocols, and a number of telecommunication standards – the minimum it needs to support the customer base without slowing down our own services). IBL's aim is to develop a totally independent system that can **deliver absolute competitive advantage to its clients**, and to maximise benefits to the final customers. IBL intends to fulfil this aim on an independent basis.

To achieve this aim IBL's breakaway strategy is predicated upon the view that as our Networked Computers are not in themselves products or services by the currently accepted definitions of these words, we need to supply the tools to enable our customers to access information and see it in a way that makes "sense" to them, hence the Information Access Devices (IAD).

Our approach is thus to break down the barriers between IBL and its clients and suppliers to develop value-adding partnerships. Clients and suppliers will take an active part in the ongoing development and improvement of the technology and its applications.

As part of this approach, we intend to licence the use of the technology in ways that specify the terms of the value-adding partnerships we plan to develop with our clients.

## ***Shareholders' Value***

InvestIBL's ultimate aim is to maximise value for its shareholders. As for most software companies, it is expected that this objective will be best achieved by ensuring a steady and fast increase in share capitalisation, rather than by way of dividends. To fulfil this aim, and in the context of subsequent floats, InvestIBL intends to supply two options:

1. Supply trading pages for our shares on our own web site, as regulations and local laws allow.
2. Investigate the New York based NASDAQ exchange. This latter development is expected to take place after the first pilot demonstration of the technology is completed, and within the next two years. No permission has yet been applied for, or granted, for the shares to be listed on the exchange.

## Outline of IBL's Technology

IBL technology is the result of systematic research investments on the part of its inventor and other *converts* over a thirty-man-year period. It consists of methods, software, hardware, equipment and business systems which are being designed to establish, operate and maintain large networked systems. IBL networked systems are self-managing and evolving and are based on a new approach to distributed artificial intelligence. IBL systems have applications in a wide range of areas, such as computing, industrial production, commerce, education, entertainment, health, and especially, telecommunications.

New and exciting technology is available to satisfy a demand in a wide range of applications where continuous tracking of physical assets is required. Developments with specific and existing networks such as GPS and cell phones have shown that these provide potential network capability, but at this time, none of the solutions based on these have yet been proven to be economic for a widely based system. Info-Brokers & Logistics (NZ) will have the patented technology to achieve cost effective solutions.

Many organisations are currently looking into providing sophisticated computer based solutions for tracking systems with much of the impetus being generated by the New Zealand Government requesting solutions to road user charging systems. However, if an economic system is to be fully implemented a new method of Information Access complete with Storage Retrieval will be required. Info-Brokers & Logistics (NZ) will be licensed to use a new service implementation system KISS™ (Knowledge, Integration, and Service - System). KISS™ will allow a totally new and relatively inexpensive Service System, to be put in place that is vastly superior and will provide a much wider range of benefits than that offered in either current or presently proposed technology

This new service is committed to introduce information services to the entire population. IBL is being established as a series of territorial franchises. These franchises allow adaptation to local cultures and conditions. In the short-term, IBL intends to introduce services into Australasia plus establish footholds in Asia, Europe and North America. In the long-term these footholds will be exploited, to penetrate the primary market on a global basis.

Within each franchise are a number of standardised market segments. These segments require the customisation of the equipment supplied to present the required services. A number of key services have been fully evaluated and are ready to be used as target segments to launch the IBL service in each franchise area.

The underlying IBL technology is KILOWare, based upon concept that has been developed over a period of time by reviewing computer technology from first principles. This has allowed the development of technology that has avoided the weaknesses of traditional computer technologies. In particular, the introduction of inexpensive shared data over a high capacity network provides a decisive competitive advantage over the existing computer industry.

The IBL structure is ready to be activated.

While they can make use of wired or cabled components, MindIBL's™ are inherently Narrow-Band wireless systems with wide bandwidth, hence "Wide'R'Band"™. Worldwide, most current wired telephone lines offer links at around 28 kb/s (kilo bits per second). Improved lines can transmit at about 8 to 10 Mb/s (mega bits per second). A MindIBL's™ transceiving capability is planned to reach well over 100 Mb/s at each node (each individual network connection corresponding to a current domestic phone line).

While they can make use of existing systems where these exist, MindIBL's™ do not require network cabling, wiring, or cellular antenna towers. They do not have any fixed cellular structure. The only infrastructure consists of the node devices, called MindIBL's™, which are placed at customers' premises or homes. The system is entirely flexible and seamlessly blends fixed and mobile units. In contrast to existing network methods, adding nodes to a MindIBL™ increases the networks' intelligence and capabilities rather than creating bottlenecks.

The minders carry out all the Information and communication functions both locally (such as home security, electricity supply and metering) and non-locally (like videophone, access to the Internet, electronic commerce, distance education).

MindIBL's™ are designed to be very cheap, and thus amenable to mass markets. While vastly superior to current telecommunications, IBL services are being designed to cost customers no more than the present day phone, security, information and energy supply services which they aim to replace. In particular, the information/telecommunication applications of IBL are being designed to free telecommunications from the limitations of copper based telephone networks.

**Investors can find further details of the technology on IBL's Web site:**  
<http://www.investibl.co.nz>

# Directors, Management and Key Advisers

## Directors

**Mr Robert South.**

Robert is the General Manager and Company's Chairperson. Over the last 25 years he has acquired extensive experience in the electronics / computer industry. His background includes establishing other companies, while finding "unique" solutions.

## Consultants and Advisers

Robert has many "Consultants" and "Advisers", all of whom have helped him greatly, to get to this point and will continue to "help" as required.

Under the terms of this prospectus, they are not required to be listed, but for the sake of clarity and recognition their names are attached alphabetically as follows:

Kevin Brown  
Leonard Cousin  
Sharon Davies  
Peter DeVocht  
Rodney Knapp  
Mark Obren  
Maurice Shirley

## Directory (as at December )

<b>Registered Office:</b>	InvestIBL Ltd, P.O. Box 302-074 North Harbour Postal Centre Auckland New Zealand.
<b>Office:</b>	P.O. Box 302-074, Auckland, New Zealand
<b>Telephone:</b>	+ 64 9 415 3182
<b>Fax:</b>	+ 64 9 415 3197
<b>Directors:</b>	Robert South, Business Manager, 33 Sunvalley Rd., Orewa, Auckland, New Zealand
<b>Accountants:</b>	Moreton & Associates, Albany, Auckland, New Zealand.
<b>Auditors:</b>	Not yet required – To be advised.
<b>Solicitors for the Company:</b>	To be appointed - Auckland, New Zealand.
<b>Bankers:</b>	HSBC, Takapuna, Auckland, New Zealand.
<b>Share Registrar:</b>	IBL Float InvestIBL Ltd, P.O. Box 302-074 North Harbour Postal Centre Auckland New Zealand.  E-mail: <a href="mailto:share@investibl.co.nz">share@investibl.co.nz</a>

## **Shareholders**

<b>Shareholder Name</b>	<b>Shares Issued</b>	<b>% of share</b>
	<b>70,000,000</b>	<b>100.000%</b>
FinancelBL Ltd	41,300,000	59.000%
Family Trusts Ltd (ex RKL)	18,550,000	26.500%
IBL Trustees Ltd	7,000,000	10.000%
Robert South	3,113,500	4.448%
Mr. SAGE, Ian	3,000	0.004%
Mr. Obren, John	5,000	0.007%
Mrs Cousins,	8,000	0.011%
Ms. HOWELL, Bronwyn	12,000	0.017%
Lettershop Ltd	500	0.001%
Mr. SHIRLEY, Maurice	2,000	0.003%
Mr. KNAPP, George	2,000	0.003%
Mr. BRIANT, Philip	4,000	0.006%

## **Risk Factors**

Prospective investors should carefully review the information set forth below prior to making an investment.

The principal risks for investors are that of being unable to recoup their original investment, and not receiving the returns they reasonably expect. This could happen for a number of reasons, including:

- The business operations of the Company are not successful due to unforeseen obstacles, cost overruns or development delays, preventing the Company from achieving its aim of licensing the IBL technology as planned. In such an event the Company would seek other alternatives, including the sale of its technology to assist in the recovery of the present investment.
- The price at which investors are able to sell their shares being less than the price they have paid due to market volatility or for other reasons, or investors are unable to sell their shares. The company considers that shares in software and network technologies are holding better than many others in the current troubled economic climate. There is no way of fully ensuring against the risk that, at any one time, investors would be unable to sell their shares for more than the price they have paid.
- The Company being placed in receivership or liquidation and the value of its assets not being sufficient to repay to investors the issue price of the share they would have bought. At present the Company has no debt, and its planned budget for the 1999 development phase is well within the total amount the present share issue seeks to raise. This risk thus concerns essentially the ability of the Company to achieve its planned milestones, and source the funds it needs to complete its development work in the medium term.

An investor will not be required to pay more money in respect to the shares on offer other than the issue price, or in case the Company were to become insolvent.

At the date of this Investment Statement there are no other claims on the assets of the Company that rank ahead of, or may rank equally with, the claims of shareholders in the event of the Company being put into liquidation or wound up. In such a case, all shareholders would rank equally with each other. In the case of the Company being put into liquidation or wound up, the claims of any unsecured creditors will rank ahead of the claims of shareholders.

The main risk factors known to the Company are reviewed below:

Before the venture can reach a point where it can commence earning revenue a number of development stages must be successfully carried out. Any investment in the company should therefore be considered to be speculative.

Some of the current risks facing an investor are:

### **Human Resource Risk:**

At present, the IBL technology is defined by way of patents pending, and through a detailed set of specifications. Methods of technology development, market analyses, market development and technology commercialisation have been carefully documented by Robert South and Development Systems Ltd. However, a significant factor in the successful development of the technology and the InvestIBL Ltd venture rests in the continued involvement of the inventor. The

Company has secured a package of health and life insurance to protect itself against the risks attached to its present reliance upon this key person. As the venture progresses and new senior personnel are inducted in the development process through the funding sought under the present Prospectus, this human resource risk is expected to decrease. However, until full commercialisation is achieved this risk cannot be completely eliminated.

**Intellectual Property Risk:**

In the course of the initial patenting process, extensive patent searches were conducted involving over 3,000 patents in the fields of computing, information access, database, networks and telecommunications technology. While there are many new technologies currently being developed, no other technology was found embodying the same key principles. Further, great care was taken to avoid infringement or overlapping with prior art, and to draft patent specifications in such a way as to clearly delineate the originality of the IBL technology. The patenting process, however, will extend over a number of years. There is a risk that some aspects of the technology might be challenged or imitated by competitors. The Company will endeavour to reduce this risk through an ongoing process of intellectual property protection by way of copyrights, trademarks, contractual agreements with partners and allies, and patenting specific applications of the core technology. Further, the very nature of the technology is such that, in terms of both hardware and software, the design makes reverse engineering to imitate the technology virtually impossible. However, the intellectual property risk also includes a financial component regarding the extra legal costs that might be entailed in defending the intellectual property rights. A related risk is that the technology might become superseded by new developments. Despite the radical nature of the new paradigm underpinning the technology, and ongoing research and development and monitoring of competing technology, such risks cannot be entirely eliminated.

**Technology Implementation Risk:**

While the technology is directly implementable with current commercially available components, a significant amount of research and development remains to be carried out, in particular with respect to hardware development to translate the head patent specifications into a specific Integrated Circuit "OUR Chip". There are always some unknowns in such a process. While the Company's implementation strategy is based on extensive technological and market research, there remains a level of implementation risk, including the time that will be required to reach full commercialisation. We have implemented limited versions of the software, hardware, and Wireless Network (RF) designs, we have not yet had a full application spread over thousands of machines running on a full speed (>64Mbps) network.

**Future Equity Funding:**

To complete the commercialisation process significant additional capital will be required beyond that provided from this present share issue. It is planned that the required funding will be raised through further issues of shares corresponding to the achievement of significant milestones in the development process, and the

development of partnerships, and joint ventures for specific applications. As soon as the board of InvestIBL Ltd. desires, it may be appropriate for the Company to seek a listing on the NASDAQ exchange to facilitate the raising of capital for the final development stage before full commercialisation, and make its stock more readily tradeable. Equity funding always entails a measure of risk, including the time that may be required to secure the necessary funding.

**Minimum Subscription Level:**

In the event that the present share issue is not fully subscribed, the minimum subscription level has been set at \$1,250,000. This amount is considered sufficient by the Company to cover costs related to costs for the present share issue, ongoing software development by the inventor, the PCT patenting process, marketing of the technology, information to shareholders, and seeking alternative sources of funds. While the Company has singled out promising alternatives, securing alternative funding, however, cannot be guaranteed. In this event, the Company would extend the timetable for the development of the technology to full commercialisation. If the Company is unable to secure alternative funding, there is a risk that the project will be unable to be completed.

# Financial Information

## Financial Information - Introduction

The Financial Forecasts must be read in conjunction with the balance of material in the Prospectus.

The Financial Forecasts for the Eighteen months period ending 31 March 2001 reflect an assessment based on present circumstances of the most likely operating conditions for the IBL technology development and commercialisation venture and the Company's most likely course of action. The Financial Forecasts are based on a number of assumptions and are subject to uncertainties, many of which are outside the control of the Company.

In the development of a new business, it is usually the case that some circumstances or events do not occur as expected or is not anticipated. Therefore, actual results during the Forecast period may differ from that forecasted and the differences may be material. Accordingly no guarantee is given that the Financial Forecasts will be achieved. They are only indicative of results that may be achieved.

It should also be noted that a forecast is prospective information prepared on the basis of assumptions as to future events which the Board of Directors expects to take place, in association with their expected course of action, as at the date the information was prepared. A forecast is not a projection. The latter is prospective financial information prepared using assumptions that are possible outcomes but that are not necessarily the most probable ones. Projections thus reflect a range of possible outcomes.

Reviews of the Company's future prospects are outlined in the Sections devoted to Summary of Events and Projected Development, Overview of the IBL Business, and Outline of IBL's Technology, while risks are analysed in the Risk Factors Section.

Determinations yet to be made

- Our financial year – March, December or as set February. We need to determine the “best practice” for the IBL groups’ financial year.
- The IBL Group, being an international trading organisation needs to adopt an accounting methodology that is acceptable to most Governments yet still gives us the ability to see our financial status regularly, we believe that the international GAAP accounting procedures will provide the required results. We have to place a proposal in front of the Commissioner of Inland Revenue, to obtain his approval.
- We need to perform Internal auditing weekly! We can see benefits from obtaining ISO 9000 series registration for business & accounting procedures.
- We have approached an individual with extensive experience in the types of financial management that we perceive we need, but the proposed Financial Director has not yet accepted the position!

**InvestI+ BL Ltd*****Forecast Statement of Financial Performance for the  
Eighteen Months ending 31 March 2001***

	<b>6 Months to 31-Mar-00</b>	<b>12 Months to 31-Mar-01</b>	<b>18 Months to 31-Mar-01</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Operating Revenue</b>	\$424,750	\$46,064,419	\$46,489,169
Surplus (Deficit) before Taxation	\$376,950	\$46,064,419	\$46,489,169
Taxation	\$140,168	\$15,201,258	\$15,341,426
Net Surplus (Deficit) after Taxation	\$284,583	\$30,863,161	\$31,147,743

***InvestIBL Ltd - Forecast Statement of Movements in Equity for the  
Eighteen Months ending 31 March 2001***

	<b>6 Months to 31-Mar-00</b>	<b>12 Months to 31-Mar-01</b>	<b>18 Months to 31-Mar-01</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Equity at Start of Period</b>	\$0	\$14,290,883	\$0
<b>Surplus and Revaluation's</b>			
Net Surplus (Deficit) after Taxation for the Period	\$284,583	\$30,863,161	\$31,147,743
Total Recognised Revenue and Expenses for the Period	\$284,583	\$30,863,161	\$31,147,743
Other Movements	\$0		
Contributions by Owners			
Share issue to existing shareholders	\$6,300		\$6,300
Share Issue in terms of this Prospectus	\$14,000,000	\$0	\$14,000,000
Equity at End of Period	\$14,290,883	\$45,154,043	\$45,154,043

The accompanying *Notes and Assumptions* on pages 24 to 25 form an integral part of these Financial Forecasts.

**InvestIBL Ltd - Forecast Statement of Financial Position  
as at 31 March 2001**

	<b>31-Mar-00</b>	<b>31-Mar-01</b>
	<b>\$</b>	<b>\$</b>
Total Equity	\$14,290,883	\$45,154,043
Total Non-Current Assets	\$14,054,100	\$14,054,100
Total Current Assets	\$376,950	\$31,099,943
Total Current Liabilities	\$140,168	\$0
Net Current Assets	\$236,783	\$31,099,943
Net Assets	\$14,290,883	\$45,154,043

**InvestIBL Ltd - Forecast Statement of Cash Flows for the  
Twenty Four Months ending 31 March 2001**

	<b>6 Months to 31-Mar-00</b>	<b>12 Months to 31-Mar-01</b>	<b>18 Months to 31-Mar-01</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net Cash Flows from Operating Activities			
Issue Expenses	-\$100,000		-\$100,000
Other Operating Activities	-\$175,250	\$44,664,419	\$44,489,169
	-\$275,250	\$44,664,419	\$44,389,169
Net Cash Flows from Investing Activities	\$700,000	\$1,400,000	\$2,100,000
Purchase of Fixed Assets	-\$54,100		-\$54,100
Net Cash Flows from Financing Activities	-\$14,000,000		-\$14,000,000
Share Issue to Existing Shareholders	\$6,300		\$6,300
Shareholders' Advances			
Share Issue in terms of this Prospectus	\$14,000,000		\$14,000,000
	\$652,200	\$1,400,000	\$2,052,200
Net Increase (Decrease) in Cash	\$376,950	\$46,064,419	\$46,441,369
Allowance for Tax		-\$15,341,426	-\$15,341,426
Cash at Bank at Beginning of Period	\$0	\$376,950	\$0
Cash at Bank at End of Period	\$376,950	\$31,115,717	\$31,115,717

The accompanying *Notes and Assumptions* on pages 24 to 25 form an integral part of these Financial Forecasts.

**InvestIBL Ltd - Notes and Assumptions made for the Purpose of the Financial Forecast.**

The Directors have received the summarised forecasts as shown. Due care and attention has been taken by the Directors in reviewing these projections but the Directors cannot give any guarantee or assurance that the forecasts will be achieved.

The principal assumptions underlying these forecasts are summarised below:

**Specific Assumptions:****Personnel**

The personnel required are there to maintain the services of the Investment Company and supply stakeholders with whatever services they may need. This requires a minimal but dedicated staff. Until the development phase is completed it has been decided to second staff from the IBL group as required for supplying these services, where requirements exceed the supplied staff's capabilities or resources, outside services will be sought in the form of contract employees.

Once the development phase is completed a search will commence for the correct staff, least of all because by that stage we will be able to determine the calibre and capabilities required of the staff for these positions, based on our stakeholders having settled down, and whether we are contemplating NASDAQ registration.

**Plant and Equipment**

The plant and equipment required can (for the most part) be sub leased from other IBL group services and functions.

**Land and Buildings.**

An office area will be sub-leased from the IBL group for the purposes of maintaining the required outputs of InvestIBL Ltd.

**Leases.**

As stated above most of the required functions required by the temporary staff, are able to be sub-leased from the remainder of the IBL group. The only exception will be their own computer terminals.

**Operating and Administrative Costs**

These costs are for items and services that are peculiar to InvestIBL Ltd.

**General Assumptions**

1. **Forecast Period:** The attached forecasts cover the period commencing 1 September 1999 to 31 March 2001, as the Company has a balance date of 31 March.
2. No allowance has been made for the effects of inflation over the period of projections.
3. All amounts are exclusive of GST (Goods and Services Tax - New Zealand 12.5% consumption tax).
4. Unexpended funds will be invested on term deposit.
5. Tax rate is based on 33% (Corporate tax rate).
6. The financial forecasts have been prepared in accordance with the Accounting Policies set out on pages 29 to 30 of this Prospectus. The accounting policies are expected to change once approval for International GAAP has been obtained from the Commissioner of Inland Revenue.
7. The financial forecasts have been prepared on the basis of assumptions as to future events, that the Directors reasonably expect to occur and on decisions which the Directors reasonably expect to take, however, as these are forecasts that rely on events that are beyond the Directors' control, the actual results achieved are likely to vary from the information provided, and the variations may be material. The Directors of the Company adopted the financial forecasts on 30 July 1999. These will not be updated during the period ending 30 August 1999. The financial forecasts do not incorporate any actual results.

8. **Dividends:** Dividends will probably be paid during the projected period.
9. **Issuing expenses:** Issuing and associated expenses have been included in the forecasts as operating expenses. The estimated total of these expenses is \$100,000. This is a set charge from the organisers.
10. **Special Trade Risks:** Special trade risks are set out in the Section on *Risk Factors* of this prospectus.
11. **Operating Expenses:** Significant items of operating expenses included in the Forecast Statement of Financial Performance are (based on an annual appropriation):

Salaries	\$187,200
Premises Lease	\$15,000
Power	\$4,200
Telephone	\$14,400
Insurance	\$1,000
Vehicles	
Lease	\$31,200
Fuel	\$10,400
Maint	\$4,800
Consumables	\$18,000
Legal	
Accounting	\$5,000

12. **Income Projections:** Income for InvestIBL Ltd is derived from two sources:
- An interest charge against the loans made to FinanceIBL Ltd. Using a standard loan contract of 5 years with interest charged at 10%PA (Per Annum).
  - A modification to the constitution of FinanceIBL Ltd (the company that is charged with controlling and maintaining all the billing processors of the IBL Group) that allows a 5% charge against the cost of supplying a service to all members of the IBL group. For example, if a customer is charged 50c for a transaction and we know that supplying this service actually costs 5c, a 5% return to InvestIBL Ltd would be 0.25c.
    - An example of this charge would be renting the use of a movie – we would supply the download, using 5c of airtime, meanwhile the movie Distribution Company would receive 45c as their fee for allowing the customer to watch it.
    - Further note - we could also allow the customer (because the Distribution Company may want it as part of their contract with us) to only watch 125% of the movie. This means that they could see the whole movie once per 50c of use and they could also 'rewind' or 'replay' certain scenes up to a maximum of 125% of the total movie time.(A 72 minute movie would be 90 minutes of viewing time – not including pauses of any duration) If, in this example the customer exceeded their allotted time but wanted to watch the movie until the end, they would have to approve a further 50c payment, this would involve another payment of 5% of 5c for InvestIBL Ltd.

**Notes:-**

**The following information is -** for the Balance of IBL Group accounts (not including InvestIBL – but nevertheless supplied so as to give the investor an idea of where their money is being used and how their returns are generated.

**Personnel**

Salary rates for personnel have been set at attractive but conservative rates current for the computer industry in Auckland, taking into account the possibility to recruit both local graduates and senior overseas staff from competitive sources. In addition to the current team comprising five staff, within the year we have access to 14 more staff at short notice (three months) and will have to advertise for the rest. This would bring the staff to a total of 48 by 2001. 5 of these staff are of a technical nature, 2 will be able to be sourced within New Zealand, the other 3 will have to be transferred to New Zealand or will be contracted via the Internet to supply their specialist services. The remainder of the required staff is readily available in the New Zealand marketplace but may require up to three weeks indoctrination each.

**Plant and Equipment**

The forecast assumes the creation of a research, development and demonstration facility (the IBL R&D Centre) designed to achieve quickly the transfer of the technology to the commercial arena. This facility will be set to simulate alternatively the normal functioning of commercial premises or a private home and their demands for energy and communications. It will provide the basis to progressively expand a pilot IBL network outside the IBL's R&D premises into the North Shore of Auckland community, and to link with a (partnering) supplier of satellite services.

In addition to existing computing equipment, the forecast assumes the acquisition of equipment required to set-up the R&D Centre including a set of Alpha workstations and two servers to be used by the programmer/designer team. The workstations will be networked into a pilot demonstration network both by ethernet and wireless means. The forecast also assumes a high capacity link to the Internet. Spare capacity on this link will be used to provide high connectivity on a commercial basis to an approved ISP reseller service, presently not having an Auckland outlet. This infrastructure is expected to provide a modest amount of revenue during 2000.

Ancillary equipment will include workshop tooling, and electronic development apparatus such as oscilloscopes, standard office equipment and workstations for management and marketing staff. All equipment and plant costs have been forecast at current commercial rates, on the basis of quotes, price lists or conservative standard values.

There is also Test-beds to be installed in all the company vehicles, this will allow us to monitor their use and fine tune the services provided earlier. They will also act as the logbook for the companies accounting procedures.

**Land and Buildings.**

Owing to the specific nature of the pilot activities to be carried out, significant modifications to commercial premises will need to be carried out. The forecast assumes the lease and upgrading of modest warehousing and office premises for this purpose. It is expected that during the next stage of development these premises will be either retained as head office or that the value of the upgrade be recovered (fully networked office suite with high connectivity).

**Leases.**

The forecast assumes the lease-to-own arrangement by a technical equipment rental company or from the manufacturer involved. A total budget of \$255,000 has been set for these purposes.

**Operating and Administrative Costs**

*In addition to the usual administrative, office and telecommunications expenses, the operating expenses assumed in the forecast include the acquisition of specialised data and information material related to telecommunications and networks, the monthly costs of the high connectivity links referred to above, consumables to be used to set-up the pilot network, and travel expenses related to the recruiting of the specialised development staff referred to earlier, and the negotiation of strategic alliances. All such forecast components have been based on commercial rates, and, when suitable, standard estimates based on prior experience from IBL's executives.*

**Patenting**

*Following the first phase of the patenting process in 1998, the budget for 1999 includes the costs of pursuing the patenting process in New Zealand, the US, and the PCT (Patent Co-operation Treaty) countries. This budget is based on estimates supplied by our patent attorney.*

**Income from Trading Activities**

*The budget shows an income from sale of products and the installed base, this will occur during the end of the financial period. Therefore not much income shows up on these projections.*

*We can install equipment based on vehicles, home satellite relaying, home monitoring, and rudimentary audio services. Not included in the figures are incomes from other licensing services, or the three other services (and customers) that we may have signed by the end of 2000.*

**General Assumptions**

1. **Forecast Period:** *The forecasts cover the period commencing 1 September 1999 to 31 March 2001, as the Company has a balance date of 31 March.*
2. *No allowance has been made for the effects of inflation over the period of projections.*
3. *All amounts are exclusive of GST (Goods and Services Tax - New Zealand 12.5% consumption tax).*
4. *Unexpended funds will be invested on term deposit.*
5. *Tax rate is based on 33% (Corporate tax rate).*
6. *The financial forecasts have been prepared in accordance with the Accounting Policies set out on pages 29 to 30 of this Prospectus. The accounting policies are expected to change once approval for GAAP has been obtained from the Commissioner of Inland Revenue.*
7. *The financial forecasts have been prepared on the basis of assumptions as to future events, that the Directors reasonably expect to occur and on decisions which the Directors reasonably expect to take, however, as these are forecasts that rely on events that are beyond the Directors' control, the actual results achieved are likely to vary from the information provided, and the variations may be material. The financial forecasts were adopted by the Directors of the Company on 30 July 1999. These will not be updated during the period ending 30 August 1999. The financial forecasts do not incorporate any actual results.*
8. **Dividends:** *No dividends will be paid during the projected period.*
9. **Issuing expenses:** *Issuing and associated expenses have been included in the forecasts as operating expenses.*
10. **Special Trade Risks:** *Special trade risks are set out in the Section on Risk Factors of this prospectus.*

11. **Operating Expenses:** Significant items of operating expenses included in the Forecast Statement of Financial Performance are:

Salaries	3,775,200
Premises Lease	567,500
Power	47,700
Telephone	167,400
Insurance	105,500
Vehicles	
Lease	431,600
Fuel	267,800
Maintenance	82,400
Consumables	203,000
Accounting	78,167
IP-Protect	921,600
Sales	250,000
Test Equip.	324,000
Overseas Travel	270,000

***InvestIBL Ltd - Statement of Accounting Policies for the  
Eighteen Months Ended 31 March 2001***

The financial statements of InvestIBL Ltds' have been prepared in accordance with the New Zealand Companies Act 1993 and the Financial Reporting Act 1993.

1. **Basis for Preparation:** The financial statements have been prepared on the historical cost basis. The reporting currency is New Zealand dollars.

2. **Specific Accounting Policies:** The specific accounting policies used in the preparation of the financial statements are as follows:

2.1. **Identifiable Intangible Assets:** The trademark purchased is shown at cost. Provision is made for any permanent impairment in the value of the identifiable intangible asset.

2.2. **Fixed Assets:** Office furniture, plant and equipment are recorded on the historical cost basis.

All items are depreciated on the diminishing value basis, in accordance with rates set out in the Income Tax Act 1994.

2.3. **Statement of Cash Flows:**

Definitions of the terms used in the statement of cash flows:

"**Cash**" includes demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings such as bank overdrafts, used by the company and the group as part of their day-to-day cash management.

"**Investing activities**" are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets. Includes the loan to FinanceIBL Ltd.

"**financing activities**" are those activities relating to changes in equity and debt capital structure of the Company and those activities relating to the cost of servicing the Company's equity capital.

"**operating activities**" include all transactions and other events that are not investing or financing activities.

2.4. **Taxation:**

Taxation expense is accounted for on the comprehensive basis, using the liability method.

A debit balance in the deferred taxation account is only carried forward to the extent that there is virtual certainty of its recovery.

Taxation benefits accruing from taxation losses are recognised only to the extent of accumulated net credits from timing differences in the deferred taxation account unless there is virtual certainty of their realisation.

2.5. **Research and Development:**

Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services prior to the commencement of commercial production or use.

Development costs are recognised as an asset when all of the following criteria are met:

- (a) the product or process is clearly defined and the costs attributable to the product or process can be identified separately and measured reliably;
- (b) the technical feasibility of the product or process can be demonstrated;
- (c) the company intends to produce and market, or use, the product or process;
- (d) the existence of a market for the product or process or its usefulness to the company, if it is to be used internally, can be demonstrated; and
- (e) adequate resources exist, or their availability can be demonstrated, to complete the project and market or use the product or process.

Capitalisation is limited to that amount which, taken together with further related costs, is probable of recovery from related future economic benefits.

Development costs recognised as an asset are amortised on a straight line basis over the period of expected benefits.

All other development costs and all research costs are recognised as expenses in the period in which they are incurred.

-----

## **Further notes to the Accounts –**

### **Set up Company - InvestIBL**

All Shares sold in InvestIBL	70,000,000	\$0.00010
Total Sale of Shares=	\$7,000.00	
Prospectus fixed cost from supplier	\$100,000.00	

InvestIBL acquires shares from Set-up Trust at sale price	7,000,000	\$0.00010
Total cost to InvestIBL	\$700.00	

InvestIBL gets prospectus approved and issues Shares for 1 month	at NZ\$2.00 each	
Income to InvestIBL	\$14,000,000.00	

Assets purchased office equipment etc	\$54,100.00	
--	-------------	--

Outgoings		
until 31/3/2000 (incl all asset purchases)	\$175,250.00	
12 months until 31/3/2001	\$323,450.00	

### Agreement between InvestIBL and FinanceIBL for two types of repayment

1	Loan to FinanceIBL - of	\$14,000,000.00
	at 10% PA for 5 years	
	income to InvestIBL PA of	\$1,400,000.00

2	A separate agreement with FinanceIBL for 5% of cost of transaction this equates to a value from the (GDP pages) 10yr forecast until 31/3/2000	- (nil)
	12 months until 31/3/2001	\$ 44,987,868.71

### *Assumptions*

*End of first financial year = 31/3/2000 - note: company (InvestIBL) formed 29/7/99*

# Auditor's Report

The Accounts have not been audited to date, as there have been no transactions to audit.

We would like the accounts to be to International GAAP standards, we have to obtain approval from the Commissioner of Inland Revenue. Once funding has been obtained, we will pursue this prior to setting up internal accounting procedures.

The only financials that could be audited are those that relate to forecasting. It was decided that investors would obtain an audit for their own reasons.

The result was we have not approved the funding requested (\$30,000) for the prospectus audit. We have kept all spending over the previous 12 years within other companies, personal, or spread the risk to other parties, so that the present accounts can start with a clean slate.

If a prospective investor wishes to have the accounts audited, their own auditors can contact us.

## ***Notes for Auditing in New Zealand***

### ***Directors' Responsibilities***

The Directors are responsible for the preparation of financial statements, which give a true and fair view of the financial position of InvestIBL Ltd and the Group. And of the results of their operations and cash flows for the period, in accordance with the reporting requirements of the Securities Act 1978 and the Securities Regulations 1983.

### ***Auditors' Responsibilities***

It is the auditors responsibility to express an independent opinion on the financial statements presented by the Directors, and report their opinion as required under Clause 42 of the First Schedule to the Securities Regulations 1983.

### ***Basis of Opinion***

An audit includes examining on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors in the preparation of the financial statements; and
- whether the accounting policies are appropriate to the Company's and Group's circumstances, consistently applied and adequately disclosed.

In performing the audit of the financial statements

- the audit has to be conducted in accordance with generally accepted auditing standards in New Zealand
- planned and perform the audit so as to obtain all the information and explanations which are considered necessary
- obtain sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error.

## Additional Statutory Information

The following matters are required by the First Schedule to the Securities Regulations 1983 ("the Regulations"). Each of the following matters is numbered to correspond with the clause numbers of the Regulations.

### 1. Main Terms of Offer

- 1.1. The issuer of the shares is InvestIBL Ltd. Registered Office: c/o 33 Sunvalley Rd., Hatfield Beach, Orewa, Auckland, New Zealand.
- 1.2. The shares offered are ordinary shares that will be issued fully paid at NZ\$2 per share.
- 1.3. The maximum number of shares being issued is 7,000,000.

2. **Names and Addresses of Offerers:** the Offerer of the issue of shares is the Company (see *Directory*).

3. **Details of Incorporation of Issuer:** the Company was incorporated under the Companies Act 1993 on 30 July 1999. Its registration number is AK971822. The public file relating to its incorporation is kept at the office of the District Registrar of Companies, Auckland, New Zealand.

3.1. Principal Subsidiaries of Issuer: None, all other companies are separate to InvestIBL Ltd..

### 4. Directorate and Advisers

4.1. The names, residential addresses and technical or professional qualifications of every director of the Company are set out in the *Directory* and in the of this Prospectus;

4.2. The names of the Company's auditors, solicitors, bankers, and share registrar involved in the preparation of this Prospectus are set out in the *Directory* of this Prospectus;

5. A. Restrictions on Directors' Powers: the modifications, exceptions or limitations imposed on the powers of the Company's Board are only those imposed by the Companies Act 1993.

6. **Substantial Equity Security Holders of the Issuer:** the shareholders of the Company at the date of this Prospectus are set out in the *Shareholders* Section of this Prospectus. None of the persons listed as shareholders have undertaken any liability in respect of the shares.

7. **Description of Activities:** the Company's activities since it was incorporated are set out in this Prospectus under the headings "Summary of Events" and "Overview" and subsequent reports.

### 8. Financial Statements

8.1. The Company's historic financial statements; taken from unaudited financial statements, is set out in the *Historical Information* Section of this Prospectus. Financial Statements are set out for the financial period 30 June 1999 to 30 June 1999.

8.2. Summary of Financial Statements: The figures for the period from incorporation to 30 June 1999 have been extracted from the unaudited financial statements of InvestIBL Ltd.

**9. Prospects and Forecasts**

- 9.1. The financial forecasts for the period ended 31 March 2001 have been set out in the *Financial Forecasts* Section of this Prospectus. No further forecasts have been made.
- 9.2. Statements as to the Company's trading prospects and special risks are set out under the headings "Economics, Competitive Advantage, and Markets" and "Risk Factors" in this Prospectus.

**10. Provisions Relating to Flotation and Sale of shares**

- 10.1. The purpose of the Company's offer to issue shares is to raise funds for the further development and marketing of the IBL technology.
- 10.2. The proceeds of the offer may be applied towards any undertaking that the Company may lawfully engage in, including capital distributions to shareholders.
- 10.3. In the opinion of the Directors the minimum subscription required is \$1,125,000 to fund the Company's working capital requirements. These funds will cover costs for the present share issue and related costs of ongoing software development, PCT patenting process, marketing of the technology, information to shareholders, and seeking alternative sources of funds. Technology development of the type IBL is involved in is a low cost activity compared with the development of a substantial pilot network. This pilot network would be then funded at a later stage when the services have been proven and the other shareholders have been given release (milestone approval) to release their shares.

11. **Securities Paid up Otherwise than in Cash:** the Company in consideration for anything other than cash has issued no shares.

12. **Options to Subscribe for Securities:** there are no options to subscribe for securities.

**14. Appointment and Retirement of Directors:**

- 14.1. The Constitution of the Company provides for the appointment of Directors in the manner specified in Sections 153 and 155 of the Companies Act 1993.
- 14.2. The shareholders of the Company have the right to appoint and remove Directors of the Company by ordinary resolution at a meeting of the shareholders.

**15. Directors' Interests**

15.1. Robert South is a Director and shareholder of all the other companies mentioned in the prospectus.

15.3. The Board may authorise the:

- 15.3.1. Payment of remuneration or the provisions of other benefits by the Company to a Director for services as a Director or in any other capacity;
- 15.3.2. Payment to a Director, or to a former Director, for compensation for loss of office;
- 15.3.3. Making of loans by the Company to a Director;
- 15.3.4. Giving of guarantees by the Company for debts incurred by Directors;
- 15.3.5. Entering into a contract to do any of the things set out in paragraphs (a) to (d) of this Regulation 12.1;

15.4. if the Board is satisfied that to do so is fair to the Company.

15.4.1. If a payment, benefit, loan, guarantee or contract is authorised under Regulation 12.1:

15.4.2. The Board must ensure that particulars thereof are forthwith entered into the Interests Register; and

- 15.4.3. Directors who vote in favour thereof must sign a Certificate stating that, in their opinion, it is fair to the Company, and the grounds for that opinion.
16. **Promoters' Interests:** the Company is the promoter of the issue of shares. The Directors have been issued the shares in the Company as set out in the Table of Principal Shareholders for the consideration and on the terms set out in the Shareholders Agreement
- 17.4. Key Personnel Insurance: National Mutual, Policy Number P900541139, person insured: Robert South
- 17.5. Provisional Patent Numbers: New Zealand, \*\*\*\*\*, \*\*\*\*\*
18. **Pending Proceedings:** there are no legal proceedings pending at the date of this Prospectus.
19. **Issue Expenses:** issue expenses are estimated to amount to \$100,000 comprising:
- (i) A set fee from the issuer.
  - (ii) Brokerage: no broker has been recruited to promote this issue
20. **Restrictions on the Issuer:** there are no restrictions on the ability of the Company to distribute profits or to borrow, being restrictions that result from any undertaking given or contract or deed entered into by the Company.
21. **Other Terms of Offer of Securities:** other than those implied by law or set out in a document that is registered with a public official, is available for public inspection and is referred to in this Prospectus, all terms of the offer and the terms of the securities being offered are set out in this Prospectus.
- 22-38. **Financial Statements**  
The information required by clauses 22-38 of the First Schedule to the Securities Regulation is set out under the heading *Financial Information Pages* of this prospectus.
39. **Places of Inspection of Documents:** any material contract disclosed pursuant to paragraph 15 above and not included in this Prospectus may be inspected by any person who requests during the currency of this Prospectus at the office of the Registrar of Companies, Auckland, New Zealand, upon payment of the prescribed fee and/or from the offices of the Company 33 Sunvalley Rd., Hatfield Beach, Orewa, Auckland, New Zealand. Inspection to be made during normal business hours between the hours of 10.00 am and 4.00 p.m.
40. **Other Material Matters:** there are no other material matters relating to the offer of shares pursuant to this Prospectus other than the matters set out elsewhere in this document.
41. **Directors' Statement:** the directors of InvestIBL Ltd after due enquiry by them in relation to the period between 31 May 1998 and the date of this Prospectus, are of the opinion that there has not arisen any circumstances that materially adversely affect:
- (i) its trading or profitability,
  - (ii) the value of its assets, or
  - (iii) its ability to pay its liabilities due within the next 12 months,
  - (iv) except under circumstances which are set out under the heading "Risk Factors" in this Prospectus.
42. **Auditor's Report:** the auditors' report, provided in accordance with Regulation 42, is included in this Prospectus. (The auditors would take no responsibility for, nor would it authorise nor cause the issue of any part of this Prospectus except for the Auditors' Report).



# Appendix

## Challenges Addressed by IBL Technology

### **The Technology and business**

New and exciting technology is available to satisfy a demand in a wide range of applications where continuous tracking of physical assets is required. Developments with specific and existing networks such as GPS and cell phones have shown that these provide potential network capability, but at this time, none of the solutions based on these have yet been proven to be economic for a widely based system. Info Brokers & Logistics (NZ) will have the patented technology to achieve cost effective solutions.

Many organisations are currently looking into providing sophisticated computer based solutions for tracking systems with much of the impetus being generated by the New Zealand Government requesting solutions to road user charging systems. However, if an economic system is to be fully implemented a new method of Information Access complete with Storage Retrieval will be required. Info Brokers & Logistics (NZ) will be licensed to use a new service implementation system "KISS" (Knowledge, Integration and Service - System). This will allow a totally new and relatively inexpensive Service System, to be put in place that is vastly superior and will provide a much wider range of benefits than that offered in either current or presently proposed technology

This business plan outlines the introduction of the world's first Information Utility, IBL. This new service is committed to introduce information services to the entire population.

IBL is being established as a series of territorial franchises. These franchises allow adaptation to local cultures and conditions. In the short-term, IBL intends to introduce services into Australasia plus establish footholds in Asia, Europe and North America. In the long-term these footholds will be exploited, to penetrate the primary market on a global basis.

Within each franchise are a number of standardised market segments. These segments require the customisation of the equipment supplied to present the required services. A number of key services have been fully evaluated and are ready to be used as target segments to launch the IBL service in each franchise area.

The underlying IBL technology is KILOWare, based upon a concept that has been developed over a period of time by reviewing computer technology from first principles. This has allowed the development of technology that has avoided the weaknesses of traditional computer technologies. In particular, the introduction of inexpensive shared data over a high capacity network provides a decisive competitive advantage over the existing computer industry.

## **Introduction to IBL Business**

We know and understand what we have. We also believe we know and understand how we are going to market and protect ourselves over the coming years.

We have a unique combination of Hardware, Software, Systems, Business, and Services that is going to revolutionise the way the world sees and operates Information Access Devices.

Our biggest problem is not the technology, it has been proven in limited trials. Our biggest problem is the inability of our competitors to supply the same collection of offerings that we have, for anywhere near the same price.

- We are not a Telephone company, but we will be supplying (originally) voice services, later video services, without the switching and line infrastructure, and corresponding cost structure.
- We are not a Computer company, but we will be supplying processing power in a form that almost anybody can use to their advantage, and with the latest updates potentially free. With the use of the latest version of software measured in cents per hour.
- We are not an Internet Provider, but Internet services will be available through the system.
- We are not a Database Company, but we will have the biggest interconnected distributed database in the world, with customer driven methods of accessing it.
- We are a Utility, - The world's first INFORMATION UTILITY, an organisation with the objective of providing information services upon demand to people everywhere. The organisation will transform the information industry into a commodity, taking the value-chain position of an information conduit.

Our methodology is to provide a series of companies that allow us to perform our job of supplying IBL services, while allowing us to remove any one part (at a time) and replace it with a new entity if it does "fall". (It also allows us to replace a non-performing company with an outside one if their services are compromised in any way).

Unfortunately this does not make it any easier for an investor to invest or understand what we are doing.

## **Keeping simple philosophies in mind**

- Following the KISS principal, “Keep It Simple, Stupid!”
- “If it isn’t broken – don’t fix it!”
- “If people don’t understand it – they can’t use it”
- The best advertising possible is “word of mouth” – use it!
- The “Holistic” approach, - everything is interconnected. Doing something in one area will cause an event elsewhere.

## **What we are doing:**

- Setting up an investment company – InvestIBL.
- Use InvestIBL to obtain funding
- This funding is supplied with a caveat, that it is obtained on a proven performance basis.
- Each company in the group needs funding at some time, not necessarily up front, so once certain objectives have been achieved it can apply for funding.
- There is no need to obtain all the funds required by the group up front, (and pay unnecessary tax!), if we are late on a particular deliverable then we don’t need the next set of funding anyway!
- Each company has a series of milestones to achieve before their funding is allowed to proceed.
- Each company has been allocated an amount of shares in InvestIBL.
- These shares will be released to the general public at the time of the milestone achievement.
- When a milestone is achieved, it will be advertised. This will allow our present investors, and future investors, to “see” us performing.
- As we do achieve our stated objectives this will raise the FV (future value) of the group, hence our share price.
- InvestIBL is the sole public investment vehicle of the IBL group.
- In the future, a bond release may be made to facilitate funding for the Lease Company in the group. Our shareholders (at the time) will be offered a preferential issue.
- All investors would like an Exit Strategy, the only mechanism to do this is to make the shares tradable.
- InvestIBL shares will be tradable from day one (once the prospectus has closed).

- We don't agree that only brokers should be allowed to make money in new releases or IPO (Initial Public Offering), so our shares will be tradable through our web site, at the earliest opportunity.
- This means no brokerage fees (we are not brokering the deal, we are only putting a prospective buyer in touch with a confirmed seller).
- If required, we have set up a trust account for the depositing of monies, so as to prove a buyer's capability to purchase the shares. This is separate from the trust account for the depositing of funds for the initial tranche of publicly released shares (via this prospectus).
- We will list those shareholders that want to sell (not by name – just a re-direction) to their email address (our Internet function will carry their address for them) on the registry. (Required by law – section 87(2) of the Companies Act), (this service also allows the shareholder to see the other shareholders at any time).
- The last buy or sell price of a share will be available on the site, along with other pertinent information for the prudent investor.
- This service will allow buyers and sellers to be once removed from the transaction but at the same time not force us to charge brokerage fees.
- The share registry is available online and will be updated once a transfer has been completed.

- A share transfer has not been completed until the registry has received a signed 'original' copy of the buy and sell agreements. We have modified the standard constitution for Internet use. This involves the registry being able to identify and validate (without a signature) the parties involved.

There are three ways to achieve this:

- Normal approach - Wait until the paperwork arrives in the registry office, then complete the transfer (3-6 days).
- From another company. Our shareholders and potential shareholders can complete a POA (Power of Attorney) authorising a company official to complete the transfer for them. (Based on their signature on a 'blank' share transfer form).
  - This means a 3-6 day wait for the first transfer, (we still need at least one original signed and the POA)
  - We need some form of unique ID from our "POA approved shareholders" to authorise our official to proceed with the transfer on their behalf.
  - This has now been added to our website. You will notice a customer number and transaction code at the head of each email transaction communication with us. A POA approved shareholder must place the transaction code LAST received from us in the first line of the transaction request and subsequent transaction dealings
  - The transaction code will change with every communication.
- The third method – and easiest - is when paying money into the trust account the payer is given a transaction number, so are we, this number will be used to verify their ownership of funds and eventual ownership of which shares. We have a unique ID code from a third party for the given transaction.

Further notes for your attention:-

- The same circumstance will apply to either “snail” mail or email requests.
- We do not believe that encryption is the answer to any security problems, because this can now be broken anyway.
- Once a request for a transaction has been made we WILL contact the requesting party to confirm the transaction.
- Under New Zealand law there is NO TAX on capital gains, however any tax that is payable or other costs and charges is YOUR CARE.
- Modifying the constitution of participating companies so that they owe some form of return to the Investment Company. (transactions, time based, or simple charge depending on the company involved)
- One of the returns presently listed is a 5% charge on the cost of performing a transaction. This amounts to NZ\$0.05 cost and a return of NZ\$0.0025 per transaction. (Some customers may pay up to NZ\$0.50 per transaction due to the fact. “that is what they expect to pay – for the service provided”)
- NOTE:-In ten years time the transaction charge is expected to be approximately NZ\$0.01 cost, therefore the return will be approximately NZ\$0.0005, but with the system doing billions of transactions per hour.
- No one End User of our product or services should be paying more than NZ\$50.00 per month for each piece of our supplied equipment.
- This is including the lease of our equipment, and paying all their own accounts, downloading movies, watching “pay-per-view”, surfing “The Net”, monitoring their home (security), or keeping an (8 hour) eye on their children either at school or in day-care (if allowed).
- We will guarantee to keep all equipment up to the latest specification of software within 24Hours of “connecting” to our system, our cost.
- We will guarantee to supply all information requested within a 60 minute period, (Faster times are available for a different fee structure, 30 min, 15 min, 5 min, 2 min, 1 min) for our network. If we are trying to access the information for you from a secondary supplier we will tell you that the information requested is unavailable due to ... “whatever the problem is”.
- Gathering information includes, but is not limited to, (but does depend on their supplier allowing us), their account for telephone services, Power usage, gas usage, (all utilities), Security information; Their home, children, work, vehicle.
- We have a requirement to protect our users from inappropriate privacy violations. This includes releasing information on them to any other entity. We have a mechanism available to protect all our End Users, Customers, and Consumers alike. We will use this mechanism wherever required.
- Our business can and will operate only under one basic rule:

## **TRUST**

# Jurisdiction and Currency

## **Jurisdiction**

This prospectus is governed by, and construed in accordance with, the laws of New Zealand for the time being in force, and subscribers agree to submit to the non-exclusive jurisdiction of the courts of New Zealand.

## **Currency**

All references to currency in this prospectus are New Zealand currency. Subscribers who pay in currencies in any other currency agree to accept the exchange rate allocated to that currency at the date upon which their subscription is banked in New Zealand. The Company shall be entitled to determine the appropriate exchange rate applicable on the date the monies are received.

In the event of a subscription being refunded the subscriber agrees to accept the exchange rate applicable on the date of the refund.

# Appendices

- 1 Letter of employment – re Robert South
- 2 Copy of Loan Agreement between InvestIBL Ltd & FinanceIBL Ltd
- 3 Copy of Charge Agreement between FinanceIBL Ltd & InvestIBL Ltd

## **Robert South**

33 Sunvalley Rd.,  
Hatfield Beach  
Orewa,  
Auckland  
New Zealand  
2<sup>nd</sup> August 1999

### **To: The Directors and Shareholders of FinanceIBL Ltd**

Rather than have an Employment Contract drawn up, which obliges the company FinanceIBL Ltd. to an expenditure that it cannot legally abide by, I have agreed to the following:

Robert South, the undersigned, does hereby agree to the following terms and conditions for furthering the cause of the IBL group.

- Robert South agrees to work for a minimum 40Hr week for the next 3 years for an annual income of NZ\$150,000.00.
- Robert South accepts that any other hours worked outside this period is free to FinanceIBL (the income is in the form of a salary).
- It is understood that a company from within the IBL group (probably FinanceIBL Ltd) will arrange for a full employment contract to be drawn up when and as required, therefore this is a Letter of Intent on behalf of Robert South.
- Any other ideas or concepts that Robert South does come up with, finds, integrates, or discovers, during this period of employment is, and does, belong to Robert South. Robert South does agree to a one month due diligence period by the IBL Group for the licensing of each and every development / discovery. This means that The IBL Group has first right of refusal for any and all inventions, developments and any other services or products that may become available through the employment of Robert South.
- While best endeavours is obvious for the employment and performance by Robert South, the order of events cannot be stated accurately for the following chart due to the requirement that the entire company structure is managed and maintained in such a way so as to take advantage of all and any events that offer themselves at any time. By way of an example:-It may become necessary to supply New Zealand citizens with OUR Chip ID cards, (whilst this is our endeavour) we cannot guarantee when the government will legislate and allow us to implement the ID card with IBL's version of E-Commerce. But this won't stop us pursuing our ideals.

- It is further stated that as each of the major milestones below, is achieved then the salary (annual Income) of Robert South will be increased by a further compounded 10%. There is no date for any of the below items except the item regarding the share option of 5% being optioned to Robert South – this is assumed to be once the New Zealand Network is up and running, and we have installed over 10Million of OUR Chips into the New Zealand Market, and all the items listed above it are completed.

<b>Milestone</b>	<b>10%</b>	
		150,000.00
OUR Chip is finally approved for manufacture	15,000.00	165,000.00
ANTTS the software is developed and bug free	16,500.00	181,500.00
RF proven and approved (where necessary)	18,150.00	199,650.00
Complete integration of S/W H/W RF	19,965.00	219,615.00
The Share price (\$2 equiv.) hits NZ\$100 each	21,961.50	241,576.50
Sale of 10M of OUR Chip	24,157.65	265,734.15
Vehicles in NZ covered with MindIBL (2M units)	26,573.42	292,307.57
Containerised Manufacturing up and running	29,230.76	321,538.32
Option given to Robert South to purchase 5% of total shares in InvestIBL - at NZ\$1.00 / share		
NZ Network in place and running	32,153.83	353,692.15
Sale of 100M of OUR Chip	35,369.22	389,061.37
Household machines are passed 100,000 units	38,906.14	427,967.51
First overseas Franchise / License signed up	42,796.75	470,764.26
International vehicles (MindIBL) hit 50M units installed	47,076.43	517,840.68
Sale of 500M of OUR Chip	51,784.07	569,624.75
and every year where the dividend to shareholders is 10% greater than the previous year		

The above is agreed to by Robert South

---

Signed Robert South

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_