

Note 1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by IFC Capital Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

As at 31 December 2008 the Company had capital and reserves of \$8.5 million and a working capital deficiency of \$10.2 million (excluding the Cranebrook land value of \$18.6 million). The Company has experienced recurring operating losses and negative cash flows from operating activities during the financial year ending on that date. During the period ended 31 December 2008, the Company successfully raised \$1.87 million, net of transaction costs, through a share placement and fully underwritten rights issue.

The significant component of the working capital deficiency is the \$11.55 million of bank loan facilities which have been classified as a current liability. The repayment date of the bank loans, under the terms of the loan agreement, is 18 October 2009. However, there is a facility review clause in the agreement which provides that because rezoning consent for the land has not been obtained, the financier may terminate the facility with 15 days notice.

The Company has not received rezoning consent at the date of this report. The Company obtained written confirmation from the financier dated 16 February 2009, that whilst the financier does not waive their right to review the facility, it is not their current intention to call on the facility before 18 October 2009.

The repayment of the facility will be dependent upon the Company being able to sell the land and repay the loan with the proceeds should it be called upon either on 18 October 2009 or earlier and/or raising additional capital following rezoning approval prior to the loan being called. In the absence of a sale of the Cranebrook land the company has cash reserves which are expected to last until November 2009.

As a result of the above matters, there is significant uncertainty whether the Company will be able to continue as a going concern and, therefore, whether it will realise its assets and settle its liabilities and commitments in the normal course of business and at the amounts stated in the financial report. However, given the support to date of the financier and the ongoing relationship the Company has with the financier the directors believe that the Company will be successful in obtaining the continued support of the financier and will be successful in selling the land in order to repay the loan at 18 October 2009. Accordingly, the directors have prepared the financial report on a going concern basis. No adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.