



**British Columbia
Securities Commission**

**QUARTERLY AND YEAR END REPORT
BC FORM 51-901F (previously Form 61)**

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INCORPORATED AS PART OF:

Schedule A

Schedule B
(place X in appropriate category)

ISSUER DETAILS

NAME OF ISSUER	FOR QUARTER ENDED	DATE OF REPORT YY/MM/DD
International Barrier Technology Inc.	September 30, 2003	03/11/26

ISSUER'S ADDRESS **c/o 750 West Pender Street, Suite 604**

CITY	PROVINCE	POSTAL CODE	ISSUER FAX NO.	ISSUER TELEPHONE NO.
Vancouver	BC	V6C 2T7	604-689-9773	1-800-638-4570

CONTACT PERSON	CONTACT'S POSITION	CONTACT TELEPHONE NO.
Michael Huddy	President	1-800-638-4570

CONTACT E-MAIL ADDRESS	WEB SITE ADDRESS
info@intlbarrier.com	N/A

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

"Victor Yates"	VICTOR YATES	03/11/28
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

"David Corcoran"	DAVID CORCORAN	03/11/28
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED YY/MM/DD

(Electronic signatures should be entered in "quotations")

INTERNATIONAL BARRIER TECHNOLOGY INC.
QUARTERLY REPORT
for the three months ended September 30, 2003

Schedule A: Financial Statements
– See consolidated financial statements attached

Schedule B:

1. Analysis of expenses and deferred costs:
General and administrative expenses
– See consolidated financial statements attached

Cost of Sales		
Materials	\$	384,464
Plant wages		29,222
Plant overhead		73,645
		484,629
	\$	484,629

2. Related party transactions:
– See Note 3 to the consolidated financial statements attached

3. Summary of securities issued and options granted during the period:
a) Common shares issued during the period

<u>Date of Issue</u>	<u>Number</u>	<u>Type of Issue</u>	<u>Price</u>	<u>Cash Proceeds</u>	<u>Commissions Paid</u>
August 12, 2003	1,000,000	Private placement	\$0.30	\$ 300,000	\$ -
August 12, 2003	100,000	Finders fee	-	\$ -	\$ -

b) Options granted during the year

<u>Date of Option</u>	<u>Number</u>	<u>Optionee</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
July 10, 2003	100,000	Michael Huddy	\$0.26	July 10, 2005
July 10, 2003	220,000	Consultants	\$0.26	July 10, 2005

4. Summary of securities as at the end of the year:
 - a) Description of authorized share capital
 - See Note 2 to the consolidated financial statements
 - b) Number and recorded value for shares issued and outstanding
 - See Note 2 to the consolidated financial statements
 - c) Description of options, warrants and convertible securities outstanding
 - See Note 2 to the consolidated financial statements
 - d) Number of shares subject to escrow or pooling agreements: 173,452

5. List of directors and officers as at the date of this report:
 - David Corcoran, Director
 - Victor Yates, Director
 - Paul Louie, Director
 - Michael Huddy, President and Director
 - Tom Corcoran, Secretary

Schedule C: Management Discussion and Analysis
– See attached

INTERNATIONAL BARRIER TECHNOLOGY INC.
QUARTERLY REPORT
for the three months ended September 30, 2003

Schedule C: Management Discussion & Analysis

Description of Business

The Company (“Barrier”) manufactures and sells fire-rated building materials primarily in the United States of America. Barrier’s common shares are listed for trading on the TSX Venture Exchange in Canada and the over-the-counter Bulletin Board in the United States of America.

Discussion of Operations

Sales reported for the quarter ending September 30, 2003 were \$565,088, a total nearly identical to last year’s FQ1 sales of \$565,123. Volume shipped was 10% lower (see below). Gross profit was down by \$46,218, with the gross margin declining to 14.2% from 22.3%. The decline in the gross margin occurred largely because of unprecedented high prices for OSB and plywood raw materials. OSB and plywood are commodity materials whose prices quickly change based on interactions of market supply and demand. Since Barrier adds only a fixed “handling fee” rather than a percentage mark-up to the substrate materials, increases in OSB and plywood prices effectively reduce the resulting gross margin.

Barrier experienced a \$136,321 net loss for the fiscal quarter after accounting for general and administration expenses as well as other items including amortization, foreign exchange, and stock option compensation. This compares to a loss for the same period last year of \$140,400.

Sales, as measured by surface footage of product shipped, decreased by 10% compared with the same quarter one year ago. Distribution customers including Lowe’s Contractor Yards, Logan Lumber Company, and Stock Building Supply were all reluctant to carry normal inventory levels of Blazeguard. Speculation that prices for OSB and plywood could drop precipitously was more than enough reason to keep inventory levels at a bare minimum.

Builder demand continued at a surprising pace despite the high costs for OSB and plywood. Blazeguard shipments to Florida continued to increase and were up 68,700 square feet over the same period last year while inventory levels at wholesale and retail stores carrying Blazeguard declined. The assistance Barrier is receiving from its independent sales representatives in Florida is a major component of this increase. Barrier has subsequently interviewed potential additional sales representatives in the upper mid-western US markets as well as in Virginia to cover the mid-Atlantic States.

Cost of goods sold increased by 10.5% for the quarter year-over-year. Barrier expended \$484,629 on direct costs of production compared to \$438,446 last year. While the majority of this increase was due to price increases for OSB and plywood, labor per square foot was slightly up as well. This increase reflects the inefficiencies of running the production line with less volume. The capacity of the production facility in Watkins is far beyond current sales, therefore the plant seldom runs at its optimal efficiency. As sales and production volume increase during the next three quarters, unit labor cost will again decline, reflecting improved production efficiencies of scale.

Quarterly **operating expenses** declined to \$10,392 from \$32,058 year to year. Research and development costs were lower since Barrier had been conducting tests for the commercial modular roof deck assemblies during this quarter last year. Tests for Class A and Class C roof deck assemblies for commercial modular applications were passed and certified by Underwriters Laboratory, Inc. Work continues to be done on this encouraging new market opportunity, resulting in increased administrative expenses such as advertising and legal. Royalty charges were lower for the quarter since less material was produced and a royalty is not paid on the cost of the substrate material.

Administrative expenses increased to \$142,295 from \$112,268 (an increase of \$30,027) in the same quarter one year ago. The most significant changes from last year involved accounting and audit fees (up \$6,694) and investor relations (\$20,800 versus \$0 last year). Barrier hired an office administrator/accountant to help with administrative and accounting functions. Legal fees represent charges for work expended to develop a supply agreement with our partner in the new commercial modular roof market, prepare a purchase agreement for the worldwide technology rights to the Pyrotite technology, and relating to a private placement.

Other items contributed negatively to Barrier's operating loss, although significantly less than last year. There was a modest foreign exchange loss of \$5,078. A stock compensation expense reflects a value for issued stock options. Amortization was lower, reflecting the fact that many of Barrier's capital assets (production and office equipment) have been fully depreciated although they still have operational life remaining.

New market developments, including most notably the commercial modular roof deck systems recently certified by UL, will provide sales starting in fiscal Q2 (ending December 31st). Mule-Hide Products Co., Inc., an independent company that is an affiliate of ABC Supply Co., Inc., has begun the process of introducing the new roof systems to their internal sales personnel. This training effort will expedite the process of taking the new products to the modular manufacturing market once the supply agreement being developed is finalized. Mule-Hide intends to have Barrier private label the product under the Mule-Hide brand for distribution throughout ABC Supply's vast distribution network (which has over 215 stores nation-wide).

In addition to the modular market, Barrier continues to work with the Tnemec Paint Company on applications of a variety of finishing techniques for Blazeguard. Limited sales of a painted product have already occurred. Aggressive marketing and sales efforts will not begin until process systems have been completely developed and tested. Barrier has prepared product for small orders by utilizing existing equipment in the manufacturing facility in Watkins, Minnesota. Barrier believes these panels will eventually compete favorably with plastic overlaid panels, at similar pricing, but have the advantage of being "Class A" fire rated. Barrier intends to continue its work with the Tnemec Paint Company to grow sales in this market through 2004.

Barrier's key **existing market application**, roof decking for multi-family residential buildings, is Barrier's largest and most stable market and provides the majority of sales. Barrier's Florida wholesale distributor is currently purchasing product at a rate higher than ever and Florida continues to be the best US market for the Blazeguard product.

Committed sales representation within the Florida geography has demonstrated the positive impact manufacturers representatives can have in achieving new sales opportunities and in maintaining existing customers. Barrier is currently looking for sales assistance in the upper mid-west and mid-Atlantic regions of the US. Barrier has interviewed prospective candidates and hopes to make commitments early in 2004.

Barrier's two national distribution chains continue to inventory and sell Blazeguard to multi-family builders. Lowe's Contractor Yards and Stock Building Supply are committed to continuing to build market share. These companies have expressed a keen interest in having local outside manufacturer's representatives helping with the presentation and marketing of Blazeguard to potential new builders.

Financial position & financings. During the three months ended September 30, 2003, Barrier issued 1,000,000 common shares at \$0.30 per share pursuant to a private placement and 100,000 common shares as a finder's fee. Barrier had at September 30, 2003 a working capital deficiency of \$43,280, a notable improvement from the prior year's September 30th working capital deficiency of \$784,384. Barrier's ability to continue as a going concern is dependent upon achieving positive operating cash flow, obtaining new financing, and/or the continued support of its creditors. Barrier's management believes that each of these alternatives will contribute to the Company's continued solvency and improving financial position.

Material transactions. On March 5, 2003, Barrier announced a letter of intent to purchase the worldwide technology rights (including all relevant patents) to the Pyrotite technology, which represents the foundation of Barrier's business, from Pyrotite Corporation, Inc. Barrier agreed to pay US \$1,000,000 for these rights and made a non-refundable payment of US \$50,000. Negotiations extended beyond the originally intended September 30th closing date. Final negotiations are in progress. Management is focused on successfully concluding this transaction. Given the expected successful conclusion to this transaction, Barrier intends to raise sufficient capital to complete the transaction within a period defined in the purchase agreement.

Investor relations. During the three month period ended September 30, 2003, Barrier incurred investor relations expenses of \$20,800 in order to inform and communicate to shareholders and the public Barrier's progressing business developments and opportunities.

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2003

(Stated in Canadian Dollars)

(Unaudited)

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED BALANCE SHEETS
September 30, 2003 and June 30, 2003
(Stated in Canadian Dollars)
(Unaudited)

	(Unaudited) September 30, <u>2003</u>	(Audited) June 30 <u>2003</u>
<u>ASSETS</u>		
Current		
Cash and term deposits	\$ 265,448	\$ 98,952
Accounts receivable	70,451	132,133
Prepaid expenses and deposits	15,023	13,110
Inventory	129,144	75,816
	<hr/>	<hr/>
	480,066	320,011
Capital assets	894,695	912,392
License and technology rights– Note 4	73,391	73,391
	<hr/>	<hr/>
	\$ 1,448,152	\$ 1,305,794
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES</u>		
Current		
Bank indebtedness	\$ 35,273	\$ 101,899
Accounts payable and accrued liabilities – Note 3	370,149	355,778
Due to a related party – Note 3	27,675	18,225
Current portion of long-term debts	24,995	25,052
Current portion of obligation under capital leases	65,254	64,360
	<hr/>	<hr/>
	523,346	565,314
Long-term debts	75,870	78,793
Obligation under capital leases	855,837	869,654
	<hr/>	<hr/>
	1,455,053	1,513,761
	<hr/> <hr/>	<hr/> <hr/>
<u>SHAREHOLDERS' EQUITY (DEFICIENCY)</u>		
Share capital – Note 2	11,944,655	11,649,276
Contributed surplus – Note 2	42,008	-
Deficit	(11,993,564)	(11,857,243)
	<hr/>	<hr/>
	6,901	(207,967)
	<hr/>	<hr/>
	\$ 1,448,152	\$ 1,305,794
	<hr/> <hr/>	<hr/> <hr/>

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF LOSS
for the three months ended September 30, 2003 and 2002
(Stated in Canadian Dollars)
(Unaudited)

	<u>2003</u>	<u>2002</u>
Sales	\$ 565,088	\$ 565,123
Cost of sales	484,629	438,446
	<hr/>	<hr/>
Gross margin	80,459	126,677
	<hr/>	<hr/>
Operating Expenses		
Research and development	2,508	12,542
License fee expense	7,884	19,516
	<hr/>	<hr/>
	10,392	32,058
	<hr/>	<hr/>
General and Administrative Expenses		
Accounting and audit fees	18,696	12,002
Advertising	3,450	-
Filing fees	3,072	548
Insurance	6,449	7,186
Interest and bank charges – Note 3	6,843	9,173
Interest on long-term debt	7,677	16,697
Investor relations	20,800	-
Legal fees	5,786	1,967
Office and miscellaneous	12,373	8,369
Telephone	2,662	2,676
Transfer agent fees	1,500	751
Travel, promotion and trade shows	8,324	8,770
Wages and management fees – Note 3	44,663	44,129
	<hr/>	<hr/>
	142,295	112,268
	<hr/>	<hr/>
Loss before other	(72,228)	(17,649)
Other		
Foreign exchange loss	(5,078)	(78,139)
Amortization	(17,697)	(44,612)
Stock compensation expense	(42,008)	-
Interest income	690	-
	<hr/>	<hr/>
Net loss for the period	\$ (136,321)	\$ (140,400)
	<hr/>	<hr/>
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)
	<hr/>	<hr/>
Weighted average number of shares outstanding	19,050,773	12,964,903
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF DEFICIT
for the three months ended September 30, 2003 and 2002
(Stated in Canadian Dollars)
(Unaudited)

	<u>2003</u>	<u>2002</u>
Deficit, beginning of the period	\$ (11,857,243)	\$ (11,904,018)
Net loss for the period	<u>(136,321)</u>	<u>(140,400)</u>
Deficit, end of the period	<u><u>\$ (11,993,564)</u></u>	<u><u>\$ (12,044,418)</u></u>

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended September 30, 2003 and 2002
(Stated in Canadian Dollars)
(Unaudited)

	<u>2003</u>	<u>2002</u>
Operating Activities		
Net loss for the period	\$ (136,321)	\$ (140,400)
Charges not involving cash:		
Amortization	17,697	44,612
Foreign exchange loss	2,244	61,500
Stock compensation expense	42,008	-
	<hr/>	<hr/>
	(74,372)	(34,288)
Changes in non-cash working capital balances related to operations:		
Accounts receivable	61,682	49,229
Prepaid expenses and deposits	(1,913)	1,295
Inventory	(53,328)	9,910
Accounts payable and accrued liabilities	14,371	(15,225)
Due to related parties	9,450	13,557
	<hr/>	<hr/>
	(44,110)	24,478
Investing Activity		
Purchase of capital assets	-	(16,622)
	<hr/>	<hr/>
Financing Activities		
Increase (decrease) in bank indebtedness	(66,626)	16,028
Decrease in long-term debts	(3,235)	(8,578)
Decrease in obligation under capital leases	(14,912)	(13,505)
Decrease in unearned income	-	(1,801)
Common shares issued for cash	300,000	-
Share issue costs	(4,621)	-
	<hr/>	<hr/>
	210,606	(7,856)
Change in cash during the period	<hr/>	<hr/>
	166,496	-
Cash and term deposits, beginning of the period	<hr/>	<hr/>
	98,952	-
Cash and term deposits, end of the period	<hr/>	<hr/>
	\$ 265,448	\$ -
Supplementary Cash Flow Information		
Cash paid for:		
Interest	\$ 14,520	\$ 20,910
	<hr/>	<hr/>
Income taxes	\$ -	\$ -
	<hr/>	<hr/>

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2003
(Stated in Canadian Dollars)
(Unaudited)

Note 1 Interim Reporting

The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles for interim financial information and follow the same accounting policies and methods of their application as the Company's most recent annual financial statements. These interim financial statements do not include all of the disclosure included in the annual financial statements, and accordingly, they should be read in conjunction with the annual financial statements for the year ended June 30, 2003. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements.

Note 2 Share Capital

Authorized:
100,000,000 common shares without par value

Issued:	<u>Number</u>	<u>\$</u>
Balance, June 30, 2003	18,638,355	11,649,276
For cash pursuant to a private placement – at \$0.30	1,000,000	300,000
Finder's fee	100,000	-
Less: share issue costs	-	(4,621)
	<hr/>	<hr/>
Balance, September 30, 2003	19,738,355	11,944,655
	<hr/> <hr/>	<hr/> <hr/>

Escrow:

At September 30, 2003, 173,452 shares are held in escrow by the Company's transfer agent. The release of these shares is subject to the direction or determination of the relevant regulatory bodies.

Commitments:

Stock-based Compensation Plan

At September 30, 2003, the Company has granted directors, officers and consultants the option to purchase 1,430,000 common shares of the Company.

International Barrier Technology Inc.
Notes to the Interim Consolidated Financial Statements
September 30, 2003 - Page 2
(Stated in Canadian Dollars)
(Unaudited)

Note 2 Share Capital – (cont'd)

Commitments: – (cont'd)

Stock-based Compensation Plan – (cont'd)

A summary of the status of company's stock option plan for the three months ended September 30, 2003 is presented below:

	<u>Number of Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of the period	1,110,000	\$0.10
Granted	320,000	\$0.26
	<hr/>	<hr/>
Outstanding, end of the period	1,430,000	\$0.14
	<hr/> <hr/>	<hr/> <hr/>
Exercisable, end of the period	1,030,000	\$0.13
	<hr/> <hr/>	<hr/> <hr/>

The following summarizes information about the stock options outstanding at September 30, 2003:

<u>Number</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
320,000	\$0.26	July 10, 2005
510,000	\$0.10	June 5, 2007
600,000	\$0.10	March 5, 2008
<hr/>		
1,430,000		
<hr/> <hr/>		

The compensation charge associated with the consultant's options in the amount of \$42,008 has been recorded in the financial statements. The fair value of the stock compensation of \$32,340 associated with directors' options has not been recognized in the financial statements, but disclosed in the pro forma amounts below. The fair value of these compensation charges have been determined using the Black-Scholes option pricing model with the following assumptions:

Expected dividend yield	0.0%
Expected volatility	137%
Risk-free interest rate	2.68%
Expected term in years	2

International Barrier Technology Inc.
Notes to the Interim Consolidated Financial Statements
September 30, 2003 - Page 3
(Stated in Canadian Dollars)
(Unaudited)

Note 2 Share Capital – (cont'd)

Commitments: – (cont'd)

Stock-based Compensation Plan – (cont'd)

The Company's pro forma net loss and loss per share is as follows:

		<u>Three months ended September 30, 2003</u>
Net loss	As reported	\$ (136,321)
	Pro forma	\$ (168,661)
Basic and diluted loss per share	As reported	\$ (0.01)
	Pro forma	\$ (0.01)

Note 3 Related Party Transactions

The Company was charged the following by directors of the Company or private companies with common directors during the three months ended September 30, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Interest and bank charges	\$ 450	\$ 4,556
Wages and management fees	42,120	44,129
	<u>\$ 42,570</u>	<u>\$ 48,685</u>

These charges were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

Included in accounts payable and accrued liabilities at September 30, 2003 is \$4,775 (June 30, 2003: \$3,166) owing to directors of the Company.

The amount due to a related party at September 30, 2003 of \$27,675 (June 30, 2003: \$18,225) consists of amounts due to a private company with a common director. These amounts are unsecured, have no specific terms of repayment and bear interest at 10% per annum.

Note 4 License and Technology Rights

Pursuant to a revised License Agreement dated January 1, 1996 with Pyrotite Corporation (“Licensor”), the Company was granted the rights to use certain Licensor patents, trademarks and know-how to manufacture and sell certain Pyrotite products and substances in the territory of the USA. This agreement expires January 1, 2015.

During the year ended June 30, 2003, the Company paid \$73,390 (US\$50,000) as a non-refundable deposit with respect to the proposed acquisition of all of the Licensor’s right, title and interest worldwide in and to the Fire Retardant Technology and Trademark for a total purchase price of US\$1,000,000. The Company is currently in negotiations with the Licensor to formalize the terms of the agreement but it is uncertain if an agreement will be reached.

Note 5 Subsequent Event

Subsequent to September 30, 2003, the Company issued 21,500 common shares at \$0.10 per share pursuant to the exercise of share purchase options.

Note 6 Canadian and United States of America Accounting Principles

The financial statements have been prepared in accordance with accounting principles generally accepted in Canada, which do not differ with those principles and practices that the Company would have followed had its financial statements been prepared in accordance with accounting principles generally accepted in the United States of America.