

Innovative Composites International Inc. has Designed and Patented a Housing System that is Low Cost, Fast to Assemble, Hurricane and Earthquake Resistant as Well as Very Energy Efficient

**Basic Materials
 Composites
 (IC-TSXV)**



**Mr. Terry Ball
 President and CEO**

BIO:

Mr. Ball founded ICI in the fall of 2006 and is the current President and Chief Executive Officer. Mr. Ball has worked for over 25 years in the auto industry, including 18 years at Magna International of Toronto, Ontario. Terry Ball brings extensive experience in plastics, composites, and manufacturing, starting out as a tool and die maker to become President of Decoma Exterior Trim. At Decoma, Mr. Ball oversaw the launch of many new products and applications in the plastics and composites sector and in the automotive markets globally. Mr. Ball became COO of Decoma Exterior Trim, a subsidiary of Magna International Inc., upon it becoming a publicly traded company, and was

responsible for all aspects of its \$800 million in sales and 7000 employees, from research and development through profit and loss. Under Mr. Ball's leadership, Decoma Exterior Trim became a benchmark in profitability, cost reduction and new product development. Mr. Ball is an entrepreneur with a proven track record whose past experience and industry contacts provide access to a vast array of management, engineering, and manufacturing talent and opportunities.

Company Profile:

About Innovative Composites International Inc. Headquartered in Toronto, Canada, ICI is a high-tech engineering and manufacturing company established in 2007 by a group of entrepreneurs with a successful track record in commercializing advanced materials.

The Company is currently focused in two areas: Structure Lite(TM) panels, a unique line of application-ready structural composite panels and Hero 451(TM), a line of environmentally friendly fire inhibitors and suppressant. ICI's goal is to deliver products that exceed industry standards with greater durability, strength, flexibility and safety.

ICI is partnering directly with leaders in its target industries as it considers it to be the fastest way to bring products to market. ICI's customized solutions are intended to provide partners with material advantages over their competitors.

**Interview conducted by:
 Lynn Fosse, Senior Editor
 CEOCFOinterviews.com**

CEOCFO: Mr. Ball, what was your vision when you founded Innovative Composites, and where is the company today?

Mr. Ball: I had been in the automotive industry with Magna International for many years and it became apparent to me that many innovative technologies developed in the auto industry had applications in other markets. Therefore, I felt that by applying the same kind of engineering expertise to large target markets such as transportation and home building we could make an impact in that would make some real good business sense.

CEOCFO: Where are you in the process, and what have you developed?

Mr. Ball: We focused on two markets last year: transportation and housing. In the transportation industry we launched products for tractor trailers, containers and moveable storage, equine trailers and tonneau covers. All of these offer significant weight savings, higher load capacity and/or lower fuel costs, increased durability and a number of other unique attributes. In addition, we manufacture in the USA, which has become an important advantage. Each of these has been well received by our clients and the roll out continues to accelerate as they gain market acceptance. The product I expect to have the biggest impact on our company in the coming years is without a doubt affordable housing. After extensive market research, we realized that there was a multi billion dollar industry out there

that has seen very little innovation in the last few decades. According to UN-Habitat 5 million affordable housing units annually are needed to satisfy demand. ICI has engineered and applied for a patent on a housing system that takes advantages of the inherent characteristics of the composite materials we utilize. Today, most homes are built either with 2X4 studs, fiberglass insulation and particle board or plywood or with poured concrete. The wall sections are then dressed up with drywall on the inside and an outside finish like stucco or vinyl siding. We replace that entire wall section with our panels that are manufactured at 10 feet a minute and have the structural elements, insulation and pre-installed in- and out-side finishes. This approach brings numerous profound advantages: Because of the manufacturing speed the cost is much lower than the traditional construction on top of that a 1,000 square foot home can be assembled in only two days with unskilled labor. You get a home that has been third party certified to withstand 170 mile an hour wind loads, which exceeds a category 5 hurricane as well as a 2x4 impact simulating hurricane debris. It is earthquake proof because of our panel and node design, which allows the wall joints to flex without having the home crumble around you. There is not a stick of wood in the structures, making it rot, and mold and insect proof. In addition, continuous wall sections make the homes very energy efficient because there are no seams, no gaps, or no wind leakage. And finally from an architectural perspective the system allows a virtually in limited flexibility of floor plans, insulation ranges and finishes. In summary, you get a real quality home that's adoptable to local climate as well as cultural settings at a fraction of the cost of traditional houses.

CEOFCO: What is the technology; how are you able to do this and has it been tried before?

Mr. Ball: Our patent revolves around utilizing a low-cost, fiber reinforced composite material in combination

with insulation structural elements and a unique attachment method. We call it the panel and node design. Neither ICI nor our patent attorneys believe that this has been done or attempted to date.

CEOFCO: Would you tell us about the housing initiative in Haiti?

Mr. Ball: The horrible loss of life in Haiti was largely due to the destruction of concrete structures not able to handle an earthquake situation. A total of over \$10 billion has been raised worldwide to rebuild Haiti and the majority of that will be utilized for housing. We feel that our homes can provide a long term solution but wanted to provide a turnkey solution and have therefore formed a consortium with 3D Global Solutions and Barclay's Gedi Group, both US based companies. Barclays's is considered a

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go to general contractor when it comes to affordable housing having completed over 200 projects and with over a 100 years of experience in the industry. The single biggest initiative is called Building Back Better Communities or BBBC and when we initially submitted a proposal there was 380 companies participating in the bidding. The organizers have since weeded out not sustainable proposals and we were named among the finalists of the initiative. An expo will take place in Port-au-Prince in the summer of this year where the finalists will exhibit their products based on which the organizers are expected to award contracts. The total dollar value of the contacts could reach as much as \$4 billion and our partners believe they will be awarded to a half-dozen companies. Given our product's cost advantages and speed of assembly as well as the fact that our consortium provides a complete turnkey solution,

we feel to be well positioned to land part of this business. Independently from the BBBC we have also submitted proposals for several municipal level projects that are smaller, about \$10 million each, but follow shorter approval timelines. The consortium expects the municipal project to be on the approval agenda once the Haiti election is settled.

CEOFCO: What else are you working on?

Mr. Ball: In addition to Haiti, we are working with Barclay's as a partner in several countries on numerous other affordable housing projects. The projects are in different stages of development but the sales potential sales is very exciting. We have also developed a smaller product very well suited for mining camps in throughout Canada and other parts of the world.

The product has the same advantages as the house but is foldable which makes it very mobile. We are also expanding our footprint in the transportation industry by selling into the tractor-trailer market. This is a massive industry with 9 million trucks on the road today and 280,000 trailers being built every year. Utilizing our products, you can save up

to 40% of the weight out of a tractor-trailer. That allows for higher load capacity and/or more fuel efficiency, which is incredibly important given the sky-high energy prices. Same design is applicable for refrigerated trucks; where we can also offer fuel savings by providing better insulation properties.

CEOFCO: How are you commercializing your products?

Mr. Ball: By partnering with existing players in each market we enter. We cannot be experts in each industry we sell to and consider partnering with such experts the fastest way to market. For each product we have a partner that understands the client base, has existing sales channels and relationships and can accelerate the roll out of our products. This strategy has worked well for us so far and we will continue following it as ICI introduces

new products.

CEO CFO: Are you also working on storage containers?

Mr. Ball: The mobile storage and moving industry is really changing and we believe we can help our partners adopt by having a superior product. ICI has developed a foldable container able to hold ten thousand pounds and stackable three high. The container offers up to 60% weight reduction compared to a steel container and is completely recyclable. The product is only 17 inches tall when folded and two people can assemble it without any heavy machinery in less than five minutes. We have orders from three customers right now for this type of container. To give you an idea of the efficiency, right now they can get two containers on a tractor trailer with our product you can get twenty-four containers. This of course reduces energy consumption and the carbon foot print significantly.

CEO CFO: As a management team how do you keep from getting distracted by so many opportunities, how do you keep your focus?

Mr. Ball: By prioritizing opportunities with a single goal: to drive revenue.

Although it sounds like a bunch of different industries, all of the manufacturing is done on the same equipment and the engineering concepts are applied across industries. For example, the wall section that we make for a house is similar in construction, engineering and manufacturing as the wall section we will make for a container or the wall section that we will utilize for a tractor-trailer. Frankly, there are a lot of opportunities that we know make sense but we have remained focused on transportation and housing and have sales to show for it.

CEO CFO: Development is expensive, what is the financial picture of Innovative Composites today?

Mr. Ball: We have a strong balance sheet having raised just under \$5 million a few months ago. With the continuous sales ramp, we are starting to reduce the burn rate and are expecting some near term housing contracts in order to expand manufacturing capacity. Moving forward, we see 2011 as a real transition year. We have invested a lot of money in research and development as well as market penetration and are starting to see those investments pay off in the form

of increasing sales.

CEO CFO: Exciting times for you!

Mr. Ball: Yes very! The team has put in a lot of hard work and dedication. We are starting to get increased traction in our target markets and I look forward to generating a significant return for our shareholders.

CEO CFO: In closing, why should potential investors pay attention to Innovative Composites today?

Mr. Ball: Because we have proven that, our IP protected products are competitive and have applications in multi billion dollar markets. Because we have growing sales and are anticipating some fairly short term catalysts that can dramatically accelerate revenue. Because we have an experienced team supported by a stellar Board of Directors that provides strategic direction. And because if look at our market cap today and start factoring in some of the projects we are working on there is significant potential for a good return on investment.

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