

OMB APPROVAL
OMB Number: 3235-0070
Expires: October 31, 2008
Estimated average burden hours per response 192

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES ACT OF 1934

For the quarterly period ended September 30, 2008

TRANSITION REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES ACT OF 1934

For the transition period from _____ to _____

Commission file number: 000-20412

International Barrier Technology Inc.

(Exact name of registrant as specified in its charter)

British Columbia, Canada
(State or Incorporation or Organization)

N/A
(IRS Employer ID No.)

510 4th Street North, Watkins, Minnesota, USA 55389
(Address of principal executive offices)

Issuer's Telephone Number, 320-764-5797

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes xxx No _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange:

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes _____ No xxx

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of 10/31/2008: 29,414,925 Common Shares w/o par value

SEC 1296 (02-08) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

PART I
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2008

(Stated in US Dollars)

(Unaudited)

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED BALANCE SHEETS
September 30, 2008 and June 30, 2008
(Stated in US Dollars)

<u>ASSETS</u>	September 30, 2008 (unaudited)	June 30, 2008
Current		
Cash and cash equivalents	\$ 408,501	\$ 436,426
Accounts receivable	307,173	360,417
Inventory – Note 3	405,282	293,979
Prepaid expenses and deposits	46,059	58,870
	1,167,015	1,149,692
Property, plant and equipment	4,015,994	4,076,017
Patent, trademark and technology rights	480,663	512,267
	\$ 5,663,672	\$ 5,737,976
 LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 588,944	\$ 652,815
Bank loan facility – Note 4	250,000	-
Current portion of obligation under long term debt – Note 5	57,726	-
Current portion of obligation under capital leases	62,264	63,994
	958,934	716,809
Bank loan facility – Note 4	-	750,000
Long-term debt – Note 5	431,707	-
Obligation under capital leases	384,577	398,298
	1,775,218	1,865,107
 STOCKHOLDERS' EQUITY		
Common stock – Note 6		
Authorized:		
100,000,000 common shares without par value		
Issued:		
29,414,925 common shares (June 30, 2008: 29,414,925 common shares)	15,079,071	15,079,071
Additional paid-in capital – stock-based compensation	1,012,052	1,002,232
Accumulated deficit	(12,202,669)	(12,208,434)
	3,888,454	3,872,869
	\$ 5,663,672	\$ 5,737,976

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
for the three months ended September 30, 2008 and 2007
(Stated in US Dollars)
(Unaudited)

	Three months ended September 30,	
	2008	2007
Sales	\$ 1,586,567	\$ 1,249,431
Cost of goods sold	1,331,416	1,228,064
Gross profit	255,151	21,367
Expenses		
Accounting and audit fees	5,380	1,935
Filing fees	-	1,503
Insurance	24,374	35,511
Interest and bank charges	17	41
Interest on long-term debt	21,054	15,177
Legal fees	18,799	13,688
Office and miscellaneous	17,417	18,672
Sales, marketing, and investor relations	5,064	4,350
Telephone	3,332	2,673
Transfer agent fees	1,606	2,388
Travel, promotion and trade shows	11,168	9,618
Wages and management fees – Notes 6 and 7	147,066	154,343
	255,277	259,899
Loss before other items	(126)	(238,532)
Other income	5,891	45,970
Net income (loss) and comprehensive income (loss) for the period	\$ 5,765	\$ (192,562)
Basic and diluted loss per share	\$ 0.00	\$ (0.00)
Weighted average number of shares outstanding	29,414,925	29,414,925

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
for the three months ended September 30, 2008 and 2007
(Stated in US Dollars)
(Unaudited)

	Three months ended September 30,	
	2008	2007
Operating Activities		
Net income (loss) for the period	\$ 5,765	\$ (192,562)
Changes not involving cash:		
Amortization – plant and equipment	67,704	64,964
– trademark and technology costs	31,604	31,604
Stock-based compensation	9,820	1,212
Changes in non-cash working capital:		
Accounts receivable	53,244	(16,591)
Prepaid expenses	12,811	18,359
Inventory	(111,303)	128,699
Accounts payable and accrued liabilities	(63,871)	43,041
	5,774	78,726
Investing Activity		
Acquisition of plant and equipment	(7,681)	(343,726)
Financing Activities		
Demand loan	-	209,078
Long-term debt	(10,567)	-
Capital lease obligations	(15,451)	(15,257)
	(26,018)	193,821
Cash provided by (used in) financing activities	(26,018)	193,821
Change in cash and cash equivalents during the period	(27,925)	(71,179)
Cash and cash equivalents, beginning of the period	436,426	557,316
Cash and cash equivalents, end of the period	\$ 408,501	\$ 486,137
Supplementary cash flow information:		
Cash paid for:		
Interest	\$ 19,492	\$ 15,201
Income taxes	\$ -	\$ 1,500

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
INTERIM CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
for the period ended September 30, 2008
(Stated in US Dollars)
(Unaudited)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Issued Shares	Amount			
Balance, June 30, 2007	29,414,925	\$ 15,079,071	\$ 954,903	\$ (11,400,084)	\$ 4,633,890
Stock-based compensation charges	-	-	47,329	-	47,329
Net loss for the period	-	-	-	(808,350)	(808,350)
Balance, June 30, 2008	29,414,925	15,079,071	1,002,232	(12,208,434)	3,872,869
Stock-based compensation charges	-	-	9,820	-	9,820
Net income for the period	-	-	-	5,765	5,765
Balance, September 30, 2008	29,414,925	\$ 15,079,071	\$ 1,012,052	\$ (12,202,669)	\$ 3,888,454

SEE ACCOMPANYING NOTES

INTERNATIONAL BARRIER TECHNOLOGY INC.
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2008
(Stated in US Dollars)
(Unaudited)

Note 1 Nature of Operations

The Company develops, manufactures and markets proprietary fire resistant building materials branded as Blazeguard in the United States of America and, as well, the Company owns the exclusive U.S. and international rights to the Pyrotite fire retardant technology.

These financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its obligations and commitments in the normal course of operations. Realization values may be substantially different from carrying values as shown and these financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At September 30, 2008, the Company had an accumulated deficit of \$12,202,669 (June 30, 2008 - \$12,208,434) since its inception and expects to incur further losses in the development of its business, all of which casts substantial doubt about the Company's ability to continue as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. Management expects the Company's operating cash requirement over the twelve-month period ended September 30, 2009 to be approximately \$6,500,000. Management has no formal plan in place to address this concern but is considering obtaining additional funds by debt financing to the extent there is a shortfall from operations. While the Company is expending its best efforts to achieve the above plans, there is no assurance that any such activity will generate funds for operations.

The Company was incorporated under the British Columbia Company Act and is publicly traded on the TSX Venture Exchange in Canada ("TSX") and the OTC Bulletin Board in the United States of America.

These statements reflect all adjustments, consisting of normal recurring adjustments, which in the opinion of management are necessary for fair presentation of the information contained therein. It is suggested that these interim consolidated financial statements be read in conjunction with the audited consolidated financial statements of the Company for the year ended June 30, 2008. The interim results are not necessarily indicative of the operating results expected for the full fiscal year ending on June 30, 2009. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures herein are adequate to make the information presented not misleading.

Note 2 Recently Adopted Accounting Policies

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements”. This Statement defines fair value as used in numerous accounting pronouncements, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosure related to the use of fair value measures in financial statements. The Company adopted SFAS 157 effective July 1, 2008. The adoption of SFAS 157 did not have a material effect on the Company’s financial position, results of operations or cash flows.

On February 15, 2007, the FASB issued SFAS No. 159 “The Fair Value Option for Financial Assets and Financial Liabilities”. This Statement establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. The Company adopted SFAS 159 effective July 1, 2008. The adoption SFAS 159 did not have a material effect on the Company’s financial position, results of operations or cash flows.

Note 3 Inventory

	September 30 2008 (unaudited)	June 30 2008
Raw materials	\$ 205,084	\$ 223,750
Finished goods	200,198	70,229
	<u>\$ 405,282</u>	<u>\$ 293,979</u>

Note 4 Bank Loan Facility

	September 30 2008 (unaudited)	June 30 2008
Revolving bank loan facility in the amount of \$500,000 bearing interest at 7.5% and secured by a security interest in inventory, accounts receivable, equipment and all intangibles of the Company as well an assignment of the building lease. The balance is due on August 1, 2009	<u>\$ 250,000</u>	<u>\$ 750,000</u>

During the three months ended September 30, 2008, the terms of the revolving bank facility was modified to include a \$500,000 capital loan being amortized by the bank over a 10 year period and which is secured by building, property and equipment. Additionally, the bank provided a \$500,000 credit facility as an operating line of credit from which the Company has drawn \$250,000.

Note 5 Long-term debt

	September 30 2008	June 30 2008
	(unaudited)	
Capital loan bearing interest at 7 % per annum and secured by a charge over the building and property and equipment. The loan is repayable in monthly amounts of \$7,550 up to July 1, 2012 at which time the remaining loan balance of \$250,209 is due.	\$ 489,433	\$ -
Less: current portion	(57,726)	-
	<u>\$ 431,707</u>	<u>\$ -</u>

Principal payments over the next 4 years are as follows:

2009	\$ 42,973
2010	60,863
2011	65,326
2012	<u>320,271</u>
	<u>\$ 489,433</u>

Note 6 Share Capital

Escrow:

At September 30, 2008, there are 48,922 (June 30, 2008 – 48,922) shares are held in escrow by the Company's transfer agent. These shares are issuable in accordance with a time release clause in the escrow share agreement. As at September 30, 2008 and June 30, 2008, all of the shares held in escrow are issuable but the Company has yet to request their release.

Commitments:

Stock-based Compensation Plan

At September 30, 2008, the Company has outstanding options that were granted to directors, officers and consultants the option to purchase 1,941,750 common shares of the Company.

Note 6 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, 2008 is presented below:

	Number of Shares	Weighted Average Exercise Price
Outstanding, June 30, 2008	2,107,550	\$0.56
Cancelled	(109,550)	\$0.62
Forfeited	(56,250)	\$0.45
	<hr/>	
Outstanding, September 30, 2008	1,941,750	\$0.56
	<hr/>	
Exercisable, September 30, 2008	1,814,250	\$0.57
	<hr/>	
Exercisable, June 30, 2008	1,870,050	\$0.58
	<hr/>	

The following summarizes information about the stock options outstanding at September 30, 2008:

Number	Exercise Price	Expiry Date
40,000	\$0.38	March 6, 2009
986,750	\$0.65	August 24, 2009
665,000	\$0.45	January 10, 2010
250,000	\$0.55	August 9, 2010
<hr/>		
1,941,750		
<hr/>		

During the three months ended September 30, 2008, a compensation charge included in wages and management fees associated with the grant of stock options in prior years in the amount of \$9,820 (2007: \$1,212) was recognized in the financial statements.

Note 7 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, 2008 and 2007:

	Three months ended September 30,	
	2008	2007
Wages and management fees	\$ 46,819	\$ 41,947

Note 8 Segmented Information and Sales Concentration

The Company operates in one industry segment being the manufacturing and marketing of fire resistant building materials. During the three months ended September 30, 2008, the Company earned sales revenue of \$1,586,567 (2007: \$1,249,431), all of which was earned in the United States of America.

The Company's long lived assets are located in each of the United States and Canada as follows:

	September 30, 2008 (unaudited)	June 30, 2008
Canada	\$ 458,329	\$ 489,579
United States	4,038,328	4,098,705
Total	<u>\$ 4,496,657</u>	<u>\$ 4,588,284</u>

During the three months ended September 30, 2008, two customers accounted for 82% (each representing 70% and 12%, respectively) of sales revenue. The amounts receivable from each of these customers at September 30, 2008 were \$141,648 and \$35,912 respectively. During the three months ended September 30, 2007, one customer accounted for 81% of the Company's sales. The loss of any of these customers or the curtailment of purchases by such customers could have a material adverse effect on the Company's financial condition and results of operations.

Note 9 Contingent Liability

The Company is a defendant in a lawsuit claiming damages for defective building materials wherein the plaintiff has claimed approximately \$5,400,000 from the Company. In the opinion of management, this lawsuit is without merit. The Company has liability insurance for up to \$1,000,000.

Note 10 Comparative Figures

Certain of the comparative figures have been reclassified to conform with the current period's presentation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains forward-looking statements. These statements may be identified by the use of words like "plan", "expect", "aim", "believe", "project", "anticipate", "intend", "estimate", "will", "should", "could" and similar expressions in connection with any discussion, expectation, or projection of future operating or financial performance, events or trends. In particular, these include statements about the Company's strategy for growth, marketing expectations, product prices, future performance or results of current or anticipated product sales, interest rates, foreign exchange rates, and the outcome of contingencies, such as potential joint ventures and/or legal proceedings.

Forward-looking statements are based on certain assumptions and expectations of future events that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those projected in any such forward-looking statements depending on a variety of factors, including, among other things, the factors discussed in this Quarterly Report and factors described in documents that we may furnish from time to time to the Securities and Exchange Commission. We undertake no obligation to update publicly or revise any forward-looking statements because of new information, future events or otherwise.

International Barrier Technology Inc. (Barrier) manufactures and sells fire-rated building materials primarily in the United States. Barrier has a patented fire protective material (Pyrotite™) that is applied to building materials to greatly improve their respective fire resistant properties. Coated wood panel products are sold to builders through building product distribution companies all over the USA. Four of the top five multifamily homebuilders in the USA currently utilize Barrier's fire rated structural panel Blazeguard® in areas where the building code requires the use of a fire rated building panel.

Discussion of Operations and Liquidity

International Barrier Technology Inc. (Barrier) manufactures and sells fire-rated building materials primarily in the USA. Barrier has a patented fire protective material (Pyrotite™) that is applied to building materials to greatly improve their respective fire resistant properties. Coated wood panel products are sold to builders through building product distribution companies all over the USA. Many of the top multifamily homebuilders in the USA utilize Barrier's fire rated structural panel Blazeguard® in areas where the building code requires the use of a fire rated building panel.

Discussion of Operations

Barrier's financial statements are filed with both the SEC (USA) and SEDAR (Canada) and are disclosed in US dollars utilizing US generally accepted accounting principles. Barrier's filings with the SEC consist of quarterly reviewed financial statements on Form 10-Q and annual audited financial statements on Form 10-K. Barrier continues to file the above financial statements with SEDAR in Canada.

Sales revenue reported for the quarter ending September 30, 2008 increased 27% to \$1,586,567 over the \$1,249,431 generated in the same quarter last year. Total sales volume, as measured by surface volume of product shipped, was 2,105,500 sq.ft. This is an increase of 12% over the 1,883,300 sq.ft. shipped during the same quarter in the previous year.

Sales into the Residential Roof Deck Market Sector grew this quarter by 68% (524,700 sq. ft. vs. 314,800 sq. ft. in previous year quarter) that was driven by strong growth in shipments into Florida and the Mid-Atlantic regions. Sales into the Commercial Modular Sector remained consistent year over year at 1,545,000 vs. 1,550,700 sq.ft. Shipments in the Structural Insulated Panel market increased to 35,800 sq.ft. over 17,900 sq. ft. in the comparable time period.

Sales volumes this quarter were higher than any of the individual quarters throughout the previous fiscal year. While Barrier does not believe one quarter predicts a trend, we do see it as a positive sign that as housing construction slowly turns around; our products continue to be chosen.

Barrier continues to expand the geographic base for Blazeguard sales in the USA. Barrier and is actively marketing Blazeguard to the multi-family residential roof deck market in Southern California and in Texas. Barrier is also marketing Blazeguard to single family exterior sidewall applications in the wildfire prone areas of California as well. Barrier's wholesale building products distributor in California has invested in Blazeguard inventory (carload shipments to keep freight costs down) and expects to see increased sales to builders and lumber dealers in the coming months.

In August 2008, Blazeguard® was added to the short list of the California State Fire Marshall's Office (CSFM) approved products for high risk wildfire zones. Blazeguard® is listed as an approved exterior sheathing for roof and wall applications; a "limited ignition" material; and, for use in soffit areas under eaves. Barrier is currently marketing this fact to local architects, building code officials, and builders in the area. The initial response has encouraged Barrier to believe that as the housing economy improves in California, Blazeguard® sales to residential markets could exceed any other area previously targeted.

Barrier believes that recent success in introducing Blazeguard into other market applications (such as commercial modular), and other emerging geographical locations for multi-family residential, have served to lower risk by spreading sales over a broader market playing field and making the business less vulnerable to cyclicalities in any one region or product application. The broadening of the geographic markets served will help Barrier withstand periodic cyclicalities in one market by focusing efforts and providing sales opportunities to others.

As the US building industry continues its recovery throughout early 2009, and as housing starts continue their climb back to levels reflecting the underlying need for new homes, Barrier anticipates a significant recovery in the growth rate of Blazeguard residential sales volume. Barrier continues its press to add builders, one by one. During "slow times", Barrier, and the existing Blazeguard distribution network, have found builders eager to learn about how Blazeguard can improve the value of their homes. Barrier's aggressive positioning during this time period has created future opportunity and set the stage for strong growth as the housing market improves.

Gross profit for the quarter was up to \$255,151 from \$21,367 in the previous year. There was a classification change during the current and prior year to include amortization and R&D in cost of sales. Therefore, the reclassified gross margin, as a percentage of sales revenue increased substantially to 16% in comparison to 2% in the prior year quarter.

This quarter, with the higher volume of production, we captured the efficiencies of the new manufacturing line that directly impacted the growth in the gross margin. The "new" production line became "fully" operational in October 2007, nearly mid-way through the fiscal year. While the "old" line continues to produce odd size orders and plywood (warped boards), all other Blazeguard® production is run on the new line. The new line is proving out that expected gains in efficiency and quality are possible at speeds over twice as fast as the old line. As sales volumes increase to levels where the new line is used at or near full capacity (approximately 20 million sq. ft. per 8 hr shift), efficiency gains will continue to be noticeable on the bottom line as profits improve substantially.

Cost of sales for the quarter ended September 30, 2008 increased to \$1,331,416 from \$1,228,064 in same period last year, which is attributable to the increased production volume. As mentioned previously, the cost of sales was reclassified to include amortization and R&D expenses in this reporting period. After reclassification, the average cost per sq.ft. of production for the three month period was \$0.63 in comparison to \$0.65 in the comparable period. For historical comparison purposes and as previously reported, in first quarter this year net of amortization and R&D the average cost of production was \$0.58 (\$0.55 last year).

R&D expenses that were incurred as new market applications continue to be explored and developed were \$6,938 for the current quarter vs. \$91,089 in first quarter last year. Barrier continues to invest in R&D to potentially develop other markets for Pyrotite™ and Blazeguard® products for future diversification, while keeping the expenses as low as possible. Directly applying Pyrotite™ to foam insulation is quickly proving to be a viable opportunity for Fiscal 2009.

Included in cost of sales was amortization on plant and equipment. Amortization increased slightly to \$67,704 this year from \$64,964 last year. The expense reflects scheduled depreciation of the new manufacturing line equipment and building expansion. The amortization of the worldwide Pyrotite technology (including patents, technical know-how, and trademarks) began when Barrier purchased it in 2004 and will continue at existing rates until it is fully depreciated (eight years). Neither of these items have an impact on the cash position of the Company.

Administrative expenses in the reported three-month period decreased from \$259,899 to \$255,277. Due to increased volumes, the administrative costs per sq. ft. decreased for the quarter, from \$0.14 to \$0.12. As volumes continue to increase, a further reduction in the average cost of administrative expense per sq.ft. produced is expected. Barrier expects the reduction in the average cost of administration to have a significant impact on bottom line performance in future reporting periods.

Stock-based compensation is included in wages and management fees. This figure is an estimate of the value of stock options awarded to management and key personnel as a portion of their total compensation package (see section: Critical Accounting Estimates below). The Company uses the Black-Scholes formula to calculate the fair value of the stock options. While this reporting is a requirement, and a true reflection of value the company is granting to key personnel, it is a "non-cash" item that does not affect current operating cash flows. Stock-based compensation for this quarter was \$9,820, in contrast to \$1,212 during the same period in the previous year.

Accounting and Audit Fees increased for the three-month period (\$5,380 this year vs. \$1,935 last year). This is attributed to increased fees for our annual tax filing expense.

Insurance costs have decreased to \$24,374 for the reporting period in comparison to \$35,511 last year. The difference is due to lower product liability premiums based on the lower volume of sales on an annual basis and timing.

Interest on Long Term Debt has increased from \$15,177 to \$21,054 for the reporting period. This increase is a result of utilizing an operating line of credit that has enabled Barrier to grow inventory levels to anticipate customer needs and to provide interim funding for short-term capital requirements.

On July 16, 2008, the Company restructured the revolving bank loan. The terms of the revolving bank facility were modified to include a \$500,000 capital loan being amortized by the bank over a ten-year period. Additionally, the bank provided a \$500,000 credit facility as an operating line of credit from which the Company has drawn \$250,000. The collateral for both of these lines is: the building, property and equipment; cash accounts; accounts receivable; and, inventory.

Legal fees increased to \$18,799 for the three-month period. For the same period in the prior year, legal fees were \$13,688. Legal fees were expended on activities in support of Blazeguard and Pyrotite patent and trademark registration as well as for help in the drafting and review of certain business correspondence. Barrier believes protecting its technology and trademarks is an important step in positioning itself to develop strategic partners and potential technology licensees.

Travel, promotion and trade show expenses increased from \$9,618 to \$11,168. Sales expenses are expected to continue to grow during Fiscal 2009 with the development of Texas, Kansas City, and both the northern and southern California territories. Additionally, with the emergence of Mr. James Dukart as a trained and "seasoned" sales and marketing expert for Blazeguard (especially in multifamily residential roof decks and Structural Insulative Panel (SIPs) markets), an additional person is now available to travel from Barrier's headquarters' office in support of sales activities. While Barrier has always planned business travel to accommodate only "necessary" trips, all business travel is currently pre-approved by a cash flow committee in addition to approval by Barrier's CEO.

Other income includes income not directly related to business operations. Other items reported during the period herein include \$2,327 in interest income and a gain of \$3,564 in foreign exchange vs. \$6,463 and \$39,507, respectively in the prior year quarter.

Net income

Net Income of \$5,765 is being reported for the quarter ending September 30, 2008, whereas in the same period last year, a net loss of (\$192,562) was reported. Sales volume for the quarter was up and Barrier remains focused on cutting costs wherever it can. This includes operating the manufacturing line with maximum efficiency, as the economy remains unsettled and the retraction in residential construction continues. Keeping a vigilant handle on costs will help keep operational costs as low as possible and enable recovery to occur sooner and at lower volumes than previously possible.

Summary of Quarterly Results. The following is a summary of the Company's financial results for the nine most recently completed quarters:

	Sept 30 2008	June 30 2008	March 31 2008	Dec 31 2007	Sept 30 2007	June 30 2007	March 31 2007	Dec 31 2006	Sept 30 2006
Volume shipped (MSF)	2106	1891	1,893	1,555	1,883	2,273	1,643	2,252	2,692
Total Revenues (000)	\$1,587	\$1,349	\$1,214	\$1,065	\$1,249	\$1,434	\$1,068	\$1,643	\$1,985
Operating Income (000)	(\$0)	(\$143)	(\$208)	(\$271)	(\$239)	(\$44)	(\$204)	(\$181)	(\$127)
Net income (loss) (000)	\$6	(\$134)	(\$224)	(\$258)	(\$193)	\$12	(\$191)	(\$205)	(\$107)
EPS (Loss) Per Share	\$0.00	(\$0.01)	(\$0.01)	(\$0.01)	(\$0.00)	\$0.00	(\$0.01)	(\$0.01)	(\$0.00)

New product and market development

Barrier continues to invest time and financial resources in an effort to accelerate long and near term growth. While these expenditures take away from near term profits, research and development of new products and applications as well as market development for existing products and applications are crucial to the attainment of strategic objectives and business alliances. Barrier intends to grow the business to levels far beyond those currently attained and new initiatives in products and markets are necessary if these long term goals are to be achieved. Ongoing initiatives continue to provide opportunities for sales expansion and growth.

Barrier, in collaboration with MuleHide Products, continues to experience success in supply both Class A and C rated roof assemblies in commercial modular roof decks for buildings destined for military use on domestic military bases. A "new" Underwriters Laboratories (UL) listing allows a FR C board to be utilized under an alternate single-ply membrane (FPFM) while achieving a Class A system rating. This system significantly reduces the cost of the structure and Barrier and MuleHide believe this system has a great future in commercial modular sales.

In support of the strength requirements for fire and strength rated walls, Barrier completed an extensive testing protocol performed by Progressive engineering, Inc. (PEI), an ICS certified independent testing, certification, and listing laboratory. The results demonstrate Blazeguard's ability to improve lateral load capability (shear strength for earthquake zones) and include new span and load ratings for both roof and wall applications (allowable vertical load for snow and wind load requirements).

Blazeguard treatment has always been known to increase the strength of the substrate panel, now these strength improvements are certified in a way that will improve an architect's ability to reach required designed loads in a variety of applications without having to use thicker panels to improve strength.

Barrier has been working with a major insulative foam producer in an attempt to develop a fire rated foam product that can be used both in the finishing of basement walls as well as in "built-up" commercial roof decks. While it is still early in the R&D phase, Barrier and the foam producer have developed samples and completed some preliminary fire tests that were very encouraging. Additional fire tests have been scheduled to be completed prior to the end of the calendar year.

Barrier improved certain elements of the old production line in the current quarter in an effort to produce structural insulated panels (SIPs) with a more consistent surface appearance. SIPs were a significant business for Blazeguard from 1996-1999. Variability in the surface appearance of the coating, however, created repeatable issues and complaints when the panels were used as an exposed interior wall surface, especially in residential applications. The improvements completed will help to improve the consistency of Blazeguard panels used in SIPs and make them more appealing and marketable to SIPs customers.

Global licensing opportunities

Barrier continues to solicit opportunities for licensing arrangements wherever in the world that opportunity exists. When interested parties inquire regarding licensing, Barrier responds with an information packet and begins an assessment of appropriateness of fit with our technology. Barrier believes that expansion of production capacity to meet the increased demand for Blazeguard in particular geographies or in particular market applications may be best served by cooperating with a partner company in the targeted industry when a new production facility is built. Barrier is exploring both joint venture and licensing scenarios as plans for future growth are discussed.

Any licensing agreements will be designed to protect the technology, prohibit competition, and provide for royalties to be paid to Barrier on an ongoing basis.

Product and technology licensing scenarios are being developed within Barrier and management is confident that licensing relationships or relationships leading to licensing contracts will be in existence in the near future.

Financial position & financings

Barrier ended the period with a working capital surplus of \$208,081.

The Company generated positive operating cash flow for the quarter ended September 30, 2008 of \$5,774 in comparison to \$78,726 for the quarter ended September 30, 2007. The Company expects to fund short-term cash needs out of current operations and supplement other short-term needs with the operating line of credit that is secured by a security interest in inventory, accounts receivable, equipment and all intangibles of the Company as well as an assignment of the building lease.

The Company does not expect any long-term capital needs in the near future as they recently expanded the operations with a more efficient automated process that is projected to fulfill future growth needs. The new automation was funded largely by a private placement coupled with operating cash flows.

There is no assurance that we will operate profitably or will generate positive cash flow in the future. In addition, our operating results in the future may be subject to significant fluctuations due to many factors not within our control, such as the unpredictability of when customers will order products, the size of customers' orders, the demand for our products, the level of competition or general economic conditions.

Although management believes that revenues will increase, management also expects an increase in operating costs. Consequently, the Company expects to incur operating losses and negative cash flow until our products gain market acceptance sufficient to generate a commercially viable and sustainable level of sales, and/or additional products are developed and commercially released and sales of such products made so that we are operating in a profitable manner.

Related Party Transactions

During the three months ended September 30, 2008 the Company incurred wages and management fees of \$46,819 with directors of the Company and companies with common directors. The Company paid \$41,947 in wages and management fees for the same prior year quarter.

Capitalization

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

Issued as of September 30, 2008: 29,414,925 common shares at \$15,079,071.

Issued as of November 14, 2008: 29,414,925 common shares at \$15,079,071.

The following summarizes information about the stock options outstanding at September 30, 2008 reflected in US dollar currency:

Number	Number exercisable	Exercise Price	Expiry Date
40,000	20,000	\$0.38	March 6, 2009
986,750	986,750	\$0.65	August 24, 2009
665,000	557,500	\$0.45	January 10, 2010
250,000	250,000	\$0.55	August 9, 2010
<u>1,941,750</u>	<u>1,814,250</u>		

Critical Accounting Estimates

Stock-based Compensation Charge and Expense

As described in Note 2 to the audited annual financial statements dated June 30, 2008, the Company accounts for all stock-based payments and awards under the fair value based method. This fair value of the stock options is estimated at the date the stock options are granted using the Black-Scholes option-pricing model. Stock-based payments to non-employees is periodically re-measured until counter-party performance is complete and any change is recognized over the life of the award. The Company accounts for share purchase options to employees by recording the fair value of the awards on the grant date and the related stock-based compensation expense is recognized over the period in which the options vest. In addition, this is a non-cash compensation charge and the cash flow effects are realized only at the time of exercise.

Internal Control and Financial Reporting Procedures

The board of directors evaluates and maintains internal control procedures and financial reporting procedures to ensure the safeguarding of Barrier's assets as well as to ensure full, true, accurate and timely disclosure of Barrier's financial position for the quarterly period ended September 30, 2008, which would materially affect the accuracy of this financial report.

There has been no change in internal control procedures in the three-month period ending September 30, 2008.

Other Matters

As at September 30, the Company did not have any off-balance sheet arrangements to report.

International Barrier Technology Inc. (the Company) has received a preliminary liability and damage report from a New Jersey townhouse association in connection with a lawsuit the association has filed against its contractor, engineering consultant, property manager and the Company (the "Defendants"). The lawsuit involves alleged water damage in a 1997/1998 roof-replacement project that was allegedly caused by claimed Company product failure along with other alleged deficiencies. The Company first reported on the prospect of this litigation in December 2005. The townhouse association claims that as a result of defective product supplied, and negligent work performed by other named Defendants, the association has suffered damages of US\$5,506,409.46. Repairs, to date, have been limited to certain townhouse units where water stains have appeared in ceiling areas. The damages claimed include the costs of repairs made subsequent to the initial installation work, attorney and consultant fees, and the estimated anticipated future costs for roof repairs on all units including those that have not previously required roof repairs nor have shown any sign of damage.

The Defendants, through their insurers, have engaged qualified experts to consider the report and to prepare a response to refute it. The townhouse association's request for mediation resulted in the scheduling of a "non-binding" mediation hearing held on May 15, 2007. Counsel for Barrier and the plaintiffs failed to negotiate a resolution during this mediation hearing. The parties continue to negotiate settlement terms but if the parties cannot agree to a settlement, the suit may go to court. The Company carries \$1 million of product liability insurance, including the cost of attorney's fees, to protect itself against such claims and has documented that any damage occurring to date was the result of insufficient ventilation and incorrect installation. The Company anticipates that the claim will have no material financial impact on the Company.

The lawsuit by the townhouse association is the first involving the Company in 17 years of product distribution in the United States. Over that time, millions of square feet of the Company's products have been successfully installed for roofing and other applications.

The Company will report further on this matter as developments occur.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

No Disclosure Necessary

ITEM 4. CONTROLS AND PROCEDURES

At the end of first fiscal quarter ended 9/30/2008 (the "Evaluation Date"), under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rule 13a-15e under the Exchange Act). Based upon that evaluation, the Company's management, including the Chief Executive Officer and Chief Financial Officer, concluded that, as of the Evaluation Date, concluded that the Company's disclosure controls and procedures were effective to ensure that information the Company is required to disclose in the reports that it files or submits with the Securities and Exchange Commission under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms, and to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

The Company's management, including the Chief Executive Officer and Chief Financial Officer, identified no change in the Company's internal control over financial reporting that occurred during the Company's Fiscal Quarter Ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

ITEM 4T. CONTROLS AND PROCEDURES

Not Applicable

PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

International Barrier Technology Inc. (the Company) has received a preliminary liability and damage report from a New Jersey townhouse association in connection with a lawsuit the association has filed against its contractor, engineering consultant, property manager and the Company (the "Defendants"). The lawsuit involves alleged water damage in a 1997/1998 roof-replacement project that was allegedly caused by claimed Company product failure along with other alleged deficiencies. The Company first reported on the prospect of this litigation in December 2005. The townhouse association claims that as a result of defective product supplied, and negligent work performed by other named Defendants, the association has suffered damages of US\$5,506,409.46. Repairs, to date, have been limited to certain townhouse units where water stains have appeared in ceiling areas. The damages claimed include the costs of repairs made subsequent to the initial installation work, attorney and consultant fees, and the estimated anticipated future costs for roof repairs on all units including those that have not previously required roof repairs nor have shown any sign of damage.

The Defendants, through their insurers, have engaged qualified experts to consider the report and to prepare a response to refute it. The townhouse association's request for mediation resulted in the scheduling of a "non-binding" mediation hearing held on 5/15/2007. Counsel for Barrier and the plaintiffs failed to negotiate a resolution during this mediation hearing. The parties continue to negotiate settlement terms but if the parties cannot agree to a settlement, the suit may go to court. The Company carries \$1 million of product liability insurance, including the cost of attorney's fees, to protect itself against such claims and has documented that any damage occurring to date was the result of insufficient ventilation and incorrect installation. The Company anticipates that the claim will have no material financial impact on the Company.

The lawsuit by the townhouse association is the first involving the Company in 17 years of product distribution in the United States. Over that time, millions of square feet of the Company's products have been successfully installed for roofing and other applications.

The Company will report further on this matter as developments occur.

The Directors and the management of the Company know of no other material, active or pending, legal proceedings against them; nor is the Company involved as a plaintiff in any material proceeding or pending litigation.

The Directors and the management of the Company know of no active or pending proceedings against anyone that might materially adversely affect an interest of the Company.

ITEM 1A. RISK FACTORS

No Disclosure Necessary

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

- a. No Disclosure Necessary
- b. No Disclosure Necessary
- c. No Disclosure Necessary

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

No Disclosure Necessary

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No Disclosure Necessary

ITEM 5. OTHER INFORMATION

- a. 1. Reports on Form 8-K:
 - Form 8-K filed 6/19/2008, regarding a planned private placement of equity to potentially raise \$495,000.
 - 2. Form 8-K filed 7/18/2008, regarding the notice and record date for the AGM to be held 9.12.2008.
 - 3. Form 8-K filed 8/6/2008 regarding closed private placement
 - 4. Form 8-K filed 8/26/2008 regarding Annual General Meeting documents: notice, info circular, proxy, etc.
 - 5. Form 8-K filed 9/11/2008 regarding a news release about California architects, builders and designers looking to meet new fire codes for wildfire-prone areas now have a new, eco-friendly alternative - Barrier Technology's Blazeguard® fire-rated structural sheathing panels.
- b. Information required by Item 407(C)(3) OF Regulation S-K:
No Disclosure Necessary

ITEM 6. EXHIBITS

Exhibit 31.1:

Certification required by Rule 13a-14(a) or Rule 15d-14(a)
Certification executed by Michael Huddy, President/CEO/Director

Exhibit 31.2:

Certification required by Rule 13a-14(a) or Rule 15d-14(a)
Certification executed by David Corcoran, CFO/Director

Exhibit 32.1

Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
Certification executed by Michael Huddy, President/CEO/Director

Exhibit 32.2

Certification Required by Rule 13a-14(b) or Rule 15d-14(b) and section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350
Certification executed by David Corcoran, CFO/Director

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

International Barrier Technology Inc. -- SEC File No. 000-20412
Registrant

Date: November 14, 2008 /s/ Michael Huddy
Michael Huddy, President/CEO/Director

Date: November 14, 2008 /s/ David Corcoran
David Corcoran, CFO/Director

EXHIBIT 31.1

CERTIFICATIONS

I, Michael Huddy, certify that:

1. I have reviewed this report on Form 10-Q of International Barrier Technology Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2008

/S/ MICHAEL HUDDY

Michael Huddy

Director, President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATIONS

I, David Corcoran, certify that:

1. I have reviewed this report on Form 10-Q of International Barrier Technology Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information;
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 14, 2008

/S/ DAVID CORCORAN

David Corcoran

Director and Chief Financial Officer

Exhibit 32.1

Section 1350 Certification

The undersigned, Michael Huddy, Director, President and Chief Executive Officer of International Barrier Technology Inc. (the "Company"), hereby certifies that the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2008 (the "Report") (1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and the results of operations of the Company.

/S/ MICHAEL HUDDY

Michael Huddy
Director, President and Chief Executive Officer

Dated: November 14, 2008

This certification shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to International Barrier Technologies Inc. and will be retained by International Barrier Technologies Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Section 1350 Certification

The undersigned, David Corcoran, Director and Chief Financial Officer of International Barrier Technology Inc. (the "Company"), hereby certifies that the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2008 (the "Report") (1) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and the results of operations of the Company.

/S/ DAVID CORCORAN

David Corcoran
Director and Chief Financial Officer

Dated: November 14, 2008

This certification shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to International Barrier Technologies Inc. and will be retained by International Barrier Technologies Inc. and furnished to the Securities and Exchange Commission or its staff upon request.