Structural Systems

Engineers & Contractors

Structural Systems Limited.
ABN 57 006 413 574

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September 12th 2003

Media Release

Structural Systems Limited - STS
Full Year 2003 – Profit Announcement

Structural Systems Limited is pleased to announce a full year pre tax profit of $580,000 on revenue of $103 million. This compares to a previous year loss of $4.7 million on revenue of $121 million.

As indicated in the half yearly profit announcement, the Directors view the 2003-year as one of rebuilding and consolidation and consequently have decided there will be no final dividend payable this financial year.

This result for the 2003 year reflects the continuing improvement in the company's trading performance.

The site works on our loss-making Fastform contracts are now complete. One contract however is subject to a dispute with the head contractor. This contract was completed on March 2003. The extent of the dispute and the scope of the company's claim is still being finalized. A provision for expenses relating to the retention of expert consultants to assist in the commercial quantification of its claim has been included in the 2003 results. At this stage, the Directors do not consider any further provision is required.

As a consequence of restructuring costs and completion of loss making contracts by Fastform Systems and Total Fire Protection, the company did not fully comply with its financing covenants under its bank facilities during the financial year. The existing facilities expired on June 30th, 2003. Notwithstanding this, the company's bank has maintained existing bank facilities and is in discussions with the company to establish a new facility sufficient to support the current working capital requirements and those anticipated for the 2004 year. The company has no reason to believe that these new facilities will not be made available.

The Directors are confident that the improved performance achieved in 2003 year will be built upon in 2004 year.

The company has already secured a number of significant new contracts, which are expected to contribute revenue in excess of $40 million over the next two years, and lay a solid foundation for improved earnings in the 2004 financial year. Work in hand as at the end of July was $72 million.

The Annual General Meeting will be held on Tuesday November 18th 2003 at 10.30am. The venue will be the ASX Theatrette Level 1, 530 Collins Street Melbourne.

Should you require any further information, please contact the Directors below:

Bob Freedman
Managing Director
Ph 089 331 4500
Fx 089 331 4899

David Perry
Director
Ph 039 646 7622
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Appendix 4E

(Rule 4.3A)

Preliminary final report

Name of entity	ABN or equivalent company reference
STRUCTURAL SYSTEMS LIMITED	**57 006 413 574**

1.0 Details of the Reporting Period and the Previous Corresponding Period

Financial year ended ('current pereiod')	Financial year ended ('previous period')
30 June 2003	**30 June 2002**

2.0 Results for announcement to the market

				$A'000
2.1 Revenues from ordinary activities	down	13%	to	102,600
2.2 Profit (loss) from ordinary activities after tax attributable to members	up	110%	to	450
2.3 Net profit (loss) for the period attributable to members	up	110%	to	450

2.4 Dividends	Amount per security	Franked amount per security
Final dividend (Proposed)	Nil	N/A
Interim dividend	Nil	N/A

2.5 +Record date for determining entitlements to the dividend,	N/A

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood.

1. Result significantly affected by losses incurred in the completion of contracting projects by Total Fire Protection.
2. Loss experienced by Fastform as a result of restructuring and completion of loss making projects.
3. Volumes reduced as focus in first half of the year in Victoria was on delivery of existing works and restructuring business units rather than securing new projects.
4. Core business post tensioning and remedial engineering activity solid throughout the year.

3.0 Consolidated Statement of Financial Performance

	2003	2002
	$'000	$'000
Revenue from sale of goods	4,909	3,053
Revenue from rendering of services	97,427	114,176
Other revenues from ordinary activities	264	379
Total Revenue	**102,600**	**117,608**
Raw materials and consumables used for sale of goods	(2,743)	(1,780)
Construction and servicing costs	(90,569)	(106,479)
Changes in inventories and raw materials	1,436	(218)
Depreciation and amortisation expense	(2,595)	(2,432)
Borrowing costs	(663)	(911)
Other expenses from ordinary activities	(6,886)	(10,289)
Share of net profits (losses) from joint ventures accounted for using the equity method	-	8
Profit from Ordinary Activities Before Income Tax Expense	**580**	**(4,493)**
Income tax (expense) benefit relating to ordinary activities	(116)	(195)
Net Profit	**464**	**(4,688)**
Net profit Attributable To Outside Equity Interests	(14)	(28)
Net Profit Attributable to Members Of The Parent Entity	**450**	**(4,716)**
Increase (decrease) in asset revaluation reserve:		
Fair value adjustment	-	-
Net exchange difference on translation of financial statements of self sustaining foreign operations	(227)	217
Total Changes in Equity From Non-Owner Related Transactions Attributable To Members Of The Parent Entity	223	**(4,499)**

Basic earnings per share	1.9¢	(22.0¢)
Diluted earnings per share	1.8¢	(21.7¢)

Notes to the Consolidated Statement of Financial Performance

Revenue from Ordinary Activities

	2003	2002
	$'000	$'000
Revenue from ordinary activities		
Sale of goods revenue from operating activities	4,909	3,053
Rendering of services revenue from operating activities	97,427	114,176
Other Revenues:		
From operating activities		
Interest		
▪ Other parties		
From outside operating activities	-	-
Gross proceeds from sale of non-current assets	264	379
Total revenue from ordinary activities	**102,600**	**117,608**

	2003 $'000	2002 $'000
Profit (loss) from Ordinary Activities		
Profit (loss from ordinary activities before income tax is arrived at after charging (crediting) the following items:		
Amortisation and depreciation of:		
▪ Buildings	120	82
▪ Plant and equipment	2,211	2,074
▪ Leasehold improvements	41	0
▪ Goodwill	223	268
Bad and doubtfull debts expense including movements in provision for doubtful debts	(42)	109
Interest paid and due and payable:		
▪ Other persons	499	653
▪ Finance charges on capitalised assets	164	258
Rental – operating leases	385	309
Loss (gain) on disposal of plant and equipment	(23)	(203)
Provision for:		
▪ Employee benefits	(501)	636
▪ Net foreign exchange loss (gain)	77	-

4.0 Consolidated Statement of Financial Position

Current Assets		
Cash assets	74	100
Receivables	23,057	25,533
Inventories	5,838	4,401
Other	473	615
Total Current Assets	**29,442**	**30,649**
Non Current Assets		
Other financial assets	24	24
Property, plant and equipment	12,743	13,481
Intangible assets	3,132	3,355
Deferred tax assets	1,203	1,405
Total Non-Current Assets	**17,102**	**18,265**
Total Assets	**46,544**	**48,914**
Current Liabilities		
Payables	13,167	20,393
Interest bearing liabilities	9,662	5,410
Current tax liabilities	143	156
Provisions	2,568	3,036
Total Current Liabilities	**25,540**	**28,995**
Non –Current Liabilities		
Interest bearing liabilities	2,053	3,014
Deferred tax liability	934	1,238
Provisions	31	45
Total Non-Current Liabilities	3,018	4,297
Total Liabilities	28,558	33,292
Net Assets	**17,986**	**15,622**
Equity		
Contributed equity	15,000	12,873
Reserves	1,542	1,769
Retained profits	1,234	784
Total Parent Entity Interest	17,776	15,426
Outside equity interests	210	196
Total Equity	**17,986**	**15,622**

Notes to the Consolidated Statement of Financial Position

	2003 $'000	2002 $'000
Receivables (current)		
Trade debtors	22,188	24,513
Provision for doubtful debts	(231)	(312)
	21,957	24,201
Loans and advances to staff	4	8
Other debtors and deposits	163	258
Loans to associated entities	933	1,066
Income tax refundable	-	-
	23,057	**25,533**
Inventories (current)		
Raw materials and stores at cost	3,215	2,939
Work in progress	68	416
Construction work in progress	2,555	1,046
	5,838	**4,401**
Property plant and equipment		
Freehold land		
At Directors valuation (2001)	135	135
At independent valuation (b)	1,826	1,826
	1,961	**1,961**
Buildings		
At Directors valuation (2001)	1,553	1,553
At cost – subsequent additions	63	63
Accumulated amortisation	(407)	(287)
	1,209	**1,329**
Leasehold improvements		
At cost	130	95
Accumulated amortisation	(89)	(48)
	41	**47**
Plant, equipment and motor vehicles		
At cost	19,922	18,389
At Directors valuation 1995 (a) – deemed cost	295	295
Accumulated depreciation	(11,615)	(9,684)
	8,602	**9,000**
Leased assets at assessed value	1,242	1,434
Accumulated amortisation	(312)	(290)
	930	1,144
Total plant, equipment and motor vehicles	9,532	10,144
Total	**12,743**	**13,481**

The value of freehold land and buildings, in the Directors opinion, represents the current market value.

(a) The Directors valuation in 1995 was carried out in June 1995 and was on the basis of the current market value of the assets concerned.

(b) The independent valuation of the consolidated entity's freehold land and building was carried out as at 30 June 2001. On the basis of open market values for existing use resulted in the valuation of land of $1,825,536. The valuation has been brought to account.

	2003 $'000	2002 $'000
Intangibles		
Goodwill	4,544	4,544
Accumulated amortisation	(1,412)	(1,189)
	3,132	**3,355**
Deferred tax assets		
Future income tax benefits	1,203	1,405
Payables (current)		
Trade creditors	5,362	9,619
Other creditors and accruals	4,795	5,926
Contract billings in advance	3,010	4,848
	13,167	**20,393**
Interest bearing liabilities (current)		
Bank overdraft – secured	4,962	1,157
Bank loans - secured	2,207	2,906
Other loans	1,305	212
Lease liability	234	290
Lease purchase liability	954	845
	9,662	**5,410**
Tax Liabilities (current)		
Income tax	**143**	**156**
Provisions (current)		
Employee benefits	**2,568**	**3,036**
Interest bearing liabilities (non current)		
Bank loans - secured	220	830
Other loans	-	289
Lease liability	632	889
Lease purchase liability	1,201	1,006
	2,053	**3,014**
Deferred tax liability		
Provision for deferred income tax	875	1,114
Income tax	59	124
	934	**1,238**
Provision (non current)		
Employee benefits	**31**	**45**

Issued and paid up capital, 25,499,473 (2002 – 21.427,972) fully paid ordinary shares	15,000	12,873
Movements in ordinary share capital		
Balance at the beginning of the financial year	12,873	12,873
Shares issued:		
Share placement and top up plan	2,127	-
	15,000	**12,873**
Reserves		
Asset Revaluation reserve		
▪ Balance at beginning of year	1,321	1,321
▪ Revaluation increment on freehold land	**-**	**-**
▪ Balance at end of year	**1,321**	**1,321**

	2003 $'000	2002 $'000
Capital Profits Reserve		
▪ Balance at beginning of year	210	210
▪ Goodwill on transfer of business to subsidiary companies	-	-
▪ **Balance at end of year**	**210**	**210**
Foreign Currency Translation Reserve		
▪ Balance at beginning of year	238	49
▪ Translation adjustment on controlled foreign entities	(227)	189
▪ Balance at end of year	11	238
	1,542	**1,769**

5.0 Consolidated Statement of Cash Flows

Cash flows from operating activities		
Cash receipts in the course of operations	114,325	126,897
Cash payments in the course of operations	(117,179)	(123,395)
Interest received	-	-
Borrowing costs paid	(649)	(916)
Income tax paid (refunded)	(232)	87
Net cash provided by (used in) operating activities	**(3,735)**	**2,673**
Cash flows from investing activities		
Payments for property, plant and equipment	(622)	(2,243)
Proceeds from sale of property, plant and equipment	264	135
Loan from associated company (net)	132	-
Net cash used in investing activities	**(226)**	**(2,108)**
Cash flows from financing activities		
Proceeds from borrowings	1,305	2,275
Repayment of borrowings	(1,809)	(2,221)
Lease and lease purchase payments	(1,265)	(902)
Proceeds from issue of shares	2,126	-
Net cash used in financing activities	**357**	**(848)**
Net increase (decrease) in cash held	(3,604)	**(283)**
Effect of exchange rates on cash holdings	(227)	189
Cash at beginning of financial year	(1,057)	(963)
Cash at end of financial year	**(4,888)**	**(1,057)**

	2003	2002
	$'000	$'000
Notes to statement of cashflows		
Components of cash		
Cash on hand	6	9
Cash at bank	19	33
Cash on deposit	49	58
Cash Assets	74	100
Bank overdrafts	(4,962)	(1,157)
	(4,888)	**(1,057)**
Funds from operations		
Reconciliation of net cash inflow from operating activities to profit from Ordinary activities after tax		
Profit from ordinary activities after income tax	465	(4,688)
Depreciation and amortisation	2,595	2,432
Net (profit) loss on sale of non-current assets	(23)	(203)
Bad and doubtful debts	(42)	-
Change in operating assets and liabilities:		
▪ (Increase) decrease in trade debtors	2,286	(4,247)
▪ (Increase) decrease in other receivables	100	424
▪ (Increase) decrease in loans to associated entities	-	(485)
▪ (Increase) decrease in inventories	(1,436)	218
▪ (Increase) decrease in prepayments	143	(38)
▪ (Decrease) increase in trade creditors	(4,258)	(622)
▪ (Decrease) increase in other creditors	(2,967)	9355
▪ (Decrease increase employee benefits	(482)	636
▪ (Decrease) increase in income tax payable	(79)	(157)
▪ (Decrease) increase in deferred tax payable	(239)	48
▪ Decrease (increase) in future income tax benefit	202	-
Net cash inflow from operating activities	**(3,735)**	**2,673**
Non cash financing and investing activities		
Plant and equipment acquired under finance leases, lease purchase or Vendor finance	**1,255**	**1,319**

6.0 Dividends

6.1 Individual dividends per security

		Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend:	Current Year	Nil	¢	¢	¢
	Previous Year	Nil	¢	¢	¢
Interim dividend:	Current Year	Nil	¢	¢	¢
	Previous Year	Nil	¢	¢	¢

6.2 Total dividend per security (interim plus final)

	Current Year	Previous Year
+Ordinary Securities	N/A	N/A

7.0 Dividend Reinvestment Plans

The +dividend or distribution plans shown below are in operation.

Nil

The last date(s) for receipt of election notices for the +dividend or distribution plans

N/A

Any other disclosures in relation to dividends (distributions).

N/A

8.0 Retained Earnings

	2003 $'000	2002 $'000
Retained profits at beginning of year	784	5,500
Net profit (loss) attributable to members	450	(4,716)
Retained profits at end of year	**1,234**	**784**

9.0 NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per + ordinary security	57.4cents	56.3cents

10.0 Control Gained Over Entities

Name of entity (or group of entities)

Titlform Structural Systems Pty Ltd

Date incorporated

3 September 2002

	2003 $'000
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	$81 loss

Loss of Control Over Entities

Name of entity (or group of entities)	Structural Systems (Pacific) Ltd
Date control lost / deregistered	26 May 2003
Contribution of such entities to the reporting entity's profit/ (loss) from ordinary activities during the period (where material).	$Nil
Consolidated profit/(loss) from ordinary activities of the Controlled entity (or group of entities) whilst controlled During the whole of the previous corresponding period (where material).	$Nil

11.0 Details of Associates and Joint Venture Entities

Name of associate/joint venture	Reporting entity's percentage holding		Contribution to Net profit/(loss) (where material)	
	Current Period	Previous Corresponding Period	Current Period	Previous Corresponding Period
BBR Structural Systems Joint Venture	50%	50%	Not material	Not material
Structural Systems (UK) Ltd	40%	40%	Not material	Not material

12.0 Significant Information

As a consequence of restructuring costs and completion of loss making contracts by Fastform Systems and Total Fire Protection, the company did not fully comply with its financing covenants under its bank facilities during the financial year. The existing facilities expired on June 30th, 2003. Notwithstanding this, the company's bank has maintained existing bank facilities and is in discussions with the company to establish a new facility sufficient to support the current working capital requirements and those anticipated for the 2004 year. The company has no reason to believe that these new facilities will not be made available.

13.0Foreign Entities

Accounting Standards used in compiling financial reports:
Australian Accounting Standards

14.0 Commentary On Results For The Period

Earnings per share
2003 1.9c 2002 (22.0c). The weighted average number of ordinary shares used to calculate EPS is 21,707,024. Diluted earnings per share: 2003 1.8c, 2002 (21.7c).

Returns to Shareholders
The economic entity achieved a positive return for shareholders of $450,000 in the current year compared to a loss of $4.7m in the prior year.
No distributions or buy backs from shareholders were made during the current period.

Significant Features of operating performance
Result for 2003 affected by significant loss from Total Fire Protection. Losses also incurred by Fastform Systems Pty Ltd due to restructuring and completion of loss making projects. Tiltform Structural Systems Pty Ltd incurred losses due to business start up costs.

Results of Segments
Construction activity volumes were reduced by 19% to $74.8 million in 2003 as the business focused on completion of difficult existing projects in Victoria rather than targeting new works opportunities. Major improvement in performance compared to prior year with a return to profit of over $2m from a $3.2m loss in the prior year.

Fire Systems result continued to be adversely affected by completion of contracting projects and resulted loss was similar to previous year of approx $2m.

Mining revenues up from prior year by $1.3 million to $9.3 million. Slight reduction in earnings from $406K to $379K due to delay start of some works and establishment costs in remote locations.

General Commentary
The company has already secured a number of significant new contracts, which are expected to contribute revenue in excess of $40 million over the next two years, and lay a solid foundation for improved earnings in the 2004 financial year. Work in hand as at the end of July was $72 million.

One formwork structure contract is subject to a dispute with the head contractor. This contract was completed on March 2003. The extent of the dispute and the scope of the company's claim is still being finalized. A provision for expenses relating to the retention of expert consultants to assist in the commercial quantification of its claim has been included in the 2003 results. At this stage, the Directors do not consider any further provision is required.

15.0 This report is based on + accounts to which one of the following applies.

(Tick one)

☐	The +accounts have been audited.	☐	The +accounts have been subject to review.
✔	The +accounts are in the process of being audited or subject to review.	☐	The +accounts have *not* yet been audited or reviewed.

16.0 If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below

N/A

17.0 If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below

N/A

Sign here: ..... Date: 12 September 2003
(Company Secretary)

Print name: David Perry