

**STRUCTURAL SYSTEMS LIMITED  
ABN 57 006 413 574  
AND CONTROLLED ENTITIES**

**FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2003**

**STRUCTURAL SYSTEMS LIMITED ABN 57 006 413 574  
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

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The directors of Structural Systems Limited present their report on the economic entity for the half-year ended 31 December 2003.

**Directors**

The names of the directors in office at any time during or since the end of the half-year are:

Bruce A Crome  
Robert W Freedman  
Anthony L Harper (Resigned 28 July 2003)  
David J Pash (Resigned 18 November 2003)  
David R Perry

**Review of Operations**

The half year operating loss before tax was \$8.8 million and after tax and outside equity interests was \$9.2 million on revenue of \$36.1 million. No interim dividend has been declared.

The result is largely attributable to the winding down of the operations of Total Fire Protection and Fastform Systems, which incurred losses after tax of \$2.7 million and \$7.3 million respectively.

Approximately \$5.9 million of the total loss results from the provision for a number of unresolved claims as doubtful debts within Fastform and Total Fire Protection. These claims are still to be finalised and if any funds are realised by the Company this would represent a positive write back to profit. The Board is committed to pursuing these debts.

With the decision made to not continue with the contracting section of Total Fire Protection the Board has decided to fully write off the carrying value of goodwill. The loss for Total Fire Protection includes this write off as well as redundancy expenses, business closure costs and provision for expected costs in relation to the completion of remaining works.

Total Fire Protection and Fastform Systems remaining contracts are forecast to be completed by March/April 2004.

The Board has decided to adopt this conservative approach to enable the Executive team to focus its attention on a return to profitable trading and the future growth of the Company.

The Board is confident that its previously announced forecast of a return to profitable trading in the second half of 2003/04 is still accurate. The Company and its joint venture interests has in excess of \$70 million of work in hand. It has profitable projects underway in all states of mainland Australia as well as the UAE and UK.

**STRUCTURAL SYSTEMS LIMITED ABN 57 006 413 574  
AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT (CONT)**

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The types of works being completed include structure packages, post tensioning, reo fixing, remedial, ground support systems and mining infrastructure works and hire of construction equipment. These works are representative of the type of services that the Company is able to offer to its clients in the construction, engineering, remedial and mining sectors.

Banking Facilities

The Board is pleased to announce that the National Australia Bank (NAB) continues to support the Company and has agreed to renew banking facilities to the Group. The Company intends to reduce term debt facilities currently provided by the NAB with funds raised by way of a rights issue.

Capital Raising – Rights Issue

The Company intends to raise approximately \$5.7 million by way of a convertible note rights issue.

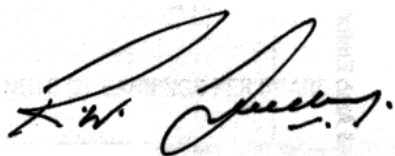
The Board is in the process of finalising terms with JM Financial Group Ltd to underwrite this rights issue. The rights issue offer is intended to be one convertible note for every two shares held by shareholders with an attaching option granted if converted early.

The proceeds of the rights issue will be used primarily to retire term debt currently provided by the NAB.

**Rounding of Amounts**

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest \$1,000.

Signed in accordance with a resolution of the Board of Directors:



**R.W. Freedman**  
Director



**B A Crome**  
Director

Dated: 26 February 2004

**STRUCTURAL SYSTEMS LIMITED ABN 57 006 413 574**  
**AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL PERFORMANCE**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	<b>31 December 2003 \$'000</b>	<b>31 December 2002 \$'000</b>
Revenue from sales and services	35,459	53,284
Other Revenue (Note 2)	594	133
<b>Revenue from Ordinary Activities</b>	<b>36,053</b>	<b>53,417</b>
Raw materials and consumables used for sale of goods	(1,616)	(1,984)
Construction and servicing costs	(35,957)	(46,750)
Change in inventories and raw materials	(1,357)	2,456
Other expenses from ordinary activities (Note 2)	(4,082)	(5,229)
Depreciation and amortisation of goodwill	(1,278)	(1,292)
Borrowing costs	(582)	(337)
<b>Profit (loss) from ordinary activities before income tax expense</b>	<b>(8,819)</b>	<b>281</b>
Income tax expense relating to ordinary activities	(396)	(113)
<b>Net profit (loss) from ordinary activities after income tax expense</b>	<b>(9,215)</b>	<b>168</b>
Net profit attributable to outside equity interests	(30)	(7)
<b>Net profit (loss) for the period attributable to members of the parent entity</b>	<b>(9,245)</b>	<b>161</b>
Net exchange differences on translation of financial statements of self sustaining foreign operations	-	(1)
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>	<b>(9,245)</b>	<b>160</b>
Basic EPS	(36.3) cents	0.7 cents
Diluted EPS	(35.1) cents	0.7 cents

The accompanying notes form part of these financial statements

**STRUCTURAL SYSTEMS LIMITED AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2003**

	<b>31 December 2003 \$'000</b>	<b>30 June 2003 \$'000</b>
<b>Current assets</b>		
Cash	71	74
Receivables	13,128	23,057
Inventories	4,481	5,838
Other	1,130	473
<b>Total current assets</b>	<b>18,810</b>	<b>29,442</b>
<b>Non-current assets</b>		
Other financial assets	24	24
Property, plant and equipment	11,315	12,743
Intangible assets	2,085	3,132
Deferred tax assets	944	1,203
<b>Total non-current assets</b>	<b>14,368</b>	<b>17,102</b>
<b>Total assets</b>	<b>33,178</b>	<b>46,544</b>
<b>Current liabilities</b>		
Payables	11,940	13,167
Interest bearing liabilities	6,274	9,662
Current tax liabilities	220	143
Provisions	1,973	2,568
<b>Total current liabilities</b>	<b>20,407</b>	<b>25,540</b>
<b>Non-current liabilities</b>		
Interest bearing liabilities	3,118	2,053
Deferred tax liabilities	865	934
Provisions	17	31
<b>Total non-current liabilities</b>	<b>4,000</b>	<b>3,018</b>
<b>Total liabilities</b>	<b>24,407</b>	<b>28,558</b>
<b>Net assets</b>	<b>8,771</b>	<b>17,986</b>
<b>Equity</b>		
Contributed equity	15,000	15,000
Reserves	1,542	1,542
(Accumulated losses) Retained profits	(8,011)	1,234
<b>Parent entity interests</b>	<b>8,531</b>	<b>17,776</b>
Outside equity interests	240	210
<b>Total equity</b>	<b>8,771</b>	<b>17,986</b>

The accompanying notes form part of these financial statements

**STRUCTURAL SYSTEMS LIMITED AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2003**

	<b>31 December 2003 \$'000</b>	<b>31 December 2002 \$'000</b>
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	49,873	62,956
Cash payments in the course of operations	(47,348)	(63,078)
Interest received	-	4
Borrowing costs paid	(582)	(323)
Income taxes paid	(129)	(88)
<b>Net cash provided by (used in) operating activities</b>	<b>1,814</b>	<b>(529)</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of service division, Total Fire Protection	551	-
Payment for purchases of property, plant and equipment	(88)	(156)
Proceeds from sale of property, plant and equipment	43	19
<b>Net cash provided by (used in) investing activities</b>	<b>506</b>	<b>(137)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	-	2,128
Proceeds from borrowings	450	1,824
Repayment of borrowings	(38)	(674)
Lease and lease purchase payments	(728)	(681)
<b>Net cash provided by (used in) financing activities</b>	<b>(316)</b>	<b>2,597</b>
<b>Net increase (decrease) in cash held</b>	<b>2,004</b>	<b>1,931</b>
Cash at beginning of period	(4,888)	(1,057)
Exchange rate adjustments to cash at beginning of period	-	(1)
<b>Cash at end of period</b>	<b>(2,884)</b>	<b>873</b>

The accompanying notes form part of these financial statements

**STRUCTURAL SYSTEMS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2003**

**31 Dec 03**      **31 Dec 02**  
**\$'000**            **\$'000**

**1 BASIS OF PREPARATION**

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standard AASB 1029: Interim Financial Reporting, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2003 and any public announcements made by Structural Systems Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the economic entity and are consistent with those applied in the 30 June 2003 annual report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**2 PROFIT (LOSS) FROM ORDINARY ACTIVITIES**

The following revenue (expense) items are relevant in explaining the financial performance for the interim period:

Proceeds from sale of service division, Total Fire Protection (TFP)	551	-
Goodwill written off as future benefits are no longer recoverable – Total Fire Protection	(935)	-
Redundancy costs – Total Fire Protection	(120)	-
Claims subject to dispute – TFP & Fastform Systems	(5,939)	-

**STRUCTURAL SYSTEMS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2003**

**3 DIVIDENDS PAID OR PROPOSED**

No dividends were paid or proposed during the period.  
(2002: Nil)

**4 CONTINGENT LIABILITIES**

There have been no significant changes in contingent liabilities since the last annual reporting date, except for a reduction in contract performance guarantees of \$1,272,000.

**5 EVENTS SUBSEQUENT TO REPORTING DATE**

There were no material events subsequent to the end of the interim period that have not been recognised in the interim financial statements except that the company is in the process of raising approximately \$5.7 million by way of a convertible note rights issue.

**6 DISCONTINUING OPERATIONS**

During the period, Total Fire Protection sold its service operations and assets for \$551,000. The contract division is being wound down as it completes its obligations.

Both of these processes are expected to be completed by 31 May 2004.

The carrying amounts of assets and liabilities of Total Fire Protection at 31 December 2003 were:

	\$'000
Total assets	676
Total liabilities	<u>603</u>
Net assets	73
Less: Inter-company balances	<u>(5,756)</u>
Net assets (liabilities)	<u>(5,683)</u>

The operation of Fastform Systems is continuing and would eventually be managed by other entities within the group.



**STRUCTURAL SYSTEMS LIMITED AND CONTROLLED ENTITIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2003**

**7 SEGMENT INFORMATION**

**PRIMARY REPORTING – BUSINESS SEGMENTS**

	<b>CONSTRUCTION</b>		<b>MINING</b>		<b>FIRE SYSTEMS</b>		<b>ECONOMIC ENTITY</b>	
	<b>31/12/2003</b>	<b>31/12/2002</b>	<b>31/12/2003</b>	<b>31/12/2002</b>	<b>31/12/2003</b>	<b>31/12/2002</b>	<b>31/12/2003</b>	<b>31/12/2002</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>								
External Sales	27,758	39,146	5,351	4,801	2,944	9,337	36,053	53,284
Unallocated Revenue							-	133
<b>Total revenue from ordinary activities</b>							36,053	53,417
<b>Result</b>								
Profit (loss) from ordinary activities before income tax expense	(6,766)	658	525	101	(2,578)	(478)	(8,819)	281
Income tax expense							(396)	(113)
<b>Net Profit (Loss) after tax</b>							<b>(9,215)</b>	<b>168</b>

**STRUCTURAL SYSTEMS LIMITED ABN 57 006 413 574  
AND CONTROLLED ENTITIES**

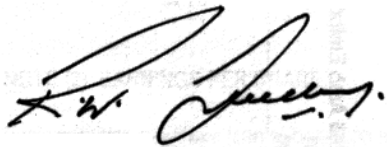
**DIRECTORS' DECLARATION**

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The directors of the company declare that:

1. The financial statements and notes:
  - a. comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations, and
  - b. give a true and fair view of the economic entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**R W Freedman**  
Director



**B A Crome**  
Director

Dated: 26 February 2004

**STRUCTURAL SYSTEMS LIMITED ABN 57 006 413 574  
AND CONTROLLED ENTITIES  
INDEPENDENT REVIEW REPORT  
TO THE MEMBERS OF STRUCTURAL SYSTEMS LIMITED**

**Scope**

We have reviewed the financial report of Structural Systems Limited, comprising the statement of financial performance, statement of financial position, statement of cash flows, notes to the financial statements and directors' declaration for the half-year ended 31 December 2003. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the company's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission/Australian Stock Exchange Limited.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

**Statement**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Structural Systems Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
  - (i) giving a true and fair view of the company's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.



**Anderson Roscoe**  
Chartered Accountants  
Level 2, 479 St Kilda Road  
Melbourne Vic 3004



**Andrew P Roscoe**  
Partner

Date: 26 February 2004

Partners:  
William G Anderson F.C.A., C.F.P.  
Andrew P Roscoe C.A.

Associates:  
Russell W Drysdale C.A.  
Andrew R Duncan C.A.  
Robert F Cincotta C.A.  
Tina Fiore-Scott C.A.

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