



**Structural Systems**

**Structural Systems Limited**

ABN 57 006 413 574

**Engineers & Contractors**

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#### Market Update 27 August 2004

In line with previous announcements, Structural Systems Limited reports a loss for the 2004 financial year of \$8.589 million after tax and significant items.

The significant items included in this loss are as follows:

- Write-off of goodwill in Total Fire Protection Pty Ltd of \$0.935million
- Contracting losses, redundancies and other closure expenses of Total Fire Protection of \$1.7million
- Completion of loss making formwork projects and finalisation of disputed claims of Fastform Systems Pty Ltd of \$6.8 million.
- Expenses incurred in the issue of convertible notes of \$0.532 million

The company is now free of the projects and businesses that have resulted in the losses over the last few years.

All ongoing businesses traded profitably in the second half of the financial year and demand for the company's products and services remains strong.

Future Income Tax Benefits of approximately \$2.2 million as a result of this year's loss have not been recognised in accordance with company policy.

Robert Freedman  
Managing Director

David Perry  
Director

# 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 period')	Financial year ended ('previous period')
30 June 2004	30 June 2003

### 2.0 Results for announcement to the market

				\$A'000
2.1	Revenues from ordinary activities	down	22% to	79,570
2.2	Profit (loss) from ordinary activities after tax attributable to members	down	2009% to	(8,589)
2.3	Net profit (loss) for the period attributable to members	down	2009% to	(8,589)
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.			
	<ol style="list-style-type: none"> <li>Result significantly affected by losses incurred in the completion of fire service contracting projects and the winding up of Total Fire Protection Pty Ltd.</li> <li>Result significantly affected by losses incurred by Fastform Pty Ltd due to settlement of outstanding claims and finalisation of projects awarded before June 2002.</li> <li>Costs in relation to the issue of convertible notes taken to account during the period.</li> <li>All ongoing business units operated profitably during the second half of the year. Post tensioning, remedial engineering and mining support activity was profitable throughout the year.</li> </ol>			

### 3.0 Consolidated Statement of Financial Performance

	2004	2003
	\$'000	\$'000
Revenue from sale of goods	2,425	4,909
Revenue from rendering of services	76,028	97,427
Other revenues from ordinary activities	1,117	264
<b>Total Revenue</b>	<b>79,570</b>	<b>102,600</b>
Raw materials and consumables used for sale of goods	(1,359)	(2,743)
Construction and servicing costs	(74,327)	(90,569)
Changes in inventories and raw materials	(1,487)	1,436
Depreciation and amortisation expense	(2,408)	(2,595)
Goodwill write off Total Fire Protection	(935)	-
Borrowing costs	(1,136)	(663)
Other expenses from ordinary activities	(5,617)	(6,886)
Cost of Rights Issue Convertible Notes	(532)	-
Share of net profits (losses) from joint ventures accounted for using the equity method	-	-
<b>Profit (Loss) from Ordinary Activities Before Income Tax Expense</b>	<b>(8,231)</b>	<b>580</b>
Income tax (expense) benefit relating to ordinary activities	(312)	(116)
<b>Net Profit</b>	<b>(8,543)</b>	<b>464</b>
Net profit Attributable To Outside Equity Interests	(46)	(14)
<b>Net Profit Attributable to Members Of The Parent Entity</b>	<b>(8,589)</b>	<b>450</b>
Increase (decrease) in asset revaluation reserve:		
Fair value adjustment	-	-
Net exchange difference on translation of financial statements of self sustaining foreign operations	59	(227)
<b>Total Changes in Equity From Non-Owner Related Transactions Attributable To Members Of The Parent Entity</b>	<b>(8,530)</b>	<b>223</b>
Basic earnings per share	(33.7¢)	1.9¢
Diluted earnings per share	(30.3¢)	1.8¢

### Notes to the Consolidated Statement of Financial Performance

#### Revenue from Ordinary Activities

	2004	2003
	\$'000	\$'000
<b>Revenue from ordinary activities</b>		
Sale of goods revenue from operating activities	2,425	4,909
Rendering of services revenue from operating activities	76,028	97,427
<b>Other Revenues:</b>		
<i>From operating activities</i>		
Interest		
▪ Other parties	8	-
Rental Revenue	8	-
Other Revenue	83	-
<i>From outside operating activities</i>		
Proceeds from disposal of service division Total Fire Protection	200	-
Gross proceeds from sale of non-current assets	818	264
<b>Total revenue from ordinary activities</b>	<b>79,570</b>	<b>102,600</b>

	2004 \$'000	2003 \$'000
<b>Profit (loss) from Ordinary Activities</b>		
Profit (loss) from ordinary activities before income tax is arrived at after charging (crediting) the following items:		
Amortisation and depreciation of:		
▪ Buildings	92	120
▪ Plant and equipment	2,123	2,211
▪ Leasehold improvements	-	41
▪ Goodwill	192	223
Bad and doubtful debts expense including movements in provision for doubtful debts	162	(42)
Interest paid and due and payable:		
▪ Other persons	712	413
▪ Related Parties	193	86
▪ Finance charges on capitalised assets	231	164
Rental – operating leases	283	385
Loss (gain) on disposal of plant and equipment	(199)	(23)
Convertible Note Expenses	532	-
Write off of claims subject to dispute	5,371	-
Write off of goodwill Total Fire Protection	935	-
Redundancy costs due to closure of Total Fire Protection	120	-
Provision for:		
▪ Employee benefits	(383)	(501)
▪ Net foreign exchange loss (gain)	-	77

#### 4.0 Consolidated Statement of Financial Position

<b>Current Assets</b>		
Cash assets	260	74
Receivables	19,140	23,057
Inventories	4,350	5,838
Other	551	473
<b>Total Current Assets</b>	<b>24,301</b>	<b>29,442</b>
<b>Non Current Assets</b>		
Other financial assets	24	24
Property, plant and equipment	10,851	12,743
Intangible assets	2,005	3,132
Deferred tax assets	1,128	1,203
<b>Total Non-Current Assets</b>	<b>14,008</b>	<b>17,102</b>
<b>Total Assets</b>	<b>38,309</b>	<b>46,544</b>
<b>Current Liabilities</b>		
Payables	14,438	13,167
Interest bearing liabilities	2,264	9,662
Current tax liabilities	311	143
Provisions	2,256	2,568
<b>Total Current Liabilities</b>	<b>19,269</b>	<b>25,540</b>
<b>Non –Current Liabilities</b>		
Interest bearing liabilities	8,634	2,053
Deferred tax liability	833	934
Provisions	14	31
<b>Total Non-Current Liabilities</b>	<b>9,481</b>	<b>3,018</b>
<b>Total Liabilities</b>	<b>28,750</b>	<b>28,558</b>
<b>Net Assets</b>	<b>9,559</b>	<b>17,986</b>

	2004 \$ '000	2003 \$'000
<b>Equity</b>		
Contributed equity	15,056	15,000
Reserves	1,602	1,542
Retained profits (Accumulated Losses)	(7,355)	1,234
<b>Total Parent Entity Interest</b>	9,303	17,776
Outside equity interests	256	210
<b>Total Equity</b>	9,559	17,986

### Notes to the Consolidated Statement of Financial Position

<b>Receivables (current)</b>		
Trade debtors	18,770	22,188
Provision for doubtful debts	(364)	(231)
	18,406	21,957
Loans and advances to staff	18	4
Other debtors and deposits	-	163
Loans to associated entities	716	933
Income tax refundable	-	-
	<b>19,140</b>	<b>23,057</b>
<b>Inventories (current)</b>		
Raw materials and stores at cost	3,229	3,215
Work in progress	-	68
Construction work in progress	1,121	2,555
	<b>4,350</b>	<b>5,838</b>
<b>Property plant and equipment</b>		
Freehold land		
At Directors valuation (2001)	-	135
At independent valuation (b)	1,826	1,826
	<b>1,826</b>	<b>1,961</b>
<b>Buildings</b>		
At Directors valuation (2001)	1,466	1,553
At cost – subsequent additions	63	63
Accumulated amortisation	(455)	(407)
	<b>1,074</b>	<b>1,209</b>
<b>Leasehold improvements</b>		
At cost	62	130
Accumulated amortisation	(56)	(89)
	<b>6</b>	<b>41</b>
<b>Plant, equipment and motor vehicles</b>		
At cost	18,381	19,922
At Directors valuation 1995 (a) – deemed cost	295	295
Accumulated depreciation	(11,512)	(11,615)
	<b>7,164</b>	<b>8,602</b>
Leased assets at assessed value	1,242	1,242
Accumulated amortisation	(461)	(312)
	781	930
<b>Total plant, equipment and motor vehicles</b>	<b>7,945</b>	<b>9,532</b>
<b>Total</b>	<b>10,851</b>	<b>12,743</b>

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.

	2004 \$'000	2003 \$'000
<b>Intangibles</b>		
Goodwill	3,283	4,544
Accumulated amortisation	(1,278)	(1,412)
	<b>2,005</b>	<b>3,132</b>
<b>Deferred tax assets</b>		
Future income tax benefits	1,128	1,203
<b>Payables (current)</b>		
Trade creditors	5,229	5,362
Other creditors and accruals	6,335	4,795
Contract billings in advance	2,874	3,010
	<b>14,438</b>	<b>13,167</b>
<b>Interest bearing liabilities (current)</b>		
Bank overdraft – secured	1,227	4,962
Bank loans - secured	68	2,207
Other loans	4	1,305
Lease liability	260	234
Lease purchase liability	705	954
	<b>2,264</b>	<b>9,662</b>
<b>Tax Liabilities (current)</b>		
Income tax	311	143
<b>Provisions (current)</b>		
Employee benefits	<b>2,256</b>	<b>2,568</b>
<b>Interest bearing liabilities (non current)</b>		
Bank loans - secured	-	220
Other loans	1,750	-
Convertible Note	5,684	-
Lease liability	371	632
Lease purchase liability	829	1,201
	<b>8,634</b>	<b>2,053</b>
<b>Deferred tax liability</b>		
Provision for deferred income tax	813	875
Income tax	20	59
	<b>833</b>	<b>934</b>
<b>Provision (non current)</b>		
Employee benefits	<b>14</b>	<b>31</b>

Issued and paid up capital, 25,624,618 (2003 – 25,499,473) fully paid ordinary shares	15,056	15,000
<b>Movements in ordinary share capital</b>		
Balance at the beginning of the financial year	15,000	12,873
Shares issued:		
Convertible Notes converted	54	-
Options on convertible notes converted exercised	2	-
Share placement and top up plan	-	2,127
	<b>15,056</b>	<b>15,000</b>
<b>Reserves</b>		
Asset Revaluation reserve		
▪ Balance at beginning of year	1,321	1,321
▪ Revaluation increment on freehold land	-	-
▪ Balance at end of year	<b>1,321</b>	<b>1,321</b>
	2004 \$'000	2003 \$'000
<b>Capital Profits Reserve</b>		
▪ Balance at beginning of year	210	210
▪ Goodwill on transfer of business to subsidiary companies	-	-
▪ <b>Balance at end of year</b>	<b>210</b>	<b>210</b>
<b>Foreign Currency Translation Reserve</b>		
▪ Balance at beginning of year	11	238
▪ Translation adjustment on controlled foreign entities	59	(227)
▪ Balance at end of year	70	11
	<b>1,601</b>	<b>1,542</b>

## 5.0 Consolidated Statement of Cash Flows

<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	89,741	114,325
Cash payments in the course of operations	(87,555)	(117,179)
Convertible note expenses	(479)	-
Interest received	8	-
Borrowing costs paid	(952)	(649)
Income tax paid (refunded)	(171)	(232)
<b>Net cash provided by (used in) operating activities</b>	<b>592</b>	<b>(3,735)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(571)	(622)
Proceeds from sale of property, plant and equipment	1,017	264
Loan from associated company (net)	218	132
<b>Net cash used in investing activities</b>	<b>664</b>	<b>(226)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	450	1,305
Proceeds from issue of convertible notes	5,738	-
Repayment of borrowings	(2,359)	(1,809)
Lease and lease purchase payments	(1,225)	(1,265)
Proceeds from issue of shares	2	2,126
<b>Net cash used in financing activities</b>	<b>2,606</b>	<b>357</b>

	2004 \$'000	2003 \$'000
<b>Net increase (decrease) in cash held</b>	<b>3,862</b>	<b>(3,604)</b>
Effect of exchange rates on cash holdings	59	(227)
Cash at beginning of financial year	(4,888)	(1,057)
<b>Cash at end of financial year</b>	<b>(967)</b>	<b>(4,888)</b>

<b>Notes to statement of cashflows</b>		
<b>Components of cash</b>		
Cash on hand	2	6
Cash at bank	258	19
Cash on deposit	-	49
Cash Assets	260	74
Bank overdrafts	(1,227)	(4,962)
	<b>(967)</b>	<b>(4,888)</b>
<b>Funds from operations</b>		
<b>Reconciliation of net cash inflow from operating activities to profit (loss) from Ordinary activities after tax</b>		
Profit from ordinary activities after income tax	(8,543)	465
Depreciation and amortisation	2,408	2,595
Net (profit) loss on sale of non-current assets	(200)	(23)
Bad and doubtful debts	162	(42)
Goodwill written-off net Total Fire Protection	735	-
<b>Change in operating assets and liabilities:</b>		
▪ (Increase) decrease in trade debtors	3,388	2,286
▪ (Increase) decrease in other receivables	149	100
▪ (Increase) decrease in inventories	1,487	(1,436)
▪ (Increase) decrease in prepayments	(78)	143
▪ (Decrease) increase in trade creditors	(132)	(4,258)
▪ (Decrease) increase in other creditors	1,404	(2,967)
▪ (Decrease) increase employee benefits	(383)	(482)
▪ (Decrease) increase in other provisions	54	-
▪ (Decrease) increase in income tax payable	128	(79)
▪ (Decrease) increase in deferred tax payable	(62)	(239)
▪ Decrease (increase) in future income tax benefit	75	202
<b>Net cash inflow from operating activities</b>	<b>592</b>	<b>(3,735)</b>
<b>Non cash financing and investing activities</b>		
Plant and equipment acquired under finance leases, lease purchase or Vendor finance	<b>369</b>	<b>1,255</b>

## 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
<b>Final dividend:</b>				
Current Year	Nil	¢	¢	¢
Previous Year	Nil	¢	¢	¢
<b>Interim dividend:</b>				
Current Year	Nil	¢	¢	¢
Previous Year	Nil	¢	¢	¢



6.2 Total dividend per security (interim plus final)

+Ordinary Securities

Current Year	Previous Year
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**

	2004 \$'000	2003 \$'000
Retained profits at beginning of year	1,234	784
Net profit (loss) attributable to members	(8,589)	450
Retained profits (Accumulated Losses) at end of year	(7,355)	1,234

**9.0 NTA Backing**

	Current period	Previous corresponding period
Net tangible asset backing per + ordinary security	28.5 cents	57.4 cents

**10.0 Control Gained Over Entities**

Name of entity (or group of entities)

Date incorporated

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

2004  
\$'000

### Loss of Control Over Entities

Name of entity (or group of entities)

Date control lost / deregistered

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

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).

### 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

Please refer to accompanying Directors announcement
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## 13.0 Foreign Entities

Accounting Standards used in compiling financial reports:
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Australian Accounting Standards
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## 14.0 Commentary On Results For The Period

### Earnings per share

2004 (33.7c) 2003 1.9c. The weighted average number of ordinary shares used to calculate basic EPS is 25,501,866.

Diluted earnings per share: 2004 (30.3c), 2003 1.8c.

### Returns to Shareholders

The economic entity achieved a negative return for shareholders of \$8.589 million in the current year compared to a profit of \$450,000 in the prior year.

No distributions or buy backs from shareholders were made during the current period.

### Significant Features of operating performance

Result for 2004 affected by significant losses from Total Fire Protection due to completion of remaining project obligations, redundancies and writing off goodwill.

Losses incurred by Fastform Systems Pty Ltd due to completion of projects awarded prior to June 2002 and settlement of commercial finalisation of outstanding disputed claims.

Tiltform Structural Systems Pty Ltd incurred losses due to demand for specialist formwork equipment hire being insufficient to cover overheads.

### Results of Segments

Construction activity volumes reduced by 14% to \$64.699 million in 2004 primarily due to reduction in formwork projects being undertaken. The Company has adopted a more conservative approach to the tendering and acquisition of these types of contracts. A loss of \$6.552 million for construction activity was due to commercial settlement of disputed claims and completion of loss making project previously identified. Post tensioning and remedial engineering activity remained strong through out the year particularly in New South Wales.

The loss in Fire Systems result increased to \$2.632 million. This is up from \$2.1 million in year 2003. The current year loss includes completion costs on loss making projects as well as goodwill write-off and redundancies.

Mining revenues up from prior year by \$2.43 million to \$11.7 million. Earnings increased in the year from \$379K to \$833K.

### General Commentary

The focus in the Victorian operation was to complete difficult projects secured prior to June 2002 and ensure that any new work won was profitable. These loss making projects were completed in the year and all commercial matters finalised.

The Company undertook a unsecured rights issue of convertible note to reduce the reliance on its principal facility provider. This issue enable the Company to reduce its cost of funds and restructure its balance sheet. The costs associated with this issued totalled \$532K.

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

(Tick one)

- |                                     |   |                          |   |
|-------------------------------------|---|--------------------------|---|
| <input type="checkbox"/>            | The +accounts have been audited.  | <input type="checkbox"/> | The +accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> | The +accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The +accounts have <i>not</i> 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:

  
.....  
(Company Secretary)

Date: 27 August 2004

Print name:

David Perry