Structural Systems

STRUCTURAL SYSTEMS ANNOUNCES A RETURN TO PROFITABILITY AND A FULLY FRANKED DIVIDEND OF 1.5 CENTS A SHARE

Structural Systems Limited **("Structural" or "the company")** today reported a pre-tax, pre minorities' profit of $3.489 million compared to a loss of $8.231 million for the corresponding period last year. This profit was achieved on improved revenue of $108.096 million, up 36% on the $79.570 million reported in 2004.

The after tax, after minorities profit of $2.918 million reflected cessation of the loss making businesses, profitable results from international operations and across the board improvement in the Australian operations.

The directors resolved to declare a dividend of 1.5 cents per share (fully franked) to recognise the support that ordinary shareholders have given the company in the last few difficult years. The directors have determined not to operate the dividend reinvestment plan ("DRP") for the final dividend.

An overview of the various business segments is discussed below –

- **Mining & Ground Support**
  Revenue at Rock Engineering increased by 45% to $17 million in a buoyant resources market. The pre-tax profit contribution from Rock of $1.226 million was significantly higher than the $833K reported last year. The company recently announced that it had acquired the 10% minority shareholding in Rock effective 1 July 2005.

- **Post-tensioning & Remedial – Australia**
  Post-tensioning continues to be a core element of the Company's business and all states contributed solid returns. While these markets continue to be competitive Structural's innovative design solutions and market recognition as a leader in this sector has allowed it to maintain a strong forward order book.

  In November 2004, a remedial division, Structural Systems (Remedial) Pty Ltd, was established in NSW. Due to the costs associated with establishing this entity, the business produced a small loss for the financial year. The loss was within budget expectations. The outlook for this business is quite pleasing with good contracts now secured.
  The Victorian remedial operation produced a disappointing result for the year, due to limited opportunities and as a result the business has been scaled back.

- **Structure Packages**
  This division offers a full design and construction concrete frame package to builders and developers in the Victorian construction market. The results for this division continued on from the improved performance in the later half of 2004 financial year. Revenue increased during the year as management was able to focus on securing profitable new work. A conservative strategy remains in force for this division. A major focus during the year was to concentrate on work being secured from direct negotiations rather than through the open tender market. This strategy has produced some excellent results to date with a number of profitable contracts in hand.

Structural Systems

- **International**
  The Company has an involvement in two international businesses – BBR Structural Systems Dubai and Structural Systems (UK) Limited. Both of these businesses traded profitably in the year under review and contributed 17.6 % of the after tax profits of Structural. As a result of the company gaining effective control over BBR Structural Systems, this entity has, for the first time, been consolidated in the Structural Systems Limited accounts.

Future prospects

The resources sector continues to be very active and the addition of two (2) new drilling rigs to the Rock fleet during 2005 will allow Rock more flexibility to win additional work. In addition to the new rigs, Rock has several medium term contracts that continue to add stability to its performance.

Business activity in building construction continues to be high in all States of Australia. An increase in both infrastructure and commercial building work appears to be compensating for any downturn in the residential sector.

The demand for the company's structure package division remains high and activity is expected to continue at similar levels given the current opportunities in the marketplace.

The directors believe that the international businesses of the Company have significant potential to improve profitability given the buoyant markets in the UK and UAE. Contracts on hand in the international businesses are at record levels and shareholders would remember a recent announcement advising that the United Kingdom business had won a A$12 million contract for post tensioning work on five (5) LNG tanks in Wales.

Work in hand including the Company's share of international operations at the end of June was $79.4 million.

For further information please contact:

Robert Freedman
Managing Director
24 Hines Road
O'Connor WA 6163
Tel: (08) 9331 4500
Fax: (08) 9331 4511

David Perry
Director
112 Munro Street
South Melbourne VIC 3205
(03) 9646 7622
(03) 9646 7133

Dated: Thursday 8 September 2005

Structural Systems

Preliminary Final Report of Structural Systems Limited
For the year ended 30 June 2005
ABN 57 006 413 574

This preliminary Final report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A

Current Reporting Period:	Financial year ending 30 June 2005
Previous Corresponding Period:	Financial year ending 30 June 2004

Results for announcement to the market

Revenue and Earnings Information	Up (Down)	Percentage Change		Amount $A
Revenues from ordinary activities	Up	36%	to	108,097
Profit (loss) from ordinary activities before income tax expense	Up	142%	to	3, 489
Net profit (loss) from ordinary activities after tax (before outside equity interests)	Up	138%	to	3,265
Net profit (loss) for the period attributable to members	Up	134%	to	2,918

Dividends (Distributions)	Amount per security	Franked amount per security
Final dividend	1.5 cents	1.5 cents
Interim dividend	Nil	Nil
Record date for determining entitlements to the dividend: 30 September 2005		

Brief explanation of revenue and net profit: Please refer to attached ASX announcement accompanying this Appendix 4E.

Information on Audit

The accounts have been audited.

The information contained in this report is to be read in conjunction with the last annual report and any announcements to the market by Structural Systems during the period.

Structural Systems

Consolidated Statement of Financial Performance

Year Ended 30 June 2005	Note	2005 $	2004 $
Revenue from sale of goods		3,227	2,425
Revenue from rendering of services		103,509	76,028
Other revenues from ordinary activities		1,361	1,117
Total Revenue	**2**	**108,097**	**79,570**
Raw materials and consumables used for sale of goods		(2,381)	(1,359)
Construction and servicing costs		(93,189)	(74,327)
Changes in inventories and raw materials		546	(1,487)
Depreciation and amortisation expense	**3**	(2,578)	(2,408)
Goodwill write off Total Fire Protection		-	(935)
Borrowing costs	**3**	(1,023)	(1,136)
Other expenses from ordinary activities		(6,184)	(5,617)
Cost of Rights Issue Convertible Notes		-	(532)
Share of net profits (losses) from joint ventures accounted for using the equity method		201	-
Profit (Loss) from Ordinary Activities Before Income Tax Expense	**3**	**3,489**	**(8,231)**
Income tax (expense) benefit relating to ordinary activities		(224)	(312)
Net Profit		**3,265**	**(8,543)**
Net profit Attributable To Outside Equity Interests		(347)	(46)
Net Profit Attributable to Members Of The Parent Entity		**2,918**	**(8,589)**
Net exchange difference on translation of financial statements of self sustaining foreign operations	**20 (c)**	(77)	59
Total Changes in Equity From Non-Owner Related Transactions Attributable To Members Of The Parent Entity		**2,841**	**(8,530)**
Basic earnings per share		11.4c	(33.7c)
Diluted earnings per share		9.2c	(30.3c)
Weighed average number of shares outstanding during the period used in the calculation of basic earnings per share ('000)		25,630	25,502

Structural Systems

Consolidated Statement of Financial Position

As at 30 June 2005	Note	2005 $	2004 $
Current Assets			
Cash assets	**18 (a)**	6,758	260
Receivables	**4**	19,589	19,168
Inventories	**5**	5,453	4,350
Other		445	551
Total Current Assets		**32,245**	**24,329**
Non Current Assets			
Other financial assets		24	24
Investment accounted for using equity method		150	-
Property, plant and equipment	**6**	11,479	10,851
Intangible assets	**7**	1,845	2,005
Deferred tax assets	**8**	1,265	1,128
Total Non-Current Assets		**14,763**	**14,008**
Total Assets		**47,008**	**38,337**
Current Liabilities			
Payables	**9**	19,331	14,438
Interest bearing liabilities	**10**	2,104	2,264
Current tax liabilities	**11**	312	339
Provisions	**12**	2,472	2,256
Total Current Liabilities		**24,219**	**19,297**
Non–Current Liabilities			
Payables		585	-
Interest bearing liabilities	**13**	8,529	8,634
Deferred tax liability	**14**	705	833
Provisions	**15**	171	14
Total Non-Current Liabilities		**9,990**	**9,481**
Total Liabilities		**34,209**	**28,778**
Net Assets		**12,799**	**9,559**
Equity			
Contributed equity	**16**	15,059	15,056
Reserves	**17**	1,331	1,602
Retained profits	**21**	(4,244)	(7,355)
Total Parent Entity Interest		12,146	9,303
Outside equity interests		653	256
Total Equity		**12,799**	**9,559**

Structural Systems

Consolidated Statement of Cash Flows

Year Ended 30 June 2005	Note	2005 $	2004 $
Cash flows from operating activities			
Cash receipts in the course of operations		115,597	89,741
Cash payments in the course of operations		(104,734)	(87,555)
Convertible note expenses		(54)	(479)
Interest received		176	8
Borrowing costs paid		(874)	(952)
Income tax (paid) refunded		(488)	(171)
Net cash provided by (used in) operating activities	**18 (b)**	**9,623**	**592**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,793)	(571)
Proceeds from sale of property, plant and equipment		1,150	1,017
Loan from associated company (net)		1,110	218
Net cash used in investing activities		**467**	**664**
Cash flows from financing activities			
Proceeds from borrowings		-	450
Proceeds from issue of convertible notes		-	5,738
Repayment of borrowings		(768)	(2,359)
Lease and lease purchase payments		(1,520)	(1,225)
Proceeds from issue of shares		-	2
Net cash used in financing activities		**(2,288)**	**2,606**
Net increase (decrease) in cash held		7,802	3,862
Effect of exchange rates on cash holdings		(77)	59
Cash at beginning of financial year		(967)	(4,888)
Cash at end of financial year	**18 (a)**	**6,758**	**(967)**

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 30 2005

1. Basis of Preparation

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.
The accounting policies adopted are consistent with those of the previous year unless otherwise disclosed.

	2005 $	2004 $
2. Revenue from ordinary activities		
Sale of goods revenue from operating activities	3,227	2,425
Rendering of services revenue from operating activities	103,509	76,028
Other Revenues:		
From operating activities		
Interest		
▪ Other parties	176	8
Rental Revenue	-	8
Other Revenue	35	83
From outside operating activities		
Proceeds from disposal of service division Total Fire Protection	-	200
Gross proceeds from sale of non-current assets	1,150	818
Total revenue from ordinary activities	**108,097**	**79,570**
3. 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	59	92
▪ Plant and equipment	2,356	1,974
▪ Leasehold improvements	3	149
▪ Goodwill	160	192
Bad and doubtful debts expense including movements in provision for doubtful debts	460	162
Interest paid and due and payable:		
▪ Other persons	595	712
▪ Related Parties	166	193
▪ Finance charges on capitalised assets	261	231
Rental – operating leases	278	283
Loss (gain) on disposal of plant and equipment	330	(199)
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	268	(383)
▪ Net foreign exchange loss (gain)	106	-

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

	2005 $	2004 $
4. Receivables (current)		
Trade debtors	19,600	18,770
Provision for doubtful debts	(521)	(364)
	19,079	18,406
Loans and advances to staff	20	-
Other debtors and deposits	299	46
Loans to associated entities	191	716
Income tax refundable	-	-
	19,589	**19,168**
5. Inventories (current)		
Raw materials and stores at cost	3,992	3,229
Work in progress	-	-
Construction work in progress	1,461	1,121
	5,453	**4,350**
6. Property plant and equipment		
Freehold land		
At independent valuation (b)	1,733	1,826
At Cost – Subsequent additions	150	-
	1,883	**1,826**
Buildings		
At Directors valuation (2001)	1,466	1,466
At cost – subsequent additions	63	63
Accumulated amortisation	(514)	(455)
	1,015	**1,074**
Leasehold improvements		
At cost	59	62
Accumulated amortisation	(58)	(56)
	1	**6**
Plant, equipment and motor vehicles		
At cost	20,089	18,381
At Directors valuation 1995 (a) – deemed cost	295	
Accumulated depreciation	(12,504)	(11,512)
	7,880	**7,164**
Leased assets at assessed value	1,289	1,242
Accumulated amortisation	(589)	(461)
	700	
Total plant, equipment and motor vehicles	**8,580**	**7,945**
Total	**11,479**	**10,851**

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

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. During the year, land value amounting to $92,471 was subsequently disposed.

	2005 $	2004 $
7. Intangibles		
Goodwill	3,233	3,283
Accumulated amortisation	(1,388)	(1,278)
	1,845	**2,005**
8. Deferred tax assets		
Future income tax benefits	1,265	1,128
9. Payables (current)		
Trade creditors	7,229	5,229
Other creditors and accruals	4,495	6,335
Contract billings in advance	7,607	2,874
	19,331	**14,438**
10. Interest bearing liabilities (current)		
Bank overdraft – secured	-	1,227
Bank loans – secured	-	68
Other loans	372	4
Lease liability	302	260
Lease purchase liability	1,430	705
	2,104	**2,264**
11. Tax Liabilities (current)		
Income tax	**312**	**339**
12. Provisions (current)		
Employee benefits	**2,472**	**2,256**
13. Interest bearing liabilities (non current)		
Bank loans - secured	-	-
Other loans	1,050	1,750
Convertible Note	5,681	5,684
Lease liability	134	371
Lease purchase liability	1,664	829
	8,529	**8,634**
14. Deferred tax liability		
Provision for deferred income tax	702	813
Income tax	3	20
	705	**833**
15. Provision (non current)		
Employee benefits	**171**	**14**

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

	2005 $	2004 $
16. Contributed Equity		
Issued and paid up capital, 25,630,785 (2004 – 25,624,618) fully paid ordinary shares	15,059	15,056
Movements in ordinary share capital		
Balance at the beginning of the financial year	15,056	15,000
Shares issued:		
Convertible Notes converted	3	54
Options on convertible notes converted exercised	-	2
Share placement and top up plan	-	-
	15,059	**15,056**
17. Reserves		
a. Asset Revaluation reserve		
▪ Balance at beginning of year	1,321	1,321
▪ Transfer to capital project reserve - realised increment on freehold land sold during the year.	(9)	**-**
▪ Balance at end of year	**1,312**	**1,321**
b. Capital Profits Reserve		
▪ Balance at beginning of year	**210**	**210**
▪ Transfer from asset revaluation reserve – realised increment on freehold land sold.	**9**	**-**
▪ Transfer from retained profits - Capital profit on sale of freehold land	**45**	**-**
▪ Balance at end of year	**264**	**210**
c. Foreign Currency Translation Reserve		
▪ Balance at beginning of year	**70**	**11**
▪ Translation adjustment on controlled foreign entities	**(77)**	**59**
▪ Transfer to retained profits	**(238)**	**-**
▪ Balance at end of year	**(245)**	**71**
Total Reserves	**1,331**	**1,602**

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

	2005 $	2004 $
18. Notes to statement of cashflows		
a. Components of cash		
Cash on hand	9	2
Cash at bank	6,749	258
Cash Assets	6,758	260
Bank overdrafts	-	(1,227)
	6,758	**(967)**
b. Reconciliation of net cash inflow from operating activities to profit (loss) from Ordinary activities after tax		
Profit (loss) from ordinary activities after income tax	3,265	(8,543)
Depreciation and amortisation	2,578	2,408
Net (profit) loss on sale of non-current assets	330	(200)
Bad and doubtful debts	460	162
Share of net profit of joint venture using the equity method	(201)	735
Change in operating assets and liabilities:		
▪ (Increase) decrease in trade debtors	(1,133)	3,388
▪ (Increase) decrease in other receivables	(273)	149
▪ (Increase) decrease in inventories	(1,103)	1,487
▪ (Increase) decrease in prepayments	106	(78)
▪ (Decrease) increase in trade creditors	2,000	(132)
▪ (Decrease) increase in other creditors	3,515	1,404
▪ (Decrease increase employee benefits	446	(383)
▪ (Decrease) increase in other provisions	(74)	54
▪ (Decrease) increase in income tax payable	(45)	128
▪ (Decrease) increase in deferred tax payable	(111)	(62)
▪ Decrease (increase) in future income tax benefit	(137)	75
c. Net cash inflow from operating activities	**9,623**	**592**
Non cash financing and investing activities		
Plant and equipment acquired under finance leases, lease purchase or Vendor finance	**2,706**	**369**

d. Consolidation of BBR Structural Systems Joint Venture

On the 1st January 2005, the company gained effective control over the financial & operating policies of BBR Structural Systems JV. The accounts have therefore been consolidated in the group. Assets and liabilities of the entity at reporting date were as follows:

	$'000
Cash	42
Receivables – current	2,384
Inventories	648
Property, plant & equipment	74
Other receivables – non-current	186
Creditors	(885)
Other creditors & accruals	(176)
Contract billing in advance	(679)
Provisions	(147)
Payables – non-current	(748)
Net Assets	699

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

19. Dividends

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	31 October 2005	1.5¢	1.5¢	¢
Previous Year	Nil	¢	¢	¢
Interim dividend: Current Year	Nil	¢	¢	¢
Previous Year	Nil	¢	¢	¢

Total dividend per security (interim plus final)

Current Year	Previous Year
1.5 cents	N/A

20. Dividend Reinvestment

The dividend or distribution plans shown below are in operation.

Dividend Reinvestment Plan not in operation for current year final dividend

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

21. Retained Earnings (Accumulated Losses)

	2005 $	2004 $
(Accumulated Losses) Retained profits at beginning of year	(7,355)	1,234
Net profit (loss) attributable to members	2,918	(8,589)
Transfer (to) from reserves :		
Accumulated Losses		
▪ Capital profit reserve	(45)	-
▪ Foreign currency reserve	238	-
Accumulated Losses at end of year	**(4,244)**	**(7,355)**

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

22. NTA Backing

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	40.2 cents	28.5 cents

23. Details Of Entities Over Which Control Has Been Gained Or Lost

Name of Entity/Business

Structural System (Remedial) Pty Ltd
Date incorporated: 23rd September 2004

	Contribution of Net Profit (Loss) 2005 $'000	2004 $'000
Contribution of such entities to the reporting entity's profit/ (Loss) from ordinary activities during the period (where material).	(100)	N/A

On the 1st January 2005, the company gained effective control over the financial and operating policies of BBR Structural Systems. The accounts have therefore been consolidated in the group. Contribution by the entity to the reporting entity profit from ordinary activities, before outside equity interests, during the period was $599,023

There are no entities within the controlled group over which control has been lost during the period.

24. 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 $'000	Previous Corresponding Period $'000
BBR Structural Systems Joint Venture (from 1/7/04 to 31/12/04)	50%	50%	51	Not material
Structural Systems (UK) Ltd	40%	40%	150	Not material

25. Foreign Entities

Accounting Standards used in compiling financial reports:

Australian Accounting Standards

Notes to the Preliminary Final Report for the Year Ended June 2005

26. Impact of Adoption of Australian Equivalents to International Financial Reporting Standards

The company is preparing and managing the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the economic entity's and the parent entity's financial statements for the year ending 30 June 2006. On first time adoption of AIFRS, comparatives for the financial year ended 30 June 2005 are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The economic entity's management has assessed the significance of the expected changes and is preparing for their implementation. The audit committee is overseeing and managing the economic entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards has been considered where applicable.

The directors are of the opinion that the **key material differences** in the economic entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as follows. Users of the financial statements should note, however, that the amounts disclosed could change if there are any amendments by standard-setters to the current AIFRS or interpretation of the AIFRS requirements and changes from the continuing work of the economic entity's management and audit committee.

i. Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is unlikely that this change in accounting policy will lead to impairments being recognised more often.

The economic entity has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2004 and 30 June 2005 and concluded that there is no significant impact on this change in policy

ii. Goodwill on Consolidation

Under AASB 3: Business Combinations, goodwill is capitalised to the statement of financial position and subjected to an annual impairment test. Amortisation of goodwill is prohibited. Current accounting policy of the entity is to amortise goodwill on a straight-line basis over a period of 20 years.

Impairment testing as at 1 July 2004 confirmed no impairment of the $3,282,873 goodwill less accumulated amortisation of $1,278,012 as disclosed in the economic entity's financial statements at 30 June 2004. The previously amortised goodwill will not be reversed resulting in no change in retained earnings at 1 July 2004.Goodwill amortization during the current year will be reversed resulting in an increase in profit of $159,670 for the year ended 30 June 2005.

Notes to the Preliminary Final Report for the Year Ended June 2005

iii. Non-current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, the measurement of available for sale instruments at fair value differs to current accounting policy which measures non-current investments at cost with an annual review by directors to ensure the carrying amounts are not in excess of the recoverable value of the instrument.

The economic entity's financial assets do not comprise any available for sale financial instruments and therefore there is no significant impact on this change in policy.

iv. Income Tax

Currently, the economic entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

There would be two significant impacts with the adoption of the balance sheet approach to account for income taxes.

Firstly, there will be the recognition of a deferred tax liability at 1 July 2004 of approximately $396,336 in relation to the asset revaluation and a reduction in the deferred tax liability of $2,873 at 30 June 2005. The initial adjustment will have no effect on retained earnings at 1 July 2004 and in both instances the deferred tax is recognised directly to equity being a movement in the asset revaluation reserve.

Secondly, under AASB 112 Income Taxes, a deferred tax asset recognized from the carry forward of unused tax losses will only be recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. The current approach would be to recognise tax losses as a deferred tax asset when its recovery is virtually certain.

Based on the performance and future expectation of the economic entity, it is probable that the unused tax losses would be recovered in future periods. The unused tax losses at 1 July 2004 were $12,346,647. The impact of recognizing tax losses would be to increase retained earnings at 1 July 2004 by $3,703,994 and deferred tax asset by the same amount. During the current year, the deferred tax asset would be reduced by $730,985 as the losses are utilized.

The deferred tax asset's carrying amount would be reviewed at each reporting date. The carrying amount of the deferred tax asset would be reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of the deferred tax asset to be utilized. Any such reduction would be reversed to the extent that it becomes probable that sufficient taxable profit would be available.

v. Derivative Financial Instruments

The economic entity does not currently recognise derivative financial instruments in the financial statements. AASB 139: Financial Instruments: Recognition and Measurement requires a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements. AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first AIFRS comparative year and the first time adoption of this standard will apply from 1 July 2005. The economic entity has decided that it will adopt this election and will not restate comparative information for the financial year ending 30 June 2005. The economic entity does not currently transact in derivatives financial instruments.

Notes to the Preliminary Final Report for the Year Ended June 2005

vi. Share based payments

The economic entity does not currently recognize an expense for options issued to staff under the Directors and Employees share options plan. Under AASB2: Share Based Payments, the economic entity will recognize an expense for all share based remuneration and amortise those expenses over the relevant vesting periods.

The effect of this change at 1 July 2004 is to decrease retained earnings by $66,000 and increase equity by $66,000. The impact in the year to 30 June 2005 would have been an additional $204,750 in employment expenses and therefore lowered earnings by that amount. On adoption of AIFRS on 1 July 2005, total retained earnings would be reduced by $270,750 and equity would be increased by $270,750.

On transition to AIFRS the estimated cumulative financial effect of the reliably known differences on the economic entity's reported net profit and equity as at 30 June 2005 is summarised below. As noted above, these amounts represent management's best estimates, and could differ from actuals.

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

Summary of Impact of Adopting AIFRS
Consolidated Statement of Financial Performance
For The Year Ended 30 June 2005

	Economic Entity $'000	Adjustments $'000	Note	AIFRS $'000
Revenues from ordinary activities	108,097			108,097
Changes in inventories of finished goods & work in progress	546			546
Raw materials and consumables used for sale of goods	(2,381)			(2,381)
Construction, servicing & contract costs	(86,431)			(86,431)
Employee benefits expense	(6,759)	(205)	26(vi)	(6,964)
Depreciation and amortization expense	(2,578)	160	26(ii)	(2,418)
Borrowing costs expense	(1,023)			(1,023)
Other expenses from ordinary activities	(6,184)			(6,184)
Share of net profits (losses) of JV & associates (equity method)	201			201
Profit (loss) form ordinary activities before income tax expense	3,489	(45)		3,444
Income tax (expense) benefit relating to ordinary activities	(224)	(731)	26(iv)	(955)
Net profit (loss) from ordinary activities after income tax expense	3,265	(776)		2,489
Net (profit) loss attributable to outside equity interests	(347)			(347)
Net profit (loss) attributable to members of the parent entity	2,918	(776)		2,142
Net exchange difference on translation of financial report of self-sustaining foreign operations	(77)			(77)
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognized directly in equity	(77)	-		(77)
Total changes in equity other than those resulting from transactions with owners as owners.	2,841	(776)		2,065

Structural Systems

Notes to the Preliminary Final Report for the Year Ended June 2005

Summary of Impact of Adopting AIFRS
Consolidated Statement of Financial Position
As at 30 June 2005

	Current 2005 $'000	Current 2004 $'000	Adjustments: 2005 $'000	Adjustments: 2004 $'000	Note	AIFRS 2005 $'000	AIFRS 2004 $'000
CURRENT ASSETS							
Cash Assets	**6,758**	260				**6,758**	260
Receivables	**19,589**	19,168				**19,589**	19,168
Inventories	**5,453**	4,350				**5,453**	4,350
Other	**445**	551				**445**	551
TOTAL CURRENT ASSETS	**32,245**	24,329				**32,245**	24,329
NON-CURRENT ASSETS							
Other financial assets	**24**	24				**24**	24
Investments accounted for using the equity method	**150**	-				**150**	-
Property, plant and equip.	**11,480**	10,851				**11,480**	10,851
Intangibles	**1,845**	2,005	**160**		26(ii)	**2,005**	2,005
Deferred Tax Assets	**1,265**	1,128	**2,973**	3,704	26(iv)	**4,238**	4,832
Total Non-Current Assets	**14,764**	14,008				**17,897**	17,712
TOTAL ASSETS	**47,009**	38,337				**50,142**	42,041
CURRENT LIABLITIES							
Payables	**19,331**	14,438				**19,331**	14,438
Interest Bearing Liabilities	**2,105**	2,263				**2,105**	2,263
Current Tax Liabilities	**312**	339				**312**	339
Provisions	**2,472**	2,256				**2,472**	2,256
TOTAL CURRENT LIABILITIES	**24,219**	19,297				**24,219**	19,297
NON-CURRENT LIABILITIES							
Payables	**585**	-				**585**	-
Interest Bearing Liabilities	**8,529**	8,634				**8,529**	8,634
Deferred Tax Liabilities	**705**	833	**393**	396	26(iv)	**1,098**	1,229
Provisions	**171**	14				**171**	14
Total non-current liabilities	**9,991**	9,481				**10,384**	9,877
TOTAL LIABILITIES	**34,209**	28,779				**34,602**	29,175
NET ASSETS	**12,799**	9,559				**15,539**	12,867
EQUITY							
Contributed equity	**15,059**	15,056				**15,059**	15,056
Share option equity	**-**	-	**271**	66	26(vi)	**271**	66
Reserves	**1,332**	1,602	**(393)**	(396)	26(iv)	**939**	1,206
Retained profits (Accumulated Losses) – b/f 1/7/04	**(7,355)**	(7,355)	**3,638**	3,638	26(iv)(vi)	**(3,717)**	(3,717)
Profit 2005	**2,918**	-	**(776)**		26(ii);(iv);(vi)	**2,142**	-
Transfer (to) from reserves	**193**	-				**193**	
Parent equity interest	**12,146**	9,303				**14,886**	12,611
Outside equity interest	**653**	256				**653**	256
TOTAL EQUITY	**12,799**	9,559				**15,539**	12,867

Structural Systems

Annual Meeting

The annual meeting will be held as follows:

Place:	ASX Theatrette Australian Stock Exchange Stock Exchange Centre 530 Collins Street Melbourne VIC 3000
Date:	Thursday 10 November 2005
Time:	10.30am

David Perry
Director

STRUCTURAL SYSTEMS LIMITED ABN 57 006 413 574
AND CONTROLLED ENTITIES

anderson roscoe
CHARTERED ACCOUNTANTS

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

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

Anderson Roscoe
ABN 15 019 607 233

Level 2, 479 St Kilda Road
Melbourne Victoria 3004
Australia

PO Box 7366
St Kilda Road 3004

Telephone: 03 9867 1555
Facsimile: 03 9867 1550
Email: info@andersonroscoe.com.au
www.andersonroscoe.com.au

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF STRUCTURAL SYSTEMS LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2005, there have been:

(i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Anderson Roscoe

Anderson Roscoe

Andrew Roscoe

Andrew P Roscoe
Partner

Date: 8 September 2004

anderson roscoe
CHARTERED ACCOUNTANTS

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

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

Anderson Roscoe
ABN 15 019 607 233

Level 2, 479 St Kilda Road
Melbourne Victoria 3004
Australia

PO Box 7366
St Kilda Road 3004

Telephone: 03 9867 1555
Facsimile: 03 9867 1550
Email: info@andersonroscoe.com.au
www.andersonroscoe.com.au

Structural Systems Limited ABN 57 006 413 574 and Controlled Entities

Independent Audit Report
To the Members of Structural Systems Limited

Scope

The financial report and directors' responsibility
The financial report comprises the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, accompanying Notes to the Financial Statements, and the Directors' Declaration for Structural Systems Limited and controlled entities for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach
We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgment, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our opinion on the basis of these procedures, which included:
- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence
In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Structural Systems Limited is in accordance with:

a. the Corporations Act 2001, including:
   i. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and
   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b. other mandatory financial reporting requirements in Australia.

Anderson Roscoe

Anderson Roscoe

Andrew Roscoe

Andrew P Roscoe
Partner
Date: 8 September 2004