



Structural Systems

ANNUAL REPORT 2005

10-YEAR FINANCIAL SUMMARY

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
External Sales of goods and rendering of services (\$'000)	106,736	78,453	102,336	117,229	94,981	94,016	47,807	39,630	25,107	28,962
Profit (Loss) before tax (\$'000)	3,489	(8,231)	580	(4,493)	386	3,723	4,041	4,977	4,326	3,114
Profit (Loss) after tax (\$'000) ⁽¹⁾	2,918	(8,589)	450	(4,716)	341	2,200	2,559	3,005	2,657	1,995
Shareholders funds at end of year (\$'000)	12,146	9,303	17,776	15,426	19,953	18,435	11,941	10,482	8,827	7,296
Net tangible assets (\$'000) ⁽¹⁾	10,301	7,298	14,644	12,071	16,330	14,587	7,828	7,436	7,830	7,130
Return on shareholder's funds ⁽¹⁾	24.0%	(92.3%)	2.5%	(30.6%)	1.7%	11.9%	21.4%	28.7%	30.1%	27.3%
Return on sales	2.7%	(10.9%)	0.4%	(4.0%)	0.4%	2.9%	5.4%	7.8%	10.9%	7.1%
Basic earnings per share (cents) ⁽²⁾	11.4	(33.7)	1.9	(22.0)	1.6	12.7	16.2	21.5	19.4	13.9
Net tangible asset backing per share (cents) ⁽²⁾	40.2	28.5	57.4	56.3	76.2	70.0	48.2	48.6	52.6	49.5
Dividends declared and/or paid (cents)	1.5	-	-	-	2.0	13.0	13.0	13.0	12.5	11.0
Dividends times covered	7.6	N/A	N/A	N/A	0.8	0.9	1.2	1.6	1.6	1.5
Depreciation and amortisation (\$'000)	2,578	2,408	2,595	2,432	2,032	1,776	1,332	1,212	804	702
Interest Paid (\$'000)	1,023	1,136	663	911	556	548	213	173	120	121
Interest received (\$'000)	176	8	-	-	7	23	20	100	191	82
Share Price at 30 June	\$0.61	\$0.48	\$0.40	\$0.60	\$0.76	\$1.42	\$2.00	\$2.30	\$2.50	\$1.36
Shares on issue at 30 June (000)	25,631	25,624	25,499	21,428	21,428	20,857	16,229	15,303	13,532	12,087
Market Capitalisation at 30 June (\$'000)	15,635	12,300	10,200	12,857	16,285	29,617	32,458	35,196	33,829	16,438

⁽¹⁾ Adjusted for outside equity interests

⁽²⁾ Adjusted for Bonus Issues

The Directors of Structural Systems Limited (ABN 57 006 413 574) present their report for the year ended 30 June 2005.

The Directors in office at any time during or since the end of the year are:

Bruce A Crome
Robert W Freedman
David R Perry
Ian L Fraser

The Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

Mr. David R Perry was appointed Company Secretary on 10 July 2003. Mr. Perry who has a Bachelor of Economics has worked for Structural Systems Limited for the past 3 years as the Chief Financial Officer.

RESULTS FOR THE YEAR

	2005	2004
	\$'000	\$'000
Operating Profit (Loss) before Income Tax	3,489	(8,231)
Income Tax Attributable to Operating Profit (Loss)	(224)	(312)
Operating Profit (Loss) after Income Tax and before Outside Equity Interests	3,265	(8,543)
Outside Equity Interests	(347)	(46)
Net Profit (Loss) attributable to the members of Structural Systems Limited	2,918	(8,589)

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were engineering, mining and construction contracting.

There were no significant changes in the nature of the consolidated entity's principal activities during the financial year.

REVIEW OF OPERATIONS

2005 saw the Group return to profitability after a disappointing result for the previous year. Revenue was up significantly on last year as management was able to focus on opportunities available to the Group.

The Group was able to capitalize on the buoyant Australian mining sector and this led to increased revenues and profitability for Rock Engineering. The Company acquired the 10% minority share holding in Rock on 1st July 2005 to achieve full ownership of this business.

Our international businesses in the UK and the UAE continue to develop and grow. During the year the Company gained control over the business it is involved in the UAE. The consolidation of this business contributed to the increased revenue of the Group for the year.

An improved cashflow during the year enabled the Group to supplement its operational earnings with interest received. The improvement in cashflow also led to a reduction in interest expense.

MINING AND GROUND SUPPORT

Rock Engineering

Rock continues to benefit from the increased activity in the mining sector and recorded excellent revenue and profit growth in the 2005 year. The available opportunities in the business's traditional market of ground support have been supplemented in recent years by specialized drilling activities. The drilling capacity was expanded further during the year by the addition of an extra three drill rigs. The business secured the surface drilling contract at Cadia in New South Wales in 2004. This is the first significant contract outside of Western Australia for the business in recent years.

Significant contracts completed or in hand are:

- Argyle Diamond Mine – Drilling and Ground Support WA
- Cadia Valley Operations – Surface Drilling Works NSW
- Pilbara Iron Operations – Drilling and Ground Support WA
- Olympic Dam Mine – Ground Support Works SA
- WMC Leinster Nickel Operations – Slope Protection Works WA
- Highlands Kainantu – Material Supply PNG



POST-TENSIONING & REMEDIAL – AUSTRALIA

Western Division

This divisions' work load increased significantly this year on the back of securing a number of projects towards the end of last financial year. The division undertook a variety of large projects in the year from shopping centre works to the post-tensioning of a major LNG tank in Darwin to the construction and refurbishment of several bridges in Perth and country WA.

Significant contracts completed or in hand are:

- Mt Henry Bridge
- Riverton Bridge
- Innaloo Shopping Centre
- Midland Gate Shopping Centre
- Darwin LNG Tank

Northern Division

This division continues to be a significant contributor to the overall Group's result. Although some tightening has occurred in the post-tensioning markets during the year the division is well established throughout NSW, ACT and QLD. This gives the division good coverage to draw upon opportunities across a broad range of market sectors and geographical locations. In November 2004, a remedial division was established in NSW.

Significant contracts completed or in hand are:

- Macarthur Square Shopping Centre – NSW
- Woolworths Regional Distribution Facility – NSW
- Darling Park Stage 3 – NSW
- Sky City Business Park – NSW
- Hyde Park Towers – NSW Remedial
- Warragamba Dam Load Testing – NSW Remedial
- Gungahlin Shopping Centre – ACT
- 1 National Circuit - ACT
- Green Bridge – QLD
- Hervey Bay Resort – QLD
- M1 Apartments Apartments Maroochydore – QLD
- Sandgate & Oxley Waste Water Treatment Plants – QLD

Victorian Division

Post-tensioning and reo-fixing activities increased from the prior year. During the year the business undertook the construction of three bridges. Works are about to commence on the recently secured Albury - Wodonga National Highway Bridge. Opportunities in the Victorian remedial division were at low levels throughout the year.

Significant contracts completed or in hand are:

- Robinvale Bridge Works – Robinvale
- Craieburn Bypass Bridge – Melbourne
- Murray River Crossing - Corowa
- Verve 501 – Melbourne
- 49 Union Street Façade Repairs – Melbourne
- 2-26 Elizabeth Street Façade Repair – Melbourne
- MCG Southern Stand repairs - Melbourne

STRUCTURE PACKAGES

Construction activity increased during 2005 as more structure packages were undertaken than in the prior year. Despite Victoria being a very competitive market the structures package division produced a profitable return for the year.

Significant contracts completed or in hand are:

- Southern Cross Redevelopment – Melbourne
- Mercedes Benz Showroom – Melbourne
- Crown Casino Carpark – Melbourne

INTERNATIONAL**Structural Systems Joint Venture – Middle East**

2005 saw a continuation of the high level of construction activity experienced in the UAE over the last two years. The business however continues to operate from a low risk position, yet managed to significantly increase its revenue and profit during the year. Repeat business with known clients is a key part of the strategy of this business and these works contributed the majority of revenue in the year. The business undertook a diverse range of building and bridge projects within the UAE and completed its first project in the Kingdom of Bahrain.

Significant contracts completed or in hand are:

- 15 No. 17 Storey Residential Complex – Ajman UAE
- North Manama & Seef Flyover Bridge Structures – Kingdom of Bahrain
- Mall of Emirates Access Bridges – Dubai UAE
- Real Estate Bank – Dubai UAE
- 42 Storey Lake Terrace Tower – Dubai Marina UAE

Structural Systems Joint Venture – United Kingdom

This business has shown strong revenue and profit growth in the last two years. Projects were undertaken throughout the UK and Ireland. In order to meet the demand in the north of England the Company opened an office in Manchester during the year. The acceptance of post-tensioning as a construction alternative continues to grow in the UK. This coupled with robust conditions in most market sectors has meant significant opportunities are available. During the year the business secured the contract for the post-tensioning of five LNG tanks in Wales. At approximately A\$12 million this is the largest single post-tensioning contract in the company's history.

Significant contracts completed or in hand are:

- South Hook LNG Tanks - Wales
- White City - London
- Bridgewater Place - Leeds
- Whitestown Way – Dublin

FINANCIAL POSITION

The net assets of the economic entity have increased by \$3,240,000 from 30 June 2004 to \$12,799,000 in 2005. This represents an increase of 34%. The increase in net assets is largely a result of the improved performance of the group during the year.

Due to a strong cashflow during the year the group's cash reserves increased by \$6,498,000. This improvement allowed the group to reduce the balance owing to related parties by \$700,000. The group increased its liabilities for assets under finance during the year by \$1,366,000 to fund procurement of major items of plant and equipment. The overall reduction in borrowings was \$263,000 after the liability increase for assets under finance and repayment of loans.

As raw material prices increased during the year the group increased its carrying reserves of its core materials in order to hedge against further price increases during the duration of projects. As such there was a \$763,000 increase in the value of raw materials and stores during the year.

The increase in payables in the year of \$5,478,000 was mainly attributable to an increase in contract billings in advance of \$4,734,000. The value of receivables increased in the year by \$421,000.

DIVIDENDS PAID AND RECOMMENDED

Final fully franked ordinary dividend of \$0.015 per share payable on 31 October 2005 at tax rate of 30%.

STATE OF AFFAIRS

During the financial year there was no significant change in the Company's state of affairs, other than that referenced to in the accounts or the notes thereto.

SUBSEQUENT EVENTS

After balance date, on 1 July 2005, the parent entity acquired the balance of shares in Rock Engineering (Aust) Pty Ltd it did not already own. This represented 10% of the issued share capital of Rock Engineering. Rock Engineering is now a wholly owned subsidiary of Structural Systems.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

The economic entity will continue to pursue its policy of increasing the profitability and market share of its business sectors during the next financial year.

Further disclosure of information regarding likely developments, future prospects and business strategies of the operations of the economic entity and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the economic entity. Accordingly, this information has not been included in this report.

INFORMATION ON DIRECTORS

Bruce A Crome (Non-Executive Chairman), age 63.

Director since 1985, Chairman since 1998.
Member of Institution of Engineers', Australia. Member of Audit Committee and Remuneration Committee.

Interest in Shares ⇒ 666,553
 ⇒ 944,534
 ⇒ 2,288
 ⇒ 60,000
Interest in Convertible Notes ⇒ 2,500

- Held in a Family Trust.
- Alrellin Nominees Pty Ltd of which company he is a Director and Shareholder.
- Held personally.
- Held by Bruce Crome Nominees Pty Ltd
- Held by Bruce Crome Nominees Pty Ltd

Robert W Freedman (Managing Director) age 60.

Director since 1985, Managing Director since 1998.
Member of the Institution of Engineers', Australia, Post Graduate Diploma in Business Administration (W.A.I.T).

Interest in Shares ⇒ 834,136

- Held in a Family Trust.

David R Perry (Chief Financial Officer), age 38.

Director since 2003

Bachelor of Economics

Interest in Shares ⇒ 35,000
 ⇒ 400,000

- Held by David Perry Superannuation Fund.
- Held Personally.

Ian L Fraser (Independent Director), age 60.

Director since 2004

FCPA, Fellow of the Australian Society of CPAs.

FAICD, Fellow of the Australian Institute of Company Directors.

Chairman of the Structural Systems Audit Committee.

Interest in Shares ⇒ 70,000
 ⇒ 151,000

- Held by Dara Lee Cole Fraser.
- Held by The Fraser Superannuation Fund.
Other Listed Company Directorships
- PMP Limited Since 2003
- Forest Place Group Limited Since 2001
- Promentum Limited Since January 2005
- Occupational & Medical Innovations Limited Since 2004
- Yates Limited From April 2001 to December 2002
- Hudson Timber Products Limited from July 2003 to May 2005
- Environmental Recovery Services Limited From April 2000 to November 2003

DIRECTORS ATTENDANCE AT MEETINGS

Year ended 30 June 2005

	Structural Systems Board		Audit Committee	
	Held	Attended	Held	Attended
B A Crome	4	4	-	-
R W Freedman	4	4	-	-
D R Perry	4	4	-	-
I L Fraser	4	4	3	3

**REMUNERATION REPORT**

The Managing Director is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Senior Executives of the Company. The Board remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Remuneration policy in respect of Non-Executive Directors and senior executives is referred to in the Corporate Governance Section of the Annual Report.

Details of the nature and amount of each of the emoluments of each Director of the company and each of the executives of the company and the economic entity, receiving the highest emoluments are:

		Salary & Fees	Superannuation	Other Benefits	Options	Total
B A Crome	Chairman (Non Executive)	84,999	7,650	36,547	-	129,196
R W Freedman	Managing Director	105,997	52,008	34,107	-	192,112
D R Pery	Director and Chief Financial Officer	150,001	20,875	30,689	26,000	227,565
I L Fraser	Director (Non Executive)	45,000	4,050	-	-	49,050
Total Remuneration Directors of the Company		385,997	84,583	101,343	26,000	597,923

		Salary & Fees	Superannuation	Other Benefits	Options	Total
F Filippone	Group Principle Engineer	136,007	12,241	24,228	21,000	193,476
M Pope	General Manager – Victoria – Construction	129,997	13,078	18,569	21,000	182,644
W Ironmonger	General Manager – UAE	200,658	-	-	-	200,658
R O'Connor	General Manager – Victoria – Remedial	104,400	9,396	15,600	20,500	149,896
D Minchin	General Manager – Rock Engineering (Aust) P/L	130,289	27,680	34,809	-	192,778
M Schweiger	General Manager – Northern Division	96,202	12,990	5,309	19,000	133,501
S Crole	General Manager – Western Division	125,000	11,251	21,996	10,000	168,247
I Donoghue	General Manager – NSW – Remedial	89,749	7,839	-	-	97,588
Total Remuneration Executives of the Economic Entity		1,012,302	94,475	120,511	91,500	1,318,788

1. Other benefits include where applicable motor vehicle lease payments and running costs, allowances and Fringe Benefits Tax

OPTIONS

The Executive Share Option Plan, which was approved by Shareholders in October 1994, provides eligible employees with the opportunity to acquire options for ordinary shares in Structural Systems Limited. Options carry no voting rights, are not transferable, nor are they listed and as such do not have a market value.

Month of Issue	Number of Options Issued	Number of Recipients	Number Exercised	Number Lapsed	Number Outstanding at 30 June 2004	Exercise Price	Exercise Period	Expiry Date
Nov 02	600,000	5	-	-	600,000	\$0.45	Nov 02 to Sept 07	30 Sept 07
Oct 04	200,000	4	-	-	200,000	\$0.45	Jul 05 to Jun 09	30 June 09
Oct 04	100,000	2	-	-	100,000	\$0.45	Jul 06 to Jun 09	30 June 09
Oct 04	200,000	1	-	-	200,000	\$0.50	Aug 05 to Jun 09	30 June 09
Oct 04	575,000	13	-	-	575,000	\$0.45	Oct 04 to Jun 09	30 June 09

	Instruments	Balance as at 1 July 2004	Granted during period	Exercised during period	Lapsed during period	Balance 30 June 2005	Vested but not Exercised during the period
Directors							
D Pery	Options	200,000	200,000	-	-	400,000	-
Executives							
D Minchin	Options	100,000	-	-	-	100,000	-
R Coates	Options	100,000	100,000	-	-	200,000	-
S Crole	Options	100,000	50,000	-	-	150,000	-
M Schweiger	Options	100,000	100,000	-	-	200,000	-
F Filippone	Options	-	100,000	-	-	100,000	-
M Pope	Options	-	100,000	-	-	100,000	-
R O'Connor	Options	-	100,000	-	-	100,000	-

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2005:

	\$
Taxation services	19,996
Assisting in the preparation of consolidated financial report	40,684
Assisting in the preparation of financial reports of controlled entities	17,100
Total	<u>77,780</u>

DIRECTORS' AND AUDITORS' INDEMNIFICATION

Under the Constitution of Structural Systems Limited the Directors, Auditors, Company Secretary and all other Officers of the Company when acting in those capacities are indemnified to the extent permitted by law for liability incurred in defending any proceeding in which judgement is given in his favour or in which he is acquitted or in any application under the Corporations Law in which relief is granted to him by the Court in respect of any negligence, default, breach of duty or breach of trust.

No person has applied for leave of a Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

During or since the end of the financial year the Company has paid insurance premiums of \$21,368 in respect of Directors and Officers Liability and Legal Expenses Insurance contracts, for current Directors and Officers, including Executive Officers of the Company and Directors, Executive Officers and Secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not allocate the premiums paid to each individual Officer of the Company.

ENVIRONMENTAL REGULATION

The economic entity is not subject to any significant environmental regulation, however the economic entity is committed to achieving a high standard of environmental performance where they apply to operations.

The Directors are not aware of any breaches of environmental regulations and any specific site environmental requirements during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2005 has been received and can be found on page 7 of this report.

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



**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



**Andrew P Roscoe
Partner
Date: 8 September 2005**

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
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ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Director's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.
Dated 8 September 2005



R.W. FREEDMAN - DIRECTOR



D.R.PERRY - DIRECTOR



CORPORATE GOVERNANCE

Board of Directors

The Board of Directors of Structural Systems Limited (Company) has responsibility for guiding and monitoring the business and affairs of the Group, including compliance with the Group's corporate governance policies and procedures, on behalf of shareholders. Responsibility for the operation and administration of the Group is delegated by the Board to the Managing Director, who is accountable to the Board.

The Constitution of the Company specifies that:

- The number of Directors may not be less than three, nor more than eight
- At each Annual General Meeting:
 - One third of Directors (other than Directors who have been appointed to fill casual vacancies since the previous Annual General Meeting are required to retire and may stand for re-election; and
 - Directors who have filled casual vacancies are required to be elected at the first Annual General Meeting following their appointment by the Board.

In addition, the Board has resolved that the position of Chairman of the Board and the Managing Director will be held by different persons.

The current composition of the Board does not comply with best practice recommendations. Independent Directors do not make up the majority of the Board. Of the four directors there is only one independent director, however as noted below, in respect of the Audit Committee, that committee comprises two independent members – one a non-executive independent director and the other member whilst not a director is independent of the Board.

The Board has established, and keeps under constant review, its own processes by which it undertakes its responsibilities and seeks to achieve best practice in matters of governance and accountability. These processes include:

- A compliance program whereby executives of the Group are required to bring certain matters to the attention of Directors. The compliance program ensures that the Group complies with its legal and regulatory obligations. The program requires executives, line managers and employees to be aware of the laws that apply to their areas of responsibility and follow Group-wide reporting procedures. The Group takes its regulatory obligations seriously and continually looks for initiatives to improve its standard of compliance.
- A reportable issues system to identify and report all potentially serious issues, including breaches of the law, which may affect the Group's operations or corporate reputation. The system is designed to ensure that potentially critical issues are reported quickly and shared with the right people to enable the Group to implement an effective and timely response.
- Reports by management, both oral and written, to Directors on a monthly basis, in addition to the compliance reporting program, covering the financial standing, operating results and business risks of the group.
- The use of formal policies and charters on a wide range of issues that are material to the Group.

The Board delegates management of the Company's resources to the executive team under the leadership of the Managing Director who also oversees the implementation of strategies approved by the Board.

Further detail of the individual Directors are set out in the Directors Report.

Board Committees

The Board has considered establishing a Nomination Committee and decided that due to the small number of Directors such a Committee would not be a more efficient mechanism than the full Board for detailed selection and appointment practices.

The Board has now established an Audit Committee. Ian Fraser, an independent non-executive director, was appointed in October 2004 as Chairman of this committee. As announced at the Annual General Meeting on 12 November 2004, the Board has appointed Don Mackenzie to the audit committee. Mr. Mackenzie is a Chartered Accountant and an experienced Company Director and is independent of the Board.

Performance Evaluation

The Board regularly reviews its performance of the Board and each Director.

Ethical Standards

The Directors acknowledge the need for and the continued maintenance of the highest standards of ethical conduct by all Directors and employees of the Group. The Group has a statement of corporate ethics which establishes the professional standards of behaviour required of Directors, management and staff in the conduct of the Group's affairs. This statement is distributed to all business units to ensure staff are familiar with its contents.



Purchase and Sale of Company Securities and Disclosure of Director's Interest

It is the Company's policy that:

- Directors notify the Chair of the Board before buying or selling securities in the Company, except where such purchases or sales are made within a month following the announcement of the Group's halfyearly or annual results or holding of the Annual General Meeting;
- where prior notification is not required pursuant to the foregoing, Directors still notify the Board of purchase and sales and the Company notifies the Australian Stock Exchange;
- approval is required from the Managing Director by senior managers who purchase or sell Company securities; and
- the Board recognizes that it is the individual responsibility of each Director and other officers to ensure that they comply with the spirit and the letter of the insider trading laws.
- Notification to the Board in no way implies Board approval of any transaction.

Financial Reporting

A comprehensive budget is prepared by the MD, CFO and General Managers and is approved by the Board. Monthly results are reported against the budget and revised forecasts are regularly prepared for the financial year as it unfolds. The company's financial reporting package is a fully integrated project management and accounting system and allows for review of every project being undertaken within the Group. This application underpins the company's business systems and is operational in all office locations and on major sites throughout Australia. Financial reports are received regularly from offshore operations.

Disclosure and Communication

The Company complies with all relevant disclosure laws and Listing Rules in Australia and has policies and procedures designed to ensure accountability at a senior management level for that compliance.

Shareholders

The Board aims to ensure that all shareholders are informed of major developments. These include the annual and half yearly reports as well as use of the Company's website.

The external auditor attends the annual general meeting and is able to answer questions about the audit and the preparation of the auditor's report.

Risk Identification and Management

The Company is committed to the identification, monitoring and management of risks associated with its business activities and has established the implementation of practical and effective control systems. These include:

- A clearly defined organization structure with approved authority limits;
- Annual budgeting and monthly reporting systems for all business units, which enable progress against the strategy and annual plan to be monitored, trends to be evaluated and variances to be acted upon;
- Procedures relating to capital expenditure, asset and liability management;
- Policies to manage the financial risks, including hedging foreign exchange exposures;
- Appropriate due diligence procedures for corporate acquisitions and disposals;
- A reportable issues system (crisis management);
- A compliance program;
- A health, safety and environment policy, discussed further below;
- A comprehensive Group-wide insurance program.

Risk & Compliance

Following an improved performance in the 2004 year, the lost time injury frequency rate (LTIFR) of 39 for 2005 was a 64% improvement across all divisions. The Company also benefited by further reductions in workers' compensation costs due to continued improvements in safety, injury management and return to work programs.

All divisions reported reduced lost time injuries with the Western Division and Rock Engineering reporting 1 lost time injury each in 2004/05. Structural Systems (UK) achieved the British Council Five Star Safety Award this year improving from the four star rating for the previous year. This award is the highest rating category available and very few construction companies in the UK have been able to achieve this level.

Structural System's National Occupational Health and Safety (OHS) Strategy, which is underpinned by our OHS Policy and our corporate Values, is to ensure no harm to our employees and those people who come in contact with our operations. Our strategy has been the rollout of a National OHS / Risk Management System that would allow the development and implementation of systems and solutions appropriate to the Company's specific operations and risks.

We believe that the key drivers of improved safety performance are:

- Leadership
- A strong focus on our people
- Focus on performance
- Systematic Risk Management, and
- Effective use of data and analysis



Structural Systems is committed to having active and committed leaders responsible for the safety management systems which operate on all levels within the business. Performance reports are provided to the Board and senior executives on a monthly basis. We believe that sustainable improvement in OHS is driven by the recruitment, development, training and support for people who are willing and able to support and build on safety improvements.

Structural Systems is committed to applying systematic approaches to the management of our health and safety risks. Strong results in external audits against Australian Standard 4801 confirm that we are on the right path to achieve best practices.

We have a strong focus on collecting and analysing data and driving improvements through a better understanding of risks and exposures.

Environment

During 2004-2005 Structural Systems has continued to implement the requirements of AS/NZS:14001 Environmental Standards and during this period have had no breaches or prosecutions across all divisions.

Structural Systems continues to apply a risk management approach to all its projects to ensure any environmental impacts are identified, managed and controlled.

Certification to ISO 14001 Environmental Management Systems is planned for its Western Divisions during 2006.

Human Resources

Structural Systems during 2004-05 has continually improved the skills and competencies of its employees by regular performance reviews; recognising potential, undertaking education, training and coaching as appropriate and offering professional development opportunities within the Company.

Recent reporting requirements by the Company to the Australian Equal Opportunity Commission has resulted in full compliance to the Equal Opportunity for Women in the Workplace Act 1999 (Commonwealth).

Remuneration of Non-Executive Directors

The fees payable to non-executive Directors are determined by the Board within the aggregate amount approved by shareholders. Shareholder approval was last given at the Annual General Meeting held on 16 November 1999 for the maximum aggregate remuneration of \$200,000 per year.

Details of the emoluments of non-executive and executive Directors are disclosed in the Directors' Report.

Remuneration of Senior Executives

The remuneration levels of the senior managers are recommended by the MD and approved by the Board, having regard to advice from independent consultants and after taking into consideration those levels that apply to similar positions in comparable companies, and the performance of these executives throughout the financial year.

The Board believes that it is important for the senior executives to have ongoing share ownership in the Company. The existing Executive Share Option Plan is a reflection of this view.

Conflicts of Interest and Related Party Transactions

Apart from legal obligations, Directors and senior executives are required to disclose to the Board details of any contract involving any company in the economic entity in which they have a material interest. Further, it is the economic entity's policy to ensure Directors and officers should not be involved in situations or arrangements which could give rise to conflicts of interest, irrespective of whether they involve transactions with so-called related parties.

Where a matter is being considered by the Board in which a Director has a material personal interest that Director may not vote on the matter.

Directors' Access to Independent Advice

Any Director who requires legal advice in relation to the performance of his or her duties as a Director of the Company must inform the Chairman of the issue that raises the concern that requires legal advice, and the advice is then to be obtained in consultation with the Chairman. The costs reasonably incurred are reimbursable by the Company. When the advice is to hand, it is to be made available to all Directors.

	Note	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
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	4,613	5,671
Total Revenue	2	108,097	79,570	4,613	5,671
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)	(1,505)	(1,470)
Goodwill write off Total Fire Protection		-	(935)	-	-
Borrowing costs expense	3	(1,023)	(1,136)	(873)	(871)
Cost of Rights Issue convertible notes		-	(532)	-	(532)
Other expenses from ordinary activities	3	(6,184)	(5,617)	(1,861)	(2,798)
Share of net profits of associates and joint ventures accounted for using the equity method	35c	201	-	-	-
Profit (Loss) from ordinary activities before related income tax expense		3,489	(8,231)	374	-
Income tax (expense) benefit relating to ordinary activities	4	(224)	(312)	147	252
Net Profit (Loss)		3,265	(8,543)	521	252
Net profit attributable to outside equity interests	26	(347)	(46)	-	-
Net profit (loss) attributable to members of the parent entity		2,918	(8,589)	521	252
Net exchange difference on translation of financial statements of self sustaining foreign operations	23	(77)	59	-	-
Total changes in equity from non-owner related transactions attributable to members of the parent entity		2,841	(8,530)	521	252
Basic earnings per share	5	11.4¢	(33.7¢)		
Diluted earnings per share	5	9.2¢	(30.3¢)		

	Note	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
CURRENT ASSETS					
Cash Assets	31 a	6,758	260	6,144	6
Receivables	6	19,589	19,168	384	193
Inventories	7	5,453	4,350	-	-
Other	8	445	551	416	544
TOTAL CURRENT ASSETS		32,245	24,329	6,944	743
NON CURRENT ASSETS					
Receivables	9	-	-	48,442	41,524
Other financial assets	10	24	24	3,057	3,057
Investments accounted for using the equity method	35 a	150	-	-	-
Property, plant and equipment	11	11,479	10,851	8,839	8,354
Intangible assets	12	1,845	2,005	-	8
Deferred tax assets	13	1,265	1,128	1,014	969
TOTAL NON-CURRENT ASSETS		14,763	14,008	61,352	53,912
TOTAL ASSETS		47,008	38,337	68,296	54,655
CURRENT LIABILITIES					
Payables	14	19,331	14,438	1,274	1,093
Interest bearing liabilities	15	2,104	2,264	1,293	1,670
Current tax liabilities	16	312	339	-	-
Provisions	17	2,472	2,256	84	155
TOTAL CURRENT LIABILITIES		24,219	19,297	2,651	2,918
NON-CURRENT LIABILITIES					
Payables	18	585	-	36,073	22,458
Interest bearing liabilities	19	8,529	8,634	7,828	7,973
Deferred tax liabilities	20	705	833	662	748
Provisions	21	171	14	-	-
TOTAL NON-CURRENT LIABILITIES		9,990	9,481	44,563	31,179
TOTAL LIABILITIES		34,209	28,778	47,214	34,097
NET ASSETS		12,799	9,559	21,082	20,558
EQUITY					
Contributed equity	22	15,059	15,056	15,059	15,056
Reserves	23	1,331	1,602	3,977	3,931
Retained profits (Accumulated Losses)	24	(4,244)	(7,355)	2,046	1,571
TOTAL PARENT ENTITY INTEREST		12,146	9,303	21,082	20,558
Outside equity interests	26	653	256	-	-
TOTAL EQUITY		12,799	9,559	21,082	20,558

The accompanying notes form part of these financial statements.

	Note	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
		2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		115,597	89,741	3	51
Cash receipts as Treasury Function for Group	31 (e)	-	-	110,201	89,879
Cash payments in the course of operations		(104,734)	(87,555)	(814)	(2,890)
Cash payments as Treasury Function for Group	31 (e)	-	-	(102,175)	(88,810)
Convertible note expenses		(54)	(479)	(54)	(479)
Interest received		176	8	176	8
Dividends received		-	-	223	-
Borrowing costs paid		(874)	(952)	(723)	(732)
Income tax (paid) refunded		(488)	(171)	16	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
	31 (b)	9,623	592	6,853	(2,973)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(1,793)	(571)	(733)	(421)
Proceeds from sale of property, plant and equipment		1,150	1,017	428	784
Loan from related entities (net)		1,110	218	2,278	2,986
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES					
		467	664	1,973	3,349
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	450	-	450
Proceeds from issue of convertible notes		-	5,738	-	5,738
Repayment of borrowings		(768)	(2,359)	(700)	(2,250)
Lease and lease purchase payments		(1,520)	(1,225)	(761)	(575)
Proceeds from issue of shares		-	2	-	2
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES					
		(2,288)	2,606	(1,461)	3,365
NET INCREASE (DECREASE) IN CASH HELD					
		7,802	3,862	7,365	3,741
Effect of exchange rates on cash holdings		(77)	59	-	-
Cash at beginning of financial year		(967)	(4,888)	(1,221)	(4,962)
CASH AT END OF FINANCIAL YEAR					
	31 (a)	6,758	(967)	6,144	(1,221)

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant policies which have been adopted in the preparation of this financial report are:

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the economic entity of Structural Systems Limited and controlled entities, and Structural Systems Limited as an individual parent entity. Structural Systems Limited is a listed public company, incorporated and domiciled in Australia.

It has been prepared on an accruals basis and is based on historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

(b) Principles of consolidation***Controlled entities***

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Outside interests in the equity and results of the entities that are controlled by the Company are shown as a separate item in the consolidated financial statements.

Associates

Associates are those entities, other than partnerships, over which the consolidated entity exercises significant influence and which are not intended for sale in the near future.

In the consolidated financial statements investments in associates are accounted for using equity accounting principles. Investments in associates are carried at the lower of the equity accounted amount and recoverable amount. The consolidated entity's equity accounted share of the associates' net profit or loss is recognised in the consolidated statement of financial performance from the date significant influence commences until the date significant influence ceases. Other movements in reserves are recognised directly in consolidated reserves.

Joint ventures

A joint venture is either an entity or operation that is jointly controlled by the consolidated entity.

Joint venture entities

In the consolidated financial statements investments in joint venture entities, including partnerships, are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The consolidated entity's share of the joint venture entity's net profit or loss is recognised in the consolidated operating statement of financial performance from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in consolidated reserves.

Joint venture operation

The consolidated entity's interest in an unincorporated joint venture is brought to account by including its proportionate share of the joint venture's assets, liabilities and expenses and the consolidated entity's revenue from the sale of its share of output on a line-by-line basis, from the date joint control commences to the date joint control ceases.

Transactions eliminated on consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

Unrealised gains resulting from transactions with associates and joint ventures are eliminated to the extent of the consolidated entity's interest. Unrealised gains relating to associates and joint venture entities are eliminated against the carrying amount of the investment. Unrealised losses are eliminated in the same way as unrealised gains, unless they evidence of recoverable amount impairment.

(c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST). Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

(c) Revenue recognition (continued)***Rendering of services***

Revenue from rendering services is recognised in proportion to the stage of completion of the contract when the stage of contract completion can be reliably measured. The stage of completion is assessed by reference to surveys of work performed.

Where the outcome of a contract cannot be reliably estimated contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is only recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Interest revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of non-current assets

The gross proceeds on non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

Construction contracts

Contract revenue and expenses are recognised on an individual contract basis using the percentage of completion method when the stage of contract completion can be reliably determined, costs to date can be clearly identified, and total contract revenue and costs to complete can be reliably estimated.

Profit recognition does not normally commence until a contract is at least 20% complete.

Stage of completion is measured by reference to an assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract.

Where the outcome of a contract cannot be reliably estimated contract costs are expensed as incurred. Where it is probable that the costs will be recovered, revenue is recognised to the extent of cost incurred. An expected loss is recognised immediately as an expense.

Dividends

Revenue from dividends and distributions from controlled entities is recognised by the parent entity when they are declared by the controlled entities.

Revenue from dividends from associates is recognised by the parent entity when dividends are received.

Revenue from dividends from other investments are recognised when received.

Dividends received out of pre-acquisition reserves are eliminated against the carrying amount of the investment and not recognised in revenue.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables, with the exception of uncertified claims, and payables are stated with the amount of GST included.

The net amount of GST recoverable from or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows.

(e) Foreign currency***Transactions***

Foreign currency transactions are translated to Australian currency at the rates of exchange ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

Exchange differences relating to amounts payable and receivable in foreign currencies are brought to account as exchange gains or losses in the statement of financial performance in the financial year in which the exchange rates change.

The accounting for hedges is set out in Note 1(f).

**(e) Foreign currency (continued)*****Translation of controlled foreign entities***

The assets and liabilities of foreign operations, including associates and joint venturers, that are self-sustaining are translated at the rates of exchange ruling at balance date. Equity items are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

The assets and liabilities of foreign operations, including associates and joint venturers, that are integrated are translated using the temporal method. Monetary assets and liabilities are translated into Australian currency at rates of exchange rates current at balance date, while non-monetary items and revenue and expense items are translated at exchange rates current when the transactions occurred. Exchange differences arising on translation are brought to account in the statement of financial performance.

The balance of the foreign currency translation reserve relating to a foreign operation that is disposed of is transferred to retained earnings in the year of disposal.

(f) Derivatives

The consolidated entity is exposed to changes in interest rates, foreign exchange rates and commodity prices from its activities. The consolidated entity uses forward foreign exchange contracts to hedge these risks. Derivative financial instruments are not held for speculative purposes.

Hedges***Anticipated transactions***

Where hedge transactions are designated as a hedge of the anticipated purchase or sale of goods or services, purchase of qualifying assets, or an anticipated interest transaction, gains and losses, on the hedge arising up to the date of the anticipated transaction, together with any costs or gains arising at the time of entering into the hedge, are deferred and included in the measurement of the anticipated transaction when the transaction has occurred as designated. Any gains or losses on the hedge transaction after that date are included in the statement of financial performance.

When the anticipated transaction is no longer expected to occur as designated the deferred gains and losses relating to the hedged transaction are recognised immediately in the statement of financial performance.

Where a hedge transaction is terminated early and the anticipated transaction is still expected to occur as designated, the deferred gains and losses that arose on the hedge prior to its termination continue to be deferred and are included in the measurement of the purchase or sale or interest transaction when it occurs. Where a hedge transaction is terminated early because the anticipated transaction is no longer expected to occur as designated, deferred gains and losses that arose on the hedge prior to its termination are included in the statement of financial performance for the period.

Where a hedge is redesignated as a hedge of another transaction, gains and losses arising on the hedge prior to its redesignation are only deferred where the original anticipated transaction is still expected to occur as designated. When the original anticipated transaction is no longer expected to occur as designated, any gains or losses relating to the hedge instrument are included in the statement of financial performance for the period.

Gains and losses that arise prior to and upon the maturity of transactions entered into under hedge rollover strategies are deferred and included in the measurement of the hedged anticipated transaction if the transaction is still expected to occur as designated. If the anticipated transaction is no longer expected to occur as designated, the gains and losses are recognised immediately in the statement of financial performance.

Net investment in foreign operation

Foreign exchange differences relating to foreign currency transactions hedging a net investment in a foreign operation are transferred to the foreign currency translation reserve on consolidation.

Other hedges

All other hedge transactions are initially recorded at the relevant rate at the date of the transaction. Hedges outstanding at balance date are valued at the rates ruling on that date and any gains or losses are brought to account in the statement of financial performance. Costs or gains arising at the time of entering into the hedge are deferred and amortised over the life of the hedge.

(g) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings, foreign exchange losses net of hedged amounts on borrowings, including trade creditors and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings.

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(h) Taxation

The consolidated entity adopts the liability method of tax effect accounting.

Income tax expense is calculated on operating profit from ordinary activities adjusted for permanent differences between taxable and accounting income. The tax effect of timing differences, which arise from items being brought to account in different periods for income tax and accounting purposes, is carried forward in the statement of financial position as a future income tax benefit or a provision for deferred income tax.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt.

Future income tax benefits relating to tax losses are only brought to account when their realisation is virtually certain. The tax effects of capital losses are not recorded unless realisation is virtually certain.

To the extent that dividends are proposed by controlled entities incorporated overseas, the consolidated entity has provided for withholding tax. A provision is also made for the withholding tax on the balance on unremitted profits that eventually will be remitted to the Company.

Structural Systems Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the Tax Consolidation Regime with effect from 1 July 2003. Structural Systems Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. The tax consolidated group has not entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(i) Acquisitions of assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets as set out in Note 1(g).

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, and it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent additional costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

(j) Revisions of accounting estimates

Revisions to accounting estimates are recognised prospectively in current and future periods only.

(k) Receivables

The collectibility of debts is assessed at balance date and specific provision is made for any doubtful accounts.

Trade debtors

Trade debtors to be settled within 60 days are carried at amounts due.

(l) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

Manufacturing activities

The cost of manufacturing inventories and work-in-progress are assigned on a weighted average basis. Costs arising from exceptional wastage are expensed as incurred.

Net realisable value

Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

(m) Construction work in progress

Construction work in progress is carried at cost plus profit recognised to date based on the value of work completed, less progress billings and less provision for foreseeable losses, allocated between amounts due from customers and amounts due to customers.

Cost includes variable and fixed costs directly related to specific contracts, those costs related to contract activity in general which can be allocated to specific contracts on a reasonable basis and other costs specifically chargeable under the contract. Costs expected to be incurred under penalty clauses and rectification provisions, and borrowing costs where contracts are classified as qualifying assets (see Note 1(g)) are also included.

(n) Investments***Controlled entities***

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and recoverable amount.

Associates

In the Company's financial statements investments in unlisted shares of associates are carried at the lower of cost and recoverable amount.

Investments in listed shares in associates are measured at fair value, being the current quoted market prices.

Joint ventures

In the Company's financial statements investments in joint venture entities other than partnerships are carried at the lower of cost and recoverable amounts. Joint venture partnerships are equity accounted for as set out in Note 1(b).

In the Company's financial statements investments in joint venture operations are accounted for as set out in Note 1 (b).

Other entities

Investments in other listed entities are measured at fair value, being the current quoted market prices.

Investments in marketable securities held for the purpose of trading are measured at fair value.

(o) Leased assets

Leases under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Finance leases are capitalised. A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(p) Goodwill

Goodwill represents the excess of the purchase consideration plus incidental costs over the fair value of the identifiable net assets acquired.

For associates and joint venture entities, the consolidated financial statements include the carrying amount of goodwill in the equity accounted investment carrying amounts.

(q) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

The re-valuation of freehold land and buildings has not taken account of the potential Capital Gains Tax on assets acquired after the introduction of Capital Gains Tax.

(r) **Depreciation and amortisation**

Complex assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

Useful lives

All assets, including intangibles, have limited useful lives and are depreciated/amortised using the straight line method over their estimated useful lives.

Leased assets or where it is likely the consolidated entity will obtain ownership of the asset are amortised over the life of the asset.

Assets are depreciated or amortised from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation/amortisation rates used for each class of asset are as follows:

	2005	2004
Property, plant and equipment		
Buildings	2.5%	2.5%
Leasehold improvements	20%	20%
Plant and equipment	10%	10%
Leased assets		
- Plant and equipment	15%	15%
- Mining Equipment	25%	25%
Intangibles		
Goodwill	20 Years	20 Years

(s) **Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 60 days.

(t) **Bank loans**

Bank loans are carried on the statement of financial position at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in "Other creditors and accruals".

(u) **Employee entitlements**

Wages, salaries, annual leave and sick leave

The provisions for employee entitlements to wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

Long service leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

Employee share and option plans

Where shares or options are issued to employees as remuneration for past services, the difference between fair value of the shares or options issued and the consideration received, if any, from the employee is expensed. The fair value of the shares or options issued is recorded in contributed equity.

Other share or options issued to employees are recorded in contributed equity at the fair value of consideration received, if any.

Transaction costs associated with issuing shares and options are recognised in equity subject to the extent of the proceeds received, otherwise expensed. Other administrative costs are expensed.

Superannuation plan

The company and other controlled entities contribute to several defined contribution superannuation plans. Contributions are charged against income as they are made.

(v) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(w) Convertible notes

Convertible notes are brought to account on issue at the value of net proceeds received. Interest is fixed at 11%pa and payable six monthly in arrears.

Interests paid on the convertible notes are recognised as interest expense in the profit from ordinary activities.

(x) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(y) Rounding of amounts

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

(z) 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 (company: \$7,526) for the year ended 30 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 hence there is no 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 (company: \$396,336) in relation to the asset revaluation and a reduction in the deferred tax liability of \$2,873 (company: \$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 (company: \$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 (company: \$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.

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 (company: \$66,000) and increase equity by \$66,000 (company: \$66,000). The impact in the year to 30 June 2005 would have been an additional \$204,750 (company: \$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 (company \$270,750) and equity would be increased by \$270,750 (company: \$270,750).

vii. Summary of impact of adopting AIFRS

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.

Consolidated Statement of Financial Performance
For The Year Ended 30 June 2005
AIFRS VERSION

	Note	STRUCTURAL SYSTEMS GROUP			STRUCTURAL SYSTEMS LIMITED		
		2005 Actual \$'000	AIFRS Adjustments \$'000	AIFRS Pro-forma \$'000	2005 Actual \$'000	AIFRS Adjustments \$'000	AIFRS Pro-forma \$'000
Revenues from ordinary activities		108,097	-	108,097	4,613	-	4,613
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	1 z (vi)	(6,758)	(205)	(6,963)	(670)	(205)	(875)
Depreciation and amortisation expense	1 z (ii)	(2,578)	160	(2,418)	(1,505)	8	(1,497)
Borrowing costs expense		(1,023)	-	(1,023)	(873)	-	(873)
Other expenses from ordinary activities		(6,184)	-	(6,184)	(1,191)	-	(1,191)
Share of net profits (losses) of JV & associates (equity method)		201	-	201	-	-	-
Profit (loss) from ordinary activities before income tax expense		3,489	(45)	3,444	374	(197)	177
Income tax (expense) benefit relating to ordinary activities	1 z (iv)	(224)	(731)	(955)	147	(731)	(584)
Net profit (loss) from ordinary activities after income tax expense		3,265	(776)	2,489	521	(928)	(407)
Net (profit) loss attributable to outside equity interests		(347)	-	(347)	-	-	-
Net profit (loss) attributable to members of the parent equity		2,918	(776)	2,142	521	(928)	(407)
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 recognised directly in equity		(77)	-	(77)	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners		2,841	(776)	2,065	521	(928)	(407)

Consolidated Statement of Financial Position
As At 30 June 2005
AIFRS VERSION

Note	STRUCTURAL SYSTEMS GROUP			STRUCTURAL SYSTEMS GROUP		
	2005 Actual \$'000	AIFRS Adjustments \$'000	AIFRS Pro-forma \$'000	2005 Actual \$'000	AIFRS Adjustments \$'000	AIFRS Pro-forma \$'000
CURRENT ASSETS						
Cash assets	6,758	-	6,758	6,144	-	6,144
Receivables	19,589	-	19,589	384	-	384
Inventories	5,453	-	5,453	-	-	-
Other	445	-	445	416	-	416
Total Current Assets	32,245	-	32,245	6,944	-	6,944
NON-CURRENT ASSETS						
Receivables	-	-	-	48,442	-	48,442
Other financial assets	24	-	24	3,057	-	3,057
Investments accounted for using the equity method	150	-	150	-	-	-
Property, plant and equip.	11,479	-	11,479	8,839	-	8,839
Intangibles	1,845	160	2,005	-	8	8
Deferred Tax Assets	1,265	2,973	4,238	1,014	2,973	3,987
Total Non-Current Assets	14,763	3,133	17,896	61,352	2,981	64,333
TOTAL ASSETS	47,008	3,133	50,141	68,296	2,981	71,277
CURRENT LIABILITIES						
Payables	19,331	-	19,331	1,274	-	1,274
Interest Bearing Liabilities	2,104	-	2,104	1,293	-	1,293
Current Tax Liabilities	312	-	312	-	-	-
Provisions	2,472	-	2,472	84	-	84
Total Current Liabilities	24,219	-	24,219	2,651	-	2,651
NON-CURRENT LIABILITIES						
Payables	585	-	585	36,073	-	36,073
Interest Bearing Liabilities	8,529	-	8,529	7,828	-	7,828
Deferred Tax Liabilities	705	393	1,098	662	393	1,055
Provisions	171	-	171	-	-	-
Total non-current liabilities	9,990	393	10,383	44,563	393	44,956
TOTAL LIABILITIES	34,209	393	34,602	47,214	393	47,607
NET ASSETS	12,799	2,740	15,539	21,082	2,588	23,670
EQUITY						
Contributed equity	15,059	-	15,059	15,059	-	15,059
Share option equity	-	271	271	-	271	271
Reserves	1,331	(393)	939	3,977	(393)	3,584
Retained profits (Accumulated Losses) – b/f 1/7/04	(7,355)	3,638	(3,717)	1,571	3,638	5,209
Profit 2005	2,918	(776)	2,142	521	(928)	(407)
Transfer (to) from reserves	193	-	193	(45)	-	(45)
Parent equity interest	12,146	2,740	14,886	21,082	2,588	23,670
Outside equity interest	653	-	653	-	-	-
TOTAL EQUITY	12,799	2,740	15,539	21,082	2,588	23,670

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
2. REVENUE FROM ORDINARY ACTIVITIES				
Operating Activities				
▪ Sale of goods	3,227	2,425	-	-
▪ Rendering of services	103,509	76,028	-	-
▪ Management fee to controlled entities	-	-	3,783	4,839
▪ Rental revenue	-	8	-	-
▪ Other revenue	35	83	3	40
▪ Dividends received from wholly owned subsidiary	-	-	223	-
▪ Interest – other parties	176	8	176	8
Non Operating Activities				
▪ Gross proceeds from sale of non-current assets	1,150	818	428	784
▪ Proceeds from disposal of Goodwill - TFP Service Division	-	200	-	-
Total revenue from ordinary activities	108,097	79,570	4,613	5,671
3. PROFIT (LOSS) FROM ORDINARY ACTIVITIES				
(a) Profit (loss) from ordinary activities before income tax is arrived at after charging (crediting) the following items:				
Amortisation and depreciation of:				
• Buildings	59	93	58	92
• Plant and equipment	2,356	1,974	1,438	1,256
• Leasehold improvements	3	149	1	114
• Goodwill	160	192	8	8
	2,578	2,408	1,505	1,470
Bad and doubtful debts expense including movements in provision for doubtful debts	460	162	-	-
Borrowing Costs Expense:				
• Other persons	595	712	595	601
• Directors' loans to Company	125	128	125	128
• Other related parties	42	65	42	65
• Finance charges on capitalised assets	261	231	111	77
	1,023	1,136	873	871
Rental – operating leases	278	283	-	18
Loss (gain) on disposal of plant and equipment	330	(199)	151	(187)
Provision for:				
• Employee benefits	268	(383)	(50)	(22)
• Net foreign exchange loss (gain)	106	-	-	-
(b) Auditors of the Company, Anderson Roscoe	\$205,996	\$ 111,617	\$64,499	\$ 22,967
Other Services				
• Auditors of the Company, Anderson Roscoe	\$77,780	\$ 79,715	\$61,648	\$ 48,629
(c) Other expenses – parent entity				
Other expenses of \$1,861,000 (2004: \$2,798,000) comprises administrative costs incurred in the operations of the holding company such as salaries and wages \$670,000; bank fees and charges \$224,000; written down value of non-current assets sold \$579,000; and professional and consultant fees \$126,000				

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
3. PROFIT (LOSS) FROM ORDINARY ACTIVITIES (CONTINUED)				
(d) Significant revenues and expenses				
The following significant revenue and (expense) items are relevant in explaining the financial performance:				
<u>Revenue:</u>				
Proceeds from disposal of service division, Total Fire Protection	-	551	-	-
<u>Expense:</u>				
Convertible note expenses	-	(532)	-	(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)	-	-
4. INCOME TAX EXPENSE				
The prima facie tax on operating profit is reconciled to the Income tax provided in the accounts as follows:				
Prima facie tax payable on operating profit at 30% (2004 – 30%)				
• Economic entity	1,047	(2,469)	-	-
• Parent equity	-	-	112	-
• Other members of the income tax consolidated group	-	-	644	(2,695)
Add (deduct) tax effect of:				
• Amortisation of goodwill	56	288	56	288
• Increase (decrease) in income tax expense due to non tax deductible (non-tax assessable) items	36	15	32	13
• Dividend rebate	-	-	-	-
• Non (assessable profit) deductible loss on overseas entity	(183)	10	(183)	10
Share of net profits of associates and joint ventures entities	(61)	-	(61)	-
Current year losses not taken up as future income tax benefit	76	2,468	-	2,444
Recoupment of prior year tax losses not previously brought to account	(731)	-	(731)	-
Allocation of FITB and PDIT to parent entity under tax consolidation	-	-	-	(312)
Amount over provided prior year	(16)	-	(16)	-
Income tax expense (benefit) on current years operating profit	224	312	(147)	(252)
Income tax expense attributable to:				
Provision of Income Tax:				
Income tax expense	224	312	(147)	(252)
Movement in provision for deferred income tax	111	62	86	(645)
Movement in future income tax benefit	137	(75)	45	897
Income tax paid current year	(196)	(28)	-	-
Amount over provided prior year	16	-	16	-
Current year income tax payable (refundable)	292	271	-	-
Prior Year income tax payable	23	60	-	-
Income tax payable	315	331	-	-
Future Income Tax Benefits not taken to account:				
Tax losses	3,100	3,869	2,973	3,818
Capital losses	139	139	139	139
	3,239	4,008	3,112	3,957

The potential future income tax benefit will only be obtained if:

- (i) the relevant Company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised, or the benefit can be utilised by another Company in the economic entity
- (ii) the relevant Company/or the economic entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the relevant Company and/or the economic entity in realising the benefit.

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
5. <u>EARNING PER SHARE</u>				
(a) Reconciliations of earnings to net profit (loss)				
Net profit (loss)	3,265	(8,543)	-	-
Net profit attributable to outside equity interest	(347)	(46)	-	-
Earnings used in the calculation of earnings per share	2,918	(8,589)	-	-
Interest on convertible notes	626	107	-	-
Earnings used in the calculation of dilutive EPS	3,544	(8,482)	-	-
(b) Weighted average number or ordinary shares on issue used in the calculation of basic earnings per share	25,629,890	25,501,867	-	-
Weighted average number of options/convertible notes outstanding	12,991,795	2,450,120	-	-
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	38,621,685	27,951,987	-	-
6. <u>RECEIVABLES (CURRENT)</u>				
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	193	2
Loans to associated entities	191	716	191	191
	19,589	19,168	384	193
7. <u>INVENTORIES (CURRENT)</u>				
Raw materials and stores at cost	3,992	3,229	-	-
Work in progress	-	66	-	-
Construction work in progress	1,461	1,055	-	-
	5,453	4,350	-	-
Construction work in progress comprises:				
Contract costs incurred to date	118,108	79,467	-	-
Profit recognised to date	19,261	19,485	-	-
	137,369	98,952	-	-
Less: Provision for losses	(2,086)	(3,305)	-	-
	135,283	95,647	-	-
Less: Progress billings	(141,429)	(97,465)	-	-
Net construction work in progress	(6,146)	(1,818)	-	-
Net construction work in progress comprises:				
Amounts due from customers – inventories	1,461	1,055	-	-
Amounts due to customers – payables (note14)	(7,607)	(2,873)	-	-
	(6,146)	(1,818)	-	-
Progress billings and advances received and receivable	141,429	97,465	-	-
Retentions on construction projects in progress included in progress billings	78	53	-	-
8. <u>OTHER CURRENT ASSETS</u>				
Prepayments	445	551	416	544
9. <u>RECEIVABLES (NON-CURRENT)</u>				
Loans to controlled entities	-	-	48,442	41,524

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
10. OTHER FINANCIAL ASSETS (NON CURRENT)				
Shares in other companies				
Unlisted shares at cost	24	24	-	-
Shares in controlled entities at cost	-	-	3	3
Shares in controlled entities at Directors valuation (a)	-	-	3,054	3,054
	24	24	3,057	3,057

(a) The Directors' valuation of shares in controlled entities was based on net fair value, being the relevant share of underlying net assets. The valuation was not made in accordance with a policy of regular revaluation.

Capital gains tax has not been taken into account in determining the re-valued amount.

11. PROPERTY, PLANT AND EQUIPMENT
Freehold Land

At independent valuation 2001 (b)	1,733	1,826	1,733	1,826
At cost-subsequent additions	150	-	150	-
	1,883	1,826	1,883	1,826

Buildings

At Directors valuation (2001)	1,466	1,466	1,466	1,466
At cost – subsequent additions	63	63	63	63
Accumulated amortisation	(514)	(455)	(514)	(455)
	1,015	1,074	1,015	1,074

Leasehold improvements

At cost	59	61	36	38
Accumulated amortisation	(58)	(56)	(36)	(36)
	1	5	-	2

Plant, Equipment and Motor Vehicles

At cost	20,089	18,381	12,463	11,605
At Directors valuation 1995 (a) – deemed cost	295	295	295	295
Accumulated depreciation	(12,504)	(11,512)	(7,486)	(7,163)
	7,880	7,164	5,272	4,737

Leased assets at assessed value	1,289	1,242	1,149	1,101
Accumulated amortisation	(589)	(460)	(480)	(386)
	700	782	669	715

Total plant, equipment and motor vehicles	8,580	7,946	5,941	5,452
Total	11,479	10,851	8,839	8,354

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

- (a) The Directors valuation 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 a 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.

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

Freehold land

Carrying amount at beginning of year	1,826	1,961	1,826	1,961
Additions	150	-	150	-
Disposals	(93)	(135)	(93)	(135)
Revaluation increment	-	-	-	-
Carrying amount at end of year	1,883	1,826	1,883	1,826

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)				
Buildings				
Carrying amount at beginning of year	1,074	1,209	1,074	1,209
Additions	-	-	-	-
Disposals	-	(43)	-	(43)
Depreciation	(59)	(92)	(59)	(92)
Carrying amount at end of year	1,015	1,074	1,015	1,074
Leasehold Improvements				
Carrying amount at beginning of year	5	41	2	-
Transfers within group	-	-	-	35
Additions	-	-	-	-
Disposals	(1)	(27)	(1)	(27)
Amortisation	(3)	(9)	(1)	(6)
Carrying amount at end of year	1	5	-	2
Plant and equipment				
Carrying amount at beginning of year	7,946	9,532	5,452	1,291
Additions	4,376	940	2,411	558
Disposals	(1,386)	(412)	(485)	(392)
Transfer of assets within group	-	-	-	5,358
Depreciation	(2,356)	(2,114)	(1,438)	(1,363)
Carrying amount at end of year	8,580	7,946	5,940	5,452
12. INTANGIBLES				
Goodwill	3,233	3,283	159	159
Accumulated amortisation	(1,388)	(1,278)	(159)	(151)
	1,845	2,005	-	8
13. DEFERRED TAX ASSETS				
Future income tax benefits	1,265	1,128	1,014	969
14. PAYABLES (CURRENT)				
Trade creditors	7,229	5,229	253	369
Other creditors and accruals	4,495	6,335	1,021	724
Contract billings in advance (note 7)	7,607	2,874	-	-
	19,331	14,438	1,274	1,093
15. INTEREST BEARING LIABILITIES (CURRENT)				
Bank overdraft – secured	-	1,227	-	1,227
Bank loans – secured	-	68	-	-
Other loans	371	5	369	-
Lease liability	302	260	277	238
Hire purchase liability	1,431	704	647	205
	2,104	2,264	1,293	1,670
16. TAX LIABILITIES (CURRENT)				
Income tax	312	339	-	-
17. PROVISIONS (CURRENT)				
Employee benefits	2,472	2,256	84	155

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
18. PAYABLES (NON CURRENT)				
Amounts owing to related entities	585	-	36,073	22,458
19. INTEREST BEARING LIABILITIES (NON CURRENT)				
Convertible note issue	5,681	5,684	5,681	5,684
Other loans	1,050	1,750	1,050	1,750
Lease liability	134	371	83	295
Lease purchase liability	1,664	829	1,014	244
	8,529	8,634	7,828	7,973
20. DEFERRED TAX LIABILITY				
Provision for deferred income tax	702	813	662	748
Income tax	3	20	-	-
	705	833	662	748
21. PROVISIONS (NON CURRENT)				
Employee benefits	171	14	-	-
22. CONTRIBUTED EQUITY				
Issued and paid up capital 25,630,785 (2004 - 25,624,618) fully paid ordinary shares	15,059	15,056	15,059	15,056
Movements in ordinary share capital	No.			
Balance at the beginning of the financial year	25,624,618	15,056	15,000	15,056
Shares issued:				
Notes converted and options exercised	6,167	3	56	3
	25,630,785	15,059	15,056	15,059

- (a) During the year the company issued 6,167 ordinary shares via note conversion at \$0.45 cents each to shareholders.
- (b) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
- (c) At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.
- (d) Options - For information relating to the Executive Share Option Plan, refer to Note 32 (c).

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
23. RESERVES				
Asset Revaluation Reserve				
• Balance at beginning of year	1,321	1,321	1,321	1,321
• Transfer to capital profit reserve – realised increment on freehold land sold	(9)	-	(9)	-
	1,312	1,321	1,312	1,321
Capital Profits Reserve				
• Balance at beginning of year	210	210	2,610	2,610
• Transfer from asset revaluation reserve – realised increment on freehold land sold	9	-	9	-
• Transfer from retained profits – capital profit on sale of freehold land	45	-	45	-
	264	210	2,665	2,610
Foreign Currency Translation Reserve				
• Balance at beginning of year	71	11	-	-
• Translation adjustment on controlled foreign entities	(77)	59	-	-
• Transfer to retained profits	(238)	-	-	-
	(245)	71	-	-
	1,331	1,602	3,977	3,931

Nature and Purpose of Reserves

Asset Revaluation

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB 1041.

Capital Profits

Upon disposal of re-valued assets, any related revaluation increment standing to the credit of the asset revaluation reserve is transferred to the capital profits reserve. Refer to accounting policy Note 1 (c).

Foreign Currency Reserve

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations, the translation of transactions that hedge the Company's net investment in a foreign operation or the translation of foreign currency monetary items forming part of the net investment in a self-sustaining operation. Refer to accounting policy Note 1(e)

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
24. RETAINED PROFITS (ACCUMULATED LOSSES)				
Retained profits/(accumulated losses) at beginning of year	(7,355)	1,234	1,571	1,319
Net profit (loss) attributable to members of the parent entity	2,918	(8,589)	521	252
Transfer (to) from reserves:				
▪ Capital profit reserve	(45)	-	(45)	-
▪ Foreign currency reserve	238	-	-	-
Retained profits (Accumulated Losses) at end of year	(4,244)	(7,355)	2,046	1,571
25. DIVIDENDS PROVIDED, PAID OR RECOMMENDED				
The amounts paid, provided or recommended by way of dividend by the parent entity are:				
• Final fully franked ordinary dividend of 1.5cents per share payable on 31 October 2005 at tax rate of 30% (2004- nil)	-	-	-	-
Dividend Franking Account				
Class C 30% (2004-30%) franking credits available	-	-	2,717	2,783
The above available amounts are based on the balance of the dividend franking account at year end adjusted for:				
(a) franking credits that will arise from the payment of the amount of the provision for income tax				
(b) franking debits that will arise from the payment of dividends recognised as a liability at year-end				
(c) franking credits that will arise from the receipt of dividends recognised as receivables at year-end, and				
(d) franking credits that the entity may be prevented from distributing in subsequent years.				
The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.				
26. OUTSIDE EQUITY INTERESTS				
Outside equity interests in controlled entities comprise:				
Interest in retained profits at the beginning of the financial year	252	206	-	-
Interest in operating profit after income tax	347	46	-	-
Interest in pre-consolidation profits	50	-	-	-
Interest in retained profits at the end of the financial year	649	252	-	-
Interest in share capital	4	4	-	-
	653	256	-	-
27. TOTAL EQUITY RECONCILIATION				
Total equity at beginning of year	9,559	17,986	20,558	20,250
Total changes in parent equity interest in equity recognised in statement of financial performance	2,841	(8,530)	521	252
Transactions with owners as owners				
Contributions of equity	3	56	3	56
Dividends	-	-	-	-
Total changes in outside equity interest	396	47	-	-
Total equity at end of year	12,799	9,559	21,082	20,558

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
28. CAPITAL AND LEASING COMMITMENTS				
Lease expenditure				
Finance Leases				
• not later than 1 year	330	314	301	285
• later than 1 year, but not later than 5 years	146	396	91	312
Total maximum lease commitment	476	710	392	597
Future finance charges	(40)	(79)	(32)	(64)
Lease liability	436	631	360	533
Lease Purchase				
• not later than 1 year	1,624	799	750	234
• later than 1 year, but not later than 5 years	1,793	889	1,090	276
Total maximum lease commitment	3,417	1,688	1,840	510
Future finance charges	(322)	(155)	(179)	(61)
Lease purchase liability	3,095	1,533	1,661	449
Non-cancellable Operating Leases				
Contracted for but not capitalised in accounts				
• not later than 1 year	491	117	-	-
• later than 1 year, but not later than 5 years	627	41	-	-
• later than 5 years	-	-	-	-
	1,118	158	-	-
29. CONTINGENT LIABILITIES				
Contract cash retentions	78	53	-	-
Contract performance guarantees	5,403	6,284	5,403	4,948
Guarantee by the Company in respect of bank facilities of controlled entities	-	-	557	1,023
Cross guarantees by the Company and controlled entities in respect of bank facilities	12,250	10,837	-	-
	17,731	17,174	5,960	5,971
30. ECONOMIC DEPENDENCY				
Neither the Company, nor its subsidiaries, are dependent on any particular supplier.				

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
31 NOTES TO STATEMENT OF CASH FLOWS				
(a) Components of cash				
Cash on hand	9	2	-	-
Cash at bank	6,749	258	6,144	6
	6,758	260	6,144	6
Cash Assets	-	(1,227)	-	(1,227)
Bank overdrafts				
	6,758	(967)	6,144	(1,221)
(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)	521	252
Depreciation and amortisation	2,578	2,408	1,505	1,470
Net (profit) loss on sale of non-current assets	330	(200)	151	(187)
Bad and doubtful debts	460	162	-	-
Goodwill written off (net) Total Fire Protection	-	735	-	-
Share of net profit of joint venture using the equity method	(201)	-	-	-
Change in operating assets and liabilities				
▪ (Increase) decrease in trade debtors	(1,133)	3,388	-	-
▪ (Increase) decrease in other receivables	(273)	121	(100)	11
▪ (Increase) decrease in loans to related entities	-	-	4,328	(2,756)
▪ (Increase) decrease in inventories	(1,103)	1,487	-	-
▪ (Increase) decrease in prepayments	106	(78)	128	(83)
▪ (Decrease) increase in trade creditors	2,000	(133)	(116)	(209)
▪ (Decrease) increase in other creditors	3,515	1,404	637	(1,197)
▪ (Decrease) increase employee benefits	446	(383)	(70)	(22)
▪ (Decrease) increase in other provisions	(74)	54	-	-
▪ (Decrease) increase in income tax payable	(45)	157	-	-
▪ (Decrease) increase in deferred tax payable	(111)	(62)	(86)	645
▪ (Decrease) (increase) in future income tax benefit	(137)	75	(45)	(897)
(c) Net cash inflow from operating activities	9,623	592	6,853	(2,973)
Non-cash financing and investing activities				
Property, plant and equipment acquired under finance leases, lease purchase or vendor finance	2,706	369	1,801	132

STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

31 NOTES TO STATEMENT OF CASH FLOWS (CONTINUED)
(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:

	2005 \$'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

(e) Treasury Function

Structural Systems Limited maintains and operates the main bank account for the group, with the exception of the overseas operations.

Therefore, one of its main operating activities is performing a treasury function for the economic entity. This has been reflected separately in the cash inflows and outflows under cash flow from operating activities. The comparative figures have been adjusted where applicable to conform with the changes in presentation for the year.

32. EMPLOYEE ENTITLEMENTS
(a) Aggregate employee entitlements including on-costs

- Current	2,472	2,256	84	155
- Non-current	171	14	-	-
	2,643	2,270	84	155

The present values of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following weighted averages:

Assumed rate of increase in wage and salary rates	3.5%	3.5%	3.5%	3.5%
Discount rate	6.2%	5.7%	6.2%	5.7%
Settlement term (years)	10	10	10	10
(b) Number of Employees	453	509	7	7

32 EMPLOYEE ENTITLEMENTS (CONTINUED)
(c) Executive Share Option Plan

The Company has an Executive Share Option Plan approved at the Annual General Meeting on 26 October 1994.

The Plan provides for a maximum of 10% of the aggregate number of ordinary share to be issued as options to Executives. Each option is convertible to one ordinary share. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the ordinary shares when the options have been exercised.

The exercise price of the options is determined by the Directors at time of issue of the options.

The options expire at the earlier of the expiry date or termination of the Executives employment.

The following was recognized in the financial statements of the Company in relation to employee share options exercised during the financial year

Share Capital	-	-
---------------	---	---

Un-issued ordinary shares of the Company under option are

Issue Date	Expiry Date	Exercise Price	Number of Options	
			2005	2004
8 November 2002	30 September 2007	\$0.45	600,000	600,000
14 October 2004	30 June 2009	\$0.45	875,000	-
14 October 2004	30 June 2009	\$0.50	200,000	-

1,075,000 options were issued under this plan during the year ended 30 June 2005

No options were exercised during the year ended 30 June 2005 and no options lapsed during the year

The market value of share under these options at 30 June 2005 was \$0.61 per share (2004 - \$0.48)

(d) Superannuation Commitments

The economic entity contributes to a number of superannuation funds which exist to provide benefits for employees and their dependants on retirement, disability or death. The funds include Company sponsored and multi-employer industry funds. The economic entity and employee members made contributions as specified by legislation or the relevant trust deed. Legal enforceability is dependent on the terms of the legislation and relevant trust deeds.

All funds provide an accumulation benefit and the economic entity is under no obligation to make up any shortfall in fund assets to meet payments due to employees.

33. REMUNERATION OF DIRECTORS AND EXECUTIVES

(a) Names, positions held and remuneration of parent entity Directors and Specified Executives in office at any time during the financial year are:

			Salary & Fees	Superannuation	Other Benefits ¹	Options	Total
			\$	\$	\$	\$	\$
Specified Directors							
B A Crome	Chairman (Non Executive)	2005	84,999	7,650	36,547	-	129,196
		2004	84,999	7,650	11,844	-	104,493
R W Freedman	Managing Director	2005	105,997	52,008	34,107	-	192,112
		2004	105,999	52,008	35,805	-	193,812
D R Perry	Director and Chief Financial Officer	2005	150,001	20,875	30,689	26,000	227,565
		2004	162,500	22,917	29,646	-	215,063
I L Fraser	Director (Non Executive) appointed 05/05/04	2005	45,000	4,050	-	-	49,050
		2004	6,666	600	-	-	7,266
A L Harper	Director (Non Executive) resigned 28/07/03	2004	2,083	188	-	-	2,271
D J Pash	Director (resigned 18/11/03)	2004	33,853	2,350	28,813	-	65,016
	<i>Remuneration as an executive</i>	2004	53,780	3,734	45,774	-	103,288
		2004	87,633	6,084	74,587	-	168,304
Total Remuneration Specified Directors		2005	385,997	84,583	101,343	26,000	597,923
		2004	449,880	89,447	151,882	-	691,209
Specified Executives							
F Filippone	Group Principal Engineer	2005	136,007	12,241	24,228	21,000	193,476
		2004	136,004	12,240	27,415	-	175,659
M Pope	General Manager – Victoria – Construction	2005	129,997	13,078	18,569	21,000	182,644
		2004	123,824	12,684	19,811	-	156,319
W Ironmonger	General Manager - UAE	2005	200,658	-	-	-	200,658
		2004	195,806	-	-	-	195,806
R O'Connor	General Manager – Victoria – Remedial Work	2005	104,400	9,396	15,600	20,500	149,896
		2004	104,400	9,251	15,600	-	129,251
M Schweiger	General Manager – Northern Division	2005	96,202	12,990	5,309	19,000	133,501
		2004	96,302	13,170	5,248	-	114,720
S Crole	General Manager – Western Division	2005	125,000	11,251	21,996	10,000	168,247
		2004	84,922	8,601	16,920	-	110,443
D Minchin	General Manager – Rock Engineering (Aust) P/L	2005	130,289	27,680	34,809	-	192,778
		2004	80,749	27,680	19,532	-	127,961
I Donohoue	General Manager – Remedial	2005	89,749	7,839	-	-	97,588
Total Remuneration Specified Executives		2005	1,012,302	94,475	120,511	91,500	1,318,788
		2004	822,007	83,626	104,526	-	1,010,159

1. Other benefits include where applicable motor vehicle lease payments and running costs, allowances and Fringe Benefits Tax

33. REMUNERATION OF DIRECTORS AND EXECUTIVES (CONTINUED)
(b) Options and Rights Holdings
Number of Options held by Specified Directors and Executives

	Balance 01/07/2004	Granted as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2005
Specified Directors					
D R Perry	200,000	200,000	-	-	400,000
Specified Executives					
F Filippone	-	100,000	-	-	100,000
M Schweiger	100,000	100,000	-	-	200,000
S Crole	100,000	50,000	-	-	150,000
D Minchin	100,000	-	-	-	100,000
R Coates	100,000	100,000	-	-	200,000
M. Pope	-	100,000	-	-	100,000
R O'Connor	-	100,000	-	-	100,000
	600,000	750,000	-	-	1,350,000

The other Specified Directors and Executives did not hold any options at the beginning and during the year.

Options held by the Specified Directors and Executives were not vested at balance date.

The Net Change Other reflected above includes those options that have lapsed and forfeited by holders.

(c) Shareholdings
Number of shares held by Specified Directors and Executives

	Balance 01/07/2004	Received as Remuneration	Options Exercised	Net Change Other	Balance 30/06/2005
Specified Directors					
B A Crome	1,633,375	-	-	40,000	1,673,375
R W Freedman	834,136	-	-	-	834,136
D R Perry	20,000	-	-	415,000	435,000
I L Fraser	-	-	-	221,000	221,000
Specified Executives					
F Filippone	40,000	-	-	-	40,000
S Crole	96,367	-	-	-	96,367
D Minchin	50,000	-	-	-	50,000
	2,673,878	-	-	676,000	3,349,878

The other Specified Directors and Executives did not have any interests in the Company's shareholdings at the beginning and during the year.

Net Change Other refers to shares purchased or sold during the financial year.

(d) Remuneration Practices

The Company's policy for determining the nature and amount of emoluments of board members and senior executives of the company is as follows:

The fees payable to non-executive Directors are determined by the Board within the aggregate amount approved by shareholders. Shareholder approval was last given at the Annual General Meeting held on 16 November 1999 for the maximum aggregate remuneration of \$200,000 per year.

The remuneration levels of the senior managers are recommended by the MD and approved by the Board, having regard to advice from independent consultants and after taking into consideration those levels that apply to similar positions in comparable companies, and the performance of these executives throughout the financial year.

The Board believes that it is important for the senior executives to have ongoing share ownership in the Company. The existing Executive Share Option Plan is a reflection of this view.

36. DISCONTINUING OPERATIONS

On 6 November 2003 the economic entity commenced a plan to dispose of its fire services subsidiary and thereby discontinue its operations in this business. The division was wound down last financial year and did not trade in the current financial year.

Financial information relating to the fire services subsidiary is set out below and in Segment Reporting Note 39.

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
The financial performance of the discontinuing division during the period which has been incorporated into the statement of financial performance is as follows:				
Revenue from ordinary activities	-	3,157		
Expenses from ordinary activities	-	(5,789)		
Loss from ordinary activities before income tax	-	(2,632)		
Income tax expense	-	(175)		
Net loss attributable to members of the parent entity	-	(2,807)		
The carrying amounts of assets and liabilities (including intercompany loans) of the discontinuing subsidiary at the balance date were:				
Total Assets	262	346		
Total Liabilities	(6,045)	(6,129)		
Net Liabilities	(5,783)	(5,783)		

Cash Flows of Discontinuing Subsidiary

The fire service subsidiary did not maintain a bank account and cash receipts and payments were operated through the main bank account held by and in the name of the parent entity.

Details of the sale of the subsidiary which has been incorporated into the current year's result are as follows:

Net sales price	-	551	-	-
Carrying amount of assets disposed				
• plant and equipment	-	(333)	-	-
• goodwill	-	(935)	-	-
Loss on asset disposals before income tax	-	(717)	-	-
Income tax expense	-	-	-	-
Loss on asset disposal after income tax	-	(717)	-	-

37. EVENTS AFTER BALANCE DATE

After balance date, on 1 July 2005, the parent entity acquired the balance of shares in Rock Engineering (Aust) Pty Ltd it did not already own. This represented 10% of the issued share capital of Rock Engineering. Rock Engineering is now a wholly owned subsidiary of Structural Systems.

38. RELATED PARTY INFORMATION

Directors who held office during the year are:

- Bruce A Crome
- Robert W Freedman
- David R Perry
- Ian L Fraser

Directors' remuneration is disclosed in Note (33).



STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
2005	2004	2005	2004
\$'000	\$'000	\$'000	\$'000

38. RELATED PARTY INFORMATION (CONTINUED)

Apart from the details disclosed in this note, no Director has entered into a material contract with the economic entity since the end of the previous financial year and there were no material contracts involving Directors interests existing at year end.

Where Directors are Shareholders in the parent entity, transactions include the receipt of dividends, including participation in the Dividend Reinvestment Plan and the receipt of bonus shares. These transactions were conducted on conditions identical to that available to other Shareholders.

Interest on Directors' loans to the Company was paid to B A Crome of \$37,731, R W Freedman of \$27,575 and D J Pash of \$60,666. The loan bears interest at 11% per annum.

Directors Holding of Shares and Share Options

The interests of Directors of the reporting entity and their Director-related entities in shares and share options of entities within the economic entity at year end are set out below:

Structural Systems Limited – ordinary shares	3,163,511	3,680,515
Structural Systems Limited – options	400,000	200,000

During the year the parent entity sold and purchased goods and services and provided accounting and administration assistance to its controlled entities. These transactions were on commercial terms and conditions.

• Management fees received	3,783	4,839
• Loans to controlled entities	48,442	41,524
• Loans from controlled entities	36,073	22,459
• Dividends from controlled entities	223	-

39. SEGMENT RESULTS
Primary Reporting - Business Segments

	Construction		Mining		Discontinuing Operation Fire Systems		Corporate		Eliminations		Economic Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Revenue												
External Sales	90,907	64,699	17,011	11,713	-	3,157	-	-	-	-	107,918	79,570
Other Segments	133	-	-	-	-	-	3,782	4,839	(3,915)	(4,839)	-	-
Total Sales Revenue	91,040	64,699	17,011	11,713	-	3,157	3,782	4,839	(3,915)	(4,839)	107,918	79,570
Share of net profits of equity accounted joint ventures entities	201	-	-	-	-	-	-	-	-	-	201	-
Total Segment revenue	91,242	64,699	17,011	11,713	-	3,157	3,782	4,839	(3,915)	(4,839)	108,119	79,570
Unallocated Revenue											179	-
Total revenue from ordinary activities											108,298	79,570
Result												
Profit from ordinary activities before income tax expense	1,791	(6,552)	1,226	833	-	(2,632)	374	-	98	120	3,489	(8,231)
Income tax expense											(224)	(312)
Profit from ordinary activities after income tax expense											3,265	(8,543)
Assets												
Segment assets	41,113	33,711	5,842	4,488	54	138	-	-	-	-	47,009	38,337
Liabilities												
Segment liabilities	30,363	25,468	3,798	3,065	48	245	-	-	-	-	34,209	28,778
Other												
Acquisition of non-current segment assets	2,607	561	1,891	379	-	-	-	-	-	-	4,499	940
Depreciation and amortisation of segment assets	1,702	1,515	876	696	-	197	-	-	-	-	2,578	2,408

39. SEGMENT RESULTS (CONTINUED)
Secondary Reporting - Geographical Segments

	Australia		United Arab Emirates		United Kingdom		Economic Entity	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
External Sales	101,196	79,560	6,952	10	150	-	108,298	79,570
Carrying amount of segment assets	43,136	37,553	3,722	784	150	-	47,009	38,337
Acquisition of non-current segment assets	4,425	940	74	-	-	-	4,499	940

40. FINANCING ARRANGEMENTS

The economic entity has access to the following lines of credit:

	Structural Systems Group		Structural Systems Limited	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Total facilities available:				
Bank overdrafts	2,000	2,000	2,000	2,000
Bill acceptance facility	-	-	-	-
Bank guarantee facility	7,000	8,000	6,442	6,938
	9,000	10,000	8,442	8,938
Facilities used at balance date:				
Bank overdrafts	-	-	-	-
Bill acceptance facility	-	-	-	-
Bank guarantee facility	5,403	6,284	4,996	5,329
	5,403	6,284	4,996	5,329
Facilities not used at balance date:				
Bank overdrafts	2,000	2,000	2,000	2,000
Bill acceptance facility	-	-	-	-
Bank guarantee facility	1,597	1,716	1,446	1,609
	3,597	3,716	3,446	3,609

Finance facilities of the Company are secured by a registered first mortgage over the Company's land and buildings and registered mortgage debenture over all assets of the Company and an interlocking guarantee and indemnity between the Company and all controlled entities.

Overdraft facilities are a set off arrangement, off setting balances of all bank accounts.

Interest on bank overdrafts is charged at prevailing market rates, currently 5.00% (2004 – 12.10%).

The bank guarantee facility is used to provide contract performance guarantees in lieu of cash retentions and security deposits. Fees charged are 2.5 % per annum of facility utilised (2004 – 2.5%).

Unsecured Convertible Notes mature on 30 June 2007 at face value of \$0.45 cents per Convertible Note. Interest is payable semi-annually in arrears at the coupon rate of 11% per annum and default interest fixed at 12% per annum.

The Notes are convertible, at the option of the Noteholder at any time during the term to 30 June 2007, into shares on the basis of 1 share for each Convertible Note converted.

If a Convertible Note is converted before 30 December 2005, in addition to the shares issued on conversion, one free Note Option will be granted for every two Convertible Notes converted by a Noteholder.

ADDITIONAL FINANCIAL INSTRUMENTS DISCLOSURE
Interest Rate Risk

The economic entity does not enter into interest rate swaps, forward rate agreements and interest rate options to manage cash flow risks associated with the interest rates on borrowings that are floating, or to alter interest rate exposures arising from mismatches in re-pricing dates between assets and liabilities.

Interest Rate Risk Exposure

The economic entity's exposure to interest rate risk and effective weighted average interest rate of classes of financial assets and financial liabilities is set out below.

Fixed interest rate maturing within							
	Weighted Average Interest Rate	Floating Interest Rate \$'000	1 Year or less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000	Non-interest Bearing \$'000	Total \$'000
2005							
Financial Assets							
Cash	-	6,749	-	-	-	9	6,758
Investments	-	-	-	-	-	174	174
Receivables	-	-	-	-	-	19,589	19,589
		6,749				19,772	26,521
2005							
Financial Liabilities							
Bank overdrafts and loans	5.00%	-	-	-	-	-	-
Payables	-	-	-	-	-	19,916	19,916
Convertible note issue	11.0%	-	-	5,681	-	-	5,681
Other loans	11.0%	-	372	1,050	-	-	1,422
Lease and lease purchase liabilities	6.6%	-	1,733	1,798	-	-	3,531
		-	2,105	8,529	-	19,916	30,550
2004							
Financial Assets							
Cash	-	-	-	-	-	260	260
Investments	-	-	-	-	-	24	24
Receivables	-	-	-	-	-	19,168	19,168
		-	-	-	-	19,452	19,452
2004							
Financial Liabilities							
Bank overdrafts and loans	12.10%	1,227	68	-	-	-	1,295
Payables	-	-	-	-	-	14,438	14,438
Convertible note issue	11.0%	-	-	5,684	-	-	5,684
Other loans	11.0%	-	5	1,750	-	-	1,755
Lease and lease purchase liabilities	5.8%	-	964	1,200	-	-	2,164
		1,227	1,037	8,634	-	14,438	25,336

Foreign Exchange Risk

The economic entity enters into forward foreign exchange contracts to hedge certain anticipated purchase and sale commitments denominated in foreign currencies. The terms of these commitments are rarely more than one year.

As these contracts are hedging anticipated sales and purchases, any unrealized gains and losses on the contracts, together with the costs of the contracts, will be recognized in the financial statements at the time the underlying transaction occurs. The net unrecognised gain (loss) on hedges of anticipated foreign currency purchases and sales at 30 June 2005 was nil. (2004 – nil).

Net Fair Values of Financial Assets and Liabilities Valuation Approach

Net fair values of financial assets and liabilities are determined by the economic entity on the following basis:



Monetary financial assets and financial liabilities not readily traded in an organized financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank term deposits, accounts receivable, accounts payable, bank loans and dividends payable approximate net fair value.

	STRUCTURAL SYSTEMS GROUP			
	Carrying Amount		Net Fair Value	
	2005 \$'000	2004 \$'000	2005 \$'000	2004 \$'000
Financial Assets				
Cash	6,758	260	6,758	260
Receivables	19,589	19,168	19,589	19,168
Investments - Unlisted	174	24	174	24
Financial Liabilities				
Bank overdrafts and loans	-	1,295	-	1,295
Payables	19,916	14,438	19,916	14,438
Convertible notes	5,681	5,684	5,681	5,684
Other loans	1,422	1,755	1,422	1,755
Lease and lease purchase liabilities	3,531	2,164	3,531	2,164

Cash is readily traded. All other financial assets and liabilities are not readily traded on organized markets in standardised form.

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

DIRECTORS' DECLARATION

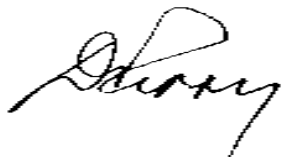
The directors of the company declare that:

1. the financial statements and notes, as set out on pages 11 to 44 , are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and economic entity;
2. the Chief Executive Officer and the Chief Finance Officer have each declared that:
 - (a) the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and the notes for the financial year comply with the accounting standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
3. 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



D R PERRY - DIRECTOR
Dated: 8 September 2005

**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.

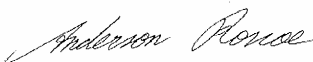
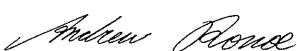
Independence

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****Andrew P Roscoe**

Partner

Dated: 8 September 2005

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.

Anderson Roscoe
ABN 95 442 873 675

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www.andersonroscoe.com.au

DISTRIBUTION OF SHAREHOLDERS AND SHAREHOLDINGS

SIZE OF HOLDING	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES
1 - 500	54	8,028
501 - 1,000	29	23,480
1,001 - 5,000	186	572,158
5,001 - 10,000	132	1,045,136
10,001 - 100,000	297	10,033,906
100,001 - (MAX)	59	24,514,864
TOTAL	757	36,197,572

The number of Shareholders holding less than a marketable parcel at 27 September 2005 is 60 holding in total 11,702 shares.

TWENTY LARGEST SHAREHOLDERS	NUMBER OF SHARES	% OF ISSUED CAPITAL
Citycorp Nominees Pty Limited	5,343,285	14.76
Alrellin Nominees Pty Ltd	1,889,068	5.22
National Nominees Pty Limited	1,861,546	5.14
Argo Investments Limited	1,669,916	4.61
Tintagel Nominees Pty Ltd	834,136	2.30
Bruce Crome Nominees Pty Ltd	640,616	1.77
J P Morgan Nominees Australia Limited	629,100	1.74
Kingemel Pty Ltd	600,000	1.66
Windun Pty Ltd	500,000	1.38
Mount Sees Pty Ltd	439,246	1.21
Mr David Perry	400,000	1.11
Mr John Horton Seymour & Mrs Yvonne Catherine Seymour	375,000	1.04
Mrs Robyn Somerville Swanson + Mr Robert Geoffrey Swanson	357,820	0.99
Mr Michael Brockhoff	350,000	0.97
Mr Philip Henry Hall	350,000	0.97
Jilip Ten Pty Ltd	341,060	0.94
HSBC Custody Nominees (Australia) Limited	329,932	0.91
Ausfine Foods International Pty Ltd	325,000	0.90
Escor Investments Pty Ltd	318,116	0.88
Temasek Holdings Pty Ltd	290,735	0.80
Top 20 holders of Ordinary Fully Paid Shares as at 27 Sep 2005	17,844,576	49.30

SUBSTANTIAL SHAREHOLDERS

Citycorp Nominees Pty Limited	5,343,285	14.76
Alrellin Nominees Pty Ltd	1,889,068	5.22
National Nominees Limited	1,861,546	5.14

ON MARKET BUY BACK

There is no current on market buy back.

VOTING RIGHTS

Shareholders are encouraged to attend the Annual General Meeting. However, when this is not possible, they are encouraged to use the form of Proxy by which they can express their views.

Every Shareholder, proxy or shareholder's representative has one vote on a show of hands. In the case of a poll, each share held by every Shareholder, proxy or representative is entitled to one vote for each fully paid share.

DIVIDEND REINVESTMENT PLAN

Shareholders may arrange to have all or part of their dividend automatically reinvested to buy additional shares. The shares are issued at a discount, as determined by the Directors (currently 5%) to the market price which is based on the weighted average market price of ordinary shares sold on the books closing date and the three business days immediately preceding that date. The Directors may, at their discretion, refuse to permit any Shareholder to participate in the Plan where that Shareholder elects to participate in respect of less than 100 shares or in respect of partly paid shares.

DIVIDEND PAYMENT DIRECT TO A BANK, BUILDING SOCIETY OR CREDIT UNION ACCOUNT

Australian Shareholders may elect to have cash dividends paid directly into any Bank, Building Society or Credit Union account in Australia.

COMPANY SECRETARY

The Company Secretary is David Perry.

REGISTERED OFFICE

The registered office of the Company is:
112 Munro Street, South Melbourne Victoria 3205
Telephone: (03) 9646 7622 Facsimile: (03) 9646 7133 Email: ssl@structural.com.au Website: www.structuralsystems.com.au

STOCK EXCHANGE LISTING

Structural Systems Limited shares are listed on the Australian Stock Exchange. Home exchange is Melbourne.

SHARE REGISTER

If you have any questions in relation to your shareholding, please contact our Share Registry:
Computershare Registry Services Pty Ltd
452 Johnson Street
Abbotsford Victoria 3067
Telephone: 1300 137 328 Facsimile: 1300 137 341 Website: www.computershare.com

Please include your shareholder reference number (SRN) or holder identification number (HIN) in all correspondence to the Share Registry.

INCORPORATION

Structural Systems Limited is incorporated in the State of Victoria.

AUDITORS

Anderson Roscoe.

BANKERS

National Australia Bank.