Structural Systems

ANNUAL REPORT 2006

10-YEAR FINANCIAL SUMMARY

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenue ($'000)	**104,405**	106,948	78,453	102,336	117,229	94,981	94,016	47,807	39,630	25,107
Profit (Loss) before tax ($'000)	**7,165**	3,444	(8,231)	580	(4,493)	386	3,723	4,041	4,977	4,326
Profit (Loss) after tax ($'000) (1)	**5,345**	2,142	(8,589)	450	(4,716)	341	2,200	2,559	3,005	2,657
Equity at end of year ($'000)	**24,750**	14,886	9,303	17,776	15,426	19,953	18,435	11,941	10,482	8,827
Net tangible assets ($'000) (1)	**21,258**	12,881	7,298	14,644	12,071	16,330	14,587	7,828	7,436	7,830
Return on shareholder's funds (1)	**21.6%**	14.4%	(92.3%)	2.5%	(30.6%)	1.7%	11.9%	21.4%	28.7%	30.1%
Return on sales	**5.1%**	2.0%	(10.9%)	0.4%	(4.0%)	0.4%	2.9%	5.4%	7.8%	10.9%
Basic earnings per share (cents) (2)	**15.2**	8.4	(33.7)	1.9	(22.0)	1.6	12.7	16.2	21.5	19.4
Net tangible asset backing per share (cents) (2)	**54.6**	50.3	28.5	57.4	56.3	76.2	70.0	48.2	48.6	52.6
Dividends declared and / or paid (cents)	**7.5**	1.5	-	-	-	2.0	13.0	13.0	13.0	12.5
Dividends times covered	**2.0**	5.6	N/A	N/A	N/A	0.8	0.9	1.2	1.6	1.6
Depreciation and amortisation ($'000)	**2,946**	2,418	2,408	2,595	2,432	2,032	1,776	1,332	1,212	804
Interest Paid ($'000)	**541**	1,023	1,136	663	911	556	548	213	173	120
Interest received ($'000)	**302**	176	8	-	-	7	23	20	100	191
Share Price at 30 June	**$1.04**	$0.61	$0.48	$0.40	$0.60	$0.76	$1.42	$2.00	$2.30	$2.50
Shares on issue at 30 June (000)	**38,950**	25,631	25,624	25,499	21,428	21,428	20,857	16,229	15,303	13,532
Market Capitalisation at 30 June ($'000)	**40,508**	15,635	12,300	10,200	12,857	16,285	29,617	32,458	35,196	33,829

(1) Adjusted for minority equity interests
(2) Adjusted for Bonus Issues

Introduction
The Directors of Structural Systems Limited ABN 57 006 413 574 (the Company) present their report together with the financial report of the "Consolidated Entity", being the Company and its controlled entities (the Group), for the year ended 30 June 2006 and the independent audit report thereon.

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

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 since July 2002 as the Chief Financial Officer.

Results for the year	**2006 $'000**	2005 $'000
Profit (Loss) before income tax	**7,165**	3,444
Income tax attributable to profit	**(1,820)**	(955)
Profit after income tax and before minority equity interests	**5,345**	2,489
Minority equity interests	**-**	(347)
Profit attributable to the members of Structural Systems Limited	**5,345**	2,142

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
The improved performance of the Group in 2005 gained further momentum in 2006 with a record profit being reported for the year. Focus on cost efficiencies throughout the Group contributed to a 108% increase in operating profit before tax on slightly reduced revenues. Profit contribution from the Company's international businesses increased in the 2006 year. The Group is benefiting from the diverse range of services it offers as well as the geographical spread of its operations. A key strategic goal for the business is to ensure that all operations contribute positively to the bottom line and this was essentially achieved during the year.

The 2006 year saw further improvement in the OH&S performance for all companies within the Group. The Groups lost time injury frequency rate for this year was a 50% improvement on the prior year. These improvements in OH&S are resulting in significant savings to the Group in workers compensation premium costs. There were some outstanding achievements in the year with the company's Western Division and Rock Engineering both reporting no lost time injuries.

The Company assumed full ownership of its business interests in the UAE effective from 1 July 2005. Similarly, the acquisition of the minority share of Rock Engineering (Aust) was effective from 1 July 2005 and the Company now has full ownership of this business.

The milestone of 10 years of continuous operation was achieved by the UAE subsidiary in 2006. During the year, the Company acquired the post tensioning franchise rights to Oman, Qatar and Bahrain. The Board believes that the access to these territories has the potential to provide significant growth opportunities to the Group in the coming years.

The Australian resource sector continues to provide increased opportunities for the Company's mining service business, Rock Engineering (Aust). During the year, the Board approved additional investment in capital equipment expanding its drilling and ground support equipment so as to capitalize on these buoyant markets.

Cable stay works on the Green Bridge project in Brisbane demonstrated the engineering design and delivery capability that exists within the Group. This is the first major civil engineering project the Company has undertaken in some time on the East Coast of Australia. With significant infrastructure investment flagged across Australia the Group is well placed to ensure it wins its share of the available opportunities.

Cashflow from operations was strong throughout the year and enabled the Group to internally fund some of its major capital purchases and minority share acquisitions. The Group's gearing levels have been significantly reduced over the last twelve months and this will allow greater scope when assessing future expansion opportunities.

As part of the capital management of the Company a share buyback was commenced on 5 June 2006. As at the year end a total of 251,273 shares had been purchased on market for cancellation.

Mining
Rock Engineering contributed earnings before tax of $1.698 million on revenue of $18.78 million (2005 $16.289 million). This business provides services to major global mining companies, resource contractors and emerging mid-tier producers across a diversified commodity range. Recent works and current contracts are performed in the iron ore, nickel, gold, uranium and base metal resource sectors. By offering a complete service package the business has been able to secure a number of contracts combining drilling and ground support activities. The business has leveraged from its ground support capability and now provides rock fall protection and slope stabilization to the civil and infrastructure sectors.

The drilling capacity and capability was expanded during the year with the addition of several surface drill rigs plus the introduction of a custom-designed all-terrain unit to complement the specialised service focus.

The company acquired the 10% minority share held by management during the year and the business is now 100% owned by the company.
Rock Engineering recently achieved certification to AS/NZS ISO 9001:2000 Quality Management Systems and is also accredited to AS/NZS 4801:2001 Occupational Health and Safety Management Systems.

Construction
Revenue from construction activities within Australasia was $85.421 million for the year. Earnings from these activities increased by 241% to $3.725 million.
The Group increased it focus on civil works during the year and undertook a number of high profile projects during the period.
Post-tensioning continues to be the largest business sector in which the company operates and accounted for approximately 50% of the company's Australasian revenue.

Significant growth was achieved during the year by the remedial business established in NSW in late 2004. Revenue for this business increased from $865K in 2005 to $5.3 million for the 2006 year. The group is increasing its focus on remedial projects nationally and the profitable establishment of this business has given the group the ability to undertake major works throughout Australia.

During the year, the structures package division of the Group completed its works at the Southern Cross project in Melbourne. This project was the largest structures package contract undertaken by the division since its restructuring some 2.5 years ago. The successful completion of these works and the other contracts undertaken during the period confirms that the right risk and reward balance has been achieved. Revenue from this division accounts for approximately 24% of the company's Australasian revenue.

International

Middle East
Revenue from operations in UAE increased by 4% to $7.19 million for the 2006 year. Earnings increased by 23% to $840K. The division secured the contract for the post tensioning works for four LPG tanks in Al Ruwais UAE in the period. The majority of these works will be undertaken in the 2007 year. Work in hand is a combination of civil engineering and building works including residential and commercial high rise. During the year the company acquired its joint venture partner's share of the UAE operation and it is now 100% fully owned by the company.

United Kingdom
The delayed start to the LNG tanks works in Wales had an effect on the result of this division for the 2006 year. Despite this delay the contribution from the UK operation increased to $600K for the year (2005 $150K). Projects were undertaken throughout the UK and Ireland during the year. This division continued its great safety record and was again awarded the 5 star British Safety Council award in 2006.

Financial position
The total assets of the economic entity increased by $3.726 million to $53.866 million at 30 June 2006. Despite strong cashflows from operations of $6.784 million during the year, cash assets decreased by $1.784 million. This was primarily due to the Company using its own funds to purchase property and plant and equipment to the value of $3.551 million and repay related party borrowings of $1.049 million. Total value of dividend payments made by the economic entity during the year was $1.863 million.

Deferred tax asset decreased by $2.395 million as the losses from prior years are utilized.

Trade receivables increased by $4.4 million at balance date from 2005 balance.

The value of inventories was reduced by $1.307 million in 2006. This was mainly due to carrying reduced amounts of core materials on hand. The Company viewed the risk of fluctuating material prices had eased during the year and as such did not require the hedge of carrying larger quantities of stock in 2006.

Property plant and equipment increased by $2.744 million during the year. This was after depreciation expense of $2.945 million.

Intangible assets increased by $1.487 million due mainly to the purchase by the Company of the minority share of Rock Engineering (Aust) and our joint venture partners share of the business in the UAE.

Borrowings decreased by $6.373 million in 2006. The main causes of the reduction were the conversion of $5.2 million of convertible notes and repayment of $1.049 million of related party loans.

Issued capital increased in 2006 by $5.954 million. Of this $5.2 million was due to the conversion of convertible notes. As a result, long term borrowings reduced by the same value.

Consolidated income statement
The net profit attributable to members for the year was $5.345 million compared to $2.142 million for the previous year.

Revenue decreased for the year by 2% to $104.405 million compared to $106.948 million for the previous year. Revenue from mining activities increased by $2.492 million to $18.781 million for the year. Construction revenue fell by $5.192 million to $85.421 million primarily due to the completion of a large structures package project during the year.

Due to the repayment of debt and the conversion convertible notes during the period interest expense was reduced from $1.023 million for 2005 to $541K for the 2006 year. Interest expense on convertible notes for the period was $213K. Interest paid on leased and hire purchased assets rose by 12% to $292K for the year.

Due to strong cash flows throughout the year interest received increased by 72% to $302K for the period.

Basic earnings per share was 15.2 cents compared to 8.4 cents for 2005.

Analysis of consolidated cash flow statement
Net inflow from operations was $6.784 million compared to $9.623 million for the previous year.

The company increased its investment in property, plant and equipment during the year. This increase was primarily funded by internal cash flows and a total of $3.551 million was out laid from cash flows during the year.

Lease and lease purchase payments rose by 49% on the previous year to $2.26 million

Reduction in borrowings of $1.05 million was mainly due to the repayment of related party loans.

Dividends of $1.523 million was paid to shareholders during the year.

A buy back was commenced in June 2006 and at balance date a total of $252K had been used in purchasing shares on market for cancellation.

Dividends paid and recommended
Final fully franked ordinary dividend of $0.05 per share payable on 20 October 2006 at tax rate of 30%. An interim fully franked dividend of $0.025 was paid on 24 March 2006. The directors have determined that the dividend reinvestment plan remains suspended and will not be operating for the final dividend. A final fully franked dividend of $0.015 for the 2005 year was paid on 31 October 2005 as recommended in last year's report.

Significant changes in state of affairs
During the financial year there was no significant change in the Company's state of affairs.

Matters subsequent to the end of the financial year
After balance date, on 1 July 2006, the parent entity acquired Refobar Australia Pty Ltd. This business has been a key supplier of post-tensioning products to the group for a number of years. Its acquisition is expected to provide cost saving in the group's vertical supply chain and efficiencies in its delivery of projects.

Adoption of Australian equivalents to IFRS
As a result to the introduction of Australian equivalents to International Financial Reporting Standards (AIFRS), the company's financial report has been prepared in accordance with those Standards. A reconciliation of adjustments arising on the transition to AIFRS is included in Note 2 to the full financial report. A summary of this information is included in Note 6 to the Concise Financial Report.

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 of Structural Systems Limited

Bruce A Crome (Non-Executive Chairman), age 64.

Director since 1985, Chairman since 1998.
Member of Institution of Engineers', Australia.

There are no other listed companies of which Bruce has served as a director during the past three years.

Interest in Shares	⇨	666,553	- Held in a Family Trust.
	⇨	944,534	- Alrellin Nominees Pty Ltd of which company he is a Director and Shareholder.
	⇨	2,288	- Held personally.
	⇨	235,109	- Held by Bruce Crome Nominees Pty Ltd

Ian L Fraser (Independent Director), age 61.

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.

During the last three years Ian has also served as a director of the following other listed companies:
- Promentum Limited since January 2005
- Occupational & Medical Innovations Limited since November 2004
- PMP Limited since April 2003
- Forest Place Group Limited since December 2001
- B Digital Limited since May 2006
- Lighting Corporation Limited since June 2006

During the last three years Ian has also served as a director of the following other listed companies:
Environmental Recovery Services Limited from April 2000 to November 2003
Hudson Timber Products Limited from July 2003 to May 2005

Interest in Shares	⇨	57,000	- Held by Dara Lee Cole Fraser.
	⇨	240,000	- Held by The Fraser Superannuation Fund.

Robert W Freedman (Managing Director) age 61.

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

There are no other listed companies of which Robert has served as a director during the last three years.

Interest in Shares	⇨	834,136	- Held in a Family Trust.

David R Perry (Chief Financial Officer), age 39.

Director since 2003
Bachelor of Economics

There are no other listed companies of which David has served as a director during the last three years.

Interest in Shares	⇨	45,000	- Held by David Perry Superannuation Fund.
	⇨	400,000	- Held Personally.
Interest in options	⇨	2,500	- Held by David Perry Superannuation Fund.

Directors attendance at meetings
Year ended 30 June 2006

	Structural Systems Board		**Audit Committee**	
	Held	Attended	Held	Attended
B A Crome	4	4	-	-
I L Fraser	4	4	2	2
R W Freedman	4	4	-	-
D R Perry	4	4	-	-

Remuneration Report
The directors submit their audited Remuneration Report (the Report) for the year ended 30 June 2006.

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

The names and details of the directors and key management personnel of the Company and the Group in office during the financial year are listed below. Unless otherwise stated the personnel were in office for the entire period. This disclosure also includes the five executives who received the highest remuneration, whether or not they were key management personnel by any other definition. Remuneration includes cash, non monetary and other consideration received by any of the parties over the course of the financial year.

		Salary & Fees	Superannuation	Other Benefits	Options	Total
B A Crome	Chairman (Non Executive)	85,000	7,650	18,998	-	111,648
I L Fraser	Director (Non Executive)	45,000	4,050	-	-	49,050
R W Freedman	Managing Director	158,600	65,000	20,518	-	244,118
D R Perry	Director and Chief Financial Officer	150,000	37,143	30,536	-	217,679
Total remuneration Directors of the Company		**438,600**	**113,843**	**70,052**	**-**	**622,495**

		Salary & Fees	Superannuation	Other Benefits	Options	Total
D Minchin	General Manager – Rock Engineering (Aust) P/L	194,229	11,271	37,500	-	243,000
W Ironmonger	General Manager – UAE	229,485	-	-	-	229,485
F Filippone	Group Principle Engineer	141,440	12,726	28,065	-	182,231
M Pope	General Manager – Victoria – Construction	144,250	12,982	23,047	-	180,279
M Schweiger	General Manager – Northern Division	146,300	13,167	-	-	159,467
Total Remuneration Key Management Personnel		**855,704**	**50,146**	**88,612**	**-**	**994,462**

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 2006	Exercise Price	Exercise Period	Expiry Date
Nov 02	600,000	5	400,000	-	200,000	$0.45	Nov 02 to Sept 07	30 Sept 07
Oct 04	200,000	4	50,000	-	150,000	$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	225,000	-	350,000	$0.45	Oct 04 to Jun 09	30 June 09

	Instruments	Balance as at 1 July 2005	Granted during period	Exercised during period	Lapsed during period	Balance 30 June 2006	Vested but not exercised during the period
Directors							
D Perry	Options	400,000	-	400,000	-	-	-
Executives							
D Minchin	Options	100,000	-	100,000	-	-	-
M Schweiger	Options	200,000	-	150,000	-	50,000	-
F Filippone	Options	100,000	-	-	-	100,000	-
M Pope	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 2006:

	$
Taxation services	15,623
Assisting in the preparation of consolidated financial report prepared for the first time under AIFRS	58,792
Assisting in the preparation of consolidated financial report – prior year 2005	25,680
Assisting in the preparation of financial reports of controlled entities	18,100
Total	**118,195**

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 $26,709 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 Group's operations are subject to significant environmental regulation under international, Australian Commonwealth and State legislation.
The company has systems in place to manage its environmental obligations within its construction and mining activities. The Directors are not aware of any breaches of environmental regulations and any specific site environmental requirements during the year.

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.

AUDITOR'S INDEPENDENCE DECLARATION
The directors received the following declaration from the auditor of Structural Systems Limited.

anderson roscoe
CHARTERED ACCOUNTANTS

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

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

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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 2006, there have been:

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

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

Anderson Roscoe

ANDERSON ROSCOE
Chartered Accountants

Andrew Roscoe

ANDREW P ROSCOE
Partner

Date: 7 September 2006

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 7 September 2006

R.W. FREEDMAN – DIRECTOR

D.R.PERRY – DIRECTOR

Board of Directors
The Board of Directors of Structural Systems Limited (the Company) is responsible to its shareholders for the overall governance and performance of the Structural Systems Group. Responsibility for the overall management and profit performance of the Group is delegated by the Board to the Managing Director, who is accountable to the Board. The Managing Director manages the organisation in accordance with the strategy, plans and policies approved by the board to achieve agreed goals.

The directors determine the size of the board, with reference to the Constitution, which provides that there be a minimum of three and a maximum of eight directors. One-third of the directors are required to retire by rotation at each Annual General Meeting (AGM). The directors to retire at each AGM are those who have been longest in office since their last election. The Managing Director and Chief Financial Officer (who are directors on the board) are not subject to retirement by rotation and are not taken into account in determining the retirement by rotation of directors.

The current composition of the Board does not comply with best practice recommendations. Independent Directors do not make up the majority of the Board. However, the board is of the view that the current composition adequately represents the interests of shareholders. Of the four directors there is only one independent director. The Chairman of the board is non-executive and independent of the role of the Managing Director.

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.

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 assesses any potential directors against a range of criteria including experience, professional skills, personal qualities and their capacity to commit themselves to the board's activities.

The Board has established an Audit Committee. The audit committee is responsible for the Company's relationship with its external auditor and the integrity of the financial statements. Ian Fraser, an independent non-executive director, is the Chairman of this committee. The other member of the audit committee is Don Mackenzie. Mr. Mackenzie is a Chartered Accountant and an experienced Company Director and is independent of the Board. The Managing Director and Chief Financial Officer attend audit committee meetings as required and where appropriate.

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 half-yearly 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; and
- the Board recognises 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. During the year the company launched a new website. It is the company's intention that its' website will be the principle tool outside of statutory reports for keeping shareholders informed. The website is regularly updated and provides information on any significant development occurring within the group.
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
The 2006 year has seen further improvements and achievements in OHS. The Groups lost time injury frequency rate for 2006 was a 50% improvement across all business units compared to the 2005 year. The continued improvements in injury frequency rates have lead to further reductions in the Groups workers' compensation costs. Some divisions achieved cost savings in the order of 5 to 7 % on annual premiums. These significant savings were due to continued improvements in safety, business insurance management, injury management and managed return to work programs.

All divisions within the Group reported reduced los t time injuries with the Western Division and Rock Engineering reporting no lost time injuries during 2006. The Company's Northern and Southern divisions achieved record Lost Time Injury free periods with Southern recording no lost time injuries for 5 months.

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 continued 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. The company believes 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 4801:2001 confirm that we are on the right path to achieve best practices.

Environment
The Company continued to implement the requirements of AS/NZS: 14001 Environmental Standards throughout the Group during the year. There were no environmental breaches within any of the company's activities during the year.

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

Human Resources
The Company is committed to continually improv ing 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.

Ongoing yearly reporting requirements by the Company to the Australian Equal Opportunity Commission has ensured continued 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
The Chairman and independent director determine the total remuneration package of the Managing Director and Chief Financial Officer.

The remuneration levels of the senior managers are evaluated and recommended by the MD and approved by the Board. Remuneration packages are structured such that the Group is able to attract and retain talented personnel. The remuneration of executives is market based and has regard to remuneration levels that apply to similar positions in comparable companies and the performance of the executive during the 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	
		2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Revenue		**104,375**	106,948	**8,334**	4,185
Other Income		**30**	-	**27**	-
Total Revenue	3	**104,405**	106,948	**8,361**	4,185
Raw materials and consumables used for sale of goods		**(2,927)**	(2,381)	**-**	-
Construction and servicing costs		**(82,856)**	(93,394)	**-**	-
Changes in inventories and raw materials		**(2,106)**	546	**-**	-
Depreciation and amortisation expense	4 (a)	**(2,946)**	(2,418)	**(2,022)**	(1,497)
Finance costs	4 (a)	**(541)**	(1,023)	**(441)**	(873)
Other expenses from ordinary activities	4 (b)	**(6,464)**	(5,035)	**(2,164)**	(1,638)
Share of net profits of associates and joint ventures accounted for using the equity method	29 (c)	**600**	201	**-**	-
Profit before Income tax expense	4	**7,165**	3,444	**3,734**	177
Income tax expense	5	**(1,820)**	(955)	**(1,586)**	(584)
Profit (Loss) after Income tax		**5,345**	2,489	**2,148**	(407)
Profit attributable to minority equity interests		**-**	(347)	**-**	-
Profit (loss) attributable to members of the parent entity		**5,345**	2,142	**2,148**	(407)
Basic earnings per share (cents)	9	**15.2¢**	8.4¢		
Diluted earnings per share (cents)	9	**12.7¢**	7.2¢		
Dividends paid per share (cents)		**4.0¢**	-		

The accompanying notes form part of these financial statements.

	Note	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS GROUP 2005 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2005 $'000
CURRENT ASSETS					
Cash and cash equivalents	26 (a)	**4,973**	6,758	**4,075**	6,144
Trade and other receivables	10	**23,998**	19,589	**201**	384
Inventories	11	**4,146**	5,453	**-**	-
Other current assets	12	**441**	445	**320**	416
TOTAL CURRENT ASSETS		**33,558**	32,245	**4,596**	6,944
NON CURRENT ASSETS					
Trade and other receivables	13	**-**	-	**49,194**	48,442
Financial assets	14	**-**	24	**4,927**	3,057
Investment accounted for using the equity method	29 (a)	**750**	150	**-**	-
Property, plant and equipment	15	**14,223**	11,479	**11,709**	8,839
Intangible assets	16	**3,492**	2,005	**-**	8
Deferred tax assets	19 (b)	**1,843**	4,238	**1,824**	3,987
TOTAL NON-CURRENT ASSETS		**20,308**	17,896	**67,654**	64,333
TOTAL ASSETS		**53,866**	50,141	**72,250**	71,277
CURRENT LIABILITIES					
Trade and other payables	17	**20,459**	19,331	**1,699**	1,274
Short-term borrowings	18	**2,672**	2,104	**2,117**	1,293
Current tax liabilities	19 (a)	**-**	312	**-**	-
Short-term provisions	20	**2,926**	2,472	**77**	84
TOTAL CURRENT LIABILITIES		**26,057**	24,219	**3,893**	2,651
NON-CURRENT LIABILITIES					
Trade and other payables	17	**822**	585	**36,178**	36,074
Long-term borrowings	18	**1,590**	8,529	**1,428**	7,828
Deferred tax liabilities	19 (a)	**507**	1,098	**503**	1,055
Long-term provisions	20	**202**	171	**-**	-
TOTAL NON-CURRENT LIABILITIES		**3,121**	10,383	**38,109**	44,957
TOTAL LIABILITIES		**29,178**	34,602	**42,002**	47,608
NET ASSETS		**24,688**	15,539	**30,248**	23,669
EQUITY					
Issued capital	21	**21,013**	15,059	**21,013**	15,059
Share option equity		**271**	271	**271**	271
Reserves	22	**1,026**	938	**3,583**	3,583
Retained earnings (Accumulated Losses)		**2,440**	(1,382)	**5,381**	4,756
TOTAL PARENT ENTITY INTEREST		**24,750**	14,886	**30,248**	23,669
Minority equity interests		**(62)**	653	**-**	-
TOTAL EQUITY		**24,688**	15,539	**30,248**	23,669

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For year ended 30 June 2006

ECONOMIC ENTITY	Note	Share Capital Ordinary	Share Options Equity	Retained Earnings (Accumulated Losses)	Asset Revaluation Reserve	Capital Profits Reserve	Foreign Currency Translation Reserve	Minority Equity Interests	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2004	2 (b)	15,056	66	(3,717)	926	210	70	256	12,867
Shares issued during the period		3							3
Share options issued during the period			205						205
Profit attributable to members of parent entity				2,142					2,142
Transfers to and from reserves									-
- capital profit reserve				(45)		45			-
- foreign currency reserve				238			(238)		-
- asset revaluation reserve					(10)	10			-
Realisation of deferred tax on disposal of asset					2				2
Translation adjustment on controlled foreign entities' financial statements							(77)		(77)
Profit attributable to minority shareholders								397	397
Balance at 30 June 2005	2 (c)	15,059	271	(1,382)	918	265	(245)	653	15,539
Balance at 1 July 2005		15,059	271	(1,382)	918	265	(245)	653	15,539
Shares issued during the period		6,207							6,207
Shares bought back during the year		(252)							(252)
Profit attributable to members of parent entity				5,345					5,346
Acquisition of additional shareholding in controlled entities								(715)	(715)
Translation adjustment on controlled foreign entities' financial statements							88		88
Profit attributable to minority shareholders								0	0
Sub-total		21,013	271	3,963	918	265	(157)	(62)	26,212
Dividends paid or provided for	8			(1,523)					(1,523)
Balance at 30 June 2006		21,013	271	2,440	918	265	(157)	(62)	24,688

The accompanying notes form part of these financial statements.

PARENT ENTITY	Note	Share Capital Ordinary	Share Options Equity	Retained Profits (Accumulated Losses)	Asset Revaluation Reserve	Capital Profits Reserve	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2004	2 (b)	15,056	66	5,208	926	2,610	23,866
Shares issued during the period		3					3
Share options issued during the period			205				205
Profit attributable to members of parent entity				(407)			(407)
Transfers to and from reserves							
- capital profit reserve				(45)		45	-
- asset revaluation reserve					(10)	10	-
Realisation of deferred tax on disposal of asset					2		2
Balance at 30 June 2005	2 (c)	15,059	271	4,756	918	2,665	23,669
Balance at 1 July 2005		15,059	271	4,756	918	2,665	23,669
Shares issued during the period		6,207					6,207
Shares bought back during the year		(252)					(252)
Profit attributable to members of parent entity				2,148			2,148
Sub-total		21,013	271	6,904	918	2,665	31,771
Dividends paid or provided for	8			(1,523)			(1,523)
Balance at 30 June 2006		21,013	271	5,381	918	2,665	30,248

The accompanying notes form part of these financial statements.

	Note	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
		2006	2005	**2006**	2005
		$'000	$'000	**$'000**	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		**108,530**	115,597	**10**	3
Cash receipts as treasury function for controlled entities	26 (c)	**-**	-	**102,098**	110,201
Cash payments in the course of operations		**(100,878)**	(104,734)	**(1,854)**	(814)
Cash payments as treasury function for controlled entities	26 (c)	**-**	-	**(97,125)**	(102,175)
Convertible note expenses		**-**	(54)	**-**	(54)
Interest received		**302**	176	**302**	176
Dividends received		**-**	-	**3,432**	223
Finance costs		**(843)**	(874)	**(744)**	(723)
Income tax (paid) refunded		**(327)**	(488)	**25**	16
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	26 (b)	**6,784**	9,623	**6,144**	6,853
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		**(3,551)**	(1,793)	**(2,759)**	(733)
Proceeds from sale of property, plant and equipment		**53**	1,150	**51**	428
Loan from (to) related entities (net)		**-**	1,110	**(1,484)**	2,278
Payment for controlled entities	26 (e)	**(372)**	-	**(372)**	-
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		**(3,870)**	467	**(4,564)**	1,973
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		**(1,050)**	(768)	**(1,050)**	(700)
Lease and lease purchase payments		**(2,260)**	(1,520)	**(1,462)**	(761)
Share buy-back payment		**(252)**	-	**(252)**	-
Proceeds from issue of shares		**638**	-	**638**	-
Dividends paid		**(1,523)**	-	**(1,523)**	-
Dividends paid by controlled entity to minority equity interest		**(340)**	-	**-**	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		**(4,787)**	(2,288)	**(3,649)**	(1,461)
NET INCREASE (DECREASE) IN CASH HELD		**(1,873)**	7,802	**(2,069)**	7,365
Effect of exchange rates on cash holdings		**88**	(77)	**-**	-
Cash at beginning of financial year		**6,758**	(967)	**6,144**	(1,221)
CASH AT END OF FINANCIAL YEAR	26 (a)	**4,973**	6,758	**4,075**	6,144

The accompanying notes form part of these financial statements.

Note 1: Statement of Significant Accounting Policies

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.

The financial report of Structural Systems Limited and controlled entities, and Structural Systems Limited as an individual parent entity comply with all Australian equivalents to International Financial Reporting Standards (AIFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the economic entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

First-time adoption of Australian Equivalents to International Financial Reporting Standards

Structural Systems Limited and controlled entities, and Structural Systems Limited as an individual parent entity have prepared financial statements in accordance with the Australian equivalents to International Financial Reporting Standards (AIFRS) from 1 July 2005.

In accordance with the requirements of AASB 1: First-time Adoption of Australian Equivalents to International Financial Reporting Standards, adjustments to the parent entity and consolidated entity accounts resulting from the introduction of AIFRS have been applied retrospectively to the 2005 comparative figures excluding cases where optional exemptions available under AASB 1 have been applied (refer to note 1 (v)) . These consolidated accounts are the first financial statements of Structural Systems Limited to be prepared in accordance with Australian equivalents to IFRS.

The accounting policies set out below have been consistently applied to all years presented.

Reconciliations of the transition from previous Australian GAAP to AIFRS have been included in Note 2 to this report.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, and where applicable, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting policies

a) Principles of Consolidation

A controlled entity is any entity Structural Systems Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the economic entity, including any unrealistic profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Note 1: Statement of Significant Accounting Policies – Income Tax (continued)

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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.

c) 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.

d) Construction Contracts and Work in Progress

Construction work in progress is valued at costs, plus profit recognised to date less any provision for anticipated future losses. Cost included both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and equipment

Plant and equipment are measured in the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed or internally generated within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Note 1: Statement of Significant Accounting Policies - Property, Plant and Equipment (continued)

Depreciation
The depreciation amount of all fixed assets including building and capitalised live assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Leasehold improvements	20%
Plant and equipment	10%
Leased assets	
- Plant and Equipment	15%
- Mining Equipment	25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that it's estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to the capital profits reserve.

f) Leases
Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the economic entity are classified as fi nancial leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the economic entity will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

g) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and Receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Trade debtors to be settled within 60 days are carried at amounts due. The recoverability of debtors is assessed at reporting date and an estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due.

Held-to-maturity investments
These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Note 1: Statement of Significant Accounting Policies – Financial instruments (continued)

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Trade accounts payable are normally settled within 60 days.

Derivative instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instruments is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

h) Impairment of Assets
At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Investment in Associates
Investments in associate companies are recognised in the financial statements by applying the equity method of accounting where significant influence is exercised over an investee. Significant influence exists where the investor has the power to participate in the financial and operating policy decisions of the investees but does not have control or joint control over those policies. The equity method of accounting recognises the group's share of past acquisitions reserves of its associates.

j) Interests in Joint Ventures
The economic entity's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

k) Goodwill
Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investment in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

l) Foreign Currency Transactions and Balances

Functional and presentation currency
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Note 1: Statement of Significant Accounting Policies – Foreign currency transactions and balances (continued)

Group companies
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

m) Employee Benefits
Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Share based payments
The group operates a Directors and Employees share option plan. The fair value of the options granted is recognised as an expense with a corresponding increase in equity. The fair value is determined using an option pricing model.

n) 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 finance costs in the income statement.

o) Provisions
Provisions are recognised when the group has a legal or constructive obligations, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

p) Cash and Cash Equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

q) Revenue
Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

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.

The gain or loss on non-current asset sales are included as revenue or an expense 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.

All revenue is stated net of the amount of goods and services tax (GST).

r) Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Note 1: Statement of Significant Accounting Policies (continued)

s) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

t) Comparative Figures

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

u) 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.

v) AASB 1 transitional exemptions

The group has made its elections in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' as follows:

Business combinations

AASB 3 'Business combinations' was not retrospectively applied to business combinations prior to 1 July 2004. Goodwill amortisation recognised up to 1 July 2004 has not been reversed.

Share-based payment transactions

AASB 2 'Share-based payment' has been applied to equity instruments granted after 7 November 2002 that had not vested by 1 January 2005.

Financial instruments

AASB 1 provides an exemption from the requirements to restate comparative information for AASB 132 'Financial Instruments: Disclosure and Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. The group has elected to apply this exemption to the comparative information on financial instruments.

w) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting period. The Group has not yet made an assessment of the impact of these new standards and interpretations, but do not expect that they will have a material impact on the financial statements.

x) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, be definition, seldom equal the related actual results. The directors believe that the estimates and assumptions used during the year would not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Note 2: First Time Adoption of Australian equivalents to International Financial Reporting Standards

a) Reconciliation of profit or loss for the year ended 30 June 2005

		STRUCTURAL SYSTEMS GROUP			STRUCTURAL SYSTEMS LIMITED		
	Note	Previous GAAP 2005	AIFRS Adjustments	AIFRS 2005	Previous GAAP 2005	AIFRS Adjustments	AIFRS 2005
		$'000	$'000	$'000	$'000	$'000	$'000
Revenue	2 (k)	108,097	(1,149)	106,948	4,613	(428)	4,185
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	2 (g)	(93,189)	(205)	(93,394)	-	-	-
Depreciation and amortisation expense	2 (e)	(2,578)	160	(2,418)	(1,505)	8	(1,497)
Finance costs		(1,023)	-	(1,023)	(873)	-	(873)
Other expenses	2 (g)(k)	(6,184)	1,149	(5,035)	(1,861)	223	(1,638)
Share of net profits (losses) of JV & associates (equity method)		201	-	201	-	-	-
Profit (loss) before income tax expense		3,489	(45)	3,444	374	(197)	177
Income tax (expense) benefit for the year	2 (j)	(224)	(731)	(955)	147	(731)	(584)
Profit (loss) after income tax expense		3,265	(776)	2,489	521	(928)	(407)
(Profit) loss attributable to minority equity interests		(347)	-	(347)	-	-	-
Profit (loss) attributable to members of the parent equity		2,918	(776)	2,142	521	(928)	(407)

b) Reconciliation of Equity at 1 July 2004

		STRUCTURAL SYSTEMS GROUP			STRUCTURAL SYSTEMS LIMITED		
	Note	Previous GAAP at 1 July 2004	AIFRS Adjustments	AIFRS At 1 July 2004	Previous GAAP at 1 July 2004	AIFRS Adjustments	AIFRS At 1 July 2004
		$'000	$'000	$'000	$'000	$'000	$'000
CURRENT ASSETS							
Cash and cash equivalents		260		260	6		6
Trade and other receivables		19,168		19,168	193		193
Inventories		4,350		4,350	-		-
Other current assets		551		551	544		544
Total Current Assets		24,329		24,329	743		743
NON-CURRENT ASSETS							
Trade and other receivables		-		-	41,524		41,524
Financial assets		24		24	3,057		3,057
Investments accounted for using the equity method		-		-	-		-
Property, plant and equipment		10,851		10,851	8,354		8,354
Intangible assets		2,005		2,005	8		8
Deferred Tax Assets	**2 (d)**	1,128	3,704	4,832	969	3,704	4,673
Total Non-Current Assets		14,008	3,704	17,712	53,912	3,704	57,616
TOTAL ASSETS		38,337	3,704	42,041	54,655	3,704	58,359
CURRENT LIABILITIES							
Trade and other payables		14,438		14,438	1,092		1,092
Short-term borrowings		2,264		2,264	1,670		1,670
Current Tax Liabilities		339		339	0		0
Short-term provisions		2,256		2,256	155		155
Total Current Liabilities		19,297		19,297	2,917		2,917
NON-CURRENT LIABILITIES							
Trade and other payables		-		-	22,459		22,459
Long-term borrowings		8,634		8,634	7,973		7,973
Deferred Tax Liabilities	**2 (f)**	833	396	1,229	748	396	1,144
Long-term provisions		14		14	-		-
Total non-current liabilities		9,481	396	9,877	31,180	396	31,576
TOTAL LIABILITIES		28,778	396	29,174	34,097	396	34,493
NET ASSETS		9,559	3,308	12,867	20,558	3,308	23,866
EQUITY							
Issued capital		15,056		15,056	15,056		15,056
Share option equity	**2 (g)**	-	66	66	-	66	66
Reserves	**2 (h)**	1,602	(396)	1,206	3,931	(396)	3,535
Retained earnings (Accumulated Losses)	**2 (i)**	(7,355)	3,638	(3,717)	1,571	3,638	5,209
Parent equity interest		9,303	3,308	12,611	20,558	3,308	23,866
Minority equity interest		256		256	-		-
TOTAL EQUITY		9,559	3,308	12,867	20,558	3,308	23,866

c) Reconciliation of Equity at 30 June 2005

	Note	STRUCTURAL SYSTEMS GROUP			STRUCTURAL SYSTEMS LIMITED		
		Previous GAAP at 30 June 2005	AIFRS Adjustments	AIFRS 2005	Previous GAAP at 30 June 2005	AIFRS Adjustments	AIFRS 2005
		$'000	$'000	$'000	$'000	$'000	$'000
CURRENT ASSETS							
Cash and cash equivalents		6,758	-	6,758	6,144	-	6,144
Trade and other receivables		19,589	-	19,589	384	-	384
Inventories		5,453	-	5,453	-	-	-
Other current assets		445	-	445	416	-	416
Total Current Assets		32,245	-	32,245	6,944	-	6,944
NON-CURRENT ASSETS							
Trade and other receivables		-	-	-	48,442	-	48,442
Financial assets		24	-	24	3,057	-	3,057
Investments accounted for using the equity method		150	-	150	-	-	-
Property, plant and equipment		11,479	-	11,479	8,839	-	8,839
Intangible assets	**2 (e)**	1,845	160	2,005	-	8	8
Deferred Tax Assets	**2 (d)**	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	64,332
TOTAL ASSETS		47,008	3,133	50,141	68,296	2,981	71,277
CURRENT LIABILITIES							
Trade and other payables		19,331	-	19,331	1,274	-	1,274
Short-term borrowings		2,104	-	2,104	1,293	-	1,293
Current Tax Liabilities		312	-	312	-	-	-
Short-term provisions		2,472	-	2,472	84	-	84
Total Current Liabilities		24,219	-	24,219	2,651	-	2,651
NON-CURRENT LIABILITIES							
Trade and other payables		585	-	585	36,073	-	36,074
Long-term borrowings		8,529	-	8,529	7,828	-	7,828
Deferred Tax Liabilities	**2 (f)**	705	393	1,098	662	393	1,055
Long-term provisions		171	-	171	-	-	-
Total non-current liabilities		9,990	393	10,383	44,563	393	44,957
TOTAL LIABILITIES		34,209	393	34,602	47,214	393	47,608
NET ASSETS		12,799	2,740	15,539	21,082	2,588	23,669
EQUITY							
Issued capital		15,059	-	15,059	15,059	-	15,059
Share option equity	**2 (g)**	-	271	271	-	271	271
Reserves	**2 (h)**	1,331	(393)	938	3,977	(393)	3,583
Retained earnings (Accumulated Losses)	**2 (i)**	(4,244)	2,862	(1,382)	2,046	2,710	4,756
Parent equity interest		12,146	2,740	14,886	21,082	2,588	23,669
Minority equity interest		653	-	653	-	-	-
TOTAL EQUITY		12,799	2,740	15,539	21,082	2,588	23,669

Notes to the reconciliations of equity and profit and loss at 1 July 2004 and 30 June 2005	**STRUCTURAL SYSTEMS GROUP** 30 June 2005 $'000	1 July 2004 $'000	**STRUCTURAL SYSTEMS LIMITED** 30 June 2005 $'000	1 July 2004 $'000
(d) Deferred tax assets comprise:				
Deferred tax provided on the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.	**3,704**	3,704	**3,704**	3,704
Utilisation of tax losses	**(731)**	-	**(731)**	-
Total	**2,973**	3,704	**2,973**	3,704
(e) Goodwill on Consolidation				
Under AASB 3: Business Combination, goodwill is no longer amortised but subject to annual impairment testing. Impairment testing at 1 July 2004 confirmed no impairment of goodwill and the previously amortised goodwill will not be reversed resulting in no change in retained earnings at 1 July 2004. Goodwill amounting to $160,000 (Company $8,000) previously amortised in the 2005 full financial year has been reversed in the income statement for the year ended 30 June 2005	**160**	-	**8**	-
(f) Deferred tax liabilities comprise:				
Deferred tax on revaluation of non-current assets	**396**	396	**396**	396
Realisation of deferred tax on disposal of non-current asset	**(3)**	-	**(3)**	-
Total	**393**	396	**393**	396
(g) Share option equity comprises:				
Recognition (as an expense) of all share based remuneration under the Directors and Employees share option plan.				
- on transition to AIFRS – Retained earnings 1 July 2004	**66**	66	**66**	66
- year to 30 June 2005	**205**	-	**205**	-
Total	**271**	66	**271**	66
(h) Reserves comprise:				
Deferred tax on realisation of non-current assets	**(396)**	(396)	**(396)**	(396)
Realisation of deferred tax on disposal of non-current asset	**3**	-	**3**	-
Total	**(393)**	(396)	**(393)**	(396)
(i) Retained earnings comprise				
Recognition of deferred tax benefit on unused tax losses (refer 2 (d))	**3,704**	3,704	**3,704**	3,704
Utilisation of tax losses (refer 2 (d))	**(731)**	-	**(731)**	-
Recognition of share based remuneration (refer 2 (g))	**(271)**	(66)	**(271)**	(66)
Reversal of goodwill previously amortised (refer 2 (e))	**160**	-	**8**	-
	2,862	3,638	**2,710**	3,638
(j) Income tax expense comprises:				
Utilisation of tax losses recognised as deferred tax asset	**(731)**	-	**(731)**	-

(k) The gain or loss on the disposal of property, plant and equipment is recognised on a net basis as revenue or an expense, rather than separately recognising the consideration received as revenue.

Revenue and Other expenses have therefore been adjusted to conform to presentation with current financial year.

3. Revenue	STRUCTURAL SYSTEMS GROUP 2006 $'000	2005 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000	2005 $'000
Operating Activities				
▪ Sale of goods	**4,162**	3,228	**-**	-
▪ Rendering of services	**99,860**	103,509	**-**	-
▪ Management fee to controlled entities	**-**	-	**4,590**	3,783
▪ Interest received from other parties	**302**	176	**302**	176
▪ Dividends received from wholly-owned subsidiary	**-**	-	**3,432**	223
▪ Other revenue	**51**	35	**10**	3
	104,375	106,948	**8,334**	4,185
Non-Operating Activities				
▪ Gain on disposal of property, plant and equipment	**30**	-	**27**	-
Total revenue	**104,405**	106,948	**8,361**	4,185

4. Profit for the year

(a) Profit (loss) before income tax is arrived at after charging (crediting) the following items:				
Amortisation and depreciation of:				
• Buildings	**57**	59	**57**	58
• Plant and equipment	**2,887**	2,356	**1,965**	1,438
• Leasehold improvements	**2**	3	**-**	1
	2,946	2,418	**2,022**	1,497
Bad and doubtful debts expense including movements in provision for doubtful debts	**80**	460	**-**	-
Finance Costs:				
• Other persons	**221**	596	**216**	596
• Directors' loans to Company	**28**	124	**28**	124
• Other related parties	**-**	42	**-**	42
• Finance charges on capitalised assets	**292**	261	**197**	111
	541	1,023	**441**	873
Impairment of:				
• Non-current investments	**24**	-	**-**	-
• Goodwill	**8**	-	**8**	-
	32	-	**8**	-
Loss on disposal of property, plant and equipment	**-**	330	**-**	151
Rental – operating leases	**306**	278	**-**	-
Provision for:				
• Employee benefits	**418**	268	**(7)**	(50)
• Net foreign exchange loss (gain)	**-**	106	**-**	-

(b) Other expenses – parent entity

Other expenses of $2,164,000 (2005: $1,638,000) comprises administrative costs incurred in the operations of the holding company such as salaries and wages $1,242,126; bank fees and charges $103,255, and professional and consultant fees $201,187.

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
5. Income Tax Expense				
The components of Income Tax expense are as follows:				
Current tax	-	488	-	-
Deferred tax	1,807	483	1,611	600
Under (over) provision in respect of prior years	13	(16)	(25)	(16)
	1,820	955	**1,586**	584
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% (2005 – 30%)				
• Economic entity	**2,150**	1,033	**-**	-
• Parent equity	**-**	-	**1,120**	53
• Other members of the income tax consolidated group	**-**	-	**1,053**	690
Add (deduct) tax effect of:				
• Increase (decrease) in income tax expense due to non tax deductible (non-tax assessable) items	**25**	106	**26**	101
• Non (assessable profit) deductible loss on overseas entity	**(252)**	(183)	**(252)**	(183)
Share of net profits of associates and joint ventures entities	**(180)**	(61)	**(180)**	(61)
Current year losses not taken up as future income tax benefit	**6**	76	**-**	-
Allocation of FITB and PDIT to parent entity under tax consolidation	**-**	-	**(214)**	-
Deferred tax asset and liability no longer required	**58**	-	**58**	-
Amount under (over) provided prior year	**13**	(16)	**(25)**	(16)
Income tax expense (benefit) attributable to entity	**1,820**	955	**1,586**	584
Applicable weighted average effective tax rates	**25%**	27%	**42%**	330%
The decrease in the weighted average effective tax rate for 2006 is due mainly to an increase in off-shore non-assessable income, and the utilisation of tax losses.				
Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in note 1 (b) occur:				
Tax losses	**133**	127	**-**	-
Capital losses	**442**	139	**442**	139
	575	266	**442**	139

6 Key Management Personnel Compensation

(a) Names, positions held and remuneration of economic and parent entity key management personnel in office at any time during the financial year are:

			Salary & Fees	Superannuation	Other Benefits [1]	Options	Total
Directors			$	$	$	$	$
B A Crome	Chairman (Non Executive)	**2006**	**85,000**	**7,650**	**18,998**	**-**	**111,648**
		2005	84,999	7,650	36,547	-	129,196
R W Freedman	Managing Director	**2006**	**158,600**	**65,000**	**20,518**	**-**	**244,118**
		2005	105,997	52,008	34,107	-	192,112
D R Perry	Director and Chief Financial Officer	**2006**	**150,000**	**37,143**	**30,536**	**-**	**217,679**
		2005	150,001	20,875	30,689	26,000	227,565
I L Fraser	Director (Non Executive)	**2006**	**45,000**	**4,050**	**-**	**-**	**49,050**
		2005	45,000	4,050	-	-	49,050
Total Remuneration Directors		**2006**	**438,600**	**113,843**	**70,052**	**-**	**622,495**
		2005	385,997	84,583	101,343	26,000	597,923
Executives							
F Filippone	Group Principal Engineer	**2006**	**141,440**	**12,726**	**28,065**	**-**	**182,231**
		2005	136,007	12,241	24,228	21,000	193,476
M Pope	General Manager – Victoria – Construction	**2006**	**144,250**	**12,982**	**23,047**	**-**	**180,279**
		2005	129,997	13,078	18,569	21,000	182,644
W Ironmonger	General Manager - UAE	**2006**	**229,485**	**-**	**-**	**-**	**229,485**
		2005	200,658	-	-	-	200,658
M Schweiger	General Manager – Northern Division	**2066**	**146,300**	**13,167**	**-**	**-**	**159,467**
		2005	96,202	12,990	5,309	19,000	133,501
D Minchin	General Manager – Rock Engineering (Aust) P/L	**2006**	**194,229**	**11,271**	**37,500**	**-**	**243,000**
		2005	130,289	27,680	34,809	-	192,778
Total Remuneration Executives		**2006**	**855,704**	**50,146**	**88,612**	**-**	**994,462**
		2005	693,153	65,989	82,915	61,000	903,057

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

6 Key Management Personnel Compensation (continued)

(b) Options and Rights Holdings

Number of Options held by key management personnel

	Balance 01/07/2005	Granted as Remu-neration	Options Exercised	Net Change Other	Balance 30/06/2006	Total Vested 30/06/06	Total Unvested 30/06/06
Directors							
D R Perry	400,000	-	(400,000)	2,500	2,500	2,500	-
Executives							
F Filippone	100,000	-	-	-	100,000	100,000	-
M Schweiger	200,000	-	(150,000)	-	50,000	50,000	-
D Minchin	100,000	-	(100,000)	-	-	-	-
M. Pope	100,000	-	(100,000)	-	-	-	-
	900,000	-	(750,000)	2,500	152,500	152,500	-

The other key management personnel did not hold any options at the beginning and during the year.

The Net Change Other reflected above includes options that have lapsed, been granted on conversion of notes, or forfeited by holders.

(c) Shareholdings

Number of shares held by key management personnel

	Balance 01/07/2005	Received as Remuneration	Number of ordinary shares issued on options exercised	Amount paid per share	Net Change Other	Balance 30/06/2006
Directors						
B A Crome	1,673,375	-	-		175,109	1,848,484
R W Freedman	834,136	-	-		-	834,136
D R Perry	35,000	-	400,000	$0.475	10,000	445,000
I L Fraser	221,000	-	-		76,000	297,000
Executives						
F Filippone	40,000	-	-	-	-	40,000
M Pope	-	-	100,000	$0.45	-	100,000
D Minchin	50,000	-	100,000	$0.45	609,000	759,000
M Schweiger	-	-	150,000	$0.45	-	150,000
	2,853,511	-	750,000		870,109	4,473,620

The other key management personnel 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 evaluated and recommended by the MD and approved by the Board. Remuneration packages are structured such that the Group is able to attract and retain talented personnel. The remuneration of executives is market based and has regard to remuneration levels that apply to similar positions in comparable companies and the performance of the executive during the 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.

7 Auditors' Remuneration

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
Remuneration of the auditor of the parent entity				
• Auditing or reviewing the financial report	**$132,696**	$205,996	**$38,852**	$64,499
• Taxation services	**$15,623**	$19,996	**$13,073**	$19,996
• Assisting in the preparation of a consolidated financial report prepared for the first time under AIFRS	**$58,792**	$40,684	**$58,792**	$40,684
• Assisting in the preparation of consolidated financial report – prior year 2005	**$25,680**	-	**$25,680**	-
• Assisting in the preparation of financial reports of controlled entities	**$18,100**	$17,100	**-**	-

8 Dividends

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000
Distributions paid The amounts paid, provided or recommended by way of dividend by the parent entity are:				
• Final fully franked ordinary dividend of 1.5 cents per share paid on 31 October 2005 at tax rate of 30% (2005– nil)	**(543)**	-	**(543)**	-
• Interim fully franked dividend of 2.5 (2005: Nil) cents per share franked at the tax rate of 30% (2005: nil)	**(980)**	-	**(980)**	-
	(1,523)	-	**(1,523)**	-
a) Proposed final fully franked ordinary dividend of 5 (2005: 1.5) cents per share, payable on 20 October 2006, franked at a tax rate of 30%, based on 40,247,538 ordinary shares at 31 August 2006	**(2,012)**	(543)	**(2,012)**	(543)
b) Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax; dividends recognised as receivables and franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years	**3,986**	4,845	**3,986**	2,717
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:	**(862)**	(232)	**(862)**	(232)
	3,124	4,613	**3,124**	2,485

9 Earnings per share

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
(a) Reconciliations of earnings to profit (loss)				
Profit (loss)	**5,345**	2,489	-	-
Profit attributable to minority equity interest	**-**	(347)	-	-
Earnings used in the calculation of earnings per share	**5,345**	2,142	-	-
Interest on convertible notes	**213**	626	-	-
Earnings used in the calculation of dilutive EPS	**5,558**	2,768	-	-
(b) Weighted average number or ordinary shares on issue used in the calculation of basic earnings per share	**35,223,943**	25,629,890	-	-
Contract to be settled in ordinary shares – Kingemel Pty Ltd	**1,000,000**	-	-	-
Weighted average number of options/convertible notes outstanding	**7,388,156**	12,991,795	-	-
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	**43,612,099**	38,621,685	-	-

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
10 Trade and other receivables (Current)				
Trade receivables	**24,227**	19,600	**-**	-
Provision for impairment of receivables	**(544)**	(521)	**-**	-
	23,683	19,079	**-**	-
Loans and advances to staff	**16**	20	**-**	-
Other debtors and deposits	**108**	299	**10**	193
Loans to associated entities	**191**	191	**191**	191
	23,998	19,589	**201**	384
11 Inventories				
Raw materials and stores at cost	**2,981**	3,992	-	-
Work in progress	**419**	-	-	-
Construction work in progress	**746**	1,461	-	-
	4,146	5,453	-	-
Construction work in progress comprises:				
Contract costs incurred to date	**75,988**	118,108	-	-
Profit recognised to date	**11,594**	19,261	-	-
	87,582	137,369	-	-
Less: Provision for losses	**(374)**	(2,086)	-	-
	87,208	135,283	-	-
Less: Progress billings	**(97,419)**	(141,429)	-	-
Net construction work in progress	**(10,211)**	(6,146)	-	-
Net construction work in progress comprises:				
Amounts due from customers – inventories	**746**	1,461	-	-
Amounts due to customers – payables (note 17)	**(10,957)**	(7,607)	-	-
	(10,211)	(6,146)	-	-
Retentions on construction contracts in progress	**6**	78	-	-
Progress billings and advances received and receivable on construction contracts in progress	**97,419**	141,429	-	-
12 Other current assets				
Prepayments	**441**	445	**320**	416
13 Trade and other receivables (Non-current)				
Loans to controlled entities	**-**	-	**49,194**	48,442
14 Financial assets				
Shares in other companies				
Unlisted shares at cost	**-**	24	**-**	**-**
Shares in controlled entities at cost	**-**	-	**-**	**3**
Shares in controlled entities at Directors valuation	**-**	-	**4,927**	**3,054**
	-	24	**4,927**	**3,057**

The Directors' valuation of shares in controlled entities was based on net fair value, being the relevant share of underlying net assets.

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
15 Property, plant and equipment				
Freehold Land				
At independent valuation 2001 (b)	**1,733**	1,733	**1,733**	1,733
At cost-subsequent additions	**1,850**	150	**1,850**	150
	3,583	1,883	**3,583**	1,883
Buildings				
At Directors valuation (2001)	**1,466**	1,466	**1,466**	1,466
At cost – subsequent additions	**63**	63	**63**	63
Accumulated amortisation	**(571)**	(514)	**(571)**	(514)
	958	1,015	**958**	1,015
Leasehold improvements				
At cost	**59**	59	**36**	36
Accumulated amortisation	**(59)**	(58)	**(36)**	(36)
	-	1	**-**	-
Plant, Equipment and Motor Vehicles				
At cost	**24,353**	20,089	**15,947**	12,463
At Directors valuation 1995 (a) – deemed cost	**295**	295	**295**	295
Accumulated depreciation	**(15,061)**	(12,504)	**(9,170)**	(7,486)
	9,587	7,880	**7,072**	5,272
Leased assets at assessed value	**264**	1,289	**123**	1,149
Accumulated amortisation	**(169)**	(589)	**(28)**	(480)
	95	700	**95**	669
Total plant, equipment and motor vehicles	**9,682**	8,580	**7,167**	5,941
Total	**14,223**	11,479	**11,709**	8,839

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.

(c) The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

Movements in carrying amounts

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

Freehold land				
Carrying amount at beginning of year	**1,883**	1,826	**1,883**	1,826
Additions	**1,700**	150	**1,700**	150
Disposals	**-**	(93)	**-**	(93)
Carrying amount at end of year	**3,583**	1,883	**3,583**	1,883
Buildings				
Carrying amount at beginning of year	**1,015**	1,074	**1,015**	1,074
Additions	**-**	-	**-**	-
Disposals	**-**	-	**-**	-
Depreciation	**(57)**	(59)	**(57)**	(59)
Carrying amount at end of year	**958**	1,015	**958**	1,015
Leasehold Improvements				
Carrying amount at beginning of year	**1**	5	**-**	2
Additions	**-**	-	**-**	-
Disposals	**-**	(1)	**-**	(1)
Amortisation	**(1)**	(3)	**-**	(1)
Carrying amount at end of year	**-**	1	**-**	-
Plant and equipment				
Carrying amount at beginning of year	**8,580**	7,946	**5,940**	5,452
Additions	**4,014**	4,376	**3,216**	2,411
Disposals	**(24)**	(1,386)	**(24)**	(485)
Transfer of assets within group	**-**	-	**-**	-
Depreciation	**(2,888)**	(2,356)	**(1,965)**	(1,438)
Carrying amount at end of year	**9,682**	8,580	**7,167**	5,940

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000

16 Intangibles

Goodwill – at cost	**3,500**	2,005	**8**	8
Accumulated impairment losses	**(8)**	-	**(8)**	-
	3,492	2,005	**-**	8

Economic Entity	
Year ended 30 June 2005	
Balance at beginning of Year	2,005
Additions	-
Disposals	-
Impairment losses	-
	2,005
Year ended 30 June 2006	
Balance at beginning of Year	2,005
Additions	1,495
Disposals	-
Impairment losses	(8)
	3,492

Impairment disclosures	**2006**	2005
	$'000	$'000
Goodwill is allocated to cash-generating units which are based on the group's reporting segments		
Construction segment	2,314	2,005
Mining segment	1,178	-
Total	**3,492**	**2,005**

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations.

Value-in-use is calculated based on the present value of cash flow projections over a 5 year period with the following growth and discount rates.

	Growth Rate	**Discount Rate**
Construction segment	5.0%	5.0%
Mining Segment	8.0%	5.0%

17 Trade and other payables

CURRENT				
Unsecured liabilities:				
Trade payables	**4,536**	7,229	**208**	253
Sundry payables and accrued expenses	**4,279**	4,495	**804**	1,021
Contract billings in advance (note 11)	**10,957**	7,607	**-**	-
Amount due under contract of sale	**687**	-	**687**	-
	20,459	19,331	**1,699**	1,274
NON CURRENT				
Unsecured liabilities:				
Amounts owing to related entities	**372**	585	**35,728**	36,074
Amount due under contract of sale	**450**	-	**450**	-
	822	585	**36,178**	36,074

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
18 Borrowings				
CURRENT				
Unsecured liabilities				
Convertible note issue	**472**	-	**472**	-
Other loans	**360**	371	**355**	369
	832	371	**827**	369
Secured liabilities				
Lease liability	**85**	302	**30**	277
Hire purchase liability	**1,755**	1,431	**1,260**	647
	1,840	1,733	**1,290**	924
	2,672	2,104	**2,117**	1,293
NON-CURRENT				
Unsecured liabilities				
Convertible note issue	**-**	5,681	**-**	5,681
Other loans	**-**	1,050	**-**	1,050
	-	6,731	**-**	6,731
Secured liabilities				
Lease liability	**58**	134	**58**	83
Hire purchase liability	**1,532**	1,664	**1,370**	1,014
	1,590	1,798	**1,428**	1,097
	1,590	8,529	**1,428**	7,828
a) Total current and non-current secured loans				
Lease liabilities	**143**	436	**88**	360
Hire purchase liabilities	**3,287**	3,095	**2,630**	1,661
	3,430	3,531	**2,718**	2,021
b) The carrying amounts of non-current assets pledged as first security are:				
Assets over which lease and hire purchase contracts apply	**4,077**	3,966	**3,271**	2,328
19 Tax				
(a) Liabilities				
CURRENT				
Income tax	**-**	312	**-**	-
NON – CURRENT				
Income tax	**-**	3	**-**	-
Deferred tax liability comprises:				
Tax allowances relating to property, plant and equipment	**114**	702	**110**	662
Revaluation adjustments taken directly to equity	**393**	393	**393**	393
	507	1,098	**503**	1,055
(b) Assets				
NON – CURRENT				
Deferred tax assets comprise:				
Provisions	**1,027**	1,265	**1,008**	1,014
Tax losses	**816**	2,973	**816**	2,973
	1,843	4,238	**1,824**	3,987
(c) Reconciliations				
i. Gross Movements				
The overall movement in the deferred tax account is as follows:				
Opening balance	**3,142**	3,622	**2,932**	3,529
(Charge) / credit to income statement	**(1,806)**	(483)	**(1,825)**	(600)
(Charge) / credit to equity	**-**	3	**-**	3
Allocation of deferred tax asset to parent entity under tax consolidation	**-**	-	**214**	-
Closing balance	**1,336**	3,142	**1,320**	2,932

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
19 Tax (continued)	**$'000**	$'000	**$'000**	$'000
ii. Deferred Tax Liability				
The movement in deferred tax liability for each temporary difference during the year is as follows:				
<u>Tax allowances relating to property, plant and equipment:</u>				
Opening balance	**702**	812	**662**	748
Charge / (credit) to income statement	**(588)**	(110)	**(588)**	(86)
Allocation of deferred tax liability to parent entity under tax consolidation	**-**	-	**36**	-
	114	702	**110**	662
<u>Tax allowances relating to property, plant and equipment</u>				
Opening balance	**393**	396	**393**	396
Charge / (credit) directly to equity	**-**	(3)	**-**	(3)
	393	393	**393**	393
iii. Deferred Tax Assets				
The movement in deferred tax assets for each temporary difference during the year is as follows:				
<u>Provisions:</u>				
Opening balance	**1,265**	1,128	**1,014**	969
(Charge) / credit to income statement	**(238)**	137	**(257)**	45
Allocation of deferred tax asset to parent entity under tax consolidation	**-**	-	**251**	-
	1,027	1,265	**1,008**	1,014
<u>Tax Losses:</u>				
Opening balance	**2,973**	3,704	**2,973**	3,704
(Charge) / credit to income statement	**(2,157)**	(731)	**(2,157)**	(731)
	816	2,973	**816**	2,973

20 Provisions

<u>CURRENT</u>				
Employee benefits	**2,926**	2,472	**77**	84
<u>NON-CURRENT</u>				
Employee benefits	**202**	171	**-**	-

Economic Entity	**Employee Benefits**
Opening balance at 1 July 2005	**2,643**
Additional provisions	**973**
Amounts used	**(488)**
Unused amounts reversed	**-**
Change in amount provided, due to an alteration in the discount rate	**-**
Balance at 30 June 2006	**3,128**

Parent Entity	**Employee Benefits**
Opening balance at 1 July 2005	**84**
Additional provisions	**136**
Amounts used	**(143)**
Unused amounts reversed	**-**
Change in amount provided, due to an alteration in the discount rate	**-**
Balance at 30 June 2006	**77**

Provision for Long-term Employee Benefits
A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of the future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in note 1 to this report.

21 Issued Capital

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Issued and paid up capital 38,950,483 (2005 - 25,630,785) fully paid ordinary shares	**21,013**	15,059	**21,013**	15,059
Ordinary shares:	**No.**	No.	**No.**	No.
Movements in ordinary share capital				
Balance at the beginning of the financial year	**25,630,785**	25,624,618	**25,630,785**	25,624,618
Shares issued during the year:				
- Convertible notes converted	**11,574,263**	6,167	**11,574,263**	6,167
- Convertible note attaching options converted	**521,708**	-	**521,708**	-
- Executive share option plan	**875,000**	-	**875,000**	-
- Shares bought-back on-market	**(251,273)**	-	**(251,273)**	-
- Issued as part consideration for Rock Engineering (Aust) Pty Ltd	**600,000**	-	**600,000**	-
	38,950,483	25,630,785	**38,950,483**	25,630,785

The company has authorised share capital amounting to 50,000,000 shares of no par value

(a) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
(b) 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.
(c) Executive share option plan - for information relating to the Executive Share Option Plan, refer to Note 27 (a).
(d) Convertible notes have a face value of 45c, and are convertible to ordinary shares on a 1:1 basis.
(e) Convertible notes converted by 31 December 2005 included a free attaching option, exercisable at 45c.
(f) Shares bought-back on market prior to balance date were acquired at values ranging between 96c and $1.00 per share.
(g) Shares issued as part consideration for Rock Engineering (Aust) Pty Ltd were issued at a cost value of 60c per share.

22 Reserves

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 Australian Accounting Standards.

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 (e).

Foreign Currency Reserve
The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations. Refer to accounting policy Note 1(l)

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
23 Capital and Leasing commitments				
Lease expenditure				
Finance Leases				
• not later than 1 year	**89**	330	**33**	301
• later than 1 year, but not later than 5 years	**62**	146	**62**	91
Total maximum lease commitment	**151**	476	**95**	392
Future finance charges	**(8)**	(40)	**(7)**	(32)
	143	436	**88**	360
Lease Purchase				
• not later than 1 year	**1,935**	1,624	**1,408**	750
• later than 1 year, but not later than 5 years	**1,672**	1,793	**1,491**	1,090
Total maximum lease commitment	**3,607**	3,417	**2,898**	1,840
Future finance charges	**(320)**	(322)	**(268)**	(179)
	3,287	3,095	**2,630**	1,661
Non-cancellable Operating Leases				
Contracted for but not capitalised in accounts				
• not later than 1 year	**246**	491	**-**	-
• later than 1 year, but not later than 5 years	**287**	627	**-**	-
• later than 5 years	**-**	-	**-**	-
	533	1,118		

Various non-cancellable leases are taken by the company relating to property it occupies for various income-generating activities. All leases are taken under normal commercial terms.

24 Contingent liabilities

	2006 Group	2005 Group	2006 Limited	2005 Limited
Contract cash retentions	**79**	78	**-**	-
Contract performance guarantees	**4,719**	5,403	**4,719**	5,403
Guarantee by the Company in respect of bank facilities of controlled entities	**-**	-	**-**	557
Cross guarantees by the Company and controlled entities in respect of bank facilities	**14,750**	12,250	**-**	-
	19,548	17,731	**4,719**	5,960

25 Economic dependency

Neither the Company, nor its subsidiaries, are dependent on any particular supplier.

26 Cash Flow information

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the items in the Balance Sheet as follows:

	2006 Group	2005 Group	2006 Limited	2005 Limited
Cash on hand	**4**	9	**-**	-
Cash at bank	**4,969**	6,749	**4,075**	6,144
Bank overdrafts	**-**	-	**-**	-
	4,973	6,758	**4,075**	6,144

26 Cash Flow information (continued)

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
(b) Reconciliation of Cash Flow from Operations with profit (loss) after Income Tax				
Profit (loss) after income tax	**5,345**	2,489	**2,148**	(407)
Non-Cash flows in profit:				
Depreciation	**2, 946**	2,418	**2,022**	1,498
Bad and doubtful debts	**80**	460	**-**	-
(Profit) loss on sale of non-current assets	**(30)**	330	**(27)**	151
Impairment loss	**32**	-	**8**	-
Share of net profit of associates and joint venture using the equity method	**(600)**	(201)	**-**	-
Change in assets and liabilities				
▪ (Increase) decrease in trade and other receivables	**(4,488)**	(1,406)	**93**	(100)
▪ (Increase) decrease in inventories	**1,307**	(1,103)	**-**	-
▪ (Increase) decrease in loans to related entities	**-**	-	**871**	4,328
▪ (Increase) decrease in prepayments	**4**	106	**96**	128
▪ (Decrease) increase in trade, other payables and accruals	**210**	5,723	**(276)**	726
▪ (Decrease) increase provisions	**486**	372	**(8)**	(70)
▪ (Decrease) increase in income taxes payable	**(314)**	(45)	**-**	-
▪ (Decrease) increase in deferred tax liabilities	**(589)**	(114)	**(946)**	(86)
▪ Decrease (increase) in deferred tax assets	**2,395**	594	**2,163**	685
Net cash provided by (used in) operating activities	**6,784**	9,623	**6,144**	6,853

(c) Treasury Function

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

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.

(d) Non-cash financing and investing activities				
i. Shares used as consideration for the purchase of additional shareholding in controlled entity	**360**	-	**360**	
ii. Property, plant and equipment acquired under finance leases, lease purchase or vendor finance	**2,158**	2,706	**2,158**	1,801

26 Cash Flow information (continued)

(e) Acquisition of Entities

(i) 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 were therefore consolidated in the group for the year ended 30 June 2005.

On 1 July 2005, the company acquired the remaining 50% interest in BBR Structural Systems resulting in the latter being a 100% controlled entity of Structural Systems Limited.

Details of the transaction are:

	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
Purchase consideration	666	666
Cash consideration	666	666
Amount due under contract of sale	(294)	(294)
Cash outflow	372	372
Assets and liabilities held at acquisition date:		
Receivables	2,611	2,611
Inventories	648	648
Plant and equipment	74	74
Payables	(2,635)	(2,635)
	698	698
Outside equity interests	(349)	(349)
	349	349
Goodwill on consolidation	317	317
	666	666

The goodwill is attributable to the high profitability of the business acquired and expected future growth

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its' carrying value.

Profit of BBR Structural Systems included in consolidated profit of the group since the acquisition date on 1 July 2005 amounted to $840,000.

(ii) Rock Engineering (Aust) Pty Ltd

On 1 July 2005, the parent entity acquire the balance of shares in Rock Engineering (Aust) Pty Ltd that it did not already own. This representated 10% of the issued share capital of Rock Engineering . Rock Engineering is now a wholly owned subsidiary of Structural Systems Limited.

Details of the transaction are:

	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
Purchase consideration	1,203	1,203
Cash consideration	243	243
Shares issued as consideration	960	960
Amount due under contract of sale	(843)	(843)
Shares issued as part of the consideration of acquisition	360	360
Assets and liabilities held at acquisition date:		
Receivables	4,270	4,270
Inventories	1,994	1,994
Plant and equipment	2,419	2,419
Payables	(5,023)	(5,023)
	3,660	3,660
Minority interest at acquisition	366	366
Less dividend paid	(340)	(340)
	26	26
Goodwill on consolidation	1,177	1,177
	1,203	1,203

The goodwill is attributable to the high profitability of the acquired business and expected future growth.

The assets and liabilities arising from the acquisition are recognised at fair value which is equal to its' carrying value.

Profit before income tax of Rock Engineering (Aust) Pty Ltd included in consolidated profit of the group since the acquisition date on 1 July 2005 amounted to $1,697,667.

27 Employee entitlements

(a) 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

	2006	2005
Share Capital (Number of ordinary shares)	**875,000**	-

Un-issued ordinary shares of the Company under option are

Issue Date	Expiry Date	Exercise Price	Number of Options	
			2006	2005
8 November 2002	30 September 2007	$0.45	**200,000**	600,000
14 October 2004	30 June 2009	$0.45	**600,000**	875,000
14 October 2004	30 June 2009	$0. 50	**-**	200,000

No options were issued under this plan during the year ended 30 June 2006
875,000 options were exercised during the year ended 30 June 2006 and no options lapsed during the year

The market value of share under these options at 30 June 2006 was $1.04 per share (2005 - $0.61)

(b) 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.

28 Particulars relating to controlled entities

Group accounts include a consolidation of the following:

	Place of Incorporation	Principal Activity	Ownership Interest 2006	2005
Rock Engineering (Aust) Pty Ltd	Victoria	Mining	**100%**	90%
NASA Structural Systems L.L.C	U.A.E	Construction	**100%**	100%
Structural Systems (Northern) Pty Ltd	Victoria	Construction	**100%**	100%
Total Fire Protection Pty Ltd	Victoria	Fire Systems	**100%**	100%
Structural Systems (Civil) Pty Ltd (formerly Residential Fire Sprinkler Systems Pty Ltd)	Victoria	Construction	**100%**	100%
Structural Systems Constructions Pty Ltd (formerly Fastforms Pty Ltd)	Victoria	Construction	**100%**	100%
Structural Systems (Southern) Pty Ltd	Victoria	Construction	**100%**	100%
Structural Systems (Western) Pty Ltd	Victoria	Construction	**100%**	100%
Emirates & Australia Post Tensioning L.L.C	U.A.E	Construction	**100%**	100%
Tiltform Structural Systems Pty Ltd	Victoria	Construction	**85%**	85%
Structural Systems (Remedial) Pty Ltd	Victoria	Construction	**100%**	100%
BBR Structural Systems JV	U.A.E	Construction	**100%**	50%

29 Investment in associates and joint ventures accounted for using the equity method

a. Details of investment in Joint Venture Entities and Associates

Name	Principal Activities	Ownership Interest 2006	Ownership Interest 2005	Investment Carrying Amount 2006 $'000	Investment Carrying Amount 2005 $'000
BBR Structural Systems Joint Venture (1/7/2004 to 31/12/2004)	Construction	**-**	50%	**-**	-
Structural Systems (UK) Ltd	Construction	**40%**	40%	**750**	150
				750	150

	Structural Systems Group 2006 $'000	Structural Systems Group 2005 $'000	Structural Systems Limited 2006 $'000	Structural Systems Limited 2005 $'000
Movement during the period in equity accounted for investment in associated company and retained earnings				
Balance at beginning of financial year	**150**	-		
▪ Add: Share of associated company's profit after income tax for the period	**600**	150		
Balance at end of financial year	**750**	150		
b. Share of profit (losses) - BBR Structural Systems (joint venture)	**-**	51		
- Structural Systems UK (associate)	**600**	150		
c. Share of net profits of associates and joint ventures accounted for using the equity method	**600**	201		

d. Acquisition of Controlled Entities.
On 1 July 2005, the company acquired the remaining 50% interest in BBR Structural Systems and remaining 10% interest in Rock Engineering (Aust) Pty Ltd. resulting in the entities being wholly owned subsidiaries of Structural Systems Limited. Refer to note 26 (e) for details of the acquisitions.

30 Events after the Balance Sheet date

a. After balance date, on 1 July 2006, the parent entity acquired Refobar Australia Pty Ltd. This business has been a key supplier of post-tensioning products to the Group for a number of years. Its acquisition is expected to provide cost savings in the Group's vertical supply chain and efficiencies in its delivery of projects.
b. The financial report was authorized for issue on 7 September 2006 by the board of directors.

31 Related party information

Directors who held office during the year are:

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

Directors' remuneration is disclosed in Note 6.

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 $6,971 and R W Freedman of $10,096. At balance date no loans were outstanding to any related parties.

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	
	2006 No.	2005 No.
Structural Systems Limited – ordinary shares	**3,424,620**	3,163,511
Structural Systems Limited – options	**2,500**	400,000

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.

	2006 $'000	2005 $'000
• Management fees received	**4,590**	3,783
• Loans to controlled entities	**49,194**	48,442
• Loans from controlled entities	**36,178**	36,073
• Dividends from controlled entities	**3,432**	223

32 Segments results

Primary reporting – Business segments

	Construction		Mining		Corporate		Eliminations		Economic Entity (Continuing Operations)		Discontinuing Operations Fire Systems	
	30/06/06 $'000	30/06/05 $'000	30/06/06 $'000	30/06/05 $'000	30/06/06 $'000	30/06/05 $'000	30/06/06 $'000	30/06/05 $'000	30/06/06 $'000	30/06/05 $'000	30/06/06 $'000	30/06/05 $'000
REVENUE												
External sales	85,312	90,480	18,781	16,289	-	-	-	-	104,093	106,769	-	-
Other segments	109	133	-	-	7,900	3,782	(8,008)	(3,915)	-	-	-	-
Total sales revenue	85,421	90,613	18,781	16,289	7,900	3,782	(8,008)	(3,915)	104,093	106,769	-	-
Unallocated revenue									312	179		
Total revenue									104,405	106,948		
RESULTS												
Segment result	4,565	1,742	1,698	1,226	3,734	177	(3,432)	98	6,565	3,243	-	-
Share of net profits of equity accounted associates and joint venture entities	600	201	-	-	-	-	-	-	600	201	-	-
									7,165	3,444		
Income tax expense									(1,820)	(955)	-	-
Profit after income tax									5,345	2,489	-	-
ASSETS												
Segment assets	47,678	44,245	6,188	5,842	-	-	-	-	53,866	50,087	-	54
Discontinued operations assets									-	54		
Total assets									53,866	50,141		
LIABILITIES												
Segment liabilities	26,675	30,756	2,488	3,798	-	-	-	-	29,163	34,554	15	48
Discontinued operations liabilities									15	48		
Total liabilities									29,178	34,602		
OTHER												
Investments accounted for using the equity method	750	150	-	-	-	-	-	-	750	150	-	-
Acquisitions of non-current segment assets	4,917	2,608	792	1,891	-	-	-	-	5,709	4,499	-	-
Depreciation and amortisation of segment assets	2,058	1,542	888	876	-	-	-	-	2,946	2,418	-	-
Other non-cash segment expenses	108	204	5	255	-	-	-	-	112	460	-	-

32 Segments results (continued)

Secondary Reporting - Geographical Segments

	Australia		United Arab Emirates		United Kingdom		Economic Entity	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Segment revenues for external customers	**97,215**	99,996	**7,190**	6,952	**-**	-	**104,405**	106,948
Carrying amount of segment assets	**48,802**	46,269	**4,314**	3,722	**750**	150	**53,866**	50,141
Acquisition of non-current segment assets	**5,709**	4,425	**-**	74	**-**	-	**5,709**	4,499

Accounting Policies
Segment revenues and expenses are those directly attributable to the segments.
Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortization. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of accounts payable, employee entitlements, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Business Segments
The economic entity has the following two main business segments:

Construction division – provides innovative skills and techniques to the Construction Industry which includes the following activities:
- Post-tensioning systems
- Slipforming and formwork systems
- Remedial engineering technology
- Controlled lifting of massive loads
- Cable stayed structures
- Erosion control systems
- Incremental launching of structures

Mining division – provides a combination of drilling and ground support services to the mining industry which include the iron ore, nickel, gold, uranium and base metal resource sectors.

Geographical Segments
The economic entity's business segments are mainly located in Australia with the construction division also having operations in the UK and UAE.

33 Financing arrangements

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

	Structural Systems Group		Structural Systems Limited	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Total facilities available:				
Bank overdrafts	**2,000**	2,000	**2,000**	2,000
Bill acceptance facility	**-**	-		-
Bank guarantee facility	**7,000**	7,000	**6,442**	6,442
	9,000	9,000	**8,442**	8,442
Facilities used at balance date:				
Bank overdrafts	**-**	-		-
Bill acceptance facility	**-**	-		-
Bank guarantee facility	**4,719**	5,403	**4,679**	4,996
	4,719	5,403	**4,679**	4,996
Facilities not used at balance date:				
Bank overdrafts	**2,000**	2,000	**2,000**	2,000
Bill acceptance facility		-		-
Bank guarantee facility	**2,281**	1,597	**1,763**	1,446
	4,281	3,597	**3,763**	3,446

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 10.85% (2005 – 5.0%).

The bank guarantee facility is used to provide contract performance guarantees in lieu of cash retentions and security deposits. Fees charged are 2.0 % per annum of facility utilised (2005 – 2.5%).

33 Financing arrangements (continued)

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.

34 Financial Instruments

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

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
2006							
Financial Assets							
Cash	5.15%	4,969	-	-	-	4	4,973
Investments	-	-	-	-	-	750	750
Receivables	-	-	-	-	-	23,998	23,998
		4,969				24,752	29,721
2006							
Financial Liabilities							
Payables	-	-	-	-	-	21,281	21,281
Convertible note issue	11.0%	-	472	-	-	-	472
Other loans	2.5%	-	-	360	-	-	360
Lease and lease purchase liabilities	7.1%	-	1,840	1,590	-	-	3,430
		-	2,312	1,950	-	21,281	25,543

			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	5.0%	6,749	-	-	-	9	6,758
Investments	-	-	-	-	-	174	174
Receivables	-	-	-	-	-	19,589	19,589
		6,749	-	-		19,772	26,521
2005							
Financial Liabilities							
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

Foreign Exchange Risk
The economic entity has not entered into any forward foreign exchange contracts to hedge any anticipated purchase and sale commitments denominated in foreign currencies.

34 Financial Instruments (continued)

Liquidity risk
The economic entity manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk
The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognized financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Balance Sheet and notes to the financial statements. The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity.

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	
	2006	2005	**2006**	2005
	$'000	$'000	**$'000**	$'000
Financial Assets				
Cash	**4,973**	6,758	**4,973**	6,758
Receivables	**23,998**	19,589	**23,998**	19,589
Investments - Unlisted	**750**	174	**750**	174
Financial Liabilities				
Payables	**21,281**	19,916	**21,281**	19,916
Convertible notes	**472**	5,681	**472**	5,681
Other loans	**360**	1,422	**360**	1,422
Lease and lease purchase liabilities	**3,430**	3,531	**3,430**	3,531

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 12 to 47 , are in accordance with the Corporations Act 2001 and:

   (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 2006 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 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: 7 September 2006

Structural Systems Limited ABN 57 006 413 574 and Controlled Entities

anderson roscoe
CHARTERED ACCOUNTANT

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

Associates
Russell W Drysdale C.A
Tina Fiore-Scott C.A

Anderson Roscoe Pty Lt
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Independent Audit Report
To the Members of Structural Systems Limited

Scope

The financial report and directors' responsibility

The financial report comprises the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, accompanying notes to the financial statements, and the Directors' Declaration for Structural Systems Limited and controlled entities for the year ended 30 June 2006. 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 2006 and of their performance for the year ended on that date; and
   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b. other mandatory financial reporting requirements in Australia.

Anderson Roscoe

Anderson Roscoe
Chartered Accountants

Andrew Roscoe

Andrew P Roscoe
Partner
Date: 7 September 2006

Distribution of shareholders and shareholdings at 31 August 2006

Size of holding	Number of Shareholders	Number of Shares
1 - 1,000	97	51,684
1,001 - 5,000	280	871,371
5,001 - 10,000	187	1,531,960
10,001 - 100,000	352	11,913,532
100,001 - (MAX)	63	25,878,991
TOTAL	**979**	**40,247,538**

The number of Shareholders holding less than a marketable parcel ($500.00) at 31 August 2006 is 39 holding in total 6,190 shares.

Twenty largest shareholders	Number of shares	% Of issued capital
Citycorp Nominees Pty Limited	5,228,285	12.99
National Nominees Pty Limited	2,409,777	5.99
Alrellin Nominees Pty Ltd	1,889,068	4.69
Argo Investments Limited	1,669,916	4.15
Kingemel Pty Ltd	1,100,000	2.73
J P Morgan Nominees Australia Limited	852,775	2.12
Tintagel Nominees Pty Ltd	834,136	2.07
Bruce Crome Nominees Pty Ltd	640,616	1.59
Mr Philip Henry Hall	450,000	1.12
Sandhurst Trustees Ltd	439,246	1.09
Harg Pty Limited	417,383	1.04
Escor Investments Pty Ltd	400,000	0.99
Mr David Perry	400,000	0.99
Jilip Ten Pty Ltd	341,060	0.85
HSBC Custody Nominees (Australia) Limited	324,932	0.81
Mr Michael Brockhoff	300,000	0.75
Windun Pty Ltd	300,000	0.75
Temasek Holdings Pty Ltd	290,735	0.72
Mr Peter Begg Lawrence & Ms Clare Lorraine Lawrence	290,535	0.72
Brindle Holdings Pty Ltd	277,411	0.69
Top 20 holders of Ordinary Fully Paid Shares as at 31 Aug 2006	**18,855,875**	**46.85**

Substantial Shareholders

Citicorp Nominees Pty Limited	5,228,285	12.99
National Nominees Limited	2,409,777	5.99

On Market Buy Back
A share buy back was commenced in June 2006. As at balance date a total of 251,273 shares had been purchased on market for cancellation.

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
The directors have determined that the dividend reinvestment plan remains suspended.

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.