Structural Systems

ANNUAL REPORT 2007

10-YEAR FINANCIAL SUMMARY

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenue ($'000)	141,239	104,405	106,948	78,453	102,336	117,229	94,981	94,016	47,807	39,630
Profit (Loss) before tax ($'000)	12,316	7,165	3,444	(8,231)	580	(4,493)	386	3,723	4,041	4,977
Profit (Loss) after tax ($'000) (1)	8,824	5,345	2,142	(8,589)	450	(4,716)	341	2,200	2,559	3,005
Equity at end of year ($'000)	33,179	24,750	14,886	9,303	17,776	15,426	19,953	18,435	11,941	10,482
Net tangible assets ($'000) (1)	27,936	21,258	12,881	7,298	14,644	12,071	16,330	14,587	7,828	7,436
Return on shareholder's funds (1)	26.6%	21.6%	14.4%	(92.3%)	2.5%	(30.6%)	1.7%	11.9%	21.4%	28.7%
Return on sales	6.2%	5.1%	2.0%	(10.9%)	0.4%	(4.0%)	0.4%	2.9%	5.4%	7.8%
Basic earnings per share (cents) (2)	21.2	15.2	8.4	(33.7)	1.9	(22.0)	1.6	12.7	16.2	21.5
Net tangible asset backing per share (cents) (2)	60.3	54.6	50.3	28.5	57.4	56.3	76.2	70.0	48.2	48.6
Dividends declared and / or paid (cents)	10.0	7.5	1.5	-	-	-	2.0	13.0	13.0	13.0
Dividends times covered	2.1	2.0	5.6	N/A	N/A	N/A	0.8	0.9	1.2	1.6
Depreciation and amortisation ($'000)	4,102	2,946	2,418	2,408	2,595	2,432	2,032	1,776	1,332	1,212
Interest Paid ($'000)	381	541	1,023	1,136	663	911	556	548	213	173
Interest received ($'000)	173	302	176	8	-	-	7	23	20	100
Share Price at 30 June	$2.82	$1.04	$0.61	$0.48	$0.40	$0.60	$0.76	$1.42	$2.00	$2.30
Shares on issue at 30 June (000)	46,438	38,950	25,631	25,624	25,499	21,428	21,428	20,857	16,229	15,303
Market Capitalisation at 30 June ($'000)	130,955	40,508	15,635	12,300	10,200	12,857	16,285	29,617	32,458	35,196

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

Introduction
The Directors present their report on the consolidated entity consisting of Structural Systems Limited ABN 57 006 413 574 ("Structural" or "Company") and the entities it controlled ("consolidated entity" or "Group") for the year ended 30 June 2007 and the independent audit report thereon.

Directors
The following persons were directors of Structural Systems Limited during the financial year and until the date of this report:
Bruce A Crome
Ian L Fraser
Robert W Freedman
David R Perry

Company Secretary
Mr. David R Perry was appointed Company Secretary in 2003. Mr. Perry who has a Bachelor of Economics is also the Financial Director of the Company.

Principal activities
During the financial year, the principal activities of the consolidated entity were engineering, remedial and construction contracting, drilling and ground control services and manufacture of post tensioning componentry.

On 1 July 2006, the Company acquired Refobar Australia Pty Ltd and as a result the principal activities of the consolidated entity were expanded to include the manufacture of post tensioning componentry.

Review of operations
A summary of the consolidated revenues and results is as follows:

Results for the year	2007 $'000	2006 $'000
Revenue	141,239	104,405
Profit (Loss) before income tax	12,316	7,165
Income tax attributable to profit	(3,492)	(1,820)
Profit attributable to the members of Structural Systems Limited	8,824	5,345

The level of activity within the construction, civil and resource market sectors both in Australia and the Middle East provided the Company the opportunity to significantly grow the business in the 2007 year. Revenue grew to $141.239 million, an increase of 35% on the prior year and a record result for the Group. This achievement coincided with the 20th anniversary of the Company listing on the ASX.

The growth in revenue in the 2007 financial year was achieved without detriment to the key profitability ratios and the Company was able to improve its return on sales from 5.1% to 6.2%. Consequently NPAT of $8.824 million was a record result for the company. This was a $3.479 million increase on the record $5.345 million NPAT the Company achieved in the 2006 year. Basic earnings per share grew by 39% to 21.2 cents per share.

The Group continued its focus on infrastructure works during the year and successfully completed works in a variety of infrastructure sectors including water recycling, dam upgrade works, LNG and LPG tank construction, bridge launching and structure works related to road systems. Major expansion of existing and new shopping centres and retail facilities throughout Australia occurred during the 2007 year. These works featured heavily throughout the Group's operations.

The welfare and safety of the Group's employees remains our highest priority and is a key driver in the ongoing success of the Group. The Group continues to identify and introduce new ways to improve its safety performance. The 2007 year saw continued improvements in the Group's OH&S performance and awareness. As a result workers compensation rates across the Group were reduced in the 2007 year. Several companies within the Group are significant employers of on-site labour and these insurance premium savings are having a material beneficial effect to the profit performance of the Company. During the 2007 year, Rock Engineering (Aust) was certified to ISO 9001:2000 Quality Management and re-certified to AS/NZS 4801 Safety Management Systems. Rock Engineering's safety performance during the 2007 year of being lost time injury free and having no workers compensation claims lodged for workplace injuries was a highlight for the Group.

The Company took advantage of its strong operating cashflow during the year and used its internal funds to make re-investments to assist future profitability and growth. Just under 50% of the company's operating cashflow was re-invested in the business and used to fund acquisitions and to acquire plant and equipment.

The Board has a strategy of growth based on expansion of the existing services the Group provides and increasing its presence geographically both within Australia and overseas. This strategy also includes selective acquisitions. The Company acquired post-tensioning manufacturing company Refobar Australia on 1 July 2006.

As part of the capital management of the Company a share buyback was commenced on 5 June 2006. During the 2007 year a total of 172,822 shares were bought on market for cancellation at a cost of $209K. The total number of shares bought on market since the commencement of the buyback is 424,155.

The convertible notes issued by the Company in April 2004 expired on the 30 June 2007. Of the 12.7 million convertible notes issued only 41,316 notes remained outstanding at balance date. These notes were redeemed by the Company. A significant number of investors exercised their notes prior to 31 December 2005 and as a result received a further option to acquire one share in the company for every two notes converted. The majority of these options were exercised prior to the expiry date with only 25,712 options of the 5.79 million options issued not being exercised at 30 June 2007.

Mining
Rock Engineering increased its earnings before tax in 2007 from $1.698 million to $1.805 million on revenue of $24.602 million (2006 $18.781 million). While the growth of Rock's drilling capability continues to be the main contributor to the increase in revenue, works related to civil and mine infrastructure continue to grow year on year. Rock provides services to gold, nickel, iron and diamond miners, and the exposure to these commodities continues to provide strong opportunities for growth. The division expanded its ground support product manufacturing capabilities during the year and this contributed to an increase in revenue from material sales.

Rock Engineering has secured significant forward contracts and the business has increased its capacity to undertake works to a level greater than in any prior year. Following on from the increase in the size of the drilling fleet in 2006, the drilling capacity and capability was further expanded during the year with the addition of nine surface drill rigs.

Rock Engineering often undertakes work in remote & difficult environmental conditions. The mining & resource sector within Australia demands that the organisations that participate within it place the safety and welfare of their employees as their primary focus. Rock Engineering enjoys an enviable record in its management of OH&S and QA. This reputation brings with it significant benefits in Rock's ability to secure contracts and differentiate itself from its competitors.

Construction
Revenue from construction related activities within Australia increased by 33.5% to $104.517 million in the 2007 year. Earnings from these activities increased by 125.6% to $8.38 million. Most divisions within the construction discipline of the Group experienced revenue growth during the period. Generally, the construction market place in Australia operated at historically high levels. The Group's continued focus on infrastructure and civil projects contributed to the positive earnings growth during the period.

Similar to the 2006 year post-tensioning accounted for approximately 50% of the group's construction revenues within Australia. Revenue from manufacturing and sale of post tensioning componentry was $6.9 million for the 2007 year

Revenue from structure package related works continued its growth in 2007 and this division grew by 75% to $40.944 million. This division undertook its first major civil infrastructure project during the year with formwork being performed for the Eastlink project in Melbourne. The Victorian construction market was particularly strong during the 2007 year with significant investment being made in the expansion of retail shopping centre facilities. At balance date the company was completing or had completed the structure package works for four major shopping centres expansions in Victoria.

International

Middle East
Revenue from operations in the Middle East increased by 8% to $7.76 million for the 2007 year. Profit contribution for the year was $716K a decrease of 14.8% on the prior year. During the year the division incurred costs related to the investigation and establishment of expansion opportunities in the surrounding countries in the gulf region. At 30 June 2007 no revenue had been booked for works outside of the UAE.

United Kingdom
The equity accounted contribution from the UK operation decreased from $600K in 2006 to $332K in 2007. Activity was somewhat reduced in the first six months of trading in the 2007 year. During the year a permanent office was established in Ireland. The division maintained its outstanding safety record and was again awarded the 5 star British Safety Council award in 2007. This is the third year running that the UK business has been able to achieve this prestigious award.

Financial position
The total assets of the Consolidated Group increased by $25.9 million to $79.764 million at 30 June 2007. The growth in total assets was mainly attributable to the increase in value of the following asset classes, property, plant and equipment, trade and other receivables and inventories.

Property, plant and equipment increased by $6.65 million to $20.875 million. During the year the company invested approximately $9.5 million in additional plant and equipment. The majority of this investment was related to the expansion of Rock Engineering's drilling fleet.

Trade and other receivables grew by $9.81 million to $33.807 million. This increase was a direct result of the growth in revenue in the 2007 year. Payment terms were unchanged from the prior year.

The value of inventories grew by $5.73 million to $9.878 million. This increase was mainly due to the increase in value of raw materials and stock on hand at balance date. The increased volume of work undertaken by the Company during the year required it to carry higher values of raw materials than the prior year. Additionally, the remote locations where the drilling activities are performed by the Company makes it necessary to carry larger quantities of replacement parts to prevent lost time in the event of a break down.

Intangible assets increased by $1.752 million due to the increase in goodwill as a result of the acquisition of Refobar and the deferred payments made during the year relating 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. No amortisation of goodwill occurred during the year.

Total liabilities grew by $17.406 million to $46.585 million. The main items contributing to the growth in liabilities were trade and other payables and short and long term borrowings.

Total borrowings increased during the year by $3.552 million to $7.813 million. Hire purchase funding was the main reason for this increase and is related to the increase in investment in plant and equipment made by the Company during the year. Debt related to the convertible notes reduced by $454K to $19K as the majority of outstanding notes were converted prior to the expiry date of 30 June 2007.

Issued capital increased in 2007 by $3.447 million. The main items contributing to the increase in issued capital were convertible notes converted during the period of $454K, exercising of options issued as a result of convertible notes converted prior to 31 December 2005 $2.352 million, employee options exercised of $556K and the issue of shares as part of the consideration for the minority share acquired in Rock Engineering of $300K.

Consolidated income statement

Total revenue was $141.239 million, an increase of 35% on the prior year and a record result for the Group. Revenue from Construction related activities grew by 31.4% to $112.282 million. The growth in construction related revenue was strong across all geographical regions particularly within Australia. This growth was assisted by the increased investment and expansion of retail facilities in Australia and a concentrated focus within the Group on the opportunities emerging in the infrastructure market sector.

EBITDA of $16.641 million was up 60.8% from the prior year result of $10.351 million. The EBIT margin for the Group increased to 8.9% compared to 7.1% in 2006. After tax the company earned a net margin on revenue from ordinary activities of 6.2% compared to the 2006 net margin of 5.1%.

Due to the repayment of debt and the conversion of convertible notes during the period, interest expense was reduced from $541K for 2006 to $381K for the 2007 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.

Basic earnings per share were 21.2 cents, an increase of 39.5% from the previous financial year result of 15.2 cents per share.

The cash flow from operating activities was directed towards assisting profit growth in the future with significant payments made during the period for the capital equipment, the acquisition of Refobar Australia and deferred payments related to the purchase of minority share holdings in our Middle East business and Rock Engineering. As a consequence, generally cash balances throughout the year were less than the prior year and interest received was $173K compared to $302K for the corresponding period.

Interest expense reduced from $541K in 2006 to $381K in the 2007 year. Funding costs related to capital hire purchases of $298K was comparable to the prior year. The main reduction in interest costs came from a reduced number of convertible notes on issue during the period. Interest expense attributable to the convertible notes decreased from $213K in 2006 to $37K in 2007.

The expansion of Rock Engineering's drilling capability continued in 2007 with a further 9 drill rigs purchased in the period. This significant capital investment undertaken during the financial year contributed to the 39% increase in depreciation to $4.102 million for the period.

Analysis of consolidated cash flow statement

Net inflow from operations was $11.583 million compared to $6.784 million for the previous year.

The Company spent $2.953 million of its own funds on property, plant and equipment during the year, representing approximately 30% of it's capital expenditure during the year. The balance was funded through hire purchase contracts.

Lease and hire purchase repayments were similar in 2007 to the prior year and rose by 1.8% to $2.301 million.

A significant number of investors converted their convertible notes prior to 31 December 2005 and received the attaching option. The majority of these options were exercised during the 2007 year. A total of $2.346 million was received during the year from the exercise of option that were issued as a result of early conversion of the convertible notes.

Dividends of $3.802 million were paid to shareholders during the year.

The company spent $1.827 million in the period on new business acquisitions and $738K in deferred payments related to minority share holdings it acquired in the prior year.

A buy-back was commenced in June 2006 and at balance date a total of $461K had been spent purchasing shares on market for cancellation. The amount spent in the 2007 financial year purchasing shares on-market for cancellation was $209K. The total number of shares brought back and cancelled to date is 424,155.

Dividends paid and recommended

The Company is committed to providing increased returns to its shareholders. Since the end of the financial year, the directors have declared a final fully franked ordinary dividend of 6 cents per share payable on 19 October 2007 at a tax rate of 30%. This final dividend attributable to the 2007 financial year brings the total dividends either declared or paid for the year to 10 cents per share. This represents a 33% increase on dividend return compared to the 2006 financial year. An interim fully franked dividend of 4 cents per share was paid on 13 April 2007.

In accordance with Accounting Standard AASB 137 "Provisions, Contingent Liabilities and Contingent Assets", the aggregate amount of the proposed final dividend is not recognized as a liability as at 30 June 2007. 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 5 cents per share for the 2006 year was paid on 20 October 2006 as recommended in last year's report.

Significant changes in state of affairs

During the financial year, other than noted above, there was no significant change in the Company's state of affairs.

Matters subsequent to the end of the financial year

There have been no events subsequent to balance date which would have a material effect on the financial statements.

Future developments, prospects and business strategies

The consolidated group 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 65.

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.
	⇨	2,288	- Held personally.
	⇨	235,109	- Held by Bruce Crome Nominees Pty Ltd

Ian L Fraser (Non-executive Independent Director), age 62.

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 listed companies:
- Forest Place Group Limited since December 2001
- PMP Limited since April 2003
- Lighting Corporation Limited since June 2006
- Nylex Limited since January 2007
- Environmental Recovery Services Limited from April 2000 to November 2003
- Hudson Timber Products Limited from July 2003 to May 2005
- Promentum Limited from January 2005 to April 2007
- Occupational & Medical Innovations Limited from November 2004 to January 2007
- B Digital Limited from May 2006 to December 2006

Interest in Shares	⇨	60,000	- Held by Dara Lee Cole Fraser.
	⇨	120,000	- Held by The Fraser Superannuation Fund.

Robert W Freedman (Managing Director) age 62.

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	⇨	1,099,136	- Held by Freedman Superannuation Fund

David R Perry (Financial Director), age 40.

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	⇨	107,500	- Held by David Perry Superannuation Fund.
	⇨	540,000	- Held Personally.

Directors attendance at meetings

Year ended 30 June 2007

	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 2007.

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 & Bonus	Superannuation	Other Benefits	Options	Total
B A Crome	Chairman (Non Executive)	85,000	7,650	23,588	-	116,238
I L Fraser	Director (Non Executive)	45,000	4,050	-	-	49,050
R W Freedman	Managing Director	130,000	137,908	38,259	114,545	420,712
D R Perry	Director and Chief Financial Officer	200,000	50,000	21,512	114,545	386,057
Total remuneration Directors of the Company		460,000	199,608	83,359	229,090	972,057

		Salary & Bonus	Superannuation	Other Benefits	Options	Total
D Minchin	Director – Rock Engineering (Aust) Pty Ltd	167,671	11,271	25,741	-	204,683
W Ironmonger	General Manager – UAE	256,318	-	24,283	-	280,601
F Filippone	Group Principle Engineer	203,329	18,226	26,404	-	247,959
M Pope	General Manager – Victoria – Construction	160,000	13,500	20,267	-	193,767
M Schweiger	General Manager – Northern Division	205,453	16,241	-	-	221,694
Total Remuneration Key Management Personnel		992,771	59,238	96,695	-	1,148,704

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 2007	Exercise Price	Exercise Period	Expiry Date
Nov 02	600,000	5	500,000	-	100,000	$0.45	Nov 02 to Sept 07	30 Sept 07
Oct 04	575,000	13	500,000	-	75,000	$0.45	Oct 04 to Jun 09	30 June 09
Oct 04	200,000	4	100,000	-	100,000	$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
Nov 06	1,000,000	2	400,000	-	600,000	$0.80	Nov 06 to Jun 10	30 June 10

	Instruments	Balance as at 1 July 2006	Granted during period	Exercised during period	Lapsed during period	Balance 30 June 2007	Vested but not exercised during the period
Directors							
D Perry	Options	-	500,000	200,000	-	300,000 [1]	-
R W Freedman	Options	-	500,000	200,000	-	300,000 [1]	-
Executives							
M Schweiger	Options	50,000	-	50,000	-	-	-
F Filippone	Options	100,000	-	100,000	-	-	-

[1] These options have been issued but are subject to performance hurdles

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 in accordance with APES110: Code of Ethics for Professional Accountants set by the Accounting Professional & Ethical Standards Board.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2007:

	$
Taxation services	2,800
Assisting in the preparation of consolidated financial report prepared under AIFRS	37,286
Assisting in the preparation of financial reports of controlled entities	29,831
Total	69,917

Directors' and auditor's 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 $26,468 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, Federal 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.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and can be found on page 7 of the report.

Rounding of Amounts

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

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.
Dated 14 September 2007

R.W FREEDMAN - DIRECTOR

D.R.PERRY - DIRECTOR

anderson roscoe
CHARTERED ACCOUNTANTS

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

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
ABN 80 446 534 781

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I declare that, to the best of my knowledge and belief, during the year ended 30 June 2007, 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

Robert Cincotta

ROBERT F CINCOTTA
Partner

Date: 14 September 2007

Melbourne

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 Financial Director 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. In the opinion of the Board, the present composition provides the range of skills, knowledge and experience necessary to govern the Company with the discipline, rigour and expertise necessary to deliver results for shareholders.

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 the 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 about 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 to assist the Board in its oversight of the integrity of financial reporting. 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 Financial Director attend audit committee meetings as required and where appropriate.

Performance Evaluation

The Board regularly reviews its own performance and that of 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.

Financial Reporting

A comprehensive budget is prepared by the Managing Director, Financial Director 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.The Board has obtained from the Managing Director and Financial Director written affirmation concerning the Company's financial statements as set out in the Directors' declaration.

Disclosure and Communication

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

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.

Shareholders
The Board aims to ensure that all shareholders are informed of major developments. These include continuous disclosure reporting to the ASX, the annual and half yearly reports as well as use of the Company's website. The Company reviews and updates its website on a regular basis. The website provides information on any significant development occurring within the group. Key projects that the Company undertakes are featured on the website. The Company commenced during the year a series of boardroom radio interviews with the executive directors with the view of providing timely information to shareholders and interested parties in a format that is easily accessible and understood.

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.

The senior executives and executive Directors meet biannually as a team to review the performance of the Group and develop future operational strategies. In order to ensure that the risks associated with its operational sites and domestic and international locations, an executive committee was established during the year. This committee meets regularly and is made up of representatives from the senior executive personnel of the Company as well as the executive Directors. The committee focuses on key operational issues faced by the Company and where required oversees work groups that have been established to manage particular risks areas within the Company.

Environment
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 improving the skills and competencies of its employees. Structural Systems encourages excellence 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).

The Board establishes performance targets for Managing Director and Financial Director and conducts reviews of their performance at least on an annual basis. In turn the executive Directors conduct performance reviews of all senior executives. These reviews are an integral component in the determination of the executive Directors and senior executives remuneration packages.

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

The remuneration levels of the Managing Director and Financial Director are evaluated and approved by the Chairman and the independent Director. Independent advice is sort as required in relation to the appropriateness of the remuneration package offered. The remuneration packages for the executive Directors takes into account factors such as experience, qualification and performance of the Director and the financial and safety performance of the Group. The remuneration packages also takes into account remuneration levels of comparable positions within other public companies.

The remuneration levels of the senior executives are evaluated and approved by the Managing Director and Financial Director. Remuneration packages are structured such that the Group is able to attract and retain personnel with the expertise and ability to create value for shareholders. 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 group in which they have a material interest. Further, it is the Company'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 2007 $'000	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
Revenue		141,226	104,375	6,746	8,334
Other Income		13	30	13	27
Total Revenue	2	141,239	104,405	6,759	8,361
Raw materials and consumables used for sale of goods		(5,956)	(2,927)	-	-
Construction and servicing costs		(116,531)	(82,856)	-	-
Changes in inventories and raw materials		5,732	(2,106)	-	-
Depreciation and amortisation expense	3 (a)	(4,102)	(2,946)	(2,937)	(2,022)
Finance costs	3 (a)	(381)	(541)	(339)	(441)
Other expenses		(8,017)	(6,464)	(2,506)	(2,164)
Share of net profits of associates and joint ventures accounted for using the equity method	28 (c)	332	600	-	-
Profit before Income tax expense		12,316	7,165	977	3,734
Income tax expense	4	(3,492)	(1,820)	(3,498)	(1,586)
Profit (Loss) after Income tax		8,824	5,345	(2,521)	2,148
Profit (loss) attributable to members of the parent entity		8,824	5,345	(2,521)	2,148
Basic earnings per share (cents)		21.2¢	15.2¢		
Diluted earnings per share (cents)		20.3¢	12.7¢		
Dividends paid per share (cents)		9.0¢	4.0¢		

The accompanying notes form part of these financial statements.

	Note	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
CURRENT ASSETS					
Cash and cash equivalents	25 (a)	7,126	4,973	6,436	4,075
Trade and other receivables	9	33,807	23,807	2	10
Inventories	10	9,878	4,146	-	-
Other current assets	11	41	441	-	320
TOTAL CURRENT ASSETS		50,852	33,367	6,438	4,405
NON CURRENT ASSETS					
Trade and other receivables	12	191	191	42,367	49,385
Financial assets	13	-	-	7,153	4,927
Investment accounted for using the equity method	28 (a)	839	750	-	-
Property, plant and equipment	14	20,875	14,223	16,839	11,709
Intangible assets	15	5,244	3,492	-	-
Deferred tax assets	18 (b)	1,763	1,843	1,744	1,824
TOTAL NON-CURRENT ASSETS		28,912	20,499	68,103	67,845
TOTAL ASSETS		79,764	53,866	74,541	72,250
CURRENT LIABILITIES					
Trade and other payables	16	29,792	20,459	1,863	1,699
Financial liabilities	17	3,314	2,672	3,095	2,117
Current tax liabilities	18 (a)	3,529	-	3,529	-
Short-term provisions	19	4,390	2,926	87	77
TOTAL CURRENT LIABILITIES		41,025	26,057	8,574	3,893
NON-CURRENT LIABILITIES					
Trade and other payables	16	336	822	33,474	36,178
Financial liabilities	17	4,499	1,590	4,499	1,428
Deferred tax liabilities	18 (a)	396	507	393	503
Long-term provisions	19	329	202	-	-
TOTAL NON-CURRENT LIABILITIES		5,560	3,121	38,366	38,109
TOTAL LIABILITIES		46,585	29,178	46,940	42,002
NET ASSETS		33,179	24,688	27,601	30,248
EQUITY					
Issued capital	20	24,460	21,013	24,460	21,013
Share option equity		500	271	500	271
Reserves		819	1,026	3,583	3,583
Retained earnings (Accumulated Losses)		7,462	2,440	(942)	5,381
TOTAL PARENT ENTITY INTEREST		33,241	24,750	27,601	30,248
Minority equity interests		(62)	(62)	-	-
TOTAL EQUITY		33,179	24,688	27,601	30,248

The accompanying notes form part of these financial statements.

Structural Systems

Statement of Changes in Equity
For the year ended 30 June 2007

CONSOLIDATED GROUP	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 2005		15,058	271	(1,382)	918	265	(245)	653	15,538
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
Sub-total		21,013	271	3,963	918	265	(157)	(62)	26,212
Dividends paid or provided for	7			(1,523)					(1,523)
Balance at 30 June 2006		21,013	271	2,440	918	265	(157)	(62)	24,688
Balance at 1 July 2006		21,013	271	2,440	918	265	(157)	(62)	24,688
Shares issued during the period		3,656							3,656
Shares bought back during the year		(209)							(209)
Share options issued during the period			229						229
Profit attributable to members of parent entity				8,824					8,824
Translation adjustment on controlled foreign entities' financial statements							(207)		(207)
Profit attributable to minority shareholders								-	
Sub-total		24,460	500	11,264	918	265	(364)	(62)	36,981
Dividends paid or provided for	7			(3,802)					(3,802)
Balance at 30 June 2007		24,460	500	7,462	918	265	(364)	(62)	33,179

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 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	7			(1,523)			(1,523)
Balance at 30 June 2006		21,013	271	5,381	918	2,665	30,248
Balance at 1 July 2006		21,013	271	5,381	918	2,665	30,248
Shares issued during the period		3,656					3,656
Shares bought back during the year		(209)					(209)
Share options issued during the period			229				229
Profit attributable to members of parent entity				(2,521)			(2,521)
Sub-total		24,460	500	2,860	918	2,665	31,403
Dividends paid or provided for	7			(3,802)			(3,802)
Balance at 30 June 2007		24,460	500	(942)	918	2,665	27,601

	Note	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		146,706	108,530	150	10
Cash receipts as treasury function for controlled entities	25 (c)	-	-	131,925	102,098
Cash payments in the course of operations		(135,155)	(100,878)	(2,207)	(1,854)
Cash payments as treasury function for controlled entities	25 (c)	-	-	(122,196)	(97,125)
Convertible note expenses		-	-	-	-
Interest received		173	302	160	302
Dividends received		243	-	898	3,432
Finance costs		(389)	(843)	(347)	(744)
Income tax (paid) refunded		5	(327)	-	25
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	25 (b)	11,583	6,784	8,383	6,144
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(2,953)	(3,551)	(1,425)	(2,759)
Proceeds from sale of property, plant and equipment		80	53	40	51
Loan from (to) related entities (net)		(376)	-	390	(1,484)
Payment for controlled entities	25 (e)	(2,564)	(372)	(2,112)	(372)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(5,813)	(3,870)	(3,107)	(4,564)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		-	(1,050)	-	(1,050)
Lease and lease purchase payments		(2,302)	(2,260)	(1,805)	(1,462)
Share buy-back payment		(209)	(252)	(209)	(252)
Proceeds from issue of shares		2,902	638	2,902	638
Dividends paid		(3,802)	(1,523)	(3,802)	(1,523)
Dividends paid by controlled entity to minority equity interest		-	(340)	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(3,411)	(4,787)	(2,914)	(3,649)
NET INCREASE (DECREASE) IN CASH HELD		2,360	(1,873)	2,361	(2,069)
Effect of exchange rates on cash holdings		(207)	88	-	-
Cash at beginning of financial year		4,973	6,758	4,075	6,144
CASH AT END OF FINANCIAL YEAR	25 (a)	7,126	4,973	6,436	4,075

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 Australian Accounting Standards, including Australian Accounting Interpretations and, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers the consolidated group 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 International Financial Reporting Standards (IFRS) in their entirety.

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

Basis of preparation

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 of so as to obtain benefits from its activities.

A list of all controlled entities has been included in note 27 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised 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 consolidated group 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 substantially 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.

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 consolidated group 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 measured 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.

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

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 cost, 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 consolidated group 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.

Depreciation
The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated group 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.

Note 1: Statement of Significant Accounting Policies (continued)

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 consolidated group are classified as financial 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 the shorter of their estimated useful lives 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.

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.

Financial liabilities

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

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 assesses 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.

Note 1: Statement of Significant Accounting Policies (continued)

i) Investment in Associates

Investments in associate companies are recognised in the financial statements by applying the equity method of accounting. The equity method of accounting recognises the group's share of post acquisition reserves of its associates.

j) Interests in Joint Ventures

The consolidated group'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 acquisition 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.

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, and
- 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.

Equity-settled Compensation

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.

Interest 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 obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result 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.

Note 1: Statement of Significant Accounting Policies (continued)

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 and 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.

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 the cost of acquisition of the asset, or as an 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 year.

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) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated group.

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.

w) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published or amended that are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in the preparation of the financial statements at reporting date. The directors do not expect that they will have a material impact on the financial statements.

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
2. Revenue	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Operating Activities				
▪ Sale of goods	8,041	4,162	-	-
▪ Rendering of services	132,450	99,860	-	-
▪ Management fee to controlled entities	-	-	5,537	4,590
▪ Interest received from other parties	173	302	160	302
▪ Dividends received from wholly-owned subsidiary	-	-	899	3,432
▪ Other revenue	562	51	150	10
	141,226	104,375	6,746	8,334
Non-Operating Activities				
▪ Gain on disposal of property, plant and equipment	13	30	13	27
Total revenue	141,239	104,405	6,759	8,361

3. Profit for the year

(a) Profit (loss) before income tax is arrived at after charging (crediting) the following items:

Amortisation and depreciation of:				
• Buildings	50	57	50	57
• Plant and equipment	4,052	2,887	2,887	1,965
• Leasehold improvements	-	2	-	-
	4,102	2,946	2,937	2,022
Bad and doubtful debts expense including movements in provision for doubtful debts	282	80	272	-
Finance Costs:				
• Other persons	84	221	82	216
• Directors' loans to Company	-	28	-	28
• Finance charges on capitalised assets	297	292	257	197
	381	541	339	441
Impairment of:				
• Non-current investments	-	24	-	-
• Goodwill	-	8	-	8
	-	32	-	8
Rental – operating leases	448	306	-	-
Provision for:				
• Employee benefits	1,591	418	10	(7)
• Net foreign exchange loss (gain)	-	-	-	-

(b) Other expenses – parent entity

Other expenses of $2,506,000 (2006: $2,164,000) comprises administrative costs incurred in the operations of the holding company such as salaries and wages $1,745,049, bad debts written off of $271,497, finance costs of $339,170, bank fees and charges $168,567, and professional and consultant fees $82,850.

4. Income Tax Expense

	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
The components of Income Tax expense are as follows:				
Current tax	3,529	-	3,529	-
Deferred tax	(31)	1,807	(30)	1,611
Under (over) provision in respect of prior years	(6)	13	-	(25)
	3,492	1,820	3,499	1,586
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% (2006 – 30%)				
• Consolidated group	3,696	2,150	-	-
• Parent equity	-	-	292	1,120
• Other members of the income tax consolidated group	-	-	3,410	1,053
Add (deduct) tax effect of:				
• Increase (decrease) in income tax expense due to non tax deductible (non-tax assessable) items	88	25	88	26
• Non (assessable profit) deductible loss on overseas entity	(215)	(252)	(215)	(252)
Share of net profits of associates and joint ventures entities	(100)	(180)	(100)	(180)
Current year losses not taken up as a deferred tax asset	6	6	-	-
Allocation of deferred tax asset and deferred tax liability to parent entity under tax consolidation	-	-	-	(214)
Deferred tax asset and liability no longer required	23	58	23	58
Amount under (over) provided prior year	(6)	13	-	(25)
Income tax expense (benefit) attributable to entity	3,492	1,820	3,498	1,586
Applicable weighted average effective tax rates	28%	25%	358%	42%

The increase in the weighted average effective tax rate for 2007 is primarily due to offshore non-assessable income being a lesser portion of overall earnings in comparison to 2006.

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	138	133	-	-
Capital losses	442	442	442	442
	580	575	442	442

5 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)	2007	85,000	7,650	23,588	-	116,238
		2006	85,000	7,650	18,998	-	111,648
I L Fraser	Director (Non Executive)	2007	45,000	4,050	-	-	49,050
		2006	45,000	4,050	-	-	49,050
R W Freedman	Managing Director	2007	130,000	137,908	38,259	114,545	420,712
		2006	158,600	65,000	20,518	-	244,118
D R Perry	Director and Chief Financial Officer	2007	200,000	50,000	21,512	114,545	386,057
		2006	150,000	37,143	30,536	-	217,679
Total Remuneration Directors		2007	460,000	199,608	83,359	229,090	972,057
		2006	438,600	113,843	70,052	-	622,495
Executives							
F Filippone	Group Principal Engineer	2007	203,329	18,226	26,404	-	247,959
		2006	141,440	12,726	28,065	-	182,231
M Pope	General Manager – Victoria – Construction	2007	160,000	13,500	20,267	-	193.767
		2006	144,250	12,982	23,047	-	180,279
W Ironmonger	General Manager - UAE	2007	256,318	-	24,283	-	280,601
		2006	229,485	-	-	-	229,485
M Schweiger	General Manager – Northern Division	2007	205,453	16,241	-	-	221,694
		2006	146,300	13,167	-	-	159,467
D Minchin	General Manager – Rock Engineering (Aust) P/L	2007	167,671	11,271	25,741	-	204,683
		2006	194,229	11,271	37,500	-	243,000
Total Remuneration Executives		2007	992,771	59,238	96,695	-	1,148,704
		2006	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

5 Key Management Personnel Compensation (continued)

(b) Options and Rights Holdings

Number of Options held by key management personnel

	Balance 01/07/2006	Equity-settled Compensation	Options Exercised	Net Change Other	Balance 30/06/2007	Total Vested 30/06/07	Total Unvested 30/06/07
Directors							
D R Perry	2,500	500,000	(200,000)	(2,500)	300,000 [1]	300,000 [1]	-
R W Freedman	-	500,000	(200,000)	-	300,000 [1]	300,000 [1]	-
Executives							
F Filippone	100,000	-	(100,000)	-	-	-	-
M Schweiger	50,000	-	(50,000)	-	-	-	-
	152,500	1,000,000	(550,000)	(2,500)	600,000	600,000	-

[1] These options have been issued but are subject to performance hurdles

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 01/07/2006	Received as Remuneration	Number of ordinary shares issued on options exercised	Amount paid per share	Net Change Other	Balance 30/06/2007
Directors						
B A Crome	1,848,484	-	-		(944,534)	903,950
R W Freedman	834,136	-	200,000	$0.80	65,000	1,099,136
D R Perry	445,000	-	200,000	$0.80	2,500	647,500
I L Fraser	297,000	-	-		(117,000)	180,000
Executives						
F Filippone	40,000	-	100,000	$0.45	-	140,000
M Pope	100,000	-	-	-	-	100,000
D Minchin	759,000	-	-	-	441,000	1,200,000
M Schweiger	150,000	-	50,000	$0.45	-	200,000
	4,473,620	-	550,000		(553,034)	4,470,586

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 level of base salary paid to the non-executive directors did not change in the 2007 year.

The remuneration levels of the executive directors are evaluated and approved by the Chairman and the independent director. They do seek independent advice in relation to the appropriateness of the remuneration package offered. The remuneration packages for the executive directors takes into account factors such as experience, qualification and performance of the director and the financial and safety performance of the Group. The remuneration packages take into account remuneration levels of comparable positions within other public companies.

The remuneration levels of the senior executives are evaluated and approved by the Managing Director and Financial Director. 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.

	STRUCTURAL SYSTEMS GROUP 2007	STRUCTURAL SYSTEMS GROUP 2006	STRUCTURAL SYSTEMS LIMITED 2007	STRUCTURAL SYSTEMS LIMITED 2006
6 Auditors' Remuneration				
Remuneration of the auditor of the parent entity				
• Auditing or reviewing the financial report	$130,947	$132,696	$36,765	$38,852
• Taxation services	$2,800	$15,623	$2,800	$13,073
• Assisting in the preparation of a consolidated financial report prepared under AIFRS	$37,286	$58,792	$37,286	$58,792
• 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	$29,831	$18,100	-	-
Remuneration of other auditors of subsidiaries for:				
• Auditing or reviewing the financial report of subsidiaries	$7,326	-	-	-

	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
7 Dividends				
Distributions paid The amounts paid, provided or recommended by way of dividend by the parent entity are:				
• Final fully franked ordinary dividend of 5 (2006: 1.5c) cents per share paid on 20 October 2006 franked at the tax rate of 30% (2006: 30%)	(2,038)	(543)	(2,038)	(543)
• Interim fully franked ordinary dividend of 4 (2006: 2.5c) cents per share paid on 13 April 2007 franked at the tax rate of 30% (2006: 30%)	(1,764)	(980)	(1,764)	(980)
	(3,802)	(1,523)	(3,802)	(1,523)
a) Proposed final fully franked ordinary dividend of 6.0 (2006: 5.0) cents per share, payable on 19 October 2007, franked at a tax rate of 30% (2006: 30%) based on 46,957,390 ordinary shares at 31 August 2007	(2,817)	(2,012)	(2,817)	(2,012)
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	6,544	3,986	6,544	3,986
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:	(1,207)	(862)	(1,207)	(862)
	5,337	3,124	5,337	3,124
8 Earnings per share				
(a) Reconciliations of earnings to profit (loss)				
Profit (loss)	8,824	5,345	-	-
Profit attributable to minority equity interest	-	-	-	-
Earnings used in the calculation of earnings per share	8,824	5,345	-	-
Interest on convertible notes	37	213	-	-
Earnings used in the calculation of dilutive EPS	8,861	5,558	-	-
	Number	Number		
(b) Weighted average number or ordinary shares on issue used in the calculation of basic earnings per share	41,660,728	35,223,943	-	-
Contract to be settled in ordinary shares – Kingemel Pty Ltd	500,000	1,000,000	-	-
Weighted average number of options/convertible notes outstanding	1,554,819	7,388,156	-	-
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	43,715,547	43,612,099	-	-

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
9 Trade and other receivables (Current)				
Trade receivables	34,173	24,227	-	-
Provision for impairment of receivables	(547)	(544)	-	-
	33,626	23,683	-	-
Loans and advances to staff	42	16	-	-
Other debtors and deposits	139	108	2	10
	33,807	23,807	2	10
10 Inventories				
Raw materials and stores at cost	6,159	2,981	-	-
Finished Goods	148	-	-	-
Work in progress – materials on site	1,264	419	-	-
Construction work in progress	2,307	746	-	-
	9,878	4,146	-	-
Construction work in progress comprises:				
Contract costs incurred to date	257,423	75,988	-	-
Profit recognised to date	58,028	11,594	-	-
	315,451	87,582	-	-
Less: Provision for losses	(63)	(374)	-	-
	315,388	87,208	-	-
Less: Progress billings	(330,108)	(97,419)	-	-
Net construction work in progress	(14,720)	(10,211)	-	-
Net construction work in progress comprises:				
Amounts due from customers – inventories	2,307	746	-	-
Amounts due to customers – payables (note 17)	(17,027)	(10,957)	-	-
	(14,720)	(10,211)	-	-
Retentions on construction contracts in progress	14	6	-	-
Progress billings and advances received and receivable on construction contracts in progress	186,938	97,419	-	-
11 Other current assets				
Prepayments	41	441	-	320
12 Trade and other receivables (Non-current)				
Loans to associated entities	191	191	191	191
Loans to controlled entities	-	-	42,176	49,194
	191	191	42,367	49,385
13 Financial assets				
Shares in other companies				
Shares in controlled entities at Directors valuation	-	-	7,153	4,927
	-	-	7,153	4,927

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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
14 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	1,850	1,850	1,850
	3,583	3,583	3,583	3,583
Buildings				
At Directors valuation (2001)	1,466	1,466	1,466	1,466
At cost – subsequent additions	120	63	120	63
Accumulated amortisation	(621)	(571)	(621)	(571)
	965	958	965	958
Leasehold improvements				
At cost	59	59	36	36
Accumulated amortisation	(59)	(59)	(36)	(36)
	-	-	-	-
Plant, Equipment and Motor Vehicles				
At cost	34,726	24,353	23,633	15,947
At Directors valuation 1995 (a) – deemed cost	295	295	295	295
Accumulated depreciation	(18,770)	(15,061)	(11,713)	(9,170)
	16,251	9,587	12,215	7,072
Leased assets at assessed value	264	264	123	123
Accumulated amortisation	(188)	(169)	(47)	(27)
	76	95	76	96
Total plant, equipment and motor vehicles	16,327	9,682	12,291	7,168
Total	20,875	14,223	16,839	11,709

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 was brought to account. Land to the value of $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	3,583	1,883	3,583	1,883
Additions	-	1,700	-	1,700
Disposals	-	-	-	-
Carrying amount at end of year	3,583	3,583	3,583	3,583
Buildings				
Carrying amount at beginning of year	958	1,015	958	1,015
Additions	57	-	57	-
Disposals	-	-	-	-
Depreciation	(50)	(57)	(50)	(57)
Carrying amount at end of year	965	958	965	958
Leasehold Improvements				
Carrying amount at beginning of year	-	1	-	-
Additions	-	-	-	-
Disposals	-	-	-	-
Amortisation	-	(1)	-	-
Carrying amount at end of year	-	-	-	-
Plant and equipment				
Carrying amount at beginning of year	9,682	8,580	7,167	5,940
Additions	10,774	4,014	8,037	3,216
Disposals	(67)	(24)	(26)	(24)
Transfer of assets within group	-	-	-	-
Depreciation	(4,052)	(2,888)	(2,887)	(1,965)
Carrying amount at end of year	16,327	9,682	12,291	7,167

15 Intangibles

	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
Goodwill – at cost	5,252	3,500	-	8
Accumulated impairment losses	(8)	(8)	-	(8)
	5,244	3,492	-	-
Movements during the year:				
Balance at beginning of Year	3,492	2,005	-	8
Additions	1,752	1,495	-	-
Disposals	-	-	-	-
Impairment losses	-	(8)	-	(8)
	5,244	3,492	-	-

Impairment disclosures	2007 $'000	2006 $'000
Goodwill is allocated to cash-generating units which are based on the group's reporting segments		
Construction segment	4,066	2,314
Mining segment	1,178	1,178
Total	5,244	3,492

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 %

16 Trade and other payables

	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CURRENT				
Unsecured liabilities:				
Trade payables	7,753	4,536	129	208
Sundry payables and accrued expenses	4,394	4,279	1,117	804
Contract billings in advance (note 10)	17,027	10,957	-	-
Amount due under contract of sale	617	687	617	687
	29,791	20,459	1,863	1,699
NON CURRENT				
Unsecured liabilities:				
Amounts owing to related entities	1	372	33,139	35,728
Amount due under contract of sale	335	450	335	450
	336	822	33,474	36,178

	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS GROUP 2006 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2006 $'000
17 Financial liabilities				
CURRENT				
Unsecured liabilities				
Convertible note issue	19	472	18	472
Other loans	4	360	-	355
	23	832	18	827
Secured liabilities				
Lease liability	84	85	58	30
Hire purchase liability	3,207	1,755	3,019	1,260
	3,291	1,840	3,077	1,290
	3,314	2,672	3,095	2,117
NON-CURRENT				
Secured liabilities				
Lease liability	-	58	-	58
Hire purchase liability	4,499	1,532	4,499	1,370
	4,499	1,590	4,499	1,428
a) Total current and non-current secured loans				
Lease liabilities	84	143	58	88
Hire purchase liabilities	7,706	3,287	7,518	2,630
	7,790	3,430	7,576	2,718
b) The carrying amounts of non-current assets pledged as first security are:				
Assets over which lease and hire purchase contracts apply	8,184	4,077	7,728	3,271
18 Tax				
(a) Liabilities				
CURRENT				
Income tax	3,529	-	3,529	-
NON – CURRENT				
Deferred tax liability comprises:				
Tax allowances relating to property, plant and equipment	3	114	-	110
Revaluation adjustments taken directly to equity	393	393	393	393
	396	507	393	503
(b) Assets				
NON – CURRENT				
Deferred tax assets comprise:				
Accounting depreciation relating to plant & equipment	276	-	276	-
Provisions	1,487	1,027	1,468	1,008
Tax losses	-	816	-	816
	1,763	1,843	1,744	1,824
(c) Reconciliations				
i. Gross Movements				
The overall movement in the deferred tax account is as follows:				
Opening balance	1,336	3,142	1,321	2,932
(Charge) / credit to income statement	31	(1,806)	30	(1,826)
(Charge) / credit to equity	-	-	-	-
Allocation of deferred tax asset to parent entity under tax consolidation	-	-	-	214
Closing balance	1,367	1,336	1,351	1,320

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2007	2006	2007	2006
18 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:				
Tax allowances relating to property, plant and equipment:				
Opening balance	114	702	110	662
Charge / (credit) to income statement	(111)	(588)	(110)	(588)
Allocation of deferred tax liability to parent entity under tax consolidation	-	-	-	36
	3	114	-	110
Tax allowances relating to property, plant and equipment				
Opening balance	393	393	393	393
Charge / (credit) directly to equity	-	-	-	-
	393	393	393	393
iii. Deferred Tax Assets				
The movement in deferred tax assets for each temporary difference during the year is as follows:				
Provisions:				
Opening balance	1,027	1,265	1,008	1,014
(Charge) / credit to income statement	460	(238)	460	(257)
Allocation of deferred tax asset to parent entity under tax consolidation	-	-	-	251
	1,487	1,027	1,468	1,008
Tax Losses:				
Opening balance	816	2,973	816	2,973
(Charge) / credit to income statement	(816)	(2,157)	(816)	(2,157)
	-	816	-	816

19 Provisions

CURRENT				
Employee benefits	4,390	2,926	87	77
NON-CURRENT				
Employee benefits	329	202	-	-

Consolidated Group	Employee Benefits
Opening balance at 1 July 2006	3,128
Additional provisions	2,815
Amounts used	(1,224)
Unused amounts reversed	-
Change in amount provided, due to an alteration in the discount rate	-
Balance at 30 June 2007	4,719

Parent Entity	Employee Benefits
Opening balance at 1 July 2006	77
Additional provisions	145
Amounts used	(135)
Unused amounts reversed	-
Change in amount provided, due to an alteration in the discount rate	-
Balance at 30 June 2007	87

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.

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000

20 Issued Capital

Issued and paid up capital 46,437,886 (2006 -38,950,483) fully paid ordinary shares	24,460	21,013	24,460	21,013
Ordinary shares:	No.	No.	No.	No.
Movements in ordinary share capital				
Balance at the beginning of the financial year	38,950,483	25,630,785	38,950,483	25,630,785
Shares issued during the year:				
- Convertible notes converted	1,008,453	11,574,263	1,008,453	11,574,263
- Convertible note attaching options converted	5,226,772	521,708	5,226,772	521,708
- Executive share option plan	925,000	875,000	925,000	875,000
- Shares bought-back on-market	(172,822)	(251,273)	(172,822)	(251,273)
- Issued as part consideration for Rock Engineering (Aust) Pty Ltd	500,000	-	500,000	-
	46,437,886	38,950,483	46,437,866	38,950,483

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 26 (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 $1.05 and $1.20 per share.
(g) Shares issued as part consideration for Rock Engineering (Aust) Pty Ltd were issued at a cost value of 60c per share.

21 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	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
22 Capital and Leasing commitments				
Lease expenditure				
Finance Leases				
• not later than 1 year	88	89	60	33
• later than 1 year, but not later than 5 years	-	62	-	62
Total maximum lease commitment	88	151	60	95
Future finance charges	(4)	(8)	(2)	(7)
	84	143	58	88
Lease Purchase				
• not later than 1 year	3,708	1,935	3,505	1,408
• later than 1 year, but not later than 5 years	4,826	1,672	4,826	1,491
Total maximum lease commitment	8,534	3,607	8,331	2,898
Future finance charges	(827)	(320)	(813)	(268)
	7,707	3,287	7,518	2,630
Non-cancellable Operating Leases				
Contracted for but not capitalised in accounts				
• not later than 1 year	287	246	-	-
• later than 1 year, but not later than 5 years	-	287	-	-
• later than 5 years	-	-	-	-
	287	533	-	-

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.

23 Contingent liabilities

	Group 2007	Group 2006	Limited 2007	Limited 2006
Contract cash retentions	14	79	-	-
Contract performance guarantees	8,884	4,719	8,849	4,719
Guarantee by the Company in respect of bank facilities of controlled entities	-	-	-	-
Cross guarantees by the Company and controlled entities in respect of bank facilities	14,086	14,750	-	-
	22,984	19,548	8,849	4,719

24 Economic dependency

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

25 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:

	Group 2007	Group 2006	Limited 2007	Limited 2006
Cash on hand	17	4	-	-
Cash at bank	7,109	4,969	6,436	4,075
	7,126	4,973	6,436	4,075

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
25 Cash Flow information (continued)				
(b) Reconciliation of Cash Flow from Operations with profit (loss) after Income Tax				
Profit (loss) after income tax	8,824	5,345	(2,521)	2,148
Non-Cash flows in profit:				
Depreciation	4,102	2, 946	2,937	2,022
Bad and doubtful debts	282	80	271	-
(Profit) loss on sale of non-current assets	(12)	(30)	(13)	(27)
Remunerations expense – share-based payments	229	-	229	-
Impairment loss	-	32	-	8
Share of net profit of associates and joint venture using the equity method	(332)	(600)	-	-
Change in assets and liabilities				
▪ (Increase) decrease in trade and other receivables	(8,822)	(4,488)	-	93
▪ (Increase) decrease in inventories	(4,901)	1,307	-	-
▪ (Increase) decrease in loans to related entities	-	-	3,776	871
▪ (Increase) decrease in prepayments	400	4	320	96
▪ (Decrease) increase in trade, other payables and accruals	6,725	210	(125)	(276)
▪ (Decrease) increase provisions	1,591	486	10	(8)
▪ (Decrease) increase in income taxes payable	3,528	(314)	3,529	-
▪ (Decrease) increase in deferred tax liabilities	(111)	(589)	(110)	(946)
▪ Decrease (increase) in deferred tax assets	80	2,395	80	2,163
Net cash provided by (used in) operating activities	11,583	6,784	8,383	6,144

(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 consolidated group. 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	300	360	300	360
ii. Property, plant and equipment acquired under finance leases, lease purchase or vendor finance	6,668	2,158	6,668	2,158

25 Cash Flow information (continued)

(e) Acquisition of Entities

Refobar Australia Pty Ltd

On the 1st July 2006, the company acquired Refobar Australia Pty Ltd which has been a key supplier of post-tensioning products to the group for a number of years.
Details of the transaction are:

	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000
Purchase consideration	2,327	2,227
Cash consideration	2,327	2,227
Amount due under contract of sale	(500)	(500)
Cash outflow	1,827	1,727
Deferred payments under contract of sale		
BBR Structural Systems	644	293
Rock Engineering (Aust) Pty Ltd	93	93
Total Cash Outflow	2,564	2,113
Assets and liabilities held at acquisition date:		
Receivables	1,217	1,217
Inventories	831	831
Plant and equipment	1,200	1,200
Payables	(2,321)	(2,321)
	927	927
Goodwill on consolidation	1,400	1,300
	2,327	2,227

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 before income tax of Refobar Australia Pty Ltd included in consolidated profit of the group since the acquisition date on 1 July 2006 amounted to $1,004,039.

2006: BBR Structural Systems & Rock Engineering (Aust) Pty Ltd

In 2006, the company acquired the remaining 50% interest in BBR Structural Systems and the remaining 10% in Rock Engineering (Aust) Pty Ltd resulting in the entities being 100% controlled entities of Structural Systems Limited

Details of the transactions were:

	STRUCTURAL SYSTEMS GROUP 2007 $'000	STRUCTURAL SYSTEMS LIMITED 2007 $'000
Cash consideration	910	
Shares issued as consideration	960	
Purchase consideration	1,870	
Amount due under contract of sale	(1,137)	
Net outflow	732	
Net outflow comprising:		
Cash outflow	372	
Shares issued as part of the consideration	360	
	732	

26 Employee benefits

(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.

26 Employee benefits (continued)

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

	2007	2006
Share Capital (Number of ordinary shares)	925,000	875,000

Un-issued ordinary shares of the Company under option are

Issue Date	Expiry Date	Exercise Price	Number of Options	
			2007	2006
8 November 2002	30 September 2007	$0.45	100,000	200,000
14 October 2004	30 June 2009	$0.45	175,000	600,000
8 November 2006	30 June 2010	$0.80	600,000	-

The following share-based payment arrangements existed at 30 June 2007:

As at 1 July 2005 1,675,000 options were outstanding that had been granted in prior years. Of the outstanding amount, 1,475,000 options were granted under the Structural Systems Limited employee option plan to take up ordinary shares at an exercise price of $0.45 each. At balance date 800,000 of these options remained outstanding.

The balance of 200,000 options issued in prior years, was also issued under the Structural Systems Limited employee option plan and was approved by shareholders at the 2004 AGM. These options were to subscribe for ordinary shares at an exercise price of $0.50 each with an expiry date of 30 June 2009. The share price target hurdle these options were subject to was reached during the 2006 year and these options were issued and exercised during the period.

At the 2006 AGM 1,000,000 options were approved to be issued to Directors at an exercise price of $0.80. These options are subject to performance hurdles and are dependant of certain profit targets being meet for the 2006, 2007 and 2008 financial years. As the performance target for the 2006 year had been already met by the time the granting of options was approved at the November 2006 AGM, 400,000 options were issued in the 2007 year and were exercised during the period. The options hold no voting or dividend rights and are not transferable. At balance date 600,000 options remain outstanding.

	Consolidated Entity				Parent Entity			
	2007		2006		2007		2006	
	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price	Number Of Options	Weighted Average Exercise Price
Outstanding at the beginning of the year	800,000	$ 0.45	1,675,000	$ 0.46	800,000	$ 0.45	1,675,000	0.46
Granted	1,000,000	$ 0.80	-	-	1,000,000	$ 0.80	-	-
Forfeited	-	-	-	-	-	-	-	-
Exercised	925,000	$ 0.60	875,000	$ 0.46	925,000	$ 0.60	875,000	0.46
Expired	-	-	-	-	-	-	-	-
Outstanding at year-end	875,000	$ 0.69	800,000	$ 0.45	875,000	$ 0.69	800,000	0.45
Exercisable at year-end	875,000	$ 0.80	800,000	$ 0.45	875,000	$ 0.80	800,000	0.45

1,000,000 options were issued under this plan during the year ended 30 June 2007

There were 925,000 options exercised during the year ended 30 June 2007. These options had a weighted average share price of $0.60 at exercise date.

The options outstanding at 30 June 2007 had a weighted average exercise price of $0.69 and a weighted average remaining contractual life of 2.49 years. Exercise prices range from $0.45 to $0.80 in respect of options outstanding at 30 June 2007.

The weighted average fair value of the options granted during the year was $0.57

This price was calculated by using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	$0.80
Weighted average life of the option	3.6 years
Underlying share price	$1.67
Expected share price volatility	42%
Risk free rate	5.5%

26 Employee benefits (continued)

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future volatility, which may not eventuate.

The life of the options is based on the expiry date of the option, which may not eventuate in the future.

Included under employee benefits expenses in the income statement is $229,090 (2006:$0), and relates, in full to equity-settled share-based payment transactions.

The market value of share under these options at 30 June 2007 was $2.82 per share (2006 - $1.04)

(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 self managed super funds, multi-employer industry funds and other complying superannuation 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.

27 Particulars relating to controlled entities

a. Group accounts include a consolidation of the following:

	Place of Incorporation	Principal Activity	Ownership Interest	
			2007	2006
Refobar Australia Pty Ltd	Queensland	Manufacturing	100%	-
Rock Engineering (Aust) Pty Ltd	Victoria	Mining	100%	100%
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	U.A.E	Construction	100%	100%

b. Acquisition of controlled entities:

On 1 July 2006 the parent entity acquired 100% of Refobar Australia Pty Ltd. As of this date, the consolidated group became entitled to all profits earned, for a consideration expected to be $2,327,000.

28 Investment in associates accounted for using the equity method

a. Details of investment in Associates

Name	Principal Activities	Ownership Interest (Ordinary shares)		Investment Carrying Amount	
		2007	2006	2007 $'000	2006 $'000
Structural Systems (UK) Ltd (incorporated in the United Kingdom)	Construction	40%	40%	839	750

	Structural Systems Group		Structural Systems Limited	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Movement during the period in equity accounted investment in associated company				
Balance at beginning of financial year	750	150		
Add: Share of associated company's profit after income tax for the period	332	600		
Less: Dividend revenue from associated company	(243)	-		
Balance at end of financial year	839	750		
b. Equity accounted profit of associate is as follows:				
Share of associate's profit before income tax expense	466	866		
Share of associate's income tax expense	(134)	(266)		
Share of associate's profit after income tax expense	332	600		
c. Summarised financial information of associate's assets, liabilities and revenue:				
Current assets	7,793	6,827		
Non-current assets	659	531		
Total assets	8,452	7,358		
Current liabilities	5,897	5,959		
Non-current liabilities	439	439		
Total liabilities	6,336	6,398		
Net assets	2,116	960		
Revenue	17,179	20,556		

29 Events after the Balance Sheet date

There have been no events subsequent to balance date which would have a material effect on the financial statements

The financial report was authorised for issue on 14 September 2007 by the Board of Directors

30 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 5.

Apart from the details disclosed in this note, no Director has entered into a material contract with the consolidated group 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.

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 consolidated group at year end are set out below:

30 Related party information (continued)

	STRUCTURAL SYSTEMS LIMITED	
	2007 No.	2006 No.
Structural Systems Limited – ordinary shares	2,830,586	3,424,620
Structural Systems Limited – options	600,000	2,500

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.

	2007 $'000	2006 $'000
• Management fees received	5,536	4,590
• Loans to controlled entities	42,367	49,194
• Loans from controlled entities	33,474	36,178
• Dividends from controlled entities	899	3,432

31 Segments results

Primary reporting – Business segments

	Construction		Mining		Corporate		Eliminations		Consolidated Group (Continuing Operations)		Discontinuing Operations Fire Systems	
	30/06/07 $'000	30/06/06 $'000	30/06/07 $'000	30/06/06 $'000	30/06/07 $'000	30/06/06 $'000	30/06/07 $'000	30/06/06 $'000	30/06/07 $'000	30/06/06 $'000	30/06/07 $'000	30/06/06 $'000
REVENUE												
External sales	115,889	85,312	24,602	18,781	-	-	-	-	140,491	104,093	-	-
Other segments	557	109	-	-	4,183	7,900	(4,165)	(8,008)	575	-	-	-
Total sales revenue	116,446	85,421	24,602	18,781	4,183	7,900	(4,165)	(8,008)	141,066	104,093	-	-
Unallocated revenue									173	312		
Total revenue									141,239	104,405		
RESULTS												
Segment result	10,101	4,565	1805	1,698	977	3,734	(899)	(3,432)	11,984	6,565	-	-
Share of net profits of equity accounted associates and joint venture entities	332	600	-	-	-	-	-	-	332	600	-	-
									12,316	7,165		
Income tax expense									(3,492)	(1,820)	-	-
Profit after income tax									8,824	5,345	-	-
ASSETS												
Segment assets	68,462	47,678	11,302	6,188	-	-	-	-	79,764	53,866	-	-
Discontinued operations assets									-	-		
Total assets									79,764	53,866		
LIABILITIES												
Segment liabilities	38,791	26,675	7,790	2,488	-	-	-	-	46,581	29,163	-	-
Discontinued operations liabilities									4	15	4	15
Total liabilities									46,585	29,178		
OTHER												
Investments accounted for using the equity method	839	750	-	-	-	-	-	-	839	750	-	-
Acquisitions of non-current segment assets	9,421	4,917	1,410	792	-	-	-	-	10,835	5,709	-	-
Depreciation and amortisation of segment assets	3,144	2,058	958	888	-	-	-	-	4,102	2,946	-	-
Other non-cash segment expenses	511	108	-	5	-	-	-	-	511	112	-	-

31 Segments results (continued)

Secondary Reporting - Geographical Segments

	Australia		United Arab Emirates		United Kingdom		Consolidated Group	
	2007	2006	2007	2006	2007	2006	2007	2006
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenues for external customers	133,550	97,215	7,689	7,190	-	-	141,239	104,405
Carrying amount of segment assets	73,403	48,802	5,522	4,314	839	750	79,764	53,866
Acquisition of non-current segment assets	10,835	5,709	-	-	-	-	10,835	5,709

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 consolidated group 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
- Manufacturing of post-tensioning supplies

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 consolidated group's business segments are mainly located in Australia with the construction division also having operations in the UK and UAE.

32 Financing arrangements

The consolidated group has access to the following lines of credit:

	Structural Systems Group		Structural Systems Limited	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Total facilities available:				
Bank overdrafts	2,000	2,000	2,000	2,000
Bill acceptance facility	-	-	-	-
Bank guarantee facility	11,000	7,000	10,790	6,442
	13,000	9,000	12,790	8,442
Facilities used at balance date:				
Bank overdrafts	-	-	-	-
Bill acceptance facility	-	-	-	-
Bank guarantee facility	9,059	4,719	9,023	4,679
	9,059	4,719	9,023	4,679
Facilities not used at balance date:				
Bank overdrafts	2,000	2,000	2,000	2,000
Bill acceptance facility	-	-	-	-
Bank guarantee facility	1,941	2,281	1,767	1,763
	3,941	4,281	3,767	3,763

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 11.6% (2006 –10.85%).

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 (2006 – 2.0%).

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

The Notes were 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.

33 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 consolidated group 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 consolidated group's exposure to interest rate risk and effective weighted average interest rate of classes of financial assets and financial liabilities is set out below.

	Weighted Average Interest Rate	Floating Interest Rate $'000	Fixed interest rate maturing within 1 Year or less $'000	Over 1 Year to 5 Years $'000	More than 5 Years $'000	Non-interest Bearing $'000	Total $'000
2007							
Financial Assets							
Cash & cash equivalents	5.75%	7,109	-	-	-	17	7,126
Investments	-	-	-	-	-	839	839
Receivables	-	-	-	-	-	33,998	33,998
		7,109	-	-	-	34,664	41,773
2007							
Financial Liabilities							
Payables	-	-	-	-	-	30,127	30,127
Convertible note issue	11.%	-	19	-	-	19	19
Other loans	-	-	-	-	-	4	4
Lease and lease purchase liabilities	8.1%	-	3,291	4,499	-	-	7,790
		-	3,310	4,499	-	30,150	37,940

	Weighted Average Interest Rate	Floating Interest Rate $'000	Fixed interest rate maturing within 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

Foreign Exchange Risk

The consolidated group has not entered into any forward foreign exchange contracts to hedge any anticipated purchase and sale commitments denominated in foreign currencies.

33 Financial Instruments (continued)

Liquidity risk

The consolidated group 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 consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Net Fair Values of Financial Assets and Liabilities Valuation Approach

Net fair values of financial assets and liabilities are determined by the consolidated group 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	
	2007	2006	2007	2006
	$'000	$'000	$'000	$'000
Financial Assets				
Cash & cash equivalents	7,126	4,973	7,126	4,973
Receivables	33,998	23,998	33,998	23,998
Investments - Unlisted	839	750	839	750
Financial Liabilities				
Payables	30,127	21,281	30,127	21,281
Convertible notes	19	472	19	472
Other loans	4	360	4	360
Lease and lease purchase liabilities	7,790	3,430	7,790	3,430

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

STRUCTURAL SYSTEMS LIMITED ABN 57 006 413 574
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 11 to 42 , 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 2007 and of the performance for the year ended on that date of the company and consolidated group;

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: 14 September 2007

Structural Systems Limited ABN 57 006 413 574 and Controlled Entities

Independent Audit Report
To the Members 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.

Anderson Roscoe
ABN 80 446 534 781

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Australia

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Report on the Financial Report

We have audited the accompanying financial report of Structural Systems Limited (the company) and Structural Systems Limited and Controlled Entities (the consolidated entity), which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Audit Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. the financial report of Structural Systems Limited and Structural Systems Limited and Controlled Entities is in accordance with 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 2007 and of their performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b. the financial report also complies with International financial Reporting Standards as disclosed in Note 1.

Anderson Roscoe

Anderson Roscoe
Chartered Accountants

Robert F Cincotta
Partner

Date: 14 September 2007

Represented Nationally and Worldwide as a Member Firm of SC International - Adelaide - Brisbane - Perth - Sydney

Distribution of shareholders and shareholdings at 31 August 2007

Size of holding	Number of Shareholders	Number of Shares
1 - 1,000	207	130,159
1,001 - 5,000	608	1,819,930
5,001 - 10,000	258	2,019,055
10,001 - 100,000	399	11,586,720
100,001 - (MAX)	53	31,401,526
TOTAL	1,525	46,957,390

The number of Shareholders holding less than a marketable parcel ($500.00) at 31 August 2007 is 37 holding in total 3,111 shares.

Twenty largest shareholders	Number of shares	Percentage of issued capital
Citicorp Nominees Pty Limited	6,234,013	13.28 %
Sandhurst Trustees Limited	3,193,026	6.80 %
J P Morgan Nominees Australia Limited	2,519,296	5.37 %
National Nominees Pty Limited	2,489,251	5.30 %
Argo Investments Limited	1,669,916	3.56 %
Cogent Nominees Pty Limited	1,591,224	3.39 %
Kingemel Pty Ltd	1,590,000	3.39 %
HSBC Custody Nominees	1,456,502	3.10 %
Tintagel Nominees Pty Ltd	834,136	1.78 %
Bruce Crome Nominees Pty Ltd	705,600	1.50 %
Escor Investments Pty Ltd	509,000	1.08 %
Mr Philip Henry Hall	500,000	1.06 %
Harg Pty Limited	486,947	1.04 %
UBS Nominees Pty Ltd	353,013	0.75 %
Akir Pty Ltd	350,000	0.75 %
Mr David Perry	340,000	0.72 %
Mr Peter Begg Lawrence & Ms Clare Lorraine Lawrence	335,802	0.72 %
Temasek Holdings Pty Ltd	312,376	0.67 %
Wartax Gold Investments Pty Limited	300,000	0.64 %
Temasek Holdings Pty Ltd	290,735	0.62 %
Top 20 holders of Ordinary Fully Paid Shares as at 31 Aug 2007	26,060,837	55.52 %

Substantial Shareholders		
Citicorp Nominees Pty Limited	6,234,013	13.28 %
Sandhurst Trustees Limited	3,193,026	6.80 %
J P Morgan Trustees Australia Limited	2,519,296	5.37 %
National Nominees Limited	2,489,251	5.30 %

On Market Buy Back

A share buy back was commenced in June 2006. As at balance date a total of 424,155 shares had been purchased on market for cancellation since commencement. A total of 172,882 shares were purchased during the 2007 year.

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 on matters being brought forward at the meeting.

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 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) 9296 8100 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 Securities 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.