



Structural Systems

ANNUAL REPORT 2008

10-YEAR FINANCIAL SUMMARY

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
External sales of goods and rendering of services (\$'000)	282,573	141,239	104,405	106,948	78,453	102,336	117,229	94,981	94,016	47,807
Profit (Loss) before tax (\$'000)	20,708	12,316	7,165	3,444	(8,231)	580	(4,493)	386	3,723	4,041
Profit (Loss) after tax (\$'000) ⁽¹⁾	15,182	8,824	5,345	2,142	(8,589)	450	(4,716)	341	2,200	2,559
Shareholders funds at end of year (\$'000)	48,261	33,179	24,750	14,886	9,303	17,776	15,426	19,953	18,435	11,941
Net tangible assets (\$'000) ⁽¹⁾	32,021	27,936	21,258	12,881	7,298	14,644	12,071	16,330	14,587	7,828
Return on shareholder's funds ⁽¹⁾	31.5%	26.6%	21.6%	14.4%	(92.3%)	2.5%	(30.6%)	1.7%	11.9%	21.4%
Return on sales	5.4%	6.2%	5.1%	2.0%	(10.9%)	0.4%	(4.0%)	0.4%	2.9%	5.4%
Basic earnings per share (cents) ⁽²⁾	31.9	21.2	15.2	8.4	(33.7)	1.9	(22.0)	1.6	12.7	16.2
Net tangible asset backing per share (cents) ⁽²⁾	65.3	60.3	54.6	50.3	28.5	57.4	56.3	76.2	70.0	48.2
Dividends declared and / or paid (cents)	11.5	10.0	7.5	1.5	-	-	-	2.0	13.0	13.0
Dividends times covered	2.8	2.1	2.0	5.6	N/A	N/A	N/A	0.8	0.9	1.2
Depreciation and amortisation (\$'000)	5,699	4,102	2,946	2,418	2,408	2,595	2,432	2,032	1,776	1,332
Interest paid (\$'000)	951	381	541	1,023	1,136	663	911	556	548	213
Interest received (\$'000)	410	173	302	176	8	-	-	7	23	20
Share price at 30 June	\$2.55	\$2.82	\$1.04	\$0.61	\$0.48	\$0.40	\$0.60	\$0.76	\$1.42	\$2.00
Shares on issue at 30 June	49,142	46,438	38,950	25,631	25,624	25,499	21,428	21,428	20,857	16,229
Market Capitalisation at 30 June (\$'000)	125,312	130,955	40,508	15,635	12,300	10,200	12,857	16,285	29,617	32,458

⁽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 2008 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 components.

On 8 November 2007, the Company acquired the business of Meridian Concrete Pty Ltd ("Meridian") and as a result the construction activities of the consolidated entity were expanded to include the supply and place of concrete.

Review of operations

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

Results for the year	2008 \$'000	2007 \$'000
Revenue	282,573	141,239
Profit (Loss) before income tax	20,708	12,316
Income tax attributable to profit	(5,533)	(3,492)
Profit / (Loss) attributable to minority equity interests	(7)	-
Profit attributable to the members of Structural Systems Limited	15,182	8,824

Structural Systems Limited ("Structural" or "the company") achieved another year of record earnings and revenue growth. Pre-tax profit increased by 68% to \$20.708 million, up \$8.39 million from the record 2007 year result of \$12.316 million. This result was achieved on the back of strong organic growth across all business segments and the successful integration of the major acquisition made during the year. Revenue grew by 100% to \$282.57 million, up \$141.344 million from the \$141.226 million reported in 2007. The after tax profit for the year was \$15.182 million, compared with \$8.824 million last year. Included in the result was a gain of \$1.79 million derived from the restructuring of our equity interest in the UK post tensioning business.

Basic earnings per share grew by 50% to 31.9 cents compared to 21.2 cents for the corresponding period. The total number of shares on issue at 30 June 2008 was 49.141 million, increasing during the year by 2.703 million shares. Diluted earnings per share increased from 20.3 cents to 31.6 cents.

Cashflow from operations was \$8.613 million for the twelve months. The working capital requirement of the company has increased considerably during the year with the growth of the existing businesses and the Meridian acquisition. This requirement has been able to be largely funded from the internal cashflow of the company. Borrowings related to acquisition of major plant and equipment increased by \$1.3 million during the year to \$9.1 million.

The company has the ability to participate in nearly all segments of the construction, civil and engineering markets. This combined with continued strong demand for service companies in the mining and energy resources sector gives the board great confidence in the future prospects for the company. The acquisition of Meridian in November 2007 has assisted in taking the revenue base for the company to a record level.

Opportunities exist to roll out the construction services currently only offered in Victoria into other states of Australia. As the construction market evolves in Australia to provide a more national approach to the delivery of major infrastructure projects or to meet growth in local markets the company is fielding enquiries to partner with major contractors in the delivery of these projects. The company is well placed to take advantage of these opportunities with established presences and offices in the major capital cities of Australia.

The company continues to invest in its future. The benefits of investments made in recent years are clearly demonstrated in the growth in earnings from our capital intensive mining services operation. The prospects for this business have never been stronger and the business has a significant part of its ongoing revenue secured in long term contracts. The board is of the view that this business's future growth strategy is now best suited to a complementary acquisition. With the tightening of credit markets and the retreat of private equity in recent times valuations seem to be returning to more realistic levels. The company's gearing level of approximately 30% leaves room for further acquisitions. A number of potential acquisitions are currently being evaluated.

Revenue from activities in the Middle East is expected to grow substantially in the 2009 year. After being well established in the UAE for over ten years the company now have projects underway in Qatar, Bahrain and Abu Dhabi. The levels of construction in these regions shows no signs of slowing down and the opportunities are expected to be significant for many years to come.

Work in hand at the end of June 2008 was at a record level in excess of \$215 million. This secured order book combined with the current project enquiry level underpins the expectation of continued growth of the company.

The safety of our people continues to be of the highest importance throughout the company. While the Group achieved some very satisfying results during the 2008 year we acknowledge that we can continue to improve and do better. Due to the widespread geographical locations the Group operates in and the physical nature of the work the Group undertakes there are specific and inherent difficulties. Leading by example and ensuring all employees go home without injury each day is a key focus across the Group's workplaces. The Company's mining service business Rock Australia Pty Ltd ("Rock") recorded five years with no lost time injury at the Argye Diamond mine site and six years at the Kalgoorlie Superpit project. This business overall has achieved 442 days since its last LTI. A great achievement from all the employees of Rock.

Post-tensioning

The post tensioning activities of the company achieved modest growth of 7% in the 2008 year. Total revenue grew by \$4.9 million to \$79.3 million. The second half performance of the NSW and QLD businesses was affected by continued periods of inclement weather and this resulted in lower volumes in the second half compared to the first six months of the financial year. Revenue from manufacturing of post tensioning products was approximately 10% lower in the 2008 year. This decrease was a direct result of the lower levels of activities in NSW and QLD. Our Western Australian operation achieved solid revenue growth during the year on the back of strong conditions in the Perth construction market. Revenue from operations in the Middle East grew by 16% to a record \$9.028 million.

Mining

This business undertakes work in the resource, energy and infrastructure market sectors with its primary activities being engineering, drilling, blasting, geotechnical and environment services. The 2008 year saw significant growth in revenue and profit. Profit before tax rose by 78% to \$3.216 million for the year. Revenue increased by 59% to \$39.1 million. Demand for the business's services is at record levels with opportunities being pursued throughout Australia. During the period the business was able to increase the number of long term contracts in hand and work in hand at June was at record levels. During the year the drilling fleet was expanded by a further seven surface drill rigs.

Construction

The Construction division includes structure packages, formwork, concrete supply and place and remedial activities. Revenue from this segment grew by 282% to \$171.528 million, an increase of \$126.6 million on the \$44.8 million in 2007. Approximately half of this growth in revenue was achieved organically with the balance coming from Meridian. Primarily the Construction business derives its income from operations in the Victorian construction market. This market has been very strong throughout the year. With the acquisition of Meridian the Company is now able to provide the full structure package service in house. The synergies between the Construction operations pre-acquisition and Meridian start at the securing of new work and flow right through to the on-site delivery and completion of the works. The company is confident that further cost savings and efficiency benefits will continue to flow as the integrated model develops. Earnings from Construction activities increased by 193% to \$7.251 million. Meridian accounted for 78% of the increase in earnings from this division.

Financial position

The total assets of the Consolidated Entity increased by \$58.47 million to \$138.237 million at 30 June 2008. Net assets grew by \$15.031 million to \$48.21 million. As a result of this increase the net asset backing per share grew by 5.0 cents per share to 65.3 cents. The number of shares on issue increased by 2,703,938 to 49,141,824 at 30 June 2008.

With the acquisition of Meridian and the organic growth of the existing businesses during the year, the value of debtors grew significantly from \$33.8 million to \$74.9 million. An increase of \$41.092 million on the prior year. This growth in the year end debtor balance is a direct result of the growth in average monthly billing from \$11.8 million in the 2007 year to \$23.5 million in 2008. Payment terms achieved during the 2008 year were similar to that of the corresponding period.

Raw materials and stock on hand increased by 41% to \$8.7 million at 30 June 2008. With the price of steel strand increasing throughout the world management decided to carry larger quantities of inventory. Where possible the Company is pre-buying the strand requirements for key projects to ensure there are no problems with supply and that contract bid prices are locked in.

During the year the Company acquired approximately \$9.2 million of additional plant and equipment. This value excludes plant and equipment that the Company acquired as part of the acquisition of other businesses. The value of intangible assets increased by \$10.944 million during the year. The acquisition of Meridian accounted for \$10.4 million of this increase. No impairment to goodwill was deemed justified after review by the board at the end of the financial year.

Total liabilities grew by \$43.442 million to \$90.027 million. Trade and other payables grew by \$32 million to \$61.8 million. Similar to the growth in debtors the increase in this liability is directly correlated to the increase in activity during the year.

Total borrowings increased during the year by \$7.991 million to \$15.804 million. Borrowings related to hire purchase funding grew by \$1.3 million to \$9.1 million. Debt funding provided for the cash consideration of the acquisition of Meridian was \$5.2 million at balance date.

Issued capital increased in 2008 by \$4.758 million. The main items contributing to the increase in issued capital were the issue of \$4 million worth of shares as part of the consideration for the acquisition of Meridian and the final issue of shares as part-consideration for the minority share acquired in Rock of \$300K. The shares issued as part of the consideration of Meridian were issued at \$2.65.

Consolidated income statement

Total revenue doubled in the 2008 year to \$282.572 million, up \$141.334 million on the \$141.239 million achieved in the 2007 year. This level of revenue was a record for the Company and illustrates the significant increase in activities being undertaken across the Group. Approximately half of the growth in revenue was due to the acquisition of Meridian in November 2007. The other businesses within the Group all contributed to the balance of the increase of \$72.384 million that came from organic growth. Growth in the volumes of Construction activity undertaken in Victoria was particularly strong during the year.

EBITDA increased by \$10.32 million to a record of \$26.947 million. The depreciation expense increased by \$1.596 million to \$5.699 million for the period. The majority of the increase came about as a result of the increase in plant & equipment purchased by the Company's mining services business. Interest expense was \$951K for the year, up from \$381K for the prior period. The increase in interest expense was due to the borrowing costs associated with the initial payment of \$6

million for Meridian and the increased hire purchase debt during the period. The Company borrowed approximately \$5.325 million to fund capital equipment purchases during the year.

Basic earnings per share grew by 10.7 cents to 31.9 cents, an increase of 50% on the previous financial year result. Diluted earnings per share grew by 11.3 cents to 31.6 cents.

Construction, servicing and contract costs increased from 74% of revenue to 81% during the year. This area of expenditure accounts for 87% of the cost structure of the Company and is a key focus for the Company. There were two main events during the year that contributed to the increased percentage of revenue of this category of expenditure. Iron ore and coking coal prices rose significantly during the first few months of the 2008 calendar year. As these commodities are key elements in the production of steel, these price rises flowed straight through and resulted in increased post-tensioning strand prices but also on re-inforcement bar and mesh costs. Not all projects underway at the time of these price increases had fixed supply prices and as a result project costs increased against budget allowances. Another effect on the cost efficiencies of the Company was the prolonged period of inclement weather that occurred in NSW and QLD during the year. On the positive side the Company is starting to see cost efficiencies in the Construction business as the synergies between Meridian and the existing businesses develop.

The restructuring of the Company's equity interest in the UK post tensioning business resulted in a gain on sale of \$1.79 million.

Consolidated cash flow statement

Cashflow from operating activities in the 2008 year was \$8.613 million, which was down \$2.97 million on the \$11.583 million for the previous year. Net cash received in the course of operations grew by \$4.387 million year on year. The main cause of the reduced cash flow from operating activities compared to the prior year was the payment of \$6.728 million in income tax in 2008. Up until the end of the 2007 year the Company had significant tax losses which resulted in no tax being paid in the 2007 year.

The Company continues to utilise its cashflow to invest in its future. During the period approximately \$4.3 million of capital equipment was purchased using the Company's cash flow. With the acquisition of Meridian and the increasing level of activity undertaken, the working capital requirements of the Company increased during the year. This resulted in a reduction in cash reserves in the second half of the year. However, due to the higher cash balances on hand during the first five months of the year, interest received during the year increased by \$238K to \$410K.

During the year, the Company spent \$6.592 million on acquisitions and deferred payments related to minority share holdings it acquired in prior years. Of this value \$6.0 million was initially borrowed for the Meridian acquisition. The balance was funded using the Company's cashflow. At balance date \$5.2 million of this debt remained outstanding.

Lease and hire purchase repayments increased by \$1.719 million to \$4.02 million.

As a result of employees exercising options the Company received \$443K during the year from the issue of shares.

Dividends of \$5.315 million were paid to shareholders during the year.

Dividends paid and recommended

The final fully franked ordinary dividend of 6.5 cents per share took the total dividend declared or paid for the 2008 year to 11.5 cents per share. This is a 15% increase on the 10 cents per share paid for the 2007 year. The final dividend is payable on 31 October 2008, and will be franked at a tax rate of 30%. An interim fully franked dividend of 5 cents per share was paid on 11 April 2008.

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 2008. 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 6 cents per share for the 2007 year was paid on 19 October 2007 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 company 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 company 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 company. Accordingly, this information has not been included in this report.

Information on directors of Structural Systems Limited
Bruce A Crome (Non-Executive Chairman), age 66.

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

Interest in Shares	⇒	666,553
	⇒	2,288
	⇒	35,109

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

- Held in a Family Trust.
- Held personally.
- Held by Bruce Crome Nominees Pty Ltd

Ian L Fraser (Non-executive Independent Director) age 63.

 Director since 2004
 FCPA, Fellow of the Australian Society of CPAs.
 FAICD, Fellow of the Australian Institute of Company Directors.
 Chairman of the Structural Systems Audit Committee.

Interest in Shares	⇒	60,000
	⇒	116,000

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
- Nylex Limited since December 2006
- Legend Corporation Limited since January 2008
- 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
- Lighting Corporation Limited from June 2006 to January 2008

- Held by Dara Lee Cole Fraser.
- Held by The Fraser Superannuation Fund.

Robert W Freedman (Managing Director) age 63.

 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
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- Held by Freedman Superannuation Fund

David R Perry (Financial Director), age 41.

 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
	⇒	540,000

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

Directors attendance at meetings

Year ended 30 June 2008

	Structural Systems Board		Audit Committee	
	Held	Attended	Held	Attended
B A Crome	5	5	-	-
I L Fraser	5	5	2	2
R W Freedman	5	5	-	-
D R Perry	5	5	-	-

Remuneration Report

The directors submit the Remuneration Report (the Report) for the year ended 30 June 2008.

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	12,887	-	105,537
I L Fraser	Director (Non Executive)	56,250	5,062	-	-	61,312
R W Freedman	Managing Director	121,250	93,750	48,734	145,800	409,534
D R Perry	Director and Chief Financial Officer	250,833	50,524	22,369	145,800	469,526
Total remuneration Directors of the Company		513,333	156,986	83,990	291,600	1,045,909

		Salary & Bonus	Superannuation	Other Benefits	Options	Total
D Minchin	Director – Rock Australia Pty Ltd	42,000	94,500	26,716	-	163,216
W Ironmonger	General Manager – UAE	213,950	-	21,262	8,400	243,612
R Coates	General Manager – Rock Australia Pty Ltd	170,000	13,129	18,169	27,000	228,298
M Pope	General Manager – Victoria – Construction	183,921	37,400	16,575	75,000	312,896
V Sammartino	General Manager – Meridian	136,000	-	-	-	136,000
M Schweiger	General Manager – Northern Division	240,000	18,000	19,590	75,000	352,590
Total Remuneration Key Management Personnel		985,871	163,029	102,312	185,400	1,436,612

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 2008	Exercise Price	Exercise Period	Expiry Date
Nov 02	600,000	5	600,000	-	-	\$0.45	Nov 02 to Sept 07	30 Sept 07
Oct 04	575,000	13	575,000	-	-	\$0.45	Oct 04 to Jun 09	30 June 09
Oct 04	200,000	4	200,000	-	-	\$0.45	Jul 05 to Jun 09	30 June 09
Oct 04	100,000	2	100,000	-	-	\$0.45	Jul 06 to Jun 09	30 June 09
Sep 07	250,000	4	-	-	250,000	\$1.80	Sep 07 to Jun 09	30 June 09
Sep 07	750,000	19	-	-	750,000	\$2.40	Sep 07 to Jun 09	30 June 09
		Balance as at 1 July 2007	Granted during period	Exercised during period	Lapsed during period	Balance 30 June 2008	Vested but not exercised during the period	
Directors								
D Perry	Options	300,000	-	200,000	-	100,000		-
R W Freedman	Options	300,000	-	200,000	-	100,000		-
Executives								
M Schweiger	Options	-	125,000	-	-	125,000		-
M Pope	Options	-	125,000	-	-	125,000		-
R Coates	Options	-	100,000	-	-	100,000		-
W Ironmonger	Options	-	70,000	-	-	70,000		-

Non-audit services

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

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence 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 2008:

	\$
Taxation services	6,998
Assisting in the preparation of consolidated financial report prepared under AIFRS	38,771
Assisting in the preparation of financial reports of controlled entities	<u>22,476</u>
Total	<u>68,245</u>

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 to 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 \$22,143 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 2008 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 18 September 2008



R.W. FREEDMAN - DIRECTOR



D.R. PERRY - DIRECTOR

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



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

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2008, 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 F Cincotta

**ROBERT F CINCOTTA
Partner**

Date: 18 September 2008

Melbourne

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

Level 2, 479 St Kilda Road
Melbourne Victoria 3004
Australia

PO Box 7366
St Kilda Road Victoria 8004

Telephone: 03 9867 1555
Facsimile: 03 9867 1550

Email: info@andersonroscoe.com.au
www.andersonroscoe.com.au

Principle 1 : Lay solid foundations for management and oversight

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 performance of each senior executive is formally reviewed and evaluated on at least an annual basis. This process takes into account financial and non-financial outcomes achieved during the period. These outcomes are compared to the key performance targets set for each executive at the start of the financial year. Comprehensive budgets and businesses plans are developed and agreed with the executive at the start of the reporting period and monitored throughout the financial year.

Principle 2: Structure the board to add value

The current composition of the Board does not comply with recommendation 2.1 of the Australian Securities Exchange Corporate Governance Principles and Recommendations. Independent Directors do not make up the majority of the Board. Of the four directors there is only one independent director. However, while the Board is of the view that the current composition has adequately represented the interests of shareholders to date the future of the company will be best served by increasing the number of independent directors. With this in mind the board intends to seek in the medium term up to two non-executive independent directors to supplement the existing directors.

The Chairman of the Board is non-executive and independent of the role of the Managing Director. The Chairman does not qualify as being independent due to his previous service as an executive of the Company and as a consequence recommendation 2.2 is not complied with.

Currently the Company does not have a nominations committee. As such recommendation 2.4 has not been complied with. The existing number of directors makes such a committee no more efficient mechanism than the full Board for detailed selection and appointment practices. However, it is the Board intention that as the number of independent directors is increased and the overall number of directors on the board grows such a committee would add value. The Board would expect to have established a nomination committee during the next twelve months. Additionally, the Board would expect to have established a formal board evaluation process. The Board does not have in place a formal board evaluation process and as such does not comply with recommendation 2.5. It is expected that on establishment of the nominations committee a process will be developed such that the performance of the Board, its committees and individual directors can be formally evaluated.

Principle 3 : Promote ethical and responsible decision-making

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. The statement is available for review on the Company's website.

Under this policy officers and employees of the Company are expected to:

- Comply with the law;
- Act honestly and with integrity;
- Not place themselves in situations which result in divided loyalties;
- Use the Company's assets responsibly and in the interests of Structural Systems; and
- Be responsible and accountable for their actions.

The Company has a policy concerning trading in company securities by directors and senior executives. This policy restricts the times and circumstances in which Directors, senior executives and certain employees may buy or sell shares in the Company. Directors must advise the Company, which in turn advises the ASX, of any transactions conducted by them in the Company's securities within five business days after the transaction occurring. The Company's policy prohibits margin lending arrangements by Directors. The policy is available on the Company's website.

The Company reports annually to the Australian Government on initiatives it undertakes to ensure equality for all women within its workplace. The Company continues to be compliant with the Equal Opportunity for Women in the Workplace Act 1999.

Principle 4 : Safeguard integrity in financial reporting

The Board has an Audit Committee that assists 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 audit committee being comprised of only two members does not comply with recommendation 4.2. It is the Board's intention that as further independent directors are recruited to the Board the number of members on the Audit Committee will increase to at least three. The audit committee has a formal charter which clearly sets out the audit committee's role and responsibilities, composition, structure and membership requirements for inviting non-committee members to attend meetings. The audit committee charter is available for review on the company's website in the Corporate Governance section. The Managing Director and Financial Director attend audit committee meetings as required and where appropriate.

Principle 5 : Make timely and balanced disclosure

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. Communications to the ASX are the responsibility of the Company Secretary. Corporate governance processes are continuously reviewed to ensure compliance with changes to the Corporations Act and other legislation that affects Group companies. This ensures that the Group is in-line with reporting requirements of the Australian Stock Exchange (ASX) in keeping the market properly informed on the affairs of the Group. A copy of the Company's policy regarding market disclosure policy and procedures is available on the Company's website.

Principle 6 : Respect the rights of shareholders

The Company does have a communications policy for promoting effective communication with its shareholders. This policy is available on the Company's website.

The Company's policy is to communicate with its shareholders and other interested parties in a regular, open and timely manner.

The key mechanisms used by the Company are regular shareholder communications such as the half yearly reports, the Annual Report and the Financial report.

The Company's website contains a range of information on the Company and its activities. This website is regularly reviewed and updated. 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 has done a series of boardroom radio interviews during the year with the executive directors. These interviews are a way of providing timely information to shareholders and interested parties in a format that is easily accessible and understood.

The Company encourages the participation of shareholders at the AGM. The attendance at the Company's AGM assists shareholders in gaining a greater understanding of the Group's strategy and goals.

Principle 7 : Recognise and manage risk

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. Responsibility for the control and risk management is delegated to the appropriate level of management within the Group with the Managing Director and Financial Director having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include:

- 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;
- Appropriate due diligence procedures for corporate acquisitions and disposals;
- A reportable issues system;
- A compliance program;
- A health, safety and environment policy;
- Reports by the Chairman of the Audit Committee to the Board of the minutes of each meeting held by this committee;
- A comprehensive Group-wide insurance program.

The senior executives of all the operating units within the Group and executive directors meet biannually as a team to review the performance of the Group and develop future operational strategies. Further, an executive committee made up of representatives from the senior executive personnel of the Company provides additional resources in order to ensure that the risks associated with its operational sites and domestic and international locations are effectively managed. 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.

The Company's Managing Director and Financial Director are each required to report in writing to the board that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Principle 8 : Remunerate fairly and responsibly

The Company currently does not have a remuneration committee and as such does not comply with recommendation 8.1. To date the Board has been of the view that due to the small number of Directors such a committee would not be a more effective mechanism than the full Board for determining the remuneration level of non-executive Directors, Executive Directors and Senior Management. However, it is the Board's intention that on the establishment of the Nominations Committee that this committee would also undertake the role of the remuneration committee.

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 on an annual basis. Independent advice is sought 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 annually 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 fees payable to Non-executive Directors are determined by the Board within the aggregate amount approved by shareholders. Shareholder approval was given at the Annual General Meeting held on 7 November 2007 for the maximum aggregate amount of Non-Executive Directors fees to be increased from \$200,000 per year to \$350,000 per year. The Company's Non-executive Directors receive fees as remuneration for acting as a Director and in the cases for being part of a standing committee of the board. The amount of each Non-executive Directors fees depends on the extent of the Director's responsibilities. The Non-executive Directors do not receive any performance related remuneration.

The Board believes that it is important for the senior executives to have ongoing share ownership in the Company. The Structural Systems Executive Share Option Plan which was approved by shareholders at the 1993 AGM is a reflection of this view.

	Note	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue		280,740	141,226	8,409	6,746
Other Income		1,833	13	1,860	13
Total Revenue	2	282,573	141,239	10,269	6,759
Raw materials and consumables used for sale of goods		(5,142)	(5,956)	-	-
Construction and servicing costs		(244,911)	(116,531)	-	-
Changes in inventories and raw materials		5,142	5,732	-	-
Depreciation and amortisation expense	3 (a)	(5,699)	(4,102)	(4,246)	(2,937)
Finance costs	3 (a)	(951)	(381)	(919)	(339)
Other expenses		(10,777)	(8,017)	(2,977)	(2,506)
Share of net profits of associates and joint ventures accounted for using the equity method	28 (b)	473	332	-	-
Profit before Income tax expense		20,708	12,316	2,127	977
Income tax expense	4	(5,533)	(3,492)	(5,495)	(3,498)
Profit (Loss) after Income tax		15,175	8,824	(3,368)	(2,521)
Loss attributable to minority equity interests		7	-	-	-
Profit (loss) attributable to members of the parent entity		15,182	8,824	(3,368)	(2,521)
Basic earnings per share (cents)		31.9¢	21.2¢		
Diluted earnings per share (cents)		31.6¢	20.3¢		
Dividends paid per share (cents)		11.0¢	9.0¢		

	Note	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CURRENT ASSETS					
Cash and cash equivalents	25 (a)	2,571	7,126	2,118	6,436
Trade and other receivables	9	74,900	33,807	3,375	2
Inventories	10	15,020	9,878	-	-
Other current assets	11	287	41	35	-
TOTAL CURRENT ASSETS		92,778	50,852	5,528	6,438
NON CURRENT ASSETS					
Receivables	12	2	191	30,829	42,367
Financial assets	13	-	-	19,057	7,153
Investment accounted for using the equity method	28 (a)	-	839	-	-
Property, plant and equipment	14	25,769	20,875	19,485	16,839
Intangible assets	15	16,189	5,244	-	-
Deferred tax assets	18 (b)	3,499	1,763	3,499	1,744
TOTAL NON-CURRENT ASSETS		45,459	28,912	72,870	68,103
TOTAL ASSETS		138,237	79,764	78,397	74,541
CURRENT LIABILITIES					
Trade and other payables	16	61,800	29,792	3,711	1,863
Financial liabilities	17	8,231	3,314	8,064	3,095
Current tax liabilities	18 (a)	4,053	3,529	4,053	3,529
Short-term provisions	19	7,116	4,390	97	87
TOTAL CURRENT LIABILITIES		81,200	41,025	15,925	8,574
NON-CURRENT LIABILITIES					
Trade and other payables	16	250	336	30,490	33,474
Financial liabilities	17	7,573	4,499	7,284	4,499
Deferred tax liabilities	18 (a)	414	396	414	393
Long-term provisions	19	590	329	45	-
TOTAL NON-CURRENT LIABILITIES		8,827	5,560	38,233	38,366
TOTAL LIABILITIES		90,027	46,585	54,158	46,940
NET ASSETS		48,210	33,179	24,239	27,601
EQUITY					
Issued capital		29,219	24,460	29,219	24,460
Share option equity		1,062	500	1,062	500
Reserves		652	819	3,583	3,583
Retained earnings (Accumulated Losses)		17,329	7,462	(9,625)	(942)
TOTAL PARENT ENTITY INTEREST		48,262	33,241	24,239	27,601
Minority equity interests		(52)	(62)	-	-
TOTAL EQUITY		48,210	33,179	24,239	27,601

The accompanying notes form part of these financial statements.

CONSOLIDATED GROUP	Note	Share Capital Ordinary \$'000	Share Options Equity \$'000	Retained Earnings (Accumulated Losses) \$'000	Asset Revaluation Reserve \$'000	Capital Profits Reserve \$'000	Foreign Currency Translation Reserve \$'000	Minority Equity Interests \$'000	Total \$'000
Balance at 1 July 2006		21,013	271	2,440	918	265	(157)	(62)	24,688
Shares issued during the period		3,662							3,662
Shares bought back during the year		(215)							(215)
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
Balance at 1 July 2007									
Shares issued during the period		4,759							4,759
Shares bought back during the year		-							-
Share options issued during the period			562						562
Profit attributable to members of parent entity				15,182					15,182
Translation adjustment on controlled foreign entities' financial statements							(167)		(167)
Loss attributable to minority shareholders								10	10
Sub-total		29,219	1,062	22,644	918	265	(531)	(52)	53,525
Dividends paid or provided for	7			(5,315)					(5,315)
Balance at 30 June 2008		29,219	1,062	17,329	918	265	(531)	(52)	48,210

The accompanying notes form part of these financial statements.

PARENT ENTITY	Note	Share Capital	Share Options	Retained Profits	Asset	Capital Profits	Total
		Ordinary	Equity	(Accumulated Losses)	Revaluation Reserve	Reserve	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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
Balance at 1 July 2007		24,460	500	(942)	918	2,665	27,601
Shares issued during the period		4,759					4,759
Shares bought back during the year		-					-
Share options issued during the period			562				562
Profit attributable to members of parent entity				(3,368)			(3,368)
Sub-total		29,219	1,062	(4,310)	918	2,665	29,553
Dividends paid or provided for	7			(5,315)			(5,315)
Balance at 30 June 2008		29,219	1,062	(9,625)	918	2,665	24,239

		STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts in the course of operations		266,019	146,706	444	150
Cash receipts as treasury function for controlled entities		-	-	250,422	131,925
Cash payments in the course of operations		(250,081)	(135,155)	(12,350)	(2,207)
Cash payments as treasury function for controlled entities		-	-	(225,149)	(122,196)
Interest received		410	173	397	160
Dividends received		-	243	-	898
Finance costs		(1,007)	(389)	(976)	(347)
Income tax (paid) refunded		(6,728)	5	(6,707)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	25 (b)	8,613	11,583	6,081	8,383
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(4,857)	(2,953)	(2,235)	(1,425)
Proceeds from sale of property, plant and equipment		485	80	197	40
Loan from (to) related entities (net)		123	(376)	196	390
Payment for controlled entities	25 (e)	(6,592)	(2,564)	(6,617)	(2,112)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(10,841)	(5,813)	(8,459)	(3,107)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		6,701	-	6,701	-
Lease and lease purchase payments		(4,021)	(2,302)	(3,785)	(1,805)
Share buy-back payment		-	(209)	-	(209)
Proceeds from issue of shares		475	2,902	459	2,902
Dividends paid		(5,315)	(3,802)	(5,315)	(3,802)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(2,160)	(3,411)	(1,940)	(2,914)
NET INCREASE (DECREASE) IN CASH HELD		(4,388)	2,360	(4,318)	2,361
Effect of exchange rates on cash holdings		(167)	(207)	-	-
Cash at beginning of financial year		7,126	4,973	6,436	4,075
CASH AT END OF FINANCIAL YEAR	25 (a)	2,571	7,126	2,118	6,436

**Note 1: Statement of Significant Accounting Policies**

This financial report includes the consolidated financial statements and notes of Structural Systems Limited and controlled entities ('Consolidated Group', or 'Group'), and the separate financial statements and notes of Structural Systems Limited as an individual parent entity ('Parent Entity')

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act (2001).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing reliable and relevant information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material Accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

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

Accounting policies**a) Principles of Consolidation**

A controlled entity is any entity Structural Systems Limited has the power to govern the financial and operating policies of so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date control was gained (ceased).

All inter-group 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.

Minority interests, being that portion of the profit or loss and net assets of subsidiaries attributable to equity interests held by persons outside the group, are shown separately within the equity section of the consolidated Balance Sheet and in the consolidated Income Statement.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair value of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where the amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted, or substantively enacted as at balance date. Their measurement also reflects the manner in which the management expects to recover or settle the carrying amount of the related asset or liability.

**Note 1: Statement of Significant Accounting Policies (cont.)**

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments, subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Structural Systems Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Structural Systems Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. 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.

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 includes 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 revenue 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.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in 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.

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 revalued amount of the asset.

Plant and equipment

Plant and equipment are measured on 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.

**Note 1: Statement of Significant Accounting Policies (cont.)**

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.

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	20.0%
Plant and equipment	10.0%
Leased assets	
- Plant and Equipment	15.0%
- Mining Equipment	25.0%

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

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

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

f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the 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 and Initial Measurement**

Financial instruments incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and subsequent Measurement**(i) 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.

**Note 1: Statement of Significant Accounting Policies (cont.)****(ii) 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 subsequently measured at amortised cost using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the group's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

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.

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 combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the 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.

**Note 1: Statement of Significant Accounting Policies (cont.)**

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. 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. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Equity-settled compensation

The group operates an equity-settled share-based payment employee share and option schemes. The fair value of the equity to which the employees become entitled is measured at grant date and recognized as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market-price bid. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at each reporting date such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

n) 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.

o) 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.

p) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all ownership of those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument. 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 relating to construction activities is further detailed in Note 1 (d).

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at reporting date and where outcome of the contract can be established reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognized only to the extent that related expenditure is recoverable.

q) 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.

Note 1: Statement of Significant Accounting Policies (cont.)

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

r) 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.

s) Comparative Figures

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

t) 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.

u) 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.

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
2. Revenue				
Operating Activities				
▪ Sale of goods	9,083	8,041	-	-
▪ Rendering of services	270,493	132,450	-	-
▪ Management fee from controlled entities	-	-	6,330	5,537
▪ Interest received from other parties	410	173	397	160
▪ Dividends received from wholly-owned subsidiary	-	-	1,239	899
▪ Other revenue	754	562	443	150
	280,740	141,226	8,409	6,746
Non-Operating Activities				
▪ Gain on disposal of non-current investments	1,787	-	1,860	-
▪ Gain on disposal of property, plant and equipment	46	13	-	13
Total revenue	282,573	141,239	10,269	6,759
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	50	50	50
• Plant and equipment	5,643	4,052	4,190	2,887
• Leasehold improvements	6	-	6	-
	5,699	4,102	4,246	2,937
Bad and doubtful debts expense including movements in provision for doubtful debts	2	282	-	272
Finance Costs:				
• Other persons	301	84	300	82
• Directors' loans to Company	-	-	-	-
• Finance charges on capitalised assets	650	297	619	257
	951	381	919	339

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
3. Profit for the year (Continued)				
Impairment of:				
• Non-current investments	-	-	-	-
• Goodwill	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Rental – operating leases	777	448	-	-
Provision for:				
• Employee benefits	2,986	1,591	55	10
• Net foreign exchange loss (gain)	111	-	46	-
	<hr/>	<hr/>	<hr/>	<hr/>

(b) Other expenses – parent entity

Other expenses of \$2,977,000 (2007: \$2,506,000) comprises administrative costs incurred in the operations of the holding company such as salaries and wages \$2,036,033, finance costs of \$918,931, bank fees and charges \$180,210, and professional and consultant fees \$149,234.

(c) Significant revenue & expenses

The following significant revenue & expense items are relevant in explaining the financial performance of the consolidated entity

• Consideration on disposal of interest in associate – SS (UK)	1,860	-	1,860	-
• Carrying amount of investment on disposal (After adjusting for dividends received)	(73)	-	-	-
Net gain / proceeds on sale of interest in SS (UK)	<hr/> 1,787	<hr/> -	<hr/> 1,860	<hr/> -

4. Income Tax Expense

The components of Income Tax expense are as follows:

Current tax	7,182	3,529	7,160	3,529
Deferred tax	(1,719)	(31)	(1,735)	(30)
Under (over) provision in respect of prior years	70	(6)	70	-
	<hr/> 5,533	<hr/> 3,492	<hr/> 5,495	<hr/> 3,499

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% (2007 – 30%)

• Consolidated group	6,233	3,696	-	-
• Parent equity	-	-	638	292
• Other members of the income tax consolidated group	-	-	5,604	3,410
Add (deduct) tax effect of:				
• Increase (decrease) in income tax expense due to non tax deductible (non-tax assessable) items	(343)	88	(343)	88
• Movement in deferred tax assets & liabilities during year	(130)	-	(130)	-
• Non (assessable profit) deductible loss on overseas entity	(202)	(215)	(202)	(215)
Share of net profits of associates and joint ventures entities	(142)	(100)	(142)	(100)
Current year losses not taken up as a deferred tax asset	28	6	-	-
Allocation of deferred tax asset and deferred tax liability to parent entity under tax consolidation	-	-	-	-
Deferred tax asset and liability no longer required	19	23	-	23
Amount under (over) provided prior year	70	(6)	70	-
Income tax expense (benefit) attributable to entity	<hr/> 5,533	<hr/> 3,492	<hr/> 5,495	<hr/> 3,498
Applicable weighted average effective tax rates	<hr/> 27%	<hr/> 28%	<hr/> 258%	<hr/> 358%

The decrease in the weighted average effective tax rate for 2008 is primarily due to a non-assessable capital profit on the disposal of an interest in an overseas entity.

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	166	138	-	-
Capital losses	442	442	442	442
	<hr/> 608	<hr/> 580	<hr/> 442	<hr/> 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 & Bonus	Superannuation	Other Benefits ¹	Options	Total
			\$	\$	\$	\$	\$
Directors							
B A Crome	Chairman (Non Executive)	2008	85,000	7,650	12,887	-	105,537
		2007	85,000	7,650	23,588	-	116,238
I L Fraser	Director (Non Executive)	2008	56,250	5,062	-	-	61,312
		2007	45,000	4,050	-	-	49,050
R W Freedman	Managing Director	2008	121,250	93,750	48,734	145,800	409,534
		2007	130,000	137,908	38,259	114,545	420,712
D R Perry	Director and Chief Financial Officer	2008	250,833	50,524	22,369	145,800	469,526
		2007	200,000	50,000	21,512	114,545	386,057
Total Remuneration Directors		2008	513,333	156,986	83,990	291,600	1,045,909
		2007	460,000	199,608	83,359	229,090	972,057
Executives							
R Coates	General Manager – Rock Australia Pty Ltd	2008	170,000	13,129	18,169	27,000	228,298
		2007	150,000	13,093	12,356	-	175,449
V Sammartino	General Manager – Meridian	2008	136,000	-	-	-	136,000
		2007	-	-	-	-	-
M Pope	General Manager – Victoria – Construction	2008	183,921	37,400	16,575	75,000	312,896
		2007	160,000	13,500	20,267	-	193,767
W Ironmonger	General Manager – UAE	2008	213,950	-	21,262	8,400	243,612
		2007	256,318	-	24,283	-	280,601
M Schweiger	General Manager – Northern Division	2008	240,000	18,000	19,590	75,000	352,590
		2007	205,453	16,241	-	-	221,694
D Minchin	General Manager – Rock Australia Pty Ltd	2008	42,000	94,500	26,716	-	163,216
		2007	167,671	11,271	25,741	-	204,683
Total Remuneration Executives		2008	985,871	163,029	102,312	185,400	1,436,612
		2007	939,442	54,105	82,647	-	1,076,095

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 01/07/2007	Equity-settled Compensation	Options Exercised	Net Change Other	Balance 30/06/2008	Total Vested 30/06/08	Total Unvested 30/06/08
Directors							
D R Perry	300,000	-	(200,000)	-	100,000	100,000	-
R W Freedman	300,000	-	(200,000)	-	100,000	100,000	-
Executives							
M Pope	-	125,000	-	-	125,000	125,000	-
V Sammartino	-	-	-	-	-	-	-
D Minchin	-	-	-	-	-	-	-
R Coates	-	100,000	-	-	100,000	100,000	-
W Ironmonger	-	70,000	-	-	70,000	70,000	-
M Schweiger	-	125,000	-	-	125,000	125,000	-
	600,000	420,000	(400,000)	-	620,000	620,000	-

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 01/07/2007	Received as Remuneration	Number of ordinary shares issued on options exercised	Amount paid per share	Net Change Other	Balance 30/06/2008
Directors						
B A Crome	903,950	-	-	-	(200,000)	703,950
R W Freedman	1,099,136	-	200,000	\$0.80	(200,000)	1,099,136
D R Perry	647,500	-	200,000	\$0.80	(200,000)	647,500
I L Fraser	180,000	-	-	-	(4,000)	176,000
Executives						
R Coates	197,000	-	-	-	-	197,000
V Sammartino ¹	-	-	-	-	1,509,434	1,509,434
W Ironmonger	-	-	-	-	-	-
M Pope	100,000	-	-	-	(100,000)	-
D Minchin	1,200,000	-	-	-	330,000	1,530,000
M Schweiger	200,000	-	-	-	-	200,000
	4,527,586	-	400,000	-	1,135,434	6,063,020

¹ Mr Vincent Sammartino has a beneficial interest in Meridian Concrete Pty Ltd, which received shares currently held under escrow as part consideration for the acquisition of the business of Meridian Concrete Pty Ltd by Structural Systems Limited.

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 given at the last Annual General Meeting, held on 8 November 2007 for the maximum aggregate remuneration of \$350,000 per year. The level of base salary paid to the non-executive directors increased by a total of 8.65% in the 2008 year.

5 Key Management Personnel Compensation (continued)

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 take 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 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		STRUCTURAL SYSTEMS LIMITED	
	2008	2007	2008	2007
6 Auditors' Remuneration				
Remuneration of the auditor of the parent entity				
• Auditing or reviewing the financial report	\$160,900	\$130,947	\$45,500	\$36,765
• Taxation services	\$6,998	\$2,800	\$6,998	\$2,800
• Assisting in the preparation of a consolidated financial report prepared under AIFRS	\$38,771	\$37,286	\$38,771	\$37,286
• Assisting in the preparation of financial reports of controlled entities	\$22,476	\$29,831	\$22,476	-
Remuneration of other auditors of subsidiaries for:				
• Auditing or reviewing the financial report of subsidiaries	\$10,322	\$7,326	-	-
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'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 6 (2007: 5c) cents per share paid on 19 October 2007 franked at the tax rate of 30% (2007: 30%)	(2,858)	(2,038)	(2,858)	(2,038)
• Interim fully franked ordinary dividend of 5 (2007: 4c) cents per share paid on 11 April 2008 franked at the tax rate of 30% (2007: 30%)	(2,457)	(1,764)	(2,457)	(1,764)
	<u>(5,315)</u>	<u>(3,802)</u>	<u>(5,315)</u>	<u>(3,802)</u>

a) Proposed final fully franked ordinary dividend of 6.5 (2007: 6.0) cents per share, payable on 31 October 2008, franked at a tax rate of 30% (2007: 30%) based on 49,141,824 ordinary shares at 3 September 2008.

	(3,194)	(2,817)	(3,194)	(2,817)
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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.

	10,699	6,544	10,699	6,544
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Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:

	(1,369)	(1,207)	(1,369)	(1,207)
	<u>9,330</u>	<u>5,337</u>	<u>9,330</u>	<u>5,337</u>

8 Earnings per share

(a) Reconciliations of earnings to profit (loss)				
Profit (loss)	15,175	8,824	-	-
Profit attributable to minority equity interest	7	-	-	-
Earnings used in the calculation of earnings per share	15,182	8,824	-	-
Interest on convertible notes	-	37	-	-
Earnings used in the calculation of dilutive EPS	15,182	8,861	-	-

8 Earnings per share (Continued)	2008	2007		
	Number	Number		
(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	47,609,035	41,660,728	-	-
Contract to be settled in ordinary shares – Kingemel Pty Ltd	-	500,000	-	-
Weighted average number of options/convertible notes outstanding	403,306	1,554,819	-	-
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	48,012,341	43,715,547	-	-
	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
9 Trade and other receivables (Current)				
Trade receivables	71,506	34,173	-	-
Provision for impairment of receivables	(541)	(547)	-	-
	70,965	33,626	-	-
Amounts receivable from associated entities	3,244	-	3,244	-
Amounts receivable from wholly owned subsidiaries	-	-	130	-
Loans and advances to staff	38	42	-	-
Other debtors and deposits	653	139	-	2
	74,900	33,807	3,374	2
Ageing of past due but not impaired receivables:				
60 – 90 Days	458	1,275		
90+ Days	3,080	3,856		
	3,538	5,131		
Movement in the provision for the impairment of receivables is as follows:				
Opening Balance	(547)	(544)		
Charge for the year	-	(3)		
Amounts written off	6	-		
Closing Balance	(541)	(547)		
10 Inventories				
Raw materials and stores at cost	8,669	6,159	-	-
Finished Goods	221	148	-	-
Work in progress – materials on site	1,125	1,264	-	-
Construction work in progress	5,005	2,307	-	-
	15,020	9,878	-	-
Construction work in progress comprises:				
Contract costs incurred to date	275,926	257,423	-	-
Profit recognised to date	41,407	58,028	-	-
	317,333	315,451	-	-
Less: Provision for losses	(2,326)	(63)	-	-
	315,007	315,388	-	-
Less: Progress billings	(324,682)	(330,108)	-	-
Net construction work in progress	(9,675)	(14,720)	-	-
Net construction work in progress comprises:				
Amounts due from customers – inventories	5,005	2,307	-	-
Amounts due to customers – payables (note 16)	(14,680)	(17,027)	-	-
	(9,675)	(14,720)	-	-
Retentions on construction contracts in progress	409	235	-	-
Progress billings and advances received and receivable on construction contracts in progress	324,682	186,938	-	-

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
11 Other current assets				
Prepayments	287	41	35	-
12 Trade and other receivables (Non-current)				
Loans to associated entities	2	191	-	191
Loans to controlled entities	-	-	30,829	42,176
	2	191	30,829	42,367
13 Financial assets				
Available-for-sale financial assets				
Shares in controlled entities at Directors valuation	-	-	19,057	7,153
	-	-	19,057	7,153
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	133	120	133	120
Accumulated amortisation	(670)	(621)	(670)	(621)
	929	965	929	965
Leasehold improvements				
At cost	80	59	57	36
Accumulated amortisation	(64)	(59)	(41)	(36)
	16	-	16	-
Plant, Equipment and Motor Vehicles				
At cost	44,815	34,726	30,500	23,633
At Directors valuation 1995 (a) – deemed cost	295	295	295	295
Accumulated depreciation	(23,868)	(18,770)	(15,838)	(11,713)
	21,242	16,251	14,957	12,215
Leased assets at assessed value	-	264	-	123
Accumulated amortisation	-	(188)	-	(47)
	-	76	-	76
Total plant, equipment and motor vehicles	21,242	16,327	14,957	12,291
Total	25,769	20,875	19,485	16,839

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

- The Directors valuation was carried out in June 1995 and was on the basis of the current market value of the assets concerned.
- 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.
- The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.
- The directors are currently obtaining independent valuations for the freehold land and buildings held for longer than 5 years. Valuation will be disclosed in next year's accounts.

15 Intangibles (Continued)

	Growth Rate	Discount Rate
Construction segment	6.0%	6.45 %
Mining Segment	9.0%	6.45 %

Management has based the value-in-use calculations on budgets for each reporting segment and taking into account the industry's growth rate. These budgets use historical weighted average growth rates to project revenue.

16 Trade and other payables

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<u>CURRENT</u>				
<u>Unsecured liabilities:</u>				
Trade payables	24,146	7,753	94	129
Sundry payables and accrued expenses	21,206	4,394	1,849	1,117
Contract billings in advance (note 10)	14,680	17,027	-	-
Amount due under contract of sale	1,768	617	1,768	617
	61,800	29,791	3,711	1,863
<u>NON CURRENT</u>				
<u>Unsecured liabilities:</u>				
Amounts owing to related entities	80	1	30,320	33,139
Amount due under contract of sale	170	335	170	335
	250	336	30,490	33,474

17 Financial liabilities

<u>CURRENT</u>				
<u>Unsecured liabilities</u>				
Convertible note issue	-	19	-	18
Other loans	5	4	-	-
	5	23	-	18
<u>Secured liabilities</u>				
Lease liability	-	84	-	58
Commercial bills	3,900	-	3,900	-
Hire purchase liability	4,326	3,207	4,164	3,019
	8,226	3,291	8,064	3,077
	8,231	3,314	8,064	3,095
<u>NON-CURRENT</u>				
<u>Secured liabilities</u>				
Commercial bills	2,800	-	2,800	-
Hire purchase liability	4,773	4,499	4,484	4,499
	7,573	4,499	7,284	4,499
a) Total current and non-current secured loans				
Commercial bills	6,700	-	6,700	-
Lease liabilities	-	84	-	58
Hire purchase liabilities	9,100	7,706	8,648	7,518
	15,800	7,790	15,348	7,576
b) The carrying amounts of non-current assets pledged as first security are:				
Assets over which lease and hire purchase contracts apply	10,755	8,184	9,847	7,728

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
18 Tax				
(a) Liabilities				
CURRENT				
Income tax	4,053	3,529	4,053	3,529
NON – CURRENT				
Deferred tax liability comprises:				
Tax allowances relating to property, plant and equipment	-	3	-	-
Revaluation adjustments taken directly to equity	393	393	393	393
Other	21	-	21	-
	414	396	414	393
(b) Assets				
NON – CURRENT				
Deferred tax assets comprise:				
Accounting depreciation relating to plant & equipment	921	276	921	276
Provisions	2,332	1,487	2,332	1,468
Other	246	-	246	-
	3,499	1,763	3,499	1,744
(c) Reconciliations				
i. Gross Movements				
The overall movement in the deferred tax account is as follows:				
Opening balance	1,367	1,336	1,351	1,321
(Charge) / credit to income statement	1,718	31	1,734	30
(Charge) / credit to equity	-	-	-	-
Allocation of deferred tax asset to parent entity under tax consolidation	-	-	-	-
Closing balance	3,085	1,367	3,085	1,351
ii. Deferred Tax Liability				
The movement in deferred tax liability for each temporary difference during the year is as follows:				
<u>Tax allowances relating to property, plant and equipment:</u>				
Opening balance	3	114	-	110
Charge / (credit) to income statement	(3)	(111)	-	(110)
Allocation of deferred tax liability to parent entity under tax consolidation	-	-	-	-
	-	3	-	-
<u>Revaluation adjustments taken directly to equity</u>				
Opening balance	393	393	393	393
Charge / (credit) directly to equity	-	-	-	-
	393	393	393	393
<u>Tax allowances relating to Other Temporary differences</u>				
Opening balance	-	-	-	-
Charge / (credit) to income statement	21	-	21	-
	21	-	21	-
iii. Deferred Tax Assets				
The movement in deferred tax assets for each temporary difference during the year is as follows:				
<u>Provisions:</u>				
Opening balance	1,487	1,027	1,468	1,008
(Charge) / credit to income statement	845	461	864	461
Allocation of deferred tax asset to parent entity under tax consolidation	-	-	-	-
	2,332	1,487	2,332	1,468
<u>Tax Losses:</u>				
Opening balance	-	816	-	816
(Charge) / credit to income statement	-	(816)	-	(816)
	-	-	-	-
<u>Accounting depreciation relating to plant & equipment:</u>				
Opening balance	276	-	276	-
(Charge) / credit to income statement	645	276	645	276
	921	276	921	276

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
18 Tax (Continued)				
<u>Tax allowances relating to Other Temporary Differences</u>				
Opening Balance	-	-	-	-
(Charge) / credit to income statement	246	-	246	-
	<u>246</u>	<u>-</u>	<u>246</u>	<u>-</u>
19 Provisions				
<u>CURRENT</u>				
Employee benefits	7,116	4,390	97	87
<u>NON-CURRENT</u>				
Employee benefits	590	329	45	-
Consolidated Group		Employee Benefits		
Opening balance at 1 July 2007		4,719		
Additional provisions		4,248		
Amounts used		(1,261)		
Balance at 30 June 2008		<u>7,706</u>		
Parent Entity		Employee Benefits		
Opening balance at 1 July 2007		87		
Additional provisions		207		
Amounts used		(152)		
Balance at 30 June 2008		<u>142</u>		

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.

20 Issued Capital

Issued and paid up capital 49,141,824 (2007 - 46,437,886) fully paid ordinary shares	29,219	24,460	29,219	24,460
Ordinary shares:		No.		No.
Movements in ordinary share capital				
Balance at the beginning of the financial year	46,437,866	38,950,483	46,437,866	38,950,483
Shares issued during the year:				
- Convertible notes converted	-	1,008,453	-	1,008,453
- Convertible note attaching options converted	19,504	5,226,772	19,504	5,226,772
- Executive share option plan	675,000	925,000	675,000	925,000
- Shares bought-back on-market	-	(172,822)	-	(172,822)
- Issued as part consideration for Meridian Concrete Australia Pty Ltd	1,509,434	-	1,509,434	-
- Issued as part consideration for Rock Australia Pty Ltd	500,000	500,000	500,000	500,000
	<u>49,141,824</u>	<u>46,437,866</u>	<u>49,141,824</u>	<u>46,437,866</u>

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

- Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
- 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.
- Executive share option plan - for information relating to the Executive Share Option Plan, refer to Note 26 (a).
- Convertible notes have a face value of 45c, and are convertible to ordinary shares on a 1:1 basis.
- Convertible notes converted by 31 December 2005 included a free attaching option, exercisable at 45c.
- Shares bought-back on market prior to balance date in financial year 2007 were acquired at values ranging between \$1.05 and \$1.20 per share.
- Shares issued as part consideration for Rock Australia Pty Ltd were issued at a cost value of 60c per share.
- Shares issued as part consideration for Meridian Concrete (Australia) Pty Ltd were issued at a cost value of \$2.65 per share.
- Convertible notes matured on 30 June 2007.

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 exchange differences arising on the translation of internationally-based controlled subsidiaries. Refer to accounting policy Note 1(l)

22 Capital and Leasing commitments
Lease expenditure
Finance Leases

- not later than 1 year
- later than 1 year, but not later than 5 years

Total maximum lease commitment

Future finance charges

Lease Purchase

- not later than 1 year
- later than 1 year, but not later than 5 years

Total maximum lease commitment

Future finance charges

Non-cancellable Operating Leases

Contracted for but not capitalised in accounts

- not later than 1 year
- later than 1 year, but not later than 5 years
- later than 5 years

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
not later than 1 year	-	88	-	60
later than 1 year, but not later than 5 years	-	-	-	-
Total maximum lease commitment	-	88	-	60
Future finance charges	-	(4)	-	(2)
	-	84	-	58
not later than 1 year	4,923	3,708	4,726	3,505
later than 1 year, but not later than 5 years	5,069	4,826	4,758	4,826
Total maximum lease commitment	9,992	8,534	9,484	8,331
Future finance charges	(892)	(827)	(836)	(813)
	9,100	7,707	8,648	7,518
not later than 1 year	1,069	287	3	-
later than 1 year, but not later than 5 years	2,850	-	3	-
later than 5 years	-	-	-	-
	3,919	287	6	-

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

Contract cash retentions

Contract performance guarantees

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

Contract cash retentions	15	14	-	-
Contract performance guarantees	14,985	8,884	12,662	8,849
Guarantee by the Company in respect of bank facilities of controlled entities	257	-	257	-
Cross guarantees by the Company and controlled entities in respect of bank facilities	24,044	14,086	-	-
	39,301	22,984	12,919	8,849

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:

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash on hand	18	17	2	-
Cash at bank	2,553	7,109	2,116	6,436
	<u>2,571</u>	<u>7,126</u>	<u>2,118</u>	<u>6,436</u>

(b) Reconciliation of Cash Flow from Operations with profit (loss) after Income Tax

Profit (loss) after income tax	15,175	8,824	(3,368)	(2,521)
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Non-Cash flows in profit:

Depreciation	5,699	4,102	4,246	2,937
Bad and doubtful debts	(2)	282	-	271
(Profit) loss on sale of non-current assets	38	(12)	-	(13)
(Profit) loss on sale of non-current investment	(1,787)	-	(1,860)	-
Remunerations expense – share-based payments	562	229	562	229
Share of net profit of associates and joint venture using the equity method	(473)	(332)	-	-

Change in assets and liabilities

▪ (Increase) decrease in trade and other receivables	(37,848)	(8,822)	(1,369)	-
▪ (Increase) decrease in inventories	(5,142)	(4,901)	8,378	-
▪ (Increase) decrease in loans to related entities	-	-	-	3,776
▪ (Increase) decrease in prepayments	(245)	400	(35)	320
▪ (Decrease) increase in trade, other payables and accruals	30,844	6,725	684	(125)
▪ (Decrease) increase provisions	2,987	1,591	55	10
▪ (Decrease) increase in income taxes payable	524	3,528	524	3,529
▪ (Decrease) increase in deferred tax liabilities	18	(111)	20	(110)
▪ Decrease (increase) in deferred tax assets	(1,737)	80	(1,756)	80
Net cash provided by (used in) operating activities	<u>8,613</u>	<u>11,583</u>	<u>6,081</u>	<u>8,383</u>

(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 entities	4,300	300	4,300	300
ii. Property, plant and equipment acquired under finance leases, lease purchase or vendor finance	5,325	6,668	4,853	6,668

	STRUCTURAL SYSTEMS GROUP 2008 \$'000	STRUCTURAL SYSTEMS LIMITED 2008 \$'000
25 Cash Flow information (continued)		
(e) Acquisition of Entities		
Meridian Concrete Australia Pty Ltd		
On the 8 th of November 2007, the company acquired the business of Meridian Concrete Pty Ltd which has subsequently traded as Meridian Concrete Australia Pty Ltd, a wholly owned subsidiary of Structural Systems Limited. Meridian Concrete Australia Pty Ltd continues to be the largest supply & place concrete contractor in Victoria.		
Details of the transaction are:		
Purchase consideration (inclusive 1 st earn out payments)	11,405	11,405
Share issue (held in escrow)	(4,000)	(4,000)
Amount due under contract of sale (1 st earn-out payment)	(1,334)	(1,334)
Cash consideration / outflow	6,071	6,071
Assets and liabilities held at acquisition date:		
Receivables	-	-
Inventories	-	-
Plant and equipment	991	991
Payables	-	-
	991	991
Goodwill on consolidation	10,414	10,414
	11,405	11,405
Cash outflows for Meridian Concrete Australia Pty Ltd	6,071	6,071
Investment in Structural Design Services SP; Poland		
In July 2007, the company participated in the set up of, and contributed a 60% share investment in SDS Poland. Initial costs included share capital of \$25,000	-	25
<u>Deferred payments under contract of sale</u>		
BBR Structural Systems	206	206
Refobar Australia Pty Ltd	165	165
Rock Australia Pty Ltd	150	150
Total Cash Outflow	6,592	6,617

Meridian Concrete Australia Pty Ltd

Earn-out payments are dependent on a number of conditions, including future performance of the company over a period of three years. The maximum amount payable this arrangement is an additional \$5,334,000 of which the first earn-out payment of \$1,334,000 has been provided for in this financial report. The goodwill is attributable to the high profitability of the acquired business and expected future growth. The assets and liabilities arising from the acquisition are recognised at fair value, which is equivalent to their carrying value. Profit before income tax of Meridian Concrete Australia Pty Ltd included in consolidated profit of the group since the acquisition date on 8th November 2007 amounts to \$3,715,573.

(f) Disposal of entities

On 30 June 2008, the company disposed of its 40% share in Structural Systems (UK) Limited for a consideration of AUD \$1,859,504. The amount due was received subsequent to balance date.

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.

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

	2008	2007
Share Capital (Number of ordinary shares)	400,000	925,000

Un-issued ordinary shares of the Company under option are

Issue Date	Expiry Date	Exercise Price	Number of Options	
			2008	2007
8 November 2002	30 September 2007	\$0.45	-	100,000
14 October 2004	30 June 2009	\$0.45	-	175,000
8 November 2006	30 June 2010	\$0.80	200,000	600,000
7 November 2008	30 June 2009	\$1.80	250,000	-
7 November 2008	30 June 2009	\$2.40	750,000	-

The following share-based payment arrangements existed at 30 June 2008:

As at 1 July 2007 875,000 options were outstanding that had been granted in prior years. Of this amount, 275,000 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 30th June 2008 none of these options remained outstanding.

At the 2006 AGM 1,000,000 options were approved to be issued to Directors at an exercise price of \$0.80. These options were subject to performance hurdles dependant of certain profit targets being met for the 2006, 2007 and 2008 financial years, all of which have now been met. At balance date 200,000 of these options remain outstanding.

In September 2007, 1,000,000 options were approved to be issued under the Structural Systems Limited employee option plan. 250,000 of these options have an exercise price of \$1.80, and the remainder have an exercise price of \$2.40. All expire on 30 June 2009.

	Consolidated Entity				Parent Entity			
	2008		2007		2008		2007	
	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	875,000	\$0.69	800,000	\$ 0.45	875,000	\$0.69	800,000	\$ 0.45
Granted	1,000,000	\$2.25	1,000,000	\$ 0.80	1,000,000	\$2.25	1,000,000	\$ 0.80
Forfeited	-	-	-	-	-	-	-	-
Exercised	(675,000)	\$0.66	925,000	\$ 0.60	(675,000)	\$0.66	925,000	\$ 0.60
Expired	-	-	-	-	-	-	-	-
Outstanding at year-end	1,200,000	\$2.01	875,000	\$ 0.69	1,200,000	\$2.01	875,000	\$ 0.69
Exercisable at year-end	1,200,000	\$1.92	875,000	\$ 0.80	1,200,000	\$1.92	875,000	\$ 0.80

26 Employee benefits (continued)
(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	
			2008	2007
Refobar Australia Pty Ltd	Queensland	Manufacturing	100%	100%
Rock Australia Pty Ltd (formerly Rock Engineering (Aust) Pty Ltd)	Victoria	Mining Services	100%	100%
Meridian Concrete Australia Pty Ltd	Victoria	Construction	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	Victoria	Construction	100%	100%
Structural Systems Constructions 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%
Structural Design Services SP	Poland	Engineering Design	60%	-
BBR Structural Systems	U.A.E	Construction	100%	100%

b. Acquisition of controlled entities:

On 8 November 2007 the parent entity acquired 100% of Meridian Concrete Australia Pty Ltd. As of this date, the consolidated group became entitled to all profits earned, for an initial consideration of \$10,000,000 settled with cash and equity in Structural Systems Limited with the potential of earn-outs to a maximum of a further \$5,334,000. As at balance date, the conditions to the first payment had been satisfied, entitling the previous owners to \$1,334,000.

In July 2007, the parent entity participated in the set-up of, and invested a 60% share in SDS Poland for a consideration of \$25,000. The controlled entity is in early stages of operation and at balance date has net assets amounting to \$32,000.

28 Investment in associates accounted for using the equity method
a. Details of investment in Associates

On 30 June 2008, the company disposed of its 40% share in Structural Systems (UK) Limited

Name	Principal Activities	Ownership Interest (Ordinary shares)		Investment Carrying Amount	
		2008 \$'000	2007	2008 \$'000	2007 \$'000
Structural Systems (UK) Ltd (incorporated in the United Kingdom)	Construction	-	40%	-	839
		Structural Systems Group		Structural Systems Limited	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
<i>Movement during the period in equity accounted investment in associated company</i>					
Balance at beginning of financial year		839	750		
Add: Share of associated company's profit after income tax for the period		473	332		
Less: Dividend revenue from associated company		(1,240)	(243)		
Disposals during year		(72)	-		
Balance at end of financial year		-	839		
b. Equity accounted profit of associate is as follows:					
Share of associate's profit before income tax expense		664	466		
Share of associate's income tax expense		(191)	(134)		
Share of associate's profit after income tax expense		473	332		
c. Summarised financial information of associate's assets, liabilities and revenue:					
Current assets		-	7,793		
Non-current assets		-	659		
Total assets		-	8,452		
Current liabilities		-	5,897		
Non-current liabilities		-	439		
Total liabilities		-	6,336		
Net assets		-	2,116		
Revenue		-	17,179		

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 18 September 2008 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.

30 Related party information (continued)
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:

	STRUCTURAL SYSTEMS LIMITED	
	2008	2007
	No.	No.
Structural Systems Limited – ordinary shares	2,626,586	2,830,586
Structural Systems Limited – options	200,000	600,000

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

	2008	2007
	\$'000	\$'000
• Management fees received	5,880	5,536
• Loans to controlled entities	30,829	42,367
• Loans from controlled entities	30,490	33,474
• Dividends from controlled entities	-	656
• Dividends from associated entities	1,240	243

31 Segments results

Primary reporting – Business segments

Primary reporting – Business segments	Construction		Mining		Corporate		Eliminations		Consolidated Group (Continuing Operations)		Discontinuing Operations Fire Systems	
	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000	30/06/08 \$'000	30/06/07 \$'000
REVENUE												
External sales	240,465	115,889	39,111	24,602	-	-	-	-	279,576	140,491	-	-
Other segments	458	557	-	-	9,872	4,183	(7,789)	(4,165)	2,541	575	-	-
Total sales revenue	240,923	116,446	39,111	24,602	9,872	4,183	(7,789)	(4,165)	282,117	141,066	-	-
Unallocated revenue									456	173		
Total revenue									282,573	141,239		
RESULTS												
Segment result	16,204	10,101	3,216	1,805	2,127	977	(1,312)	(899)	20,235	11,984	-	-
Share of net profits of equity accounted associates and joint venture entities	473	332	-	-	-	-	-	-	473	332	-	-
Income tax expense									(5,533)	(3,492)	-	-
Profit after income tax									15,175	8,824	-	-
ASSETS												
Segment assets	114,601	60,986	23,636	18,778	-	-	-	-	138,237	79,764	-	-
Discontinued operations assets									-	-		
Total assets									138,237	79,764		
LIABILITIES												
Segment liabilities	82,281	38,791	7,745	7,790	-	-	-	-	90,026	46,581		
Discontinued operations liabilities									1	4	1	4
Total liabilities									90,027	46,585		
OTHER												
Investments accounted for using the equity method	-	839	-	-	-	-	-	-	-	839	-	-
Acquisitions of non-current segment assets (incl. HP & Leases)	4,482	2,952	6,640	7,883	-	-	-	-	11,122	10,835	-	-
Depreciation & amortisation of segment assets	1,966	1,393	3,733	2,709	-	-	-	-	5,699	4,102	-	-
Other non-cash segment expenses	562	511	-	-	-	-	-	-	562	511	-	-

31 Segments results (continued)
Secondary Reporting - Geographical Segments

	Australia		United Arab Emirates		United Kingdom		Poland		Consolidated Group	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Segment revenues for external customers	273,079	133,550	9,021	7,689	-	-	472	-	282,573	141,239
Carrying amount of segment assets	132,168	73,403	5,769	5,522	-	839	300	-	138,237	79,764
Acquisition of non-current segment assets	11,016	10,835	17	-	-	-	88	-	11,122	10,835

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
- Supply & place of concrete

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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total facilities available:				
Bank overdrafts	2,000	2,000	2,000	2,000
Commercial Bill facility	9,000	-	6,000	-
Hire purchase facility	10,500	8,000	10,048	8,000
Other facilities	1,750	-	1,750	-
Bank guarantee facility	16,036	11,000	13,000	10,790
	39,286	21,000	32,798	20,790
Facilities used at balance date:				
Bank overdrafts	-	-	-	-
Commercial Bill facility	6,700	-	5,200	-
Hire purchase facility	9,100	7,712	8,648	7,523
Other facilities	1,000	-	1,000	-
Bank guarantee facility	13,818	9,059	12,169	9,023
	30,618	16,771	27,017	16,546
Facilities not used at balance date:				
Bank overdrafts	2,000	2,000	2,000	2,000
Commercial Bill facility	2,300	-	800	-
Hire purchase facility	1,400	288	1,400	477
Other facilities	750	-	750	-
Bank guarantee facility	2,218	1,941	831	1,767
	8,668	4,229	5,781	4,244

32 Financing arrangements (Continued)

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 13.28% (2007 –11.6%). The bank guarantee facility is used to provide contract performance guarantees in lieu of cash retentions and security deposits. Fees charged are 1.0 % per annum of facility utilised, subject to a minimum charge per individual guarantee (2007 – 2.0%). The commercial bills are exercisable for a period of up to three months at the discretion of the Company, and the facility has been granted for a period of up to three years subject to Structural Systems Limited satisfying standard commercial terms. 'Other facility' includes a letter of credit to the value of \$1 million, and a non-specific floating facility of \$750,000.

33 Financial Instruments

Significant accounting and risk management 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. The group's financial instruments consist mainly of deposits with banks, accounts receivable & payable, loans to & from subsidiaries, commercial bills, and hire purchase payments. The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not speculate in the trading of derivative instruments.

Treasury Risk Management

Management, consisting of senior executives of the group meet on a regular basis to analyse financial risk exposure, and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

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.

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 consolidated group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts owing to the Group as and when they fall due. Credit risk arises from cash and cash equivalents, deposits held by banks and outstanding receivables. The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date in respect of recognized financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the balance sheet and notes to financial statements.

As a result of the diverse range of services and geographical spread covered by the consolidated group, the consolidated group does not have a concentration of credit risk to any one entity. Whilst the group does have a broad risk to lead contractors in the construction industry generally, this is managed on a 'customer by customer' basis, taking into account ratings from credit agencies, trade references and payment history where there is an pre-existing relationship with that entity.

Price Risk

The group is exposed to commodity price risk through its consumption of stainless steel in the post-tensioning businesses, and to a lesser degree in the mining services business. Stainless steel prices have seen a large spike in the last twelve months, but the group has managed to reduce the impact of this spike through larger volume direct purchases from steel mills.

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.

Financial Instrument composition and maturity analysis

The consolidated group's exposure to interest rate risk, effective weighted average interest rate, contractual settlement terms of a fixed period of maturity as well as management's expectations of settlement period for financial instruments are set out below.



33 Financial Instruments (Continued)

Structural Systems Group

	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed interest rate maturing within			Non-interest Bearing \$'000	Total \$'000
			1 Year or less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
2008							
Financial Assets							
Cash & cash equivalents	6.25%	2,553	-	-	-	18	2,571
Investments	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	74,901	74,902
		2,553	-	-	-	74,920	77,473
2008							
Financial Liabilities							
Payables	-	-	-	-	-	62,050	62,050
Commercial Bill Facility	7.78%	-	3,900	2,800	-	-	6,700
Other loans	-	-	-	-	-	5	5
Lease and lease purchase liabilities	9.2%	-	4,327	4,773	-	-	9,099
		-	8,226	7,573	-	62,055	77,854

	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed interest rate maturing within			Non-interest Bearing \$'000	Total \$'000
			1 Year or less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
2007							
Financial Assets							
Cash	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	7.78%	-	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

Structural Systems Limited

	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed interest rate maturing within			Non-interest Bearing \$'000	Total \$'000
			1 Year or less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
2008							
Financial Assets							
Cash & cash equivalents	6.25%	2,116	-	-	-	2	2,118
Investments	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	3,374	3,374
		2,116	-	-	-	3,376	5,492
2008							
Financial Liabilities							
Payables	-	-	-	-	-	3,711	3,711
Commercial Bill Facility	7.78%	-	3,900	2,800	-	-	6,700
Other loans	-	-	-	-	-	-	-
Lease and lease purchase liabilities	9.2%	-	4,164	4,484	-	-	8,648
		-	8,064	7,284	-	3,711	19,059



33 Financial Instruments (Continued)

	Weighted Average Interest Rate	Floating Interest Rate \$'000	Fixed interest rate maturing within			Non-interest Bearing \$'000	Total \$'000
			1 Year or less \$'000	Over 1 Year to 5 Years \$'000	More than 5 Years \$'000		
2007							
Financial Assets							
Cash	5.75%	6,436	-	-	-	-	6,436
Investments	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	2	2
		6,436	-	-	-	2	6,438
2007							
Financial Liabilities							
Payables	-	-	-	-	-	1,863	1,863
Convertible note issue	11.1%	-	19	-	-	-	19
Other loans	-	-	-	-	-	-	-
Lease and lease purchase liabilities	8.1%	-	3,023	4,499	-	-	7,522
		-	3,042	4,499	-	1,863	9,404

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade and sundry payables are expected to be paid as follows:				
Less than 6 months	61,000	29,791	3,711	1,863
6 months to 1 year	-	-	-	-
1 to 5 years	170	335	170	335
Later than 5 years from balance date	-	-	-	-
	61,170	30,126	3,881	2,198

33 Financial Instruments (continued)

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	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Financial Assets				
Cash & cash equivalents	2,571	7,126	2,571	7,126
Receivables	74,902	33,998	74,902	33,998
Investments - Unlisted	-	839	-	839
Financial Liabilities				
Payables	62,050	30,127	62,050	30,127
Commercial Bill	6,700	-	6,700	-
Convertible notes	-	19	-	19
Other loans	5	4	5	4
Lease and lease purchase liabilities	9,099	7,790	9,099	7,790

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

33 Financial Instruments (continued)
Interest Rate Risk - Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign exchange risk and price risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which would result from a change in these risks

At 30 June 2008, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Change in Profit				
- Increase in interest rate by 2%	(83)	141	(92)	128
- Decrease in interest rate by 2%	83	(141)	92	(128)
Change in Equity				
- Increase in interest rate by 2%	(83)	141	(92)	128
- Decrease in interest rate by 2%	83	(141)	92	(128)

Price Risk – Sensitivity Analysis

At 30 June 2008, the effect on profit and equity as a result of changes in the price of steel, with all other variables remaining constant would be as follows:

	STRUCTURAL SYSTEMS GROUP		STRUCTURAL SYSTEMS LIMITED	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Change in Profit				
- Increase in steel price by \$100 per tonne	(1,391)	(1,609)	-	-
- Decrease in steel price by \$100 per tonne	1,391	1,609	-	-
Change in Equity				
- Increase in steel price by \$100 per tonne	(1,391)	(1,609)	-	-
- Decrease in steel price by \$100 per tonne	1,391	1,609	-	-

34 Change in Accounting policy
New Australian Accounting Standards

The following Australian Accounting Standards have been issued or amended and are applicable to the parent and consolidated group but are not yet effective. They have not been adopted in preparation of the financial statements at reporting date.

AASB Amendment	Standards Affected	Outline of amendment	Application date of Standard	Application date for Group
AASB 2007-3	AASB 5	Non-current assets held for sale and discontinued Operations	1 st January 2009	1 st July 2009
Amendments to Australian Accounting Standards	AASB 6	Exploration for and Evaluation of mineral resources	The disclosure requirements of AASB 114: Segment Reporting have been replaced due to the issuing of AASB 8: Segment Reporting in February 2007. These amendments will involve changes to segment reporting disclosures within the financial report. However, it is anticipated there will be no direct impact on recognition and measurement criteria amounts included in the financial report	
	AASB 102	Inventories		
	AASB 107	Cash Flow Statements		
	AASB 119	Employee Benefits		
	AASB 127	Consolidated and Separate Financial Statements		
	AASB 134	Interim Financial Reporting		
	AASB 136	Impairment of Assets		
	AASB 1023	General Insurance Contracts		
AASB 1038	Life Insurance Contracts			



34 Change in Accounting policy (Continued)

AASB Amendment	Standards Affected	Outline of amendment	Application date of Standard	Application date for Group
AASB 8 Operating Segments	AASB 114 Segment Reporting	As above	1 st January 2009	1 st July 2009
AASB 2007-6 Amendments to Australian Accounting Standards	AASB 1 First time adoption of AIFRS AASB 101 Presentation of Financial Statements AASB 107 Cash Flow Statements AASB 111 Construction Contracts AASB 116 Property, Plant & Equipment AASB 138 Intangible Assets	The revised AASB 123: Borrowing costs issued in June 2007 has removed the option to expense all borrowing costs. The amendment will require the capitalization of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. However, there will be no direct impact to the amounts included in the financial group as they already capitalize borrowing costs relating to qualifying assets.	1 st January 2009	1 st July 2009
AASB 123 Borrowing Costs	AASB 123 Borrowing Costs	As Above	1 st January 2009	1 st July 2009
AASB 2007-8 Amendments to Australian Accounting Standards	AASB 101 Presentation of Financial Statements	The revised AASB 101: Presentation of Financial Statements issued in September 2007 requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity	1 st January 2009	1 st July 2009
AASB 101	AASB 101 Presentation of Financial Statements	As Above	1 st January 2009	1 st July 2009



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 10 to 44 , 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 2008 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: 18 September 2008



Structural Systems Limited ABN 57 006 413 574 and Controlled Entities

**Independent Audit Report
To the Members of Structural Systems Limited**

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 2008, 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 2008 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
Chartered Accountants

Robert F Cincotta
Partner

Date: 18 September 2008



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

Level 2, 479 St Kilda Road
Melbourne Victoria 3004
Australia

PO Box 7366
St Kilda Road Victoria 8004

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

Distribution of shareholders and shareholdings at close of business 3 September 2008

Size of holding	Number of Shareholders	Number of Shares
1 - 1,000	293	188,707
1,001 - 5,000	785	2,268,113
5,001 - 10,000	326	2,535,846
10,001 - 100,000	402	10,816,969
100,001 - (MAX)	56	33,332,189
TOTAL	1,862	49,141,824

The number of Shareholders holding less than a marketable parcel (\$500.00) at 3 September 2008 is 53 holding in total 5,289 shares.

Twenty largest shareholders	Number of shares	Percentage of issued capital
Cogent Nominees Pty Limited	6,581,257	13.39 %
J P Morgan Nominees Australia .	3,035,670	6.18 %
National Nominees Limited	2,913,072	5.93 %
Sandhurst Trustees Limited	2,685,345	5.46 %
Argo Investments Limited	1,669,916	3.40 %
Meridian Concrete Pty Ltd	1,509,434	3.07 %
Kingemel Pty Ltd	1,430,000	2.91 %
HSBC Custody Nominees	1,139,053	2.32 %
Tintagel Nominees Pty Ltd	1,099,136	2.24 %
Citicorp Nominees Pty Limited	777,840	1.58 %
Bruce Crome Nominees Pty Ltd	705,600	1.44 %
Escor Investments Pty Ltd	700,000	1.42 %
Mr David Perry	540,000	1.10 %
Mr Philip Henry Hall	500,000	1.02 %
Harg Pty Limited	486,947	0.99 %
ANZ Nominees Limited	358,911	0.73 %
Akir Pty Ltd	350,000	0.71 %
Mr Peter Begg Lawrence & Ms Clare Lorraine Lawrence	331,144	0.67 %
UBS Nominees Pty Ltd	321,413	0.65 %
Temasek Holdings Pty Ltd	312,376	0.64 %
Top 20 holders of Ordinary Fully Paid Shares as at 3 September 2008	27,447,114	55.85 %

Substantial shareholders	Number of shares	Percentage of issued capital
Cogent Nominees Pty Limited	6,581,257	13.39 %
J P Morgan Nominees Australia .	3,035,670	6.18 %
National Nominees Limited	2,913,072	5.93 %
Sandhurst Trustees Limited	2,685,345	5.46 %

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 Johnston 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.