

Structural Systems Limited
ABN 57 006 413 574

APPENDIX 4E

PRELIMINARY FINAL REPORT
30 JUNE 2012

ISSUED - 29 August 2012



Structural Systems

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

		Amount \$'000
Revenue from ordinary activities	Up 18% to	280,478
Profit from ordinary activities before income tax expense	Down 10% To	10,697
Net profit from ordinary activities after tax (before outside equity interests)	Down 16% to	7,996
Net profit for the period attributable to members	Up 79% To	7,996

Dividends (distributions)		Amount per security	Franked amount per security
Final dividend record date:	21 September 2012		
Final dividend declared and payable:	19 October 2012	3.0 cents	3.0 cents
Interim dividend paid:	18 May 2012	2.0 cents	2.0 cents

Annual General Meeting Details

Date	29 November 2012
Time	10.30 am
Place	River Room, Royal Perth Yacht Club, Australia II Drive, Crawley WA 6009

Brief explanation of revenue and profit

Please refer to Commentary on Results on pages 3 to 5 of this report.

Current reporting period: Financial year ended 30th June 2012
 Previous corresponding period: Financial year ended 30th June 2011

Information on audit

The accounts are currently being audited.

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

COMMENTARY ON THE RESULTS

Trading

The Group recorded a net profit after tax (NPAT) of \$8.0 million. This result was an increase of 79% on the prior period, and a 145% increase on the 2010 result.

Depreciation and interest increased by 19% and 44% respectively due to increased investment in equipment for the company's mining services business ROCK Australia.

Revenue for the year was \$280.5 million, an increase of 18% on the corresponding period. Despite difficult trading conditions particularly in the construction sector, all divisions within the group traded profitably.

The profit for the year included \$1.86 million (after tax) loss in relation to the Eastern Treatment Plant.

Debt

At balance date, the Group's net debt was \$12.3 million; representing an increase of \$4.1 million on the prior year. This debt is solely attributable to Hire Purchase funding of capital assets, primarily associated with ROCK. Net debt to equity at 30 June 2012 was 16.1%. The increase in finance costs is due to the life-cycle of the debt arrangements attributable to ROCK. Finance costs attributable to working capital requirements reduced by 68.1% as the Group's cash position continued to improve throughout the year.

Working capital

Receivables increased by \$9.3 million to \$64.0 million and payables increased \$5.9 million to \$40.5 million as a result of a period of greater activity in the last two months of the financial year in comparison to 2011. Cashflow from operating activities increased 22% to \$15.5 million for the year.

Earnings per share

Earnings per share increased 79% to 12.5 cents in 2012. The company had a share buyback in place during the year and at balance date had purchased and cancelled 238,541 shares.

Dividend

The Directors resolved to declare a fully franked final dividend of 3 cents for the year. Record date for determining entitlement is 21 September 2012 and the dividend is payable on 19 October 2012.

Work in hand

Work in hand (WIH) for the Group at year end was \$197 million, down 5% on the prior year but up \$27 million on the balance reported at 31 December 2011. ROCK WIH of \$108 million includes ten drill terms contracts. A number of these contracts continue beyond the 2013 financial year.

Construction WIH was \$88 million, a contraction of 7% on the June 2011 balance. The majority of this decrease was a result of Meridian WIH reducing as the Melbourne Park project nears completion. The Group's post-tensioning division increased its WIH compared to the corresponding period and is well placed for achieving higher volumes in the 2013 financial year.

An overview of the performance of various business segments is discussed below:

- **Mining Services**

Revenue in the year in review increased by 20% to \$99.13 million. Contract drilling was the principal activity undertaken during the year.

The majority of work was undertaken in Western Australia with 55% of revenue from activities in that State. ROCK's presence in Queensland continues to develop with that State accounting for 28% of revenue. Drilling works at the BMA Saraji coal project came into full production in January of this year. This was ROCK's first production drilling contract in the coal sector and has performed in line with budget.

ROCK increased services to the gold and iron ore sectors during the year with gold accounting for 35% of revenue. The introduction of services to the coal sector has provided greater resource diversification. The majority of ROCK's activities are in open pit mines.

ROCK is the Australasian agent for the Reutech Movement & Surveying Radar (MSR) system. This system is recognised as world leading technology and ROCK continues to experience increasing demand for sales and rental of MSR units. ROCK currently provides MSR units to 15 mine sites in Australasia on term contracts and also provides these units for trial programs and short term pit wall monitoring. Outside of Australia ROCK supplies MSR units to Indonesia and PNG and during the year supplied its first unit into New Zealand. Revenue from sales and rental of MSR units accounts for 12% of ROCK's revenue.

ROCK's profitability was adversely impacted in the second half of the year by lower than budgeted utilisation rates and increased maintenance costs. Utilisation rates were affected by changes in mine drilling schedules and in some cases a reduction in required drilling production rates. ROCK has been able to redirect the under-utilised rigs and currently the drill fleet utilisation is in line with management expectations. In addition ROCK has capacity within its fleet so that drilling opportunities with short lead times can be targeted.

- **Construction Services**

Infrastructure

Revenue from Infrastructure projects was \$32.66 million which was in line with the prior corresponding period. This year the number and diversity of projects completed actually increased and this demonstrates the broader capability that now exists within this division. Bridge construction was the main type of project undertaken during the year with major projects being the Seaford Rail Viaduct and the South Road Superway in Adelaide, Goongoongup Rail Bridge in Perth and the construction of the bridge and arch at Warrambo in the Pilbara region. During the year the division commenced its first dam anchoring upgrade project outside of Australia. This project at the Roseires Dam on the Blue Nile in Sudan has performed above expectations and will be completed later this year

Post-tensioning

Revenue from Post-tensioning increased by 5% to \$49.2 million. The majority of the increase was due to improved sales by the Group's manufacturing business, Refobar. Revenue from onsite activities was flat compared to the prior year. Revenue from operations in NSW and Victoria in particular were lower than expected due to inclement weather.

Concrete Services

Revenue from Concrete Services increased by 43% to \$80.4 million. A significant part of this increase was attributable to the Melbourne Park Redevelopment Eastern Plaza. This was an important contract for Meridian and is in the later stages of completion. A small profit was recorded by Meridian; a significant improvement over last year's pre-tax loss of \$6.4 million.

Middle East

With little improvement in trading conditions in the Middle East the scale back of activities in the region continued during the year. Revenue decreased by 23% to \$6.03 million. The division traded profitably with a result in line with budget expectations.

Remedial

Revenue from Remedial increased by 22% to \$18.6 million. This increase was achieved through greater involvement in infrastructure maintenance and a broader geographical focus. The Group's remedial operations were consolidated under a single management structure with a view to expanding capability and operational efficiency.

Eastern Treatment Plant

The Company incurred a loss of \$1.86 million (after tax) on this project in the year in review. This project commenced in June 2007 and was one of the works undertaken at the time by the now discontinued Formwork division. The company demobilised offsite in March 2012 with the agreement of the client. There are a number of unresolved issues with this project and the parties involved continue to work towards the finalisation of this contract.

For further information please contact:

David Perry
Managing Director
112 Munro Street
South Melbourne VIC 3205
Tel: (03) 9296 8100
Fax: (03) 9646 7133

Dated: 29 August 2012

INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Revenue	1	280,478	237,139
Total revenue		280,478	237,139
Construction and servicing costs		(245,191)	(204,149)
Depreciation and amortisation expense		(10,931)	(9,158)
Finance costs		(1,551)	(1,074)
Impairment of property, plant and equipment		(71)	-
Other expenses		(12,037)	(10,893)
Profit before income tax expense		10,697	11,865
Income tax (expense) / benefit		(2,701)	(2,355)
Profit for the year from continuing operations		7,996	9,510
Discontinued operation			
Loss for the year from discontinued operation		-	(5,038)
Profit for the year		7,996	4,472
Profit attributable to non-controlling entities		-	-
Profit attributable to members of the parent entity		7,996	4,472
Continuing and discontinuing operations			
Basic earnings per share		12.5 cents	7.0 cents
Diluted earnings per share		12.5 cents	7.0 cents
Continuing operations			
Basic earnings per share		12.5 cents	14.9 cents
Diluted earnings per share		12.5 cents	14.9 cents
Weighted average number of shares outstanding during the period used in the calculation of earnings per share ('000)		63,876	63,884

The accompanying notes form part of these financial statements

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Profit for the period		7,996	4,472
Other comprehensive income			
Exchange differences arising on translation of foreign operations		215	(1,111)
Gain (loss) on revaluation of property		(741)	-
Deferred tax liability adjustment on revaluation of property		255	-
Other comprehensive income for the period (net of tax)		(271)	(1,111)
Total comprehensive income for the period attributable to owners of the parent entity		7,725	3,361

Key performance indicators for the 12 months to 30 June 2012



The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Current Assets			
Cash and cash equivalents	6a)	8,241	4,928
Trade and other receivables	3	64,017	54,682
Inventories		15,613	10,750
Other current assets		157	130
Total current assets		88,028	70,490
Non current assets			
Property, plant and equipment		37,091	32,814
Intangible assets		19,439	20,439
Deferred tax assets		4,964	5,295
Other		11	13
Total non-current assets		61,505	58,561
Total assets		149,533	129,051
Current liabilities			
Trade and other payables	4	40,543	34,598
Financial liabilities		8,391	8,311
Current tax liability		2,918	-
Short term provisions		5,593	5,258
Total current liabilities		57,445	48,167
Non-current liabilities			
Trade and other payables		5	-
Financial liabilities		12,183	4,820
Deferred tax liability		2,203	3,007
Long term provisions		1,186	1,224
Total non-current liabilities		15,577	9,051
Total liabilities		73,022	57,218
Net assets		76,511	71,833
Equity			
Issued capital	5	40,884	41,056
Reserves		2,175	2,446
Retained earnings		33,452	28,331
Total equity		76,511	71,833

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2012

Note	Share Capital Ordinary \$'000	Retained Earnings \$'000	Asset Revaluation Reserve \$'000	Capital Profits Reserve \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
Balance at 30 June 2010	41,056	26,293	3,751	265	(459)	70,906
Profit attributable to members of parent entity	-	4,472	-	-	-	4,472
Translation adjustment on controlled foreign entities' financial statements	-	-	-	-	(1,111)	(1,111)
Total comprehensive income	-	4,472	-	-	(1,111)	3,361
Dividends paid or provided for	-	(2,434)	-	-	-	(2,434)
Balance at 30 June 2011	41,056	28,331	3,751	265	(1,570)	71,833
Profit attributable to members of parent entity	-	7,996	-	-	-	7,996
Translation adjustment on controlled foreign entities' financial statements	-	-	-	-	215	215
Loss on revaluation of property	-	-	(741)	-	-	(741)
Deferred tax liability adjustment on revaluation of property	-	-	255	-	-	255
Total comprehensive income	-	7,996	(486)	-	215	7,725
Transactions with owners, in their capacity as owners, and other transfers						
- Shares bought back during the year	(172)	-				(172)
- Dividends paid or provided for	-	(2,875)				(2,875)
- Transfer of prior year revaluation increment to capital profits reserve on sale of freehold property	-	-	(1,430)	1,430		-
Balance at 30 June 2012	40,884	33,452	1,835	1,695	(1,355)	76,511

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$'000	2011 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		297,003	268,002
Cash payments in the course of operations		(280,027)	(255,860)
Dividend received		-	-
Interest received		128	115
Finance costs		(1,551)	(1,074)
Income tax (paid) refunded		-	958
Net cash provided by (used in) operating activities	6b)	15,553	12,141
Cash flows from investing activities			
Proceeds from sale of discontinued operations		-	1,555
Payments for property, plant and equipment		(4,573)	(3,068)
Proceeds from sale of property, plant and equipment		3,819	240
Payment of deferred consideration for:			
– Meridian Concrete (Australia) Pty Ltd	6d)	(1,000)	-
Net cash provided by (used in) investing activities		(1,754)	(1,273)
Cash flows from financing activities			
Share buy-back payments		(172)	-
Repayment of borrowings		(7,528)	(5,888)
Dividends paid by parent entity		(2,875)	(2,434)
Net cash used in financing activities		(10,575)	(8,322)
Net increase (decrease) in cash and cash equivalents held		3,224	2,546
Effect of exchange rates on cash and cash equivalent holdings		89	(554)
Cash and cash equivalents at beginning of financial year		4,928	2,936
Cash at end of financial year	6a)	8,241	4,928

The accompanying notes form part of these financial statements

NOTES TO THE PRELIMINARY FINAL REPORT

FOR THE YEAR ENDED 30 JUNE 2012

1. Revenue

	2012 \$'000	2011 \$'000
Operating activities		
Rendering of services	271,902	229,539
Sale of goods	7,270	6,840
Interest	128	115
Bad and doubtful debts recovered	220	-
Other revenue	665	488
Non-operating activities		
Gain on disposal of property, plant and equipment	293	157
Total revenue	280,478	237,139

2. Profit for the year

	2012 \$'000	2011 \$'000
Profit before income tax is arrived at after charging the following items:		
Depreciation and amortization of:		
– Buildings	59	83
– Plant and equipment	10,872	9,075
Bad and doubtful debts expense	-	466
Interest paid and due and payable:		
– Other persons	70	220
– Finance charges on assets under hire purchase	1,481	853
Rental – operating leases	1,588	1,424

3. Trade and other receivables (current)

	2012 \$'000	2011 \$'000
Trade debtors	63,119	53,898
Provision for impairment of receivables	(303)	(417)
Current income tax receivable	-	-
Other debtors and deposits	1,201	1,201
	64,017	54,682

Notes to the preliminary final report continued

4. Trade and other payables

	2012 \$'000	2011 \$'000
Trade payables	14,052	16,620
Sundry payables and accruals	10,902	10,540
Contract billings in advance – due to customers for contract works	15,589	7,438
	40,543	34,598

5. Issued capital

	2012 \$'000	2011 \$'000
Issued and paid up capital	40,884	41,056
– 63,645,933 fully paid ordinary shares 2012		
– 63,884,474 fully paid ordinary shares 2011		
Movements during the period		
Balance at the beginning of the financial year	41,056	41,056
Share bought back during the period	(172)	-
	40,884	41,056

Notes to the preliminary final report continued

6. Notes to statement of cash flows

	2012 \$'000	2011 \$'000
a) Components of cash and cash equivalents		
Cash on hand	24	27
Cash at bank	8,217	4,901
	8,241	4,928
b) Reconciliation of cash flow from operations with profit after income tax		
Profit for the year	7,996	4,472
Non-cash flows in profit		
Depreciation and amortisation	10,931	9,158
Bad debts written off	-	474
Provision for impairment of receivables	(114)	(9)
Impairment loss in investment	70	175
Net (profit) loss on sale of property, plant and equipment	(293)	(157)
Net (profit) loss on sale of non-current investment		-
Change in operating assets and liabilities		
• (Increase) decrease in trade and other receivables	(9,215)	7,766
• (Increase) decrease in inventories	(4,862)	2,773
• (Increase) decrease in prepayments	(28)	129
• (Decrease) increase in trade and other payables	8,071	(14,318)
• (Decrease) increase in provisions	296	528
• (Decrease) increase in income tax payable	2,918	724
• (Decrease) increase in deferred tax liabilities	(548)	(285)
• (Increase) decrease in deferred tax assets	331	711
Net cash inflow from operating activities	15,553	12,141
c) Non cash financing and investing activities		
Plant and equipment acquired under finance leases, lease purchase or vendor finance	14,901	10,410
d) Acquisition of entities		
During the period the company made the following deferred payments under contract of sale:		
Meridian Concrete Australia Pty Ltd	1,000	-
Total cash outflow	1,000	-

Notes to the preliminary final report continued

7. Dividends

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividends
Final dividend				
Current year 2012	19 October 2012	3.0 cents	3.0 cents	0 cents
Previous year 2011	18 November 2011	2.5 cents	2.5 cents	0 cents
Interim dividend				
Current year 2012	18 May 2012	2.0 cents	2.0 cents	0 cents
Previous year 2011	13 May 2011	1.5 cents	1.5 cents	0 cents

Total dividend per security (interim plus final)	Current year	5.0 cents
	Previous year	4.0 cents

8. NTA backing

	2012	2011
Net tangible asset backing per ordinary security	89.7 cents	80.4 cents

9. Contingent liabilities

As at the date of this report, the Group had no significant contingent liabilities.

Notes to the preliminary final report continued

10. Segment reporting

	Construction		Mining Services		Corporate		Consolidated Group (Continuing Operations)		Discontinued Operations	
	30/06/12 \$'000	30/06/11 \$'000	30/06/12 \$'000	30/06/11 \$'000	30/06/12 \$'000	30/06/11 \$'000	30/06/12 \$'000	30/06/11 \$'000	30/06/12 \$'000	30/06/11 \$'000
Primary Reporting – Business Segments										
Revenue										
External sales	180,408	153,790	98,764	82,589	-	-	279,172	236,379	-	688
Other sales	770	488	115	-	-	-	885	488	-	-
Total sales revenue	181,177	154,278	98,880	82,589	-	-	280,057	236,867	-	688
Unallocated revenue	13	63	254	108	154	101	421	272		
Total revenue	181,191	154,341	99,134	82,697	154	101	280,478	237,139	-	688
Results										
Segment result	8,232	6,499	5,320	8,409	(2,855)	(3,043)	10,697	11,865	-	(7,197)
Income tax benefit / (expense)	-	-	-	-	(2,701)	(2,355)	(2,701)	(2,355)	-	2,159
Profit after income tax	8,232	6,499	5,320	8,409	(5,556)	(5,398)	7,996	9,510	-	(5,038)
Assets										
Segment assets	86,849	79,851	46,275	37,612	16,410	11,587	149,533	129,051		
Total assets	86,849	79,851	46,275	37,612	16,410	11,587	149,533	129,051		
Liabilities										
Segment liabilities	36,070	29,413	28,985	19,915	7,966	7,889	73,021	57,218		
Total liabilities	36,070	29,413	28,985	19,915	7,966	7,889	73,021	57,218		
Other										
Acquisitions of non-current segment assets (incl. HP and leases)	2,223	1,148	17,360	11,967	-	429	19,584	13,544		
Depreciation and amortisation of segment assets	2,420	1,677	8,438	7,394	73	87	10,931	9,158		

	Australia		United Arab Emirates		Consolidated Group	
	30/06/12 \$'000	30/06/11 \$'000	30/06/12 \$'000	30/06/11 \$'000	30/06/12 \$'000	30/06/11 \$'000
Revenue and assets by geographical region (excluding discontinued operations)						
Segment revenues for external customers	274,577	229,360	5,901	7,779	280,478	237,139
Carrying amount of segment assets	144,738	121,993	4,794	7,058	149,533	129,051
Acquisition of non-current segment assets	19,538	13,544	45	-	19,583	13,544