

HALF YEAR FORECAST AND MARKET UPDATE

12 November 2012

The Board of Structural Systems Limited (“the Company”) advise that the half year result for the 2013 financial year is forecast to be in range of \$2.8 to \$3.1 million NPAT. This compares to \$4.8 million for the corresponding period last year.

The well publicised slow down in the resources sector has resulted in a number of clients of the company’s mining services provider ROCK Australia downsizing their operations. This has resulted in a several contracts held by ROCK being terminated or having the ongoing scope of work reduced. With contract drilling being ROCK’s principle activity the fixed cost associated with this operation has not been able to be adjusted as quickly as the change in revenues.

In the construction sector the timing of projects coming onto the market is taking longer and tender periods are being extended. The circumstances in the infrastructure sector are particularly tough at the present with a number of identified targeted projects being put on hold. While the majority of the Company’s construction operations have had a solid first quarter the balance of the half is forecast to not be as strong as replacement work is not keeping pace with consumption of work in hand. At this stage we are forecasting that an improvement in our construction volumes will not occur until into the second half of the financial year.

As a result of the slowdown in activities the Company has implemented a number of cost cutting actions which result in over \$4 million in savings on an annualised basis. Redundancy costs associated with the downsizing have been taken into account in the forecast half year result. The difficult trading conditions obviously require continued focus on costs and ensuring the business is structure appropriately for the prevailing market conditions.

Work in hand at the end of September 2012 for the Company was in excess of \$182 million and compares with a balance of \$167 million at 31 December 2011. The balance of work in hand at the end of September 2012 related to mining services was \$91 million.

For further information please contact the undersigned.



David Perry

Managing Director