

## UNAUDITED FULL YEAR RESULT and MARKET UPDATE

Structural Systems Ltd (ASX:STS) ("The Company" or "Group") requested a trading halt on Wednesday 20<sup>th</sup> August 2014 to allow the Board of Directors to assess the impact of commercial issues relating to cost overruns on a major construction project that was presented to management this week.

The issues on this project are complex and subject to further commercial negotiations. Additional commercial and project resources have been assigned to the project to close out the issues. The projected final commercial position was reviewed and assessed by senior management and discussed with the Board on Tuesday this week. On the basis of the information available at that time it was apparent that the full-year 2014 profit would be significantly impacted.

Given the above the Company asked the ASX for a trading halt to allow a full review to be undertaken by the Board and senior management.

After making the required adjustments the Group has achieved an unaudited net profit before tax result of \$2.1million for the year ended 30 June 2014 (\$3.2 million last year).

The Board is extremely disappointed with this outcome and senior staff have left the Company. In a year when the Civil and Mining divisions recorded excellent results it is very disappointing that their good work has been overshadowed by poor management control in the Construction Division.

It is important for shareholders to note that this latest issue was brought to the attention of the Board by the new senior management team who have introduced a higher level of discipline and rigour to the contract review process.

The banking covenants of the Company require that the Company seeks Bank approval to pay dividends in excess of the current year Net Profit after Tax (NPAT). The payment of the interim dividend now exceeds the full year NPAT of the Company. In view of the strong cash position of the Company, the Board has made a request to the bank to pay a final dividend of 1.5 cents per share. The Directors are not able to declare such a dividend until a response is received from the bank. Given that the Company has a net surplus of cash over financial liabilities of \$9.2 million the Directors are optimistic approval will be forthcoming.

Appendix 4E – Preliminary Final Report for FY 2014 will be lodged with the ASX next week.