



Incorporating

HIRE ACCESS
SERVICES

Monday, 2nd November 2009

The Manager
Company Announcements
Australian Securities Exchange Limited
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir

BUSINESS UPDATE

HIGHLIGHTS

- Significant new contract wins including the company's first project in the Middle East
- Merger with Hire Access completed with synergies continuing to emerge
- Priority focus on cost reductions, IT management and stock control
- Much brighter outlook for 2010 after difficult trading conditions in 2009
- Reviewing strategic opportunities to broaden the product range and capabilities
- Major resource, industrial and infrastructure projects ready to proceed in Australia, Asia and the Middle East underpin the 2010 strategy plan
- Scott Williams to succeed John Yeudall as Group Managing Director as from 1 January 2010

The Directors of IFS Construction Services Limited (ASX:IFS) advise that trading conditions remained difficult in the September 2009 quarter with margins under pressure from discounting as industry utilisation rates fall. The strength of the Australia dollar also adversely affected the translation values of contracts written in Asia and the Middle East.

Nonetheless, significant contracts have been won by the company in all regions in recent weeks which together with the continuing synergies and efficiency gains that are flowing from the merger of International Formwork and Scaffolding and Hire Access point to a much better year in 2010.

IFS has reported a net operating cash out flow for the September 2009 quarter of \$1.7 million. This was attributable to lower than expected revenues as the construction sector weakened, with a build up in receivables. Cash outflows were also boosted by payments associated with the re-listing on ASX in July and the merger with Hire Access. As at 30 September, the company had cash resources of \$284K. In addition, receivables exceeded payables by approximately \$1.5 million.

New Contracts

A number of significant contracts have been won in recent weeks including:

Singapore

IFS has received a preliminary order for the supply of system formwork and shoring for a 7-storey Hotel at the Sentosa Cove project at a total contract value in excess of S\$1M. IFS will supply all primary products including its new safety screens.

Middle East

The company has secured its first contract in the Middle East with the first phase of a series of contracts to be awarded in the region. This first phase is indicative of the confidence that this major international client has with IFS and the increased mood of optimism in the region. IFS have provided the engineering designs, all specifications along with the formwork and scaffolding components.

Perth

Hire Access has secured the contract to supply scaffolding on the 1st Stage of the \$1.8 billion Fiona Stanley Hospital project. This is a very large project which will cover a vast construction site of 32.4 Hectares. The value of the contract is undetermined at this time and is a major breakthrough for the company which positions it to secure future stages, as the project gains momentum towards its anticipated completion and opening in 2014

Hire Access has also secured the contract to provide scaffold access services for the \$30M Edith Cowan University Student Village at the Mount Lawley Campus, Perth. This contract is valued at circa \$500K.

The company expects to be able to report further significant contract wins prior to the end of the year.

Merger Synergies and Cost Realignment

The merger of International Formwork and Scaffolding with Hire Access was completed ahead of the "IFS" listing on the ASX in July of this year. Both businesses relocated to single premises, as a result, significant operating efficiencies have been realised with some

rationalisation of overheads. Integrating IT systems and inventory management are more challenging and time consuming with programs currently being developed which will be implemented during 2010.

The company has appointed Scott Williams to succeed John Yeudall as Group Managing Director as from 1 January 2010. John successfully steered the company after the ASX re-listing process and the merger with Hire Access and has helped position the company to capture the opportunities that will flow from the anticipated recovery in the construction industry. Scott was the founder and owner of Hire Access and over 10 years successfully built the company to be a significant force in the Perth scaffolding market. Scott's role will be to take IFS through to the next phase of its development in Australia, Asia and the Middle East.

Outlook 2010

The Directors are completing a 2010 strategy plan and are confident about the outlook for 2010 and beyond. Whilst 2009 has been far more challenging than expected and financial performance has been disappointing, the opportunity has been taken to adjust the company's cost base, focus on realising merger and integration synergies and to address longer term marketing and business positioning strategies. The Directors believe that the company is now very well placed to grow as the construction cycle turns, with its internal engineering design capabilities providing a major competitive advantage.

The Directors have commenced an analysis and review of options and opportunities to broaden the company's product range and capabilities with a view to strengthening its position as the construction market recovers.



John Yeudall

Group Managing Director

IFS Construction Services Limited

About IFS:

IFS Construction Services (IFS) provides scaffolding and formwork services to the building and engineering construction industry.

International Formwork and Scaffolding was established in January 2008 by a group of executives who had previously been pivotal in the development of the then industry leader PCH Group Ltd, which was taken over by UK based Cape Industrial PLC in December 2007. IFS have established offices in Perth, Sydney, Singapore and Bahrain to provide a comprehensive regional service.

In September 2008, Perth based Hire Access Scaffold, which has been providing scaffolding services in Western Australia since 2000, was acquired and the two businesses were subsequently merged. In July 2009, IFS merged with ASX listed Advanced Ocular Systems Ltd and was then renamed as IFS Construction Services Limited (ASX code: IFS).

Visit the IFS website at www.ifsgroup.net.au for further information.