



## FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

### HIGHLIGHTS

- LISTING ON THE ASX IN JULY 2009
- SUCCESSFUL MERGER OF INTERNATIONAL FORMWORK & SCAFFOLDING, HIRE ACCESS AND ADVANCED OCULAR SERVICES
- CONSTRUCTION ACTIVITY SHARPLY DECLINED IN THE SECOND HALF OF 2009
- POSITIVE SIGNS OF RECOVERY ARE BECOMING EVIDENT
- COMPANY POSITIONED FOR A RECOVERY IN CONSTRUCTION ACTIVITY IN ASIA PACIFIC AND THE MIDDLE EAST
- FIRST CONTRACT SECURED IN THE MIDDLE EAST

The directors of IFS Construction Services (ASX:IFS) report that the company achieved revenues of \$19.18 million and an after tax loss of \$596,000 in 2009. EBITDA was \$1.02 million. These results were in line with the revised guidance provided to the market 24 December 2009. The comparative figures relate to International Formwork and Sales which commenced operations during 2008.

Performance fell well below early expectations due to the sudden and unanticipated collapse in construction activity in the wake of the Global Financial Crisis. Immediately prior to listing on the ASX the company invested heavily in new hire equipment in anticipation of normal trading conditions through 2009 and beyond. However, numerous projects cancelled or deferred as a result of the GFC resulted in a significant shortfall in projected revenues, weaker gross margins and a cost structure out of alignment with reduced activity.

In addition to these factors, the reported results were also adversely impacted by a number of one-off items, primarily associated with the listing of the company on the ASX and the three-way merger that created IFS Construction Services Ltd. The following table reconciles these items to indicate a normalised EBITDA which provides a more accurate reflection of underlying operating performance.

	<b>2009</b>	<b>2008</b>
<b>Reported EBITDA</b>	<b>1,023</b>	<b>950</b>
One-off costs – merger costs and expenses during the year	850	-
Re-location costs	137	-
<b>Normalised operating EBITDA</b>	<b>2,010</b>	<b>950</b>





The company supplies scaffolding and formwork in Western Australia, Asia Pacific and the Middle East. Enquiry has noticeably increased in all regions in recent months and there is strong evidence that industrial, commercial and resources projects that had been previously deferred are now being reinstated, whilst new projects are also emerging. IFS is well placed in all regions to benefit as activity rebuilds over the next few years.

The company is especially encouraged by the opportunities available in the Middle East where the focus is on Qatar and Saudi Arabia, which were unaffected by the GFC or the financial problems associated with Dubai. Last year, the company won its first contract in Qatar, which was associated with the development of the Qatar International Airport, and is confident of securing more projects in the region.

In Western Australia, construction activity will gather momentum through 2010 as major resources projects proceed. It is quite possible that over the next few years, construction industry activity will exceed pre-GFC levels as massive projects such as Gorgon, Pluto and Wheatstone are developed with a flow through effect on activity in Perth.

IFS Construction Services Managing Director, Scott Williams said

“Last year was very difficult but the signs are clearly evident of a pick-up in activity. We continue to win new projects and look forward to a recovery in the market.”

#### Contact

Stuart Usher  
CFO & Company Secretary  
(08) 6253 6888

#### About IFS:

*IFS Construction Services (IFS) provides scaffolding and formwork services to the building and engineering construction industry in Australia, Asia and the Middle East with offices in Perth, Sydney, Singapore and Bahrain to provide a comprehensive regional service.*

Visit the IFS website at [www.ifsgroup.net.au](http://www.ifsgroup.net.au) for further information.



Perth

Sydney

Singapore

Bahrain

Group: International Formwork & Scaffolding Pty Ltd | Hire Access Pty Ltd  
International Formwork & Scaffolding Pte Ltd | International Formwork & Scaffolding LTD SPC

Web: [www.ifformscaff.com](http://www.ifformscaff.com) ABN 35 107 371 460





# IFS CONSTRUCTION SERVICES LIMITED

ABN 35 107 371 460

## APPENDIX 4E

### PRELIMINARY FINAL REPORT

31 DECEMBER 2009

***This report has been prepared in  
compliance with ASX listing Rule 4.3A***

This preliminary final report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2008 and the interim half year report as at 30 June 2009 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

# Appendix 4E

## Preliminary final report

Introduced 1/1/2003. Origin Appendix 4B

Name of entity

IFS Construction Services Limited
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ABN or equivalent company reference	Preliminary final <i>(tick)</i>	Financial year ended ('current period')
ABN 35 107 371 460	✓	31 DECEMBER 2009

### 2. Results for announcement to the market

<b>2.1 Revenue &amp; other income</b>	Up %	224%	to	\$19,539,634
<b>2.2 Net loss attributable to members</b>	Up %	131%	to	(\$596,114)
<b>2.3 Dividends (distributions)</b>				
	Amount per security	Franked amount per security		
Final dividend <i>The company is not proposing any dividends be paid</i>	-¢	-¢		
Previous corresponding period	-¢	-¢		

+ See chapter 19 for defined terms.

- **2.4 Brief explanation of any of the figures reported above in 2.1 to 2.3 necessary to enable the figures to be understood:**

#### Commentary of Results

Refer to ASX cover page attached at the front of the report.

**Consolidated Statement of Comprehensive Income for the year ended 31 December 2009**

	Notes	12 Months ending 31 Dec 2009 \$	12 Months ending 31 Dec 2008 \$
<b>Revenue</b>	2	<b>19,185,842</b>	<b>8,618,823</b>
Other income	3	353,792	99,813
Cost of inventory sales		(2,609,993)	(917,684)
Occupancy		(1,223,659)	(506,044)
Transportation		(618,261)	(338,292)
Personnel expenses		(10,490,335)	(4,318,998)
Depreciation & amortisation		(1,831,222)	(1,106,606)
Finance costs		(427,607)	(99,421)
Professional fees and services		(1,496,982)	(522,670)
Administration		(1,547,159)	(783,124)
Other expenses	4	(530,936)	(405,822)
<b>(Loss) before income tax</b>		<b>(1,236,520)</b>	(256,102)
Income tax (expense) / benefit		640,406	(196,228)
Loss for the period		(596,114)	(452,330)
<b>Other comprehensive income after income tax</b>			
Translation of foreign operations		(7,852)	255,755
<b>Total comprehensive income for the year</b>		<b>(603,966)</b>	<b>(196,575)</b>

The above preliminary consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

**IFS Construction Services Limited**  
**Appendix 4E**  
**Preliminary final report**

**Statement of Financial Position as at 31 December 2009**

	Notes	31 Dec 2009 \$	31 Dec 2008 \$
<b>Current Assets</b>			
Cash and cash equivalents		1,055,416	508,082
Trade and other Receivables		3,021,060	4,308,850
Inventories		906,462	1,272,444
Current tax asset		67,660	33,133
Other		145,707	59,079
<b>Total Current Assets</b>		<b>5,196,305</b>	<b>6,181,588</b>
<b>Non-Current Assets</b>			
Other financial assets		300,000	-
Property, plant and equipment		25,330,375	20,424,060
Intangible assets		1,631,598	2,431,598
Deferred tax assets		2,709,210	1,228,426
<b>Total Non-Current Assets</b>		<b>29,971,183</b>	<b>24,084,084</b>
<b>Total Assets</b>		<b>35,167,488</b>	<b>30,265,672</b>
<b>Current Liabilities</b>			
Trade and other payables		2,928,291	5,740,290
Borrowings		4,339,170	4,806,960
Current tax payables		34,703	373,133
Provisions		278,250	161,465
<b>Total Current Liabilities</b>		<b>7,580,414</b>	<b>11,081,848</b>
<b>Non-Current Liabilities</b>			
Borrowings		419,888	634,260
Deferred tax payables		3,416,154	2,612,043
<b>Total Non-Current Liabilities</b>		<b>3,836,042</b>	<b>3,246,303</b>
<b>Total Liabilities</b>		<b>11,416,456</b>	<b>14,328,151</b>
<b>Net Assets</b>		<b>23,751,032</b>	<b>15,937,521</b>
<b>Equity</b>			
Contributed equity	6	24,265,914	15,848,437
Reserves		533,562	541,414
Accumulated losses	7	(1,048,444)	(452,330)
<b>Total Equity</b>		<b>23,751,032</b>	<b>15,937,521</b>

The above preliminary statement of financial position should be read in conjunction with the accompanying notes

+ See chapter 19 for defined terms.

**Statement of changes in equity for the year ended 31 December 2009**

	Issued Capital	Reserves	Accumulated losses	Total Equity
	\$	\$	\$	\$
<b>Balance on incorporation</b>	-	-	-	-
Loss for the year	-	-	(452,330)	(452,330)
Foreign Exchange reserve	-	255,755	-	255,755
Share Option reserve	-	285,659	-	285,659
Shares issued during year	15,848,437	-	-	15,848,437
<b>Balance as at 31 December 2008</b>	<b>15,848,437</b>	<b>541,414</b>	<b>(452,330)</b>	<b>15,937,521</b>
Acquisition of IFSCS – accounted for under reverse acquisition principles (refer to Note 2(w))	4,570,058	-	-	4,570,058
Loss for the year	-	-	(596,114)	(596,114)
Foreign Exchange reserve	-	(7,852)	-	(7,852)
Shares issued during the year	3,847,419	-	-	3,847,419
<b>Balance as at 31 December 2009</b>	<b>24,265,914</b>	<b>533,562</b>	<b>(1,048,444)</b>	<b>23,751,032</b>

The above preliminary statement of changes in equity should be read in conjunction with the accompanying notes

## Consolidated Cash Flows Statement for the year ended 31 December 2009

	Notes	31-Dec 2009 \$	31-Dec 2008 \$
Inflows/(Outflows)			
<b>Cash flows from operating activities</b>			
Receipts from customers		20,523,311	6,904,015
Payments to suppliers and employees		(19,149,602)	(7,177,417)
Interest received		7,316	2,473
Borrowing costs		(363,223)	(99,421)
Income tax paid		(304,079)	-
<b>Net cash inflow from operating activities</b>	5	<u>713,723</u>	<u>(370,350)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(6,494,872)	(8,042,567)
Proceeds from sale of property, plant and equipment		1,049,250	577,556
Payment for subsidiary, net of overdraft		-	(6,706,834)
Cash acquired on acquisition of subsidiary		1,204,590	-
Loans from subsidiary prior to acquisition		3,000,000	-
<b>Net cash outflow from investing activities</b>		<u>(1,241,032)</u>	<u>(14,171,845)</u>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,084,653	4,447,820
Proceeds from share issue		3,019,073	11,475,400
Capital raising costs		-	(872,943)
Loans advanced		-	-
Repayment of borrowings		(3,029,083)	-
<b>Net cash provided by financing activities</b>		<u>1,074,643</u>	<u>15,050,277</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>		547,334	508,082
Cash and cash equivalents at the beginning of the financial year		508,082	-
<b>Cash and cash equivalents at the end of the period</b>		<u>1,055,416</u>	<u>508,082</u>

The above preliminary consolidated cash flow statement should be read in conjunction with the accompanying notes

## **Notes to the Preliminary consolidated financial statements**

### **1. Statement of significant accounting policies**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated. These preliminary consolidated financial statements relate to the consolidated entity comprising IFS Construction Services Limited (IFSCS) ("company" or "parent entity") and its controlled entities including International Formwork & Scaffolding Ltd (IFS). IFCS acquired IFS on 12 June 2009. In accordance with AASB 3 Business Combinations, this acquisition was determined to be a reverse acquisition. IFSCS is a listed public company, incorporated and domiciled in Australia.

#### **(a) Basis of preparation**

These preliminary consolidated financial statements have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

This report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the half-year report for the six month period ended 30 June 2009 and any public announcements made by the Company during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

#### **(b) Going concern**

The financial statements have been prepared on a going-concern basis notwithstanding the deficiency in working capital between current assets and current liabilities. The Directors believe this basis to be reasonable because of the following;

- 1.) The bank continues to support the Company and continue to provide the fully drawn debt facility of \$3M held with a major Australian bank. There is no reason to believe that this will be withdrawn; and
- 2.) additional working capital funding which is in advanced stages of being secured;
- 3.) Included in borrowings is an amount currently due and payable to the vendor of Hire Access Pty Ltd of \$1,000,000 plus accrued interest of \$64,384, which is a company controlled by a director. IFS has obtained a written undertaking that the amount will not be called upon in the immediate future.

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+ See chapter 19 for defined terms.

## Notes to the Preliminary consolidated financial statements

	31-Dec 2009 \$	31-Dec 2008 \$
<b>Note 2: Revenue</b>		
Sales revenue		
— Sales of goods	3,951,624	1,684,873
— Services	15,118,480	6,910,466
— Interest	7,316	2,473
— Other	108,422	21,011
	19,185,842	8,618,823
<b>Note 3: Other Income</b>		
— Net gain on disposal of property, plant and equipment	264,159	95,813
— Government grant & insurance recoveries	11,614	4,000
— Net gain on realised/unrealised foreign currency transactions	78,019	-
	353,792	99,813
<b>Note 4: Expenses</b>		
<b>Profit before income tax includes the following specific expenses:</b>		
<i>Depreciation of non-current assets</i>		
Plant and equipment	739,568	197,238
Motor vehicles	140,298	64,340
Office equipment	91,317	38,326
Tool of Trade equipment	9,803	3,905
Leasehold improvements	50,236	2,797
<b>Total depreciation expense</b>	<b>1,031,222</b>	<b>306,606</b>
<i>Amortisation</i>		
Customer contracts	800,000	800,000
<b>Total amortisation expense</b>	<b>800,000</b>	<b>800,000</b>
<i>Finance costs</i>		
Hire purchase charges	86,085	56,605
Interest and finance charges paid/payable	258,882	38,650
Fees and charges	82,640	4,166
<b>Finance costs expensed</b>	<b>427,607</b>	<b>99,421</b>
<b>Operating lease rental expense</b>	<b>973,617</b>	<b>415,645</b>
<b>Net foreign exchange (gain)/losses</b>	<b>(78,019)</b>	<b>130,128</b>
<b>Defined contribution superannuation</b>	<b>339,238</b>	<b>194,473</b>
<b>Share based payment expense</b>	<b>-</b>	<b>286,659</b>
<b>Provision for employee benefits</b>	<b>325,043</b>	<b>189,571</b>

+ See chapter 19 for defined terms.

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<b>NOTE 5: Notes to the Statement of Cashflows</b>	31-Dec 2009	31-Dec 2008
	\$	\$
Reconciliation of operating loss after income tax to net cash (used in)/provided by operating activities		
Operating loss after income tax	(596,114)	(452,330)
<b>Non-cash items</b>		
Depreciation and amortisation	1,031,222	1,106,606
Amortisation of goodwill	800,000	-
(Profit)/loss on disposal of property, plant and equipment	(264,159)	(45,813)
Provision for doubtful debts	113,651	-
Share based payments expense	-	285,659
Provision for employee leave benefits	180,198	-
<b>Change in assets and liabilities</b>		
(Increase)/decrease in receivables	1,174,139	(3,014,163)
(Increase)/decrease in inventories	365,982	-
(Increase)/decrease in other	(86,628)	-
Increase/(decrease) in creditors & borrowings	(1,041,756)	1,749,691
Increase/(decrease) in provisions	86,818	-
Increase/(decrease) in other	(1,049,630)	-
Net cash (used in)/provided by operating activities	<u>713,723</u>	<u>(370,350)</u>

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+ See chapter 19 for defined terms.

**Notes to the Preliminary consolidated financial statements**

**Note 6: Contributed equity**

**(a) Issued and paid up capital**

	31-December 2009		31-December 2008	
	Number	\$	Number	\$
Issued and paid up capital				
	161,823,655	24,265,914	110,007,066	15,868,237

**Movements during the period**

Ordinary shares	Number	Issue price	\$
Balance at the beginning of the financial year	110,007,066		15,848,437
Shares issued:			
- Acquisition of IFCS – accounted for under the principles of reverse acquisition accounting	32,596,285	\$0.14	4,570,058
- Adjustment to equity for shares previously issued	-	-	35,000
- Shares issued under a prospectus	15,070,304	\$0.20	3,014,061
- Shares issued to the vendors of Hire Access Pty Ltd	2,500,000		500,000
- Shares issued to Greenday Corporate Pty Ltd	1,650,000		330,000
- Costs of share issues	-		(31,642)
	51,816,589		8,417,477
	161,823,655		24,265,914

**NOTE 7: Accumulated losses**

	31-Dec 2009	31-Dec 2008
	\$	\$
Accumulated losses at the beginning of the financial year	(452,330)	-
Net loss attributable to the members of IFS Construction Services Limited	(596,114)	(452,330)
Accumulated losses at the end of the financial year	(1,048,444)	(452,330)

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+ See chapter 19 for defined terms.

**Notes to the Preliminary consolidated financial statements**

**8. Dividends**

No dividends were declared or paid during the period

<b>9. Earnings per security (EPS)</b>	Current period	Previous corresponding period
Basic EPS (cents per share)	(0.4)	N/A

The following reflects the profit or loss and share data used in the calculations of basic and diluted earnings per share:

Earnings used in calculation of basic and diluted earnings per share

**Number of ordinary shares**

Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share

**31-Dec 2009**      **31-Dec 2008**  
**\$**                      **\$**

(596,114)                      N/A

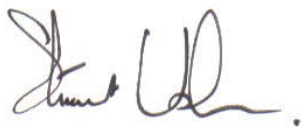
137,821,168                      N/A

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+ See chapter 19 for defined terms.

**10 This report is based on accounts to which one of the following applies.**

- |                                     |  |                          |  |
|-------------------------------------|--|--------------------------|--|
| <input type="checkbox"/>            | The accounts have been audited.  | <input type="checkbox"/> | The accounts have been subject to review.                  |
| <input checked="" type="checkbox"/> | The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> | The accounts have <i>not</i> yet been audited or reviewed. |



Stuart Usher  
CFO & Company Secretary

Date: