

Seca Group Management Accounts

Profit & Loss	Unaudited		Unaudited Due Diligence		Ref	Unaudited	
	Actual	FY02	Actual	FY03		Reviewed	Reviewed
							per Prospectus
\$ in thousands							Adjusted
Contract revenue	11,788	19,996	(1,998)	a		17,998	FY03
Total revenue	11,788	19,996				17,998	
Wages	4,662	6,217	74	b		6,291	
On costs	659	992	158	c		1,150	
Total wages and on-costs	5,320	7,209				7,441	
Subcontract	1,184	1,977	(1,501)	d		476	
Equipment rent/hire	658	957				957	
Total direct costs	1,842	2,934				1,433	
Gross profit	4,626	9,853				9,124	
Gross margin %	39.2%	49.3%				50.7%	
Management fee received	-	451				451	
Other income	97	45				45	
Total other income	97	496				496	
R&M	1,159	1,376	(726)	e		650	
Insurance	153	287	(46)	f		241	
Wages (admin staff)	270	245	155	g		400	
On-costs (admin staff)	138	84	10	h		94	
Fees and permits	341	320				320	
Occupancy and rent	118	130				130	
Other expenses	932	1,317				1,317	
Total overheads	3,110	3,759				3,152	
EBITDA	1,612	6,590	(122)			6,468	

Adjustments

The table sets out a summary of the FY03 reported management account results, due diligence adjustments and the adjusted FY03 profit and loss statement. The adjustments are described below.

Se	Adjustments continued
Bj	a) Contract Revenue:
si	<i>Adjustments which reduce reported revenue</i>
Ci	The primary adjustment to contract revenue relates to the identification of a consolidation entry between subcontractor expense and revenue which was not adjusted in the management accounts for \$1.5m. This entry does not have a profit impact as internal charges between group entities are at cost.
Ct	The FY02 management accounts for Seca did not include debtors of \$1.3 million which were subsequently recorded as revenue in FY03.
Tr	<i>Adjustments which increase reported revenue</i>
Oi	The debtors listing provided at 30 June 2003 was incorrect and a positive adjustment has been made to increase revenue by \$0.4m to reflect the correct debtors position.
N4	Revenue accruals movements have also been considered resulting in a net positive adjustment of \$0.4m.
La	b) Direct wages:
Pl	<i>Adjustments which increase direct wages</i>
Ot	The management accounts prepared did not include accruals or employee entitlements. The movement in the direct wages accrual for FY04 was \$0.1m and the increase to employee entitlements was \$0.1m.
Tc	<i>Adjustments which decrease direct wages</i>
Ci	The management accounts did not analyse wages into direct and administration wages. An adjustment was made to apportion \$0.1m into admin wages as an overhead expense.
Tr	c) Direct wages – on-costs
HI	The management accounts presented did not include any accruals for on-costs for direct wages. The adjustment opposite takes into account the movement in accruals for PAYG, payroll tax (including payroll tax paid in FY03) and superannuation totalling \$0.1m.
GC	There is also a transfer of direct wage on-costs from direct costs to overheads forming part of admin on-costs of \$10k.
Ot	d) Subcontractor direct cost - Refer to primary adjustment in a)
Nc	e) Repairs and maintenance
Ot	The adjustment for \$0.7m relates to capital items which were expensed in the management accounts. These items include crane tower sections, hoist door heads, weight gauges, tie collars, hoist cars and loading platforms which should have been capitalised in the fixed asset register and depreciated over their useful lives.
Tc	f) Insurance
Nc	This adjustment relates to the prepayment of insurance which was not accounted for in the management accounts.
(D)	g) Wages (admin staff)
for	The adjustment to wages admin staff includes a transfer of salaried office employees from direct wages together with an adjustment for accrued wages.
	h) On-costs (admin staff) - Refer to adjustment c) above