

18 November 2003

STRUCTURAL SYSTEMS LIMITED

CHAIRMAN'S ADDRESS:

The year to June 30 saw our company return to profitability and whilst only small it represented a turn around of \$5.3m from the previous years loss.

The company is in the final stages of completion of the balance of works in the loss making divisions with the Group. These projects were in some cases secured over twenty-four months ago and are only coming to an end now.

The resultant costs of closing these businesses and subsequent reduction in employee numbers has been significant.

While predominantly these costs were included in the 2002/03 year further costs in relation to the completion of these projects and winding back of these businesses will result in profitability being effected in the first half of this year.

For the current year, we are forecasting a loss for the first half but returning to profitable trading for the period after Christmas.

Overall the operating position of the company is promising. In the next financial year, we see a return to the growth the company achieved in the 90's having put the disasters of our Fastform and Fire Services divisions behind us.

Your managing director Robert Freedman will provide you with a more detailed overview of the year to date and the future later in the meeting.

One of the resolutions you will be considering this morning will be the approval of the issue of convertible notes to raise up to \$4,000,000. The proceeds of this fundraising will be applied primarily to retire term debt and reduce the overdraft provided by our primary financier, National Australia Bank, thereby expanding our available working capital. The balance will be applied to meet costs of the issue.

Discussions We have issued a mandate to our corporate finance advisers to raise these funds from sophisticated investors. Your board sees this form of raising as the most efficient way of raising funds while minimising dilution for our existing shareholders. The expressions of interest in the fundraising received to date have been promising.

As previously announced, the Company's facilities with its primary lender expired at the end of June and are presently being reviewed. regarding the terms of new facilities are well advanced. The convertible note raising is obviously relevant to these discussions. We expect to be in a position to report to you further on this shortly.

You will have no doubt been reading in the press the issues of good Corporate Governance and practice and the recommendations of the ASX Corporate Governance Council.

The directors have reviewed the composition of the current board with the aim to adequately discharge its duties and responsibilities and intend to restructure the board to comprise a majority of independent directors including the chairperson as recommended by ASX Corporate Governance best practice clauses 2.1 and 2.2.

As the first stage in this board restructure, David Pash a current executive director has not offered himself for re-election. He remains however in his position of chief operating officer and his continued support of the company is appreciated.

We are presently considering a number of candidates with a view to introducing further independent Directors with skills and experience that is complementary to that of the current board. We expect that this process will not be completed until after the convertible note issue and restructure of banking facilities is complete.

MANAGING DIRECTORS REPORT – REVIEW OF OPERATIONS

INTRODUCTION

This financial year saw the Company's return to profitability (following last year's first loss for the Group). As outlined in the Chairman's address this was a significant turnaround which reflects the Groups continuing improvement.

The years operations can be categorized into two distinct areas.

- The wind down and closure of our two problem divisions of previous years being Fastform Systems and Total Fire Protection.
- The continued strong performance from our core businesses which all reported positive earnings contributions.

CLOSURE OF DIVISIONS

FASTFORM SYSTEMS

Following several unsuccessful attempts at restructuring the decision was made to close this division.

Fastform Systems was shut down in the second half of the year and the last Fastform contract (National Australia Bank Headquarters) will be completed within the next few weeks.

All site works on previous loss making contracts are now complete with one contract subject to final settlement.

The shut down resulted in the termination of over 200 site personnel and 12 management personnel with substantial costs in final payouts and redundancy in excess of \$800k.

TOTAL FIRE PROTECTION

The operations of Total Fire Protection have been terminated.

The service division was sold in September 2003 together with maintenance liabilities on past projects. The contracting division has two remaining contracts being Crown Casino to be completed this month and a smaller final project to be completed by February 2004.

Approx 140 personnel were terminated with associated closing costs in the order of \$700k

CORE BUSINESS DIVISIONS

STRUCTURAL SYSTEMS – WESTERN

Western Division performed well and met budgeted profit despite a slowing in the second half of the year following completion of its major project on the new Woodside Office building in Perth.

The first half of the year will see the completion of the contracts on the Perth Convention Centre and Whitfords Shopping Centre.

The slowdown in work has continued into the first half of the new year but during this time there has been a record amount of tendered work. The division is in the final stages of negotiation for a number of major projects and has secured the following significant projects:

- LNG Tank in Darwin
- Tonkin Highway Extension Bridges
- Beenyup Waste Water Treatment Plant

The Remedial division has experienced good growth in the first half and currently has a healthy level of secured work combined with a strong level of tender enquiry.

The overall position is for a quiet first half of the year with solid increases in the second half leading into a very buoyant outlook for the following year particularly in the Civil Construction market.

STRUCTURAL SYSTEMS – NORTHERN

Northern Division has continued where it left off at the end of the 2002-year with a result above budget expectations, in addition solid contributions have come from our divisions in Newcastle and Canberra.

With continued growth in the NSW non-residential market forecast at 12% for the 2004 year, Northern Division is set to continue similar levels of activity to that achieved over the last 12 months and this is already reflected in the significant levels of work in hand for the 2004 year.

The Queensland market is strong with a number of projects already secured, the most prominent of these being the Comalco Alumina Refinery Silo's in Gladstone and the Aldi Distribution Warehouse at Stayplton.

The Bovis Lend Lease Alliance is continuing to be an asset for Northern Division who has completed a number of high profile industrial, retail and residential projects including the Bovis Lend Lease new corporate headquarters in Sydney.

Our expansion of the civil engineering and remedial businesses in NSW is growing steadily with activity levels in these markets set for a significant boost in the next few years.

Major contracts completed and or in hand are:-

- Erina Fair Shopping Centre – Bovis Lend Lease Alliance, Erina, NSW
- Comalco Refinery Silos, Gladstone, QLD
- Aldi Distribution Warehouse, Stayplton, QLD
- ESP Residential Development, Victoria Park, NSW
- Hickson Road Commercial – Bovis Lend Lease Alliance, Sydney, NSW

- Westfield Commercial Tower Remedial Works, Bondi Junction, NSW
- Canberra Bridges Carbon Fibre Strengthening, Canberra, ACT
- DIMIA Offices – Bovis Lend Lease Alliance, Canberra, ACT

STRUCTURAL SYSTEMS – SOUTHERN DIVISION

Southern Division produced a satisfactory result this year. Demand for our products and services has remaining strong. Major highlights for the year were:-

- The consolidation of the formwork business into this division with ongoing overhead savings of over \$1.0m per year.
- The increased profile and market penetration of our remedial engineering business
- Commencement of major slipform contracts at Freshwater Place and Southern Cross

The market for our services is strong in all sectors in which we operate. In addition, a number of large infrastructure contracts planned for the next three to five years will increase demand for our services.

The initial structural frame contract completed by the division was finished on time and under budget.

Significant contracts completed or in hand are:-

- Aldi warehouse cool and ambient store, Melbourne, Vic
- Southern Cross commercial building – structure package, Melbourne, Vic
- Digital Harbour commercial building – structure package, Docklands, Vic
- 740 Swanston Street, concrete repair, Melbourne, Vic

ROCK ENGINEERING

Rock Engineering produced a steady result in a year that saw an increasing confidence in rising gold, nickel and base metal prices.

While continuing to service long-term clients, we have developed significant capability in a number of new “niche” market areas. These new developments are providing excellent opportunities that complement and extend our existing range of products and services. The management team is working hard to capitalise on these niche opportunities this year and are currently tendering on many new projects throughout Australia.

Significant contracts completed or in hand are: -

- Argyle Diamond Mine Phase Two Cutback - ground support works
- Kalgoorlie Super Pit Gold Mine – ground support works
- Mount Keith Operations – open pit ground support works
- Kanowna Belle Gold Mine – underground ground support works
- Kambalda gold and nickel mine underground ground support works

A significant achievement for the company this year has been in achieving accreditation to AS/NZ 4801 Occupational Health and Safety. The certification demonstrates our commitment to safety and adds excellent value to the services provided to our clients.

Rock Engineering already has a large part of its projected 2004 revenue in hand with a solid order book. When combined with our growing tendering opportunities on the back of a bullish resource sector, we are looking forward to stronger earnings growth in the coming years.

STRUCTURAL SYSTEMS – MIDDLE EAST

The market in the UAE continues to be strong for the post-tensioning services we provide in the building and civil engineering sectors. It has taken us a number of years to become established and gain credibility in the region. The 2004-year sees us in a position to take full advantage of our market position. Our Joint Venture partner (BBR Systems of Switzerland) is providing technologies, which have assisted us in the securing of a number of large bridge contracts during the year.

We will continue with our strategy of securing modest low risk works with key clients.

Significant contracts completed or in hand are:-

- Burjuman Shopping Centre-post-tensioning, Dubai, UAE
- Interchange 4 bridge works, Dubai, UAE
- Airport underpass bridges, Abu Dhabi, UAE
- Plot 124-154 Murrujabat, Dubai, UAE

STRUCTURAL SYSTEMS JOINT VENTURE – UNITED KINGDOM

The United Kingdom Joint Venture (with PC Harrington) has successfully completed its first major contract, West India Quay Tower, Canary Wharf London. Structural Systems in Australia designed the project works with our site supervisors managing the field works.

The large Havering Hospital contract will commence in November 2003, and provide a significant revenue stream for the next eighteen months.

Our marketing program has developed a number of major new prospects many of which will commence in the 2004-year.

Significant contracts completed or in hand are:-

- West India Quay, London
- Discovery Dock 3, London
- Havering Hospital, Oxford
- Cement Silo, Ireland
- Queen Victoria Street, London
- Salford Quays, Manchester

The Joint Venture continues to provide the Group with a significant growth opportunity for our core business of post-tensioning and remedial engineering in the future.

SUMMARY

The demand for the Company's services remains strong with high levels of work in hand and strong forecasts.

With the closure of our previous loss making divisions of Fastform Systems and Total Fire Protection and the current opportunities in our traditional business market the Directors are confident of continuing the turnaround in our Groups performance.