



STRUCTURAL SYSTEMS LTD – 2005 ANNUAL GENERAL MEETING

CHAIRMAN'S ADDRESS

Mr Bruce Crome

The year to 30th June 2005 produced a profit of \$2.9 million after tax. This is a pleasing result and puts the company on a sound base for the future.

It is worth while to mention a few key operational outcomes that took place during the year.

- Our UK operation achieved the British Council Five Star safety award.
- The significant reduction in lost time injuries across the Group.

Some of the key financial highlights for 2005 include:

- The board declared a fully franked dividend of 1.5 cents per share in respect of 2005 profits. The dividend was paid on 31st October. It is expected that the dividend payout ratio will progressively increase, up to approximately 50% of earnings per share during the medium term.
- Earnings per share increased by 134% to 11.4 cents
- Shareholder funds rose by 31% to \$12.146 million
- Return on shareholders funds was 24%.
- Total assets increased during the year by \$8.6 million
- Cashflow during the year was strong with a net increase in cash of \$7.8 million occurring during the year.
- All overseas operations reported profitable results.
- Since balance date debt reduction of \$5.1 million has occurred.
- I am also able to report that our principal financiers has provided the group with increased facilities as part of our recent renewal and as such the Group is well placed to afford its continued growth in the mining and infrastructure sectors.

The rise in the share price is another highlight this year. It rose by 27% from 48 cents to close the financial year at 61 cents. Since year end the price has continued to appreciate as the investor community regains confidence in the value presented by the Structural Systems group.

The financial packages of your two executive directors have been recently reviewed and updated to reflect market conditions and the company's results. The demand for good people continues to grow and the Board considers that we need to ensure the strong leadership that has seen our return to profitability is protected. Included in the revised remuneration packages is the vesting of 500,000 options over three years at 80 cents subject to certain performance criteria. Further details will be made available in the notice of meeting for next year's AGM when this item will be voted on.

With regards to the 05/06 outlook we expect the first half result before tax will be in the order of \$2 million profit. This compares to \$1.35 million for the corresponding period last year.

The future holds much opportunity for the Group. In July we concluded the purchase of the 10% minority share of Rock Engineering and are currently finalizing a heads of agreement to acquire the balance of the equity of our joint venture in the Middle East.

Your directors are of the opinion barring any unforeseen circumstances that these recent developments combined with a strong order book across all geographical regions the return to growth and profitability established last financial year will continue and we can look forward to the future with confidence.