

STRUCTURAL SYSTEMS LIMITED

2006 ANNUAL GENERAL MEETING

CHAIRMANS REPORT

The company reported a pre tax profit for the 2006 year of \$7.165 million. Tax expense was \$1.82 million to give an after tax profit of \$5.345million. Sales of \$104.5m for the year were similar to the prior year.

I am most pleased to be able to report that all operating divisions made a positive and satisfactory contribution.

In my opinion the companies' management team and employees have produced an excellent result.

The result for the year has been somewhat acknowledged by the investment community and has seen the company's share price appreciate from \$0.61 at 30 June 2005 to trade in the \$1.60 range currently. At that price per share the market capitalization of the company is approximately \$65 million.

The quality of this result is illustrated in the improvement in all key financial performance ratios. The main ones being:

- Return on shareholders funds of 21.6%
- Basic earnings per share of 15.2 cents
- Increased dividend payment for the year to 7.5 cents

The financial position of the company continues to strengthen. This is illustrated by following key indicators:

- The total assets of the group at balance date were \$54.9 million. Up \$6.9 million from 2005.
- Net assets rose significantly to \$24.7 million. Up from \$12.8 million for 2005.
- Borrowings decreased by \$6.4 million to \$4.2 million at balance date. The majority of these borrowings relates to financing of major plant for our mining services business.

The company continues to focus on the health and safety of its employees. The year saw further significant improvements to all key safety ratios across the group.

During the year the company finalised the purchases of the balances of the equity in our joint venture in UAE and negotiated further operational territories in the region.

Since balance date the company purchased Refobar Australia P/L which is now providing cost saving to the group through its vertical supply chain as well as providing increased opportunities for the company in external local and overseas markets.

With regard to 06/07 we expect the 1st half result to be in excess of \$4m.

Your directors are of the opinion baring unforeseen events and with the opportunities available to the group our growth and profit ability will continue.

The Company is continually examining potential acquisitions and expansion prospects that fit well with our core capabilities.

Bob Freedman will now present his review of operation.

Bruce Crome

Chairman

8 November 2006