

STRUCTURAL SYSTEMS LIMITED

2007 ANNUAL GENERAL MEETING

CHAIRMAN'S REPORT

The company reported a record pre tax profit for the 2007 year of \$12,316 million and an after tax profit of \$8.824 million. Sales for the year were \$141.2 million with all divisions making a positive contribution to the result.

The Company currently has over 1100 employees and continues to focus on the health and safety and wellbeing of its employees. Therefore it's pleasing to report that this year saw further significant improvements to all key safety ratios across the group. This remains of highest priority and key driver for the Company.

The result for the year has seen the company's share price appreciate from \$1.04 at 30 June 2006 to trade in the \$3.20 range currently. At that price per share the market capitalization of the company is approximately \$147 million up from \$40.5 million at 30 June 2006.

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 26.6% up from 21.6%
- 39% growth in basic earnings per share to 21.2 cents up from 15.2

- 33% increase in the dividend payment for the year to 10 cents up from 7.5 cents
- Sales of \$141.2 million up 30% on prior year
- After tax profit of \$8.824 million up 65%
- Increase in market capitalization from \$40.5 million to \$147 million up 360%.
- The total assets of the group at balance date were \$79.8 million. This is an increase of approximately \$26 million on 2006.
- Net assets rose by 34% to \$33.2 million
- The company's debt is at low levels and the debt to equity ratio at 30 June 2007 was 24%. All of this debt relates to financing of capital expenditure.

During the year the purchase and integration of Refobar Australia was completed successfully and this company is contributing to the group's profits in accordance with our plans.

Since Balance date the company has now completed its due diligence to purchase Meridian Concrete and are expected to complete this transaction very shortly. Meridian Concrete is the largest concrete placement company in Victoria and will become an integral part of our Construction division and a significant contribution to our company's sales and profits. We welcome the Meridian Team to our company.

With regard to the 07/08 year our existing operations are experiencing significant growth with sales in the 1st three months of the year being \$50 million up 60% compared with last years \$32 million. All operations have significant project opportunities in front of

them and this coupled with the Meridian purchase means we are confident of continuing the growth in sales and profits over the last few years into the future.

The company continues to evaluate potential acquisitions compatible with our operations.

Finally on behalf of the Board and our shareholders I wish to congratulate all our employees on a job well done and I am sure we all look to the future of our company with great confidence.

Bob Freedman will now present his review of operation.

Bruce Crome

Chairman