

*"We expect the markets for Structural Systems specialist services will grow with the increase in infrastructure and mining and gas expenditure. We are well positioned to respond to these opportunities and we expect to achieve increased earnings and a return to dividends in 2010 "*

#### **Financial Performance**

Due to the Global Financial Crisis, the year ended June 2009 has been one of the most challenging to date for the construction and resource sectors. Despite this, the directors are pleased to report that the Group's profit after tax for the 2009 financial year was \$8.9 million. This result was achieved from record sales of \$319.2 million up \$36.64 million from the record level reported in the 2008 year of \$282.573 million. The increase in revenue was due to strong growth from the Company's post-tensioning division particularly from its activities in the Middle East and its mining and civil services Company ROCK Australia.

With global economic conditions still uncertain the directors resolved not to declare a final dividend for the 2009 year. The board understands that many shareholders will be disappointed with the decision not to pay a dividend this year. However, the board is of the view that this is in the best interests of the Company in the long term.

#### **Balance Sheet**

Our aim is to strengthen the balance sheet so that it can adequately support the level of activity and growth prospects ahead for the Company. The Company has been reliant on debt in recent years to fund both growth and acquisitions. Since balance date the Company has raised \$5.75 million by a share placement to institutional and professional investors through the issue of 7.371 million fully paid ordinary shares in the capital of the Company. This placement was followed with a share purchase plan to the Company's retail investors. The terms of the share purchase plan were the same as that for the placement. The board is pleased to confirm that a total of 595 shareholders subscribed to the offer and a total of \$7.5 million in applications for shares was received. The board has determined that as the level of subscription to the offering was much greater than anticipated it has capped the share placement to the same level as that raised by the placement of \$5.75 million. The combined total of these capital raisings substantially reduces the company's gearing levels and positions it well for the future.

#### **Outlook**

In the current environment, we continue to make the hard decisions needed to reduce costs, improve productivity and preserve cash. The Group continues to pursue opportunities to further grow the business. A number of initiatives are in place to take the Company's core skills to new geographical regions and to diversify the existing businesses.

The Board is positive about the outlook for the 2010 year. With the elimination of this years non-recurring losses in Victoria and the level of work in hand in our Mining, Major Projects and other Divisions, the Company is forecasting an improved result and a return to dividends in the year ahead.

This will be sustained by a high level of work in hand which should be maintained given the opportunities that are likely to emerge in the Group's core markets over the next eight months.

Infrastructure investment is forecast to increase fuelled by major funding commitments from the Federal and State Governments and major offshore gas projects such as Gorgon and Browse. Spending on transport and water projects in the capital cities and on a number of major hospitals will provide a solid base for increased activity levels.

The resources market is expected to remain strong for ROCK Australia, driven by international demand for iron ore and gold in particular.

#### **Safety**

Safety remains of the highest importance throughout our Group of businesses. While our safety performance is of a high standard when benchmarked against competitors, we acknowledge that there is more for us to do. In 2010, we will continue to focus on our goal of improving the overall safety performance of everything we do.

The Board is committed to ensuring that a more robust corporate governance structure is put in place and is properly administered and management has continued to upgrade our risk management capabilities.

Finally, I express the thanks of the Board to David Perry, Management and all Staff for their committed and enthusiastic performance, during these challenging times and look forward to the future with confidence.



**Robert W Freedman**  
Chairman