



Chairman's Address – 2013 AGM

This year has been a particularly difficult year, not just for Structural Systems but for the construction and mining industry in general.

The reduction in the number of new opportunities has resulted in increased competition, which has put significant pressure on pricing and margins.

As noted in our Annual Report, our mining services division ROCK Australia responded to the changing landscape by introducing significant changes to its cost base. I am pleased to report that the year to date has seen a considerable improvement in outcome despite what remains a difficult operating environment.

While the current trading conditions have affected profitability and our result was down on the prior year, we are committed to protecting our balance sheet with low debt and maintaining strong cash flows. With a net debt to equity of 16.8% the company is in a sound position.

Our safety processes continue to improve as reflected in the outcomes achieved during the year. Particularly pleasing was the number of divisions that finished the year Lost Time Injury free.

I remain very positive about our outlook. In these times it is important to focus on those opportunities that deliver shareholder value. Not all opportunities are the same and we are committed to reducing our exposure to those operations within our Group that are not able to provide desirable and consistently improving returns. This was reflected in our sale of the Meridian Concrete division recently.

Our closing work in hand balance which, while being down on the prior year, is significantly weighted to those divisions within the group that have proven track records of profitability.

In accordance with good corporate practice, the Board will continue with its program of Board renewal in the year ahead. Shareholders will remember that Mr Peter McMorrow joined the Board two years ago replacing a long serving member. Mr Ian Fraser, who joined the Board in 2004, has notified me that he will not stand for re-election next year. I also announce today that I intend to step down as Chairman before the next Annual General Meeting. There have been a number of significant restructures that have taken place within the Group over the last year which position it well for the future. Both Ian and myself believe now is the appropriate time for the Board to take on new directors for the next phase of the company's future. A search for suitable replacements has commenced and we will keep shareholders informed on progress with the Board's succession planning.

I would like to thank my fellow directors, the executive team, and our staff and workforce for their excellent contribution during a difficult year.

Robert Freedman
Chairman