



## **Atlas Group Holdings Limited Annual General Meeting 2006**

### **Chairman's Address**

The main highlights of 2005/2006 were:

- Strong operating cash flow of \$36.6m resulting in net borrowings reducing by \$24.6m. This was due principally to the benefits of central supply chain management, exploiting the full functionality of our SAP information system, together with management's diligence in controlling operating capital.
- A fully franked final dividend of 3.9 cents per share making a total dividend payment for the year of 7.8 cents per share versus 9.0 cents last year.
- Net sales revenue increased by 2% to \$393 million and net profit after tax from continuing operations decreased by 75% to \$3.5 million.

Whilst the Directors were disappointed with last year's results overall, the business restructuring has set a solid platform for significant improvement in performance across the business in the future.



We have also stated that we expect underlying profits for the 2006/2007 year to exceed that which was achieved by the group in 2004/2005.

Additionally, Nickel prices have more than doubled this year and this has had a major influence over selling prices of stainless steel.

We expect commodity prices to remain strong throughout this financial year and that our markets remain stable.

I would like to take this opportunity of foreshadowing the retirement of Malcolm Mitchell our Finance Director. Malcolm has been with the Group since it was purchased from Email in 2001 and has played a major part in the transformation to a Public Company in 2003. On behalf of the Board I would like to thank Malcolm for his efforts which we greatly appreciate.

Thank you Malcolm.

We anticipate the appointment of our new CFO in the near future.

Finally, again on behalf of the Board a very big thank you to Martin for his efforts and that of his team.

This year has been particularly challenging but I am most confident Martin has prepared the company for future growth and positive performance.

I would also like to thank my fellow directors for their efforts this year.