



Atlas Group Holdings Limited
ABN 22 098 674 545

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5 June 2006

Company Announcements Office
Level 4, 20 Bridge Street
Sydney NSW 2000

Earnings guidance given current weak trading

In accordance with the listing rules, attached is a copy of an announcement for release to the market today.

Regards

A handwritten signature in black ink, appearing to read 'David Cleland', written in a cursive style.

David Cleland
Company Secretary

The Atlas Group is Australasia's leading distributor of specialty metals with a growing presence in Asia-Pacific. It's Australian Bisalloy operation is the only local producer of wear resistant, structural and armour plate, supplying the resources, transport, construction and defence sectors.

Competency, Consistency and Growth



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Earnings guidance given current weak trading

Atlas' weak trading performance in April continued through May and is now not expected to substantially improve before financial year-end. Sales volumes in the current quarter are below previous expectations and, notwithstanding increases in metal prices, the anticipated margin improvement was diluted as aged and non-core product lines were liquidated.

In light of this, the Board has revised its earnings expectations down for the year and now projects that underlying EBIT will be 30% below the previous year and underlying profit before tax will be 40% below the previous year.

Despite this disappointing level of current trading, the outlook for FY07 remains positive. Restructuring of the Australian and New Zealand distribution businesses is substantially complete and inventories have been reduced well in excess of the \$10million targeted reduction for financial year-end, with further improvements expected in FY07.

Stock balance has also improved significantly since December 05, providing a strong trading platform which will be further enhanced by network optimisation that is currently underway. Project Services has enjoyed early success winning substantial contracts both domestically and off-shore the benefit of which will be realised in FY07. Bisalloy's 30% expansion is on track at lower than the original \$4million capex given the benefit of more efficient engineering. Underlying profitability of the Atlas Group in FY07 is currently projected to exceed that achieved in FY05 as the full benefit of the business transformation accrues.

For further details please contact:

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