



**Chairman's address to the 2004 Annual General Meeting,
held at St. Michael's Hall, 120 Collins Street, Melbourne
on 22 November 2004 at 11:00am.**

Good morning and welcome to the 2004 Annual General Meeting of Atlas Group Holdings Limited.

The 2004 financial year, was Atlas' first full year as a publicly listed company, following its listing in June 2003.

Atlas' achievements in the year that I would like to highlight to shareholders were:

1. Earnings before interest and tax were \$19.8 million compared to \$16.8 million in the previous year. This increase reflects a continuation of the recent growth in earnings of Atlas' core businesses
2. Earnings margins continued to improve with the ratio of earnings before interest and tax to sales increasing to 6.4%, compared to 6.0% in the previous year. The increase is evidence of the improving quality of Atlas' overall business resulting from the strategic direction currently being pursued.
3. The after-tax return on average shareholders' equity for the year was 23.7%.
4. Atlas delivered a profit result that was in line with the 2003 prospectus projections.
5. On 1 June 2004 the company completed the acquisition of Southward Engineering and its subsidiaries. The acquisition of Southward is in line with Atlas' main strategic objectives of

growing by broadening the product base and increasing value adding by extending processing capabilities. The board anticipates that the acquisition will enhance Atlas' development going forward.

More broadly and of greater importance for the future, Atlas has continued to develop and expand its businesses and to deliver on the wider objectives of its current strategic plan. This has not only allowed the company to generate the shareholder returns declared for the 2004 year, but has better positioned Atlas to be able to increase those returns in future years. The ultimate outcome of Atlas being able to deliver on its strategic objectives is increasing the underlying value of shareholders' investment in the company. In this regard, the 2004 financial year has been a success, and my fellow directors and I are very pleased with Atlas' overall performance and achievements.

In the year Atlas adopted the Australian Stock Exchange Corporate Governance Council's best practice principles and recommendation and by year end was in full compliance with those principles and recommendation. As a board of directors we view maintaining best practice in corporate governance as an important element in maintaining and increasing the value of Atlas' shares.

Last week shareholders would have received payment of the 2004 final dividend of 3.9c per share fully-franked. This brings total dividends paid in the year

to 7.8c fully-franked, which in line with what was forecast in our prospectus

Our Managing Director, Kym Godson has advised the Board of his intention to retire as an executive of Atlas in December 2005. To prepare for this change, Malcolm Mitchell has been appointed as Deputy Managing Director. Malcolm will work with Kym over the next year to ensure a seamless transfer of responsibilities. Up until now, Malcolm has been our Finance Director and has played a substantial role in Atlas' recent development.

It is with regret that I also note the retirement of Peter Smaller as a director of Atlas. Peter will cease being a director of the company when his term ends at the closure of this meeting. Peter joined our board when the company was first privatised in 2001 and has made a valuable contribution to setting Atlas on its current path. Peter is retiring to devote his energies to his private businesses, but as he has a sizeable shareholding in Atlas I'm sure he will continue to have a close interest in the company's progress. I would like to thank Peter and wish him well on behalf of the board and shareholders.

We are now in the process of seeking a new non-executive director to replace Peter and expect to make an announcement in this regard shortly.

On behalf of the board and shareholders I would like to congratulate Atlas management on completing a successful first year as a listed company. I will now hand over to Kym Godson, who will give you a more detailed report on the 2004 year and on the outlook for Atlas.

Phillip Cave
Chairman
22 November 2004.

Managing Director's address to the 2004 Annual General Meeting.

Thank you, Mr Chairman

I would firstly like to take this opportunity to introduce a number of Atlas' senior management team who are here with us today. *[Introduces Atlas managers at meeting]* Please make yourselves known to them at coffee afterwards. I would also like to point out that every one of the managers I have introduced is a shareholder in the Company.

Trading and Outlook

2004, our first year as a listed company, provided us with many opportunities to hone our agility and response times as volatile trading conditions made it necessary to think quickly and move with firm determination. I am very pleased with the full year result that has been achieved

As you would have read in the annual report, the 2004 financial year was certainly a challenge. Comparing the assumptions and forecasts we made when preparing our business plans for the year and producing the prospectus projections to what transpired, it is interesting to see how different reality can turn out to be. What we encountered in the year were trading conditions that were much more volatile than we had anticipated.

In the first half of the year, the rapid revaluation of the Australian dollar lowered metal prices, putting pressure on Atlas' margins and reducing earnings. When we met here at the Annual General Meeting last year, Atlas' trading had fallen below our monthly projection targets. However, as we predicted at the start of second half trading conditions improved, which helped Atlas deliver strong earnings in the second half of the year and achieve its targets for the year as a whole.

The volatile trading conditions that were encountered in the year required flexibility and alterations to the way in which management operated the business from what was anticipated in Atlas' original forecasts. I was very pleased by our ability to respond to the conditions by changing our

approach in the marketplace, which enabled the Company to meet its profit expectations.

The financial figures that you see set out in your annual report help tell the story of the 2004 year, suffice to say when compared to the previous year, Atlas achieved growth in its business and its returns to shareholders.

Moving forward into the current year, Atlas has seen a continuation of generally good trading conditions. This has, in the first few months, supported the maintaining of the strong earnings levels with which we ended the 2004 financial year. As a result, we are confident of delivering a significant improvement in our first half profit and expect to maintain the underlying earnings growth of the Company for the year as a whole.

Developments

As Managing Director one of my most important responsibilities is to help define, clearly articulate and communicate a sound strategic business plan for future development. I have outlined the main thrusts of Atlas' current business plan to shareholders on many occasions, but at the risk of sounding repetitive they are to:

- ◆ Increase the revenue base principally by extending the product portfolio, through growth of additional specialty metals
- ◆ Increase value adding services by developing our specialty metals processing capabilities.
- ◆ Extend our specialty metals geographic distribution presence both in our current markets and beyond.

For me, the greatest measure of success in any year is the tangible progress made in delivering on the strategic plan. For Atlas the most notable development in the year was the acquisition of Southward Engineering, which was completed in June

2004. Southward presents the Company with opportunities to extend into new products and new markets. We are very excited by the benefits that we expect to be derived from bringing the Southward Engineering businesses together with those of Atlas.

In the case of the organic development of the business, the Company made solid progress through the year in pursuing its business plan. The development of Atlas' tubular business along with the continuing growth of aluminium products has allowed the Company to end the year with a greater degree of balance in its product portfolio. The expansion of Atlas' project procurement and supply management capabilities which support Atlas' move into several new product areas has been a notable success.

The capital projects that were initiated in the year to extend Atlas' heat treating and bar drawing capabilities have given the Company greater depth and capacity in its processing. The establishment and developing penetration of new distribution branches in regional markets in the year have given Atlas a geographically better positioned distribution business. These and many other advances in the pursuit of Atlas' strategies I believe are important in securing the growth of the Company and its future returns to shareholders.

At the beginning of November Atlas' Australian distribution businesses "cut-over" onto our new SAP computer system. The "cut-over" can be best described as uneventful which, for those who are familiar with the process of changing computer systems, will be recognised as a significant commendation on what we have achieved. Today the business continues to trade normally and without disruption. Atlas has now given itself a resource which will allow it to develop and improve its business in countless aspects, covering processing efficiency, business control, management information, communication, working capital management, customer relationships and many more. Most importantly we have given ourselves a platform to properly support the future strategic development and growth of the business.

To support the ongoing development of Atlas, we have recently undertaken a management restructuring with the appointment of general managers who are

responsible for the main operating divisions of the group. There is a diagram in your annual report setting out how we are now organised. The management appointments are a reflection of the growth of the Company, which has seen its revenue base nearly double over the last three years. They also help set the organisational structure for the Company's next phase of development.

Kym Godson
Managing Director
22 November 2004.