



Annual General Meeting

13 November 2008

Managing Director and CEO's Address to Shareholders

Fellow Shareholders,

Service Stream once again enjoyed another year of record growth on all definable metrics. In a period where our annual revenue base and workforce grew almost two-fold, we delivered on key profitability and occupational, health and safety (OH&S) targets.

And what is most pleasing about achieving these targets has been the ability of our people to take on the most demanding of tasks and deliver – something all shareholders should be truly proud of.

As we enter the new financial year, we approach challenges both similar and contrasting to that of last year. While we need to effectively manage the opportunities to continue to grow our business, perhaps the greater challenge will be how the current global financial crisis plays out both in Australia and abroad.

Notwithstanding these challenges, our deliberate and well executed strategy of focussing on servicing essential infrastructure sectors sees the Company well placed to ride out and even prosper in this time.

However, we are not complacent. No organisation can claim to be immune from these turbulent and volatile times. Together with you, our stakeholders, we approach the immediate future with the appropriate level of caution.

Platform for Growth

Over the past year we successfully consolidated Service Stream's position as a leading provider of complete end-to-end services in the telecommunications and utilities infrastructure sectors. We augmented our organic growth in the utilities sector with the acquisitions of AMRS, McCourt Dando, Serviceworks metering, the Alinta Sub metering business and South East Queensland Underroad Drillers.

Importantly, these acquisitions are focused on acquiring the skills to grow the business organically well into the future. Today Service Stream is made up of four divisions: Contact Centre; Field Services; Infrastructure Services – Telco; and Infrastructure Services – Utilities. All divisions demonstrated strong operational performance during the past year.

Financial Performance

The 2008 financial period saw Service Stream significantly increase both its scale and skill capabilities. The Company consolidated its position as a major national provider of outsourced industrial and technical services, and managed to deliver record growth at the EBITDA, EBIT and NPAT level.

	FY 2008	FY 2007	% change
Revenue	\$450.6M	\$247.1M	+ 82.3%
EBITDA	\$37.2M	\$21.2M	+ 75.6%
EBIT	\$30.6M	\$18.5M	+ 65.0%
NPAT	\$18.1M	\$11.2M	+ 61.1%

During the period we achieved record earnings with total revenue of \$450 million, an increase of 82% from the previous year. NPAT was \$18 million, a 61% increase from the prior year. Service Stream maintained its full year dividend of 7.5 cents per share (fully franked), whilst funding the expansion of the business.

Operations Review

The business today has significant capabilities in:

Contact Centre

The Group's Contact Centre division creates hosted technology solutions for clients, with an emphasis on complete value chain solutions. The division incorporates contact centre management, hosted technology solutions, logistics and supply chain management and distribution services.

The division has continued to meet its operational objectives, while also delivering a technology expertise across the Group.

Winning a two year contract with the direct marketing division of global insurance group Aegon, demonstrates our capability to broaden and adapt our service offering into new industry verticals such as financial services. With demand for outsourced contact centres continuing to increase, the division is well positioned for future growth.

Field Services

Our Field Services division provides asset relocation, telephone network and installation services to clients in the telecommunications sector. Included in this division are the Service Stream Communications and Resourcing Solutions business units.

Several significant contracts were won during the year, and our largest contract win to date, the \$1 billion Telstra Access and Associated Services (AAS) contract, is now fully operational.

As a result of the increased volume of work related primarily to the AAS contract, an additional 1,000 people were recruited over the 2007 period. This necessitated an investment in training and systems, which the Company will continue to benefit from in the coming years.

In addition to the AAS contract, Service Stream Communications' field team continues to maintain Telstra's payphones nationally. More recently the division complementing its work in this area with the awarding of a contract with outdoor advertising firm AdBooth to maintain their advertising features on their payphone booths.

Infrastructure Services – Telco

This division provides turnkey and project management solutions in the construction of telecommunications infrastructure. The Total Communications Infrastructure (TCI), General Purpose Group, Milcom Training and Radhaz Consulting businesses are included in this division.

TCI's reputation as a leader in telecommunications infrastructure deployment was strengthened with significant contract wins during the year. The two year contract with Telstra to provide design, construction and installation of wireless base stations throughout Australia reinforces TCI's leadership in this sector.

Infrastructure Services – Utilities

The newest division within the Group, Infrastructure Services – Utilities, was formed in 2007 to leverage our capabilities into the growing utilities market. It brings together the Group's existing infrastructure resources and skills capability in the areas of asset deployment, maintenance and servicing, and positions us well in the growing domestic energy and water infrastructure sectors.

A number of acquisitions were made during the year to further enhance this division. Service Stream acquired AMRS, McCourt Dando, South East Queensland Underroad Drillers, and the Serviceworks metering and Alinta Asset Management Sub metering businesses.

AMRS is Australia's leading meter services provider. They hold long term contracts with electricity, water and gas distributors throughout Australia. Subsequent to year end, AMRS was awarded a new metering services contract with Sydney Water and renewed long-term contractual arrangements with both SA Water and national gas transmission and network operator APA Group.

McCourt Dando, a specialist contractor in underground multi utility solutions for the telecommunications, power, water, gas and civil sectors, secured large scale contracts throughout the year. Most notably, laying sections of pipeline for the Gold Coast Desalination project and laying pipeline for one stage of the Sydney Desalination project.

The division's revenue base now stands at \$165M annually, and we expect to grow this to \$400 million to \$500 million over the next three years.

Our People

With Service Stream experiencing rapid growth during the year, our workforce increased to over 4,000 people across 52 locations Australia wide.

At Service Stream, our first priority is the responsibility we have to the health and safety of our people. This year we have almost doubled the business, and as part of our commitment to the occupational health and safety of our people we have doubled our investment in our Compliance team. This is critical in ensuring our OH&S message is lived as well as spoken.

It gives me great pleasure to report that our Lost Time Injury (LTI) rate has improved by 60 per cent to a low of 3.3 per million hours worked. We have also extended OH&S and Environmental accreditations across all key areas of the Group. We are proud of our safety record but not complacent.

I would like to take this opportunity to thank our people for their continued commitment, dedication and value to our organisation.

Capital Management

The Company successfully completed a \$40 million equity capital raising in September 2007 to fund organic and acquisition growth in the business. This has enabled the Company to achieve a year end gearing ratio (net debt to equity) of 47.3 per cent.

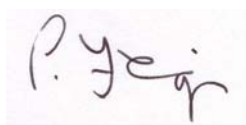
Subsequent to year-end we increased both the size and term of our banking facilities. I am pleased to advise that Commonwealth Bank of Australia recently joined our long-term banking partner Westpac Banking Corporation in providing banking facilities to the Service Stream Group. We now have the certainty of long term facilities and the capacity to fund growth in the business during the current period and beyond.

Outlook

Our profit after tax of \$18 million, an increase of 61% from the previous year, was the result of several high profile contracts, demand for outsourcing from telecommunication providers and the Company's successful expansion into the broader utilities sector, in particular the water and energy markets.

While 2008 saw yet another record result for investors, we have been focused on building a platform for, and investing in, future growth. Based on current trading conditions and the strength of our \$2 billion work-in-hand, we expect to see this strong growth continue into the 2009 financial period.

Despite the continued uncertainty created by the global financial crisis, Service Stream remains well positioned to deliver solid growth, with the continued demand for outsourcing in both the telecommunications and broader utility infrastructure sectors.



PATRICK FLANNIGAN
Managing Director and CEO