



## **STR Annual General Meeting**

23 November 2006

### **Chairman's Address to Shareholders**

Dear Shareholders,

Today I would like to talk about the significant progress made in our business over the past year and to review the outlook for the future. I intend to highlight specific areas of interest rather than simply rehash matters already discussed in my review within the annual report.

Service Stream is in only its first full year but it has been a year of significant development and impressive growth.

- Strong performance in 2006 exceeding forecasts. Net Profit after tax increased by 317.7% to \$4.4M.
- On track to achieve annual revenue of \$300M by end of 2007.
- Oversubscribed capital raising of \$10.3M.
- Major new contracts won and renewed
- Successful integration of Milcom Communications, a registered training organisation.
- Acquisition of Fibercom Technologies Pty Ltd.
- Announced proposed merger with Total Communications Infrastructure.

I would like to focus on some other aspects of the business that I am particularly interested in.

As I stated last year, safety is critical and has remained a strong focus of Board attention. It is vital that all workplace hazards are identified, the associated risks assessed and suitable control measures put in place on all worksites. During the year, job safety analysis training has been carried out at all locations. In addition OH&S internal audits have been conducted at all sites.

The Annual Report, on page 12, sets out some information on our procedures, audit systems and the goal to achieve zero injuries.

We recognise the growing expectation of the community in terms of environmental corporate responsibility. During the year it was decided to unify environmental policies across the group with the adoption of one core environmental system meeting the requirements of the international environmental management standard 14001 - we made good on that commitment. After an extensive audit covering all major operations, I am extremely pleased to report that we have been successful in achieving company wide certification for our quality, occupational health & safety and environmental management systems.

Our staff are vital to the success of the company and we would like to thank all of the staff over the past year. It has been another year of great change and we would like to applaud their continued contribution.

The company is committed to working towards best practice in Corporate Governance. During 2006 the Board established a Remuneration and Nomination Committee and have recently established an Investment and Strategy Committee and an Environment and Safety Committee.

The company's corporate governance procedures are outlined on pages 18 to 20 of the Annual Report.

Subsequent to the year end we successfully acquired Fibercom Technology. Fibercom specialises in telecommunication infrastructure design, build and maintenance offering clients a wide range of services for both internal and external networks including optical fibre, coaxial cable, copper cable and wireless solutions. The synergies and benefits derived from the acquisition will develop and grow Service Stream's offerings in the area of fibre technologies.

As you are aware we announced a proposed merger with TCI. We believe that this will put the combined entity on a sound footing to continue to grow and to reward shareholders. Today is not the forum for discussing this, but the merger is progressing well and I hope to see you here on 12 December.

It has been another year of significant development and the outlook is extremely bright. I would like to thank my fellow Board members for their hard work and dedication over this past year.

Thank you.



**JOHN LLEWELLYN (Lyn) DAVIES**

Chairman