



Annual General Meeting

30 October 2009

Chairman's Address to Shareholders

Dear Shareholders,

The past year has been the most difficult for Service Stream since inception. The global economic situation adversely impacted overall demand across the utilities and telecommunications markets for both operational and capital expenditure. This in turn directly impacted Service Stream.

The major part of the reduction in earnings compared to original forecasts is due to losses arising from the McCourt Dando operation. These losses have been well documented. Remedial action has been taken and we continue to work towards resolving the current \$14.6 million claim relating to a major Queensland Government infrastructure project. Latent conditions and contract variation claims were brought to account and we await the outcome of arbitration.

In a severely weakening economic climate, Service Stream's Board and management team acted decisively by continuing to focus on re-winning existing business and gaining new contracts. Management instigated a targeted approach to reducing costs. Reductions were made in a careful, sustainable way which leaves the Company well positioned for growth into the future.

Despite the difficult times this year, each of Service Stream's divisions delivered volume and revenue growth.

Our Acting Managing Director, Mr Michael Doery, will provide a detailed review of the results however; I will briefly mention some of the highlights of the year:

- Our operating revenue was up 23.9% to \$558.2M
- We positioned the Company for stability through the global financial crisis and into the future
- Organic growth has been achieved for each of our businesses
- We have reinforced systems, particularly around safety, and are ensuring we have the right resources in place
- High performance has been achieved in Solutions client service measures
- Strong contract renewal rates were realised
- We have seen growth of a range of our environmentally focused infrastructure projects
- Our workforce has increased to just under 5,000 people
- We have seen a 24% reduction in injury rates, down 79% in four years

The Board and I acknowledge the significant contribution made by former Managing Director, Mr Patrick Flannigan. Patrick had a pivotal role in ensuring the strong growth of Service Stream since listing along with the operational successes of the past five years.

I am very pleased to welcome Mr Graeme Sumner as Chief Executive Officer. His appointment follows an extensive national and international search for a new CEO for Service Stream. He has wide ranging experience in national and multi-national firms and has been actively engaged in the markets currently pursued by Service Stream. We look forward to Graeme overseeing the next exciting phase in the development of Service Stream as the Company moves to expand in key growth areas.

Whilst on the subject of leadership, the Board and I wish to specifically thank Michael Doery for his extraordinary efforts over this transition period. Michael's stewardship of the Company has been first class. He has acted in the role with great skill and dedication, confirming our belief in his talents and the fact that Service Stream continues to benefit from significant internal capabilities.

Today Service Stream is recognised as a leading supplier of end-to-end solutions in the telecommunications and utilities sectors.

Safety is critical and will continue to remain as a strong focus of Board attention. I am pleased to report a 24% reduction in injury rates since I last had the opportunity to address you. Our team works hard to identify all workplace hazards, the associated risks assessed and implement suitable control measures on all worksites. This year we again carried out risk assessment, job safety analysis and environmental emergency response training in all mainland states. In addition Quality, Safety and Environment internal audits have been conducted at all certified locations.

The 2009 Corporate Review, on pages 22 and 23, sets out some information on our Corporate Services objectives, including procedures, audit systems and the goal to achieve zero injuries.

The growing expectation of the community in terms of environmental corporate responsibility has been recognised by the Board. An integrated management system complying with the Australian and International Standards for Quality, Safety and Environment continues to be rolled out in order to ensure industry best practices and minimise our risk profile. The majority of our operations management systems have now been certified, with the view to strategically rolling out certified systems across the Group.

Service Stream is committed to working towards best practice in Corporate Governance. The Board now has four Committees that meet regularly, and the Company's corporate governance procedures are outlined on pages 1 to 5 of the 2009 Annual Financial Report.

We have recently announced the completion of a fully underwritten Renounceable Rights Offer to shareholders. This was extremely well supported by shareholders with an acceptance rate of over 90% of all the Rights on Offer. Funds raised have been used to reduce debt and position the Company to explore other opportunities as we move beyond the current global economic situation.

Your Board made a deliberate decision to ensure all shareholders had an opportunity to participate on an equitable basis in the capital raising. This required additional time and effort to achieve our aim and we were therefore most pleased with the positive overall response.

Of course, the Company could not have built such a strong business without the hard work and loyalty of each and every member of the Service Stream team, led by our acting Managing Director, Mr Michael Doery.

Our workforce is vital to the success of the Company and on behalf of shareholders and the Board I would like to thank all of the staff for their efforts over the past year. Along with many other companies, we are going through a period of great change, challenges and opportunities and we would like to applaud their enormous contribution to date on the Service Stream journey.

On behalf of all shareholders I would like to extend my gratitude to Mr Michael Doery, Mr Rod Stanton and my fellow members of the Board for their commitment and leadership during the year and look forward to a stronger and greater Service Stream into the future.

Thank you.



JOHN LLEWELLYN (Lyn) DAVIES
Chairman