



STR Annual General Meeting

23 November 2006

Managing Director's Address to Shareholders

Fellow Shareholders,

Last year I reported on an exceptional first year for Service Stream. This year I am delighted to report that this initial success has not only been repeated but exceeded.

Our first full year of operation has seen further consolidation and growth of our business, the acquisition of a training company, Milcom and impressive organic growth. Subsequent to the year end we acquired Fibercom and announced a proposal to merge with TCI. This would see us exceed our initial revenue target of \$300M before originally anticipated.

Our results have been underpinned by the exceptional performance of our people and the subsequent resounding endorsement of this performance and our business model by our customers and shareholders alike. The platform that we have built over the past two years must now be viewed as our new starting point.

A starting point and platform that consists of a national network of branches and capabilities including a strong balance sheet and cashflows' and a market capitalisation over \$200M (Post the proposed merger with TCI) which will enable us to replicate our achievements in the telecommunications industry across into other sectors with similar needs.

Financial Performance

2005/06 witnessed the first full year of revenue for our Communications and Solutions businesses. In addition, this year contains the second half results of Milcom which was purchased in December 2005.

As you can see, it has been another busy year and I am very pleased to report an operating profit which has come in ahead of our forecasts:

Revenue	\$171.0M up 182.3% on prior year
Net Profit After Tax	\$4.4M up 317.7% on prior year

Operations Review

This year has seen further integration and consolidation of our business. Importantly the business has not only grown through acquisitions but has also demonstrated strong organic growth. We have seen renewals of several large contracts and the winning of some significant new contracts. The acquisition of Fibercom, subsequent to the year end, and the proposed merger with TCI will further increase our

geographical footprint and broaden the range of services and expertise that we can offer to the telecommunications industry.

On completion of the merger with TCI, Service Stream will have proven national capabilities across the whole gamut of telecommunications infrastructure in Australia and abroad including broadband cable, copper networks, wireless and also fibre.

Service Stream currently has over 1,600 full time equivalent employees and ensuring their safety is of paramount importance. In our second year of operation I am pleased to announce that there have been no serious injuries. We are, of course, continually monitoring our OH&S procedures and striving for best practice.

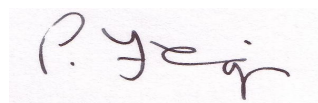
During the year we acquired Milcom Pty Ltd, a well known and established training company, providing training for technicians in both the communications and utilities sectors. I am pleased to report that that Milcom has continued to perform well in the second half of the year and this, strategic acquisition, has already delivered significant benefits to our organisation.

As previously mentioned by the Chairman, 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.

In July 2006 we announced our intention to merge with TCI. The merged group will create a leading technical and industrial services group, with managed service capabilities across the telecommunications industry and the ability to migrate to other large infrastructure sectors.

The outlook for Service Stream is very exciting. The company is now a major player in the telecommunications industry. We have the capability to migrate our systems, technology and people into other industries and to drive organic growth for the business. Likewise, we will continue to seek out strategic acquisitions which add to our capability and provide opportunities for further significant scale and growth.

In closing I would like to take this opportunity to firstly thank our shareholders for their support, my Board for their leadership and guidance and also acknowledge the important and significant contribution of all of the Management and Staff at Service Stream who have helped to achieve our results to date and importantly, position the business to execute our ambitious plans into the future.



PATRICK FLANNIGAN
Managing Director & CEO