2009 ANNUAL GENERAL MEETING
OF
BOOM LOGISTICS LIMITED

Address by Chairman and Managing Director

Chairman's Address

I commented in the Annual Report to shareholders that the past year has been one of contrasting halves. At the end of the December half year the Company had made solid progress with an operating result of $13.8 million, which was 4.5% above the corresponding period of the previous year. Management had successfully improved equipment utilisation and we were experiencing increased operating revenue with improving margins. The collapse of Lehman Brothers in the US had occurred in September, but at the time of last year's AGM the knock-on effects in the broader economy were not yet evident and there were differing views on how insulated Australia would be, given the strength at that time of the Chinese economy.

Any optimism was quickly dispelled early in the 2009 calendar year when instead of the usual resumption in post Christmas trading there was a sharp downturn in activity across the board. By this stage the international credit markets had already ground to a halt and businesses were responding by cutting back production activity and reducing general expenditure. Companies in the industrial services sector such as Boom Logistics were hit particularly hard as major customers in the steel and mining resources industries sharply reduced activity. Our crane sales business through James Equipment had already experienced softening demand towards the end of the December half, but the combination of adverse currency movements, lack of financing among customers and reduced equipment requirements brought this part of our business to a virtual halt.

The impact of the financial crisis across all of our business units was profound and the improvements evident in the first half were rapidly eroded. The consequence was a full year underlying operating result of $12 million. This position was further impacted by a number of one off items and impairment charges that resulted in a net loss after tax for the FY09 year of $27.5 million. The majority of the accounting adjustments were directly related to the impact of the Global Financial Crisis during the second half.

Management responded to this sharp change in circumstances through a range of initiatives and our CEO Brenden Mitchell will deal with the detail of this in his report shortly.

Apart from direct operating issues, however, the consequences of the Global Financial Crisis also impacted on Boom's balance sheet and I would like to spend a moment to explain this particular issue and the equity raising recently announced to deal with balance sheet pressure.
At last year's AGM I mentioned that the Company had finalised a multi component banking facility with a lending syndicate comprising nabCapital, BankWest and GE Capital.

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As is usual with such facilities the lenders put in place various covenants designed to manage their exposure to changing circumstances. In Boom's case there are four such covenants and three of those are well covered, reflecting the Company's strong asset base and its debt service capability. The Earnings Leverage Ratio (ELR), however, came under pressure as the Company's earnings before interest, depreciation and amortisation (EBITDA) began to reduce, with the downturn in economic activity. Working closely with the banks, management were able to secure accommodation and a waiver was granted but there was strong pressure on the Company to reduce balance sheet leverage by raising equity.

The consequence was the $67 million fully underwritten equity raising as announced last week. The need for certainty and timing pressures dictated the equity raising structure and the Board has attempted to provide as equitable a result for shareholders as circumstances allowed.

An Institutional Placement has raised $15 million and a 1:1 retail entitlement offer at the same 30 cent price which opens today will raise the balance. Shareholders under the retail offer have an opportunity to subscribe for additional shares above their entitlement, with allocations to be met from any shortfall in entitlement take-up. An SPP has also been announced to further provide shareholders with an opportunity to reduce any dilution from the Placement. The SPP is to be implemented in January and will also be priced at 30 cents. The SPP raising will be capped at $20 million.

Once completed the equity raising will provide the Company with substantial headroom over all its bank covenants and importantly will substantially reduce gearing levels and provide a strong balance sheet. This will ensure that the Company is well placed to participate in the emerging opportunities as economic recovery picks up pace.

Shareholders will be aware from our market announcement last week that during the final stages of securing a fully underwritten equity raising Boom's largest shareholder, the Harbrew Group with a holding of some 12%, lodged an unsolicited, incomplete and highly conditional acquisition proposal which was to occur via a Scheme of Arrangement. Harbrew's offer was to acquire the entire issued capital of Boom that it does not already own for 60 cents per share, representing a discount of 32% to Boom's Net Tangible Asset per share as at June 30 2009 of 89 cents. The conditions included securing financing, due diligence and cancellation of the capital raising. The Boom Board rejected the Harbrew proposal on the basis that it was highly conditional and consequently presented an uncertain outcome. Cancellation of the equity raising would not have allowed the Company to deal with the bank waiver provided against the ELR covenant breach. It was noted that this was the second occasion when Harbrew had sought to meet its own objectives by interrupting a capital raising by the Company.

In terms of future opportunities we recently announced that we are seeing strong signs of improving growth prospects into the second half of this Financial Year and there is good reason to believe that the worst of the financial crisis is behind us. The Company's Board and management have implemented strategic adjustments to the business mix and asset base to ensure we are positioned to participate in the upturn in economic activity. The Company has long had a strong presence in providing engineering maintenance support to blue chip clients in the industrial and resource sectors. We have more recently broadened our operating base to participate in the growing pipeline of major resource and infrastructure projects. Increased emphasis on sales and marketing in this area as well as additions to our crane fleet at the larger end of the spectrum have delivered increasing success in building this part of our business and our CEO will talk more about this in his address.

In concluding, I would like to take a moment to pay tribute to both management and the workforce in general. It is when the general economic climate is at its most difficult that teamwork and dedication is fully tested. I have seen firsthand the way in which our people have responded to the challenges of the past year and based on that level of dedication and effort there is good cause to be optimistic of results in an improving economic environment.

I will now hand over to the Company's Chief Executive, Brenden Mitchell and in doing so remind you that there will be plenty of time available for questions once we move into the formal part of the meeting.

Managing Director's Address

Overview & Global Financial Crisis

As outlined by your Chairman, the past financial year has indeed been one of two very contrasting halves. This has been challenging for our customers, our people and our shareholders.

After considerable success in delivering profit improvements in the first half, with fleet utilisation levels of over 80%, the Global Financial Crisis hit. It impacted virtually every aspect of the Australian economy. Every sector within which our customers operate was impacted, which in turn impacted Boom.

In summary we saw:

- demand reducing in most sectors of the Australian economy;
- the decline in the $AUD against the Yen and Euro negatively impacting the cost of cranes for sale and those for our own fleet;
- credit being squeezed and impacting our customers ability to purchase cranes and services;
- customers defaulting on equipment sale contracts, resulting in an inventory build up in the James business to a peak of $42 million in February; and
- a fleet utilisation drop from an average of 84% in the first half of the year to 72% in the second half with an equivalent impact in Boom Sherrin.

Our response to the impacts of the Global Financial Crisis

The challenge for Boom in this situation has been a tough one. We have had to respond effectively to reduce our cost base, without impacting negatively on revenue, whilst ensuring that when the recovery comes, the business is in a position to respond.

So how did we do this?

The business assessed overall fleet mix and profitability by crane category and from this analysis, we were able to determine which cranes were not contributing appropriate margins.

The equipment hire businesses that were being most severely impacted by the downturn were the crane operations in Western Australia, Victoria and NSW and the Boom Sherrin business. These business units were reviewed and restructuring was initiated.

In summary, 40 cranes were identified for sale and over 150 people were made redundant from February through to August this year.

A dedicated focus was applied to improve working capital across all businesses and to reduce inventory levels within the James business.

The result:

- a reduction in debtors' days from 66 as at 30 June 2008 to 46 at 30 June 2009.
- Inventory levels reduced from their peak of $42 million in February to $24 million at June and $12 million today.

In addition to this core activity, two other key projects have been initiated to reduce our cost base and improve efficiency:

1. a transport review is underway with the goal of saving over $1.0 million annually - $750k has been identified in savings so far.
2. a major project to enliven our maintenance processes has been established with the goal of increasing efficiency and reducing our 10 year inspection and compliance costs.

These activities are in addition to the normal business process of working with General Managers to identify and implement opportunities for profit improvement, including the essential focus on revenue growth.

Customer activity

To grow revenue and further improve Boom's market position we must continually enhance our customer relationships and strengthen our competitive position to convert the revenue opportunities available.

Considerable work has been carried out to:

- enhance the relationships in both the industrial maintenance and the project sectors;
- further alliances and develop national contract terms with companies in the resources, energy, utilities and infrastructure sectors; and
- establish the Boom businesses in sectors we have previously not been exposed to, such as the Wind Farm sector.

Importantly we are now seeing an increase in the sales pipeline that is converting into contract starts.

This pipeline growth is illustrated with the increase from $25 million in March to $92 million in November with $14 million now converted.

Our conversion rate to date is very solid, reflecting our relationships, geographical spread and the confidence our customers have in our ability to perform.

The Boom business is well positioned for the major projects anticipated in the next three years which equate to over $180 billion of new revenue. Typically 1% to 2% of this dollar amount is attributable to lifting solutions, suggesting that the demand for cranes and lifting equipment will be significantly higher than levels previously experienced in Australia.

Importantly many of these projects will require maintenance works after completion. This maintenance work has historically been the core work underpinning Boom's crane business.

In addition to these forecast projects, there are also volume increases expected in Iron Ore, Coal and Infrastructure, where we are already very strongly positioned.

Fleet investment to position for pipeline

The capital investment into our fleet over the last 18 months, and our planned investment for the coming two years, is about acquiring assets that position us strongly for upcoming projects and which contribute to the utilisation levels in our existing fleet.

This means weighting our investment towards larger capacity cranes and travel towers where Boom Sherrin has a clear market leadership position.

Leverage to an upturn

35% of our crane hire revenue comes from the resources and mining sector. In addition, Boom Sherrin has strong positioning in the energy and utility sectors. As a consequence, utilisation is expected to increase over the next three years in line with the growth expected in these industry sectors.

It is important to recognise that utilisation levels in the first quarter of financial year 2010 have averaged 65% in the crane business. If we look back only 12 months, in a more normal operating environment, Boom achieved an average utilisation of 84%. It is clear that with increases in activity and utilisation, with sound operational oversight, profits will increase dramatically.

For every 5% increase in utilisation, with an equivalent revenue improvement in Boom Sherrin, I believe this business can deliver an additional $13 million in EBITDA.

This means that a return to 80% utilisation levels will deliver close to $90 million EBITDA. With further operational improvement and real price growth, this can be surpassed with our existing asset base.

Boom is more than a strong asset based company. We also have:

- strong safety systems and cultural leadership;
- a geographical footprint and diverse fleet that positions us well for the projects anticipated within Australia;
- an internationally engaged James Equipment business that enables cradle-to-grave asset management in cranes, travel towers and access equipment;
- strong relationships with the major blue chip customers that will work on these projects;
- a business with strong revenue streams and market share in the sectors anticipated to grow over the next three years;

- the number 1 market position in crane hire and travel tower hire in Australia;
- focused investment to deliver to the key growth sectors;
- a balance sheet that allows us to capitalise on the opportunities as they arise; and
- our people who are focused on delivering customer value **safely** every day.

This ensures that Boom is strongly leveraged to an improvement in the economic cycle.

This is what gives me confidence about the future of this business and our ability to deliver real value to our shareholders as the economic situation improves.

Outlook

Our current market guidance is between $50 and $60 million EBITDA for FY10.

This guidance takes account of the operating performance year to date which for the first 4 months of the year has been trending at utilisation levels below those of the second half of FY09. This reflects the patchiness in economic recovery across the various industry sectors that Boom services.

Whilst it is clear that general market sentiment is ahead of activity, this should turn quickly as economic and production activity resumes to more normal levels.

This guidance assumes only limited improved performance from a number of current and future opportunities, which is considered prudent given delays in the commencement of many of the major projects that have been announced over the past twelve months.

Acknowledgements

I would like to take this opportunity to thank our customers, the Board of Boom Logistics and all our employees for their hard work and the support they have given to the business in what has been a very challenging period.

The Board and team at Boom have not sat back and observed the impacts of the Global Financial Crisis. They have responded and undertaken significant operational changes to ensure the groundwork has been done and the foundations laid to allow Boom to prosper from the upcoming opportunities. The hard work being done at the bottom of the cycle positions Boom well for a bright future.

Knowing the capability of my team and the passion of our people, I look forward to delivering on the opportunities that lay ahead for Boom.

Thank you.