2011 ANNUAL GENERAL MEETING OF BOOM LOGISTICS LIMITED

Addresses by Chairman and Managing Director

Chairman's Address

At last year's Annual General Meeting I referred to the changes that we had made to manage the aftermath of the Global Financial crisis and I indicated that further adjustments would be necessary in the year ahead. We have continued to reshape our business and as a consequence we began the 2012 financial year with a clear focus on our core mobile crane activity and the travel tower business within Boom Sherrin. I will talk more about our strategic positioning later.

Under normal circumstances the benefits of our ongoing business initiatives would have become evident as FY11 progressed. Instead business performance was significantly impacted by the severe and protracted weather events in north Queensland. Heavy rain had already caused extensive flooding from late December but the impact of cyclone Yasi which crossed the Queensland coast in mid February increased both the severity and the duration of flood induced disruption, particularly among coal producers in the Bowen Basin. Servicing this coal industry is an important part of our business and the disruption to activity, which was still evident, although at a much reduced level into FY12, had a marked impact on our second half performance.

In August we announced a full year trading profit of $5.4 million for FY11 an increase of 31% over the FY10 trading profit of $4.1 million. The accompanying table clearly shows the trading impact of these second half weather events. As I mentioned in the Annual report we are used to the annual cyclones and associated heavy rains in northern Queensland and Western Australia and to some extent we can plan around this, but the circumstances encountered in second half FY11 were unprecedented .

We cannot insulate the business from events of this magnitude but we are pursuing every opportunity to mitigate the impact of external events by continuing to broaden our business in terms of operating activity, customer profile and location.

At the time of our FY11 results announcement, we also announced several non-cash charges against profit that were directly related to restructuring and repositioning of the Company for future growth. These are summarised in the table shown and resulted in a reported full year loss after tax of $37.7 million. As you can see, the majority of the non-cash charges relate to Boom Sherrin and in particular to the low end access equipment within that business.

Over time this part of our business has been under margin pressure as the level of competition increased. It is a sector with low barriers to entry and in recent years there has been a marked increase in new entrants. The impact of this has been particularly evident in metropolitan markets. At the same time our mobile crane business has presented strong growth opportunities and improved operating margins as you will see in the Chief Executive's report that follows. These circumstances led to a decision to cease investing new capital in the low end access business with the consequence that charges against associated goodwill and asset impairment adjustments became necessary. As we have indicated the competitive high end travel tower business within Boom Sherrin will continue to receive capital support and remains part of our core business.

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I indicated in last year's AGM address that we were exiting the James equipment sales business following the conclusion of the Tadano sales agreement and the continuing negative impact on second hand crane sales from a stronger $A. We continue to operate the Aitkin dry hire crane business that was originally part of the James acquisition. This delivers strong margins and complements our wet hire crane business. We have also exited our GM Baden business, which in earlier years had been integral to our 10 year crane rebuild program, but with dissemination of crane repair facilities across the business no longer delivers value.

Several weeks ago we announced that we had also sold our Tower crane business for $7.5 million, booking a profit of some $3 million on sale. As with other restructuring initiatives this allows us to concentrate capital investment on our core mobile crane and travel tower businesses with higher operating margins.

It will be evident that as we move through FY12 that the company has a very different structure and business mix to the pre GFC period. We have also taken fixed costs out of the business, flattened the management structure and we have improved operating systems to assist front line management to be more responsive to real time events. At the end of June we announced that we had successfully refinanced our debt facility with our banking syndicate and had done so with a lower debt servicing cost.

We are seeing the combined effect of the structural and operating changes I have summarised in improved first quarter operating results and I will leave it to our CEO to cover this in more detail in his report.

As I noted in the Annual Report our business has solid exposure to the strong growth sectors in our economy, with involvement in the utilities sector and major business in servicing the coal and iron ore producers. We continue to build our presence in these industries through contracts with Blue Chip clients where our national footprint, operating systems and safety focus deliver value. The quality and dedication of our people at all levels are essential elements in presenting this value proposition.

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

Managing Director's Address

I would like firstly to touch on our safety journey. Our continued focus on safety delivered a 25% reduction in the Company's Total Recordable Injury Frequency Rate for the year. This improvement underpins our ongoing drive towards zero harm and it reaffirms our belief that zero harm is achievable.

Your Chairman outlined in his report the extreme weather events we experienced during the course of the year. I am very pleased to report that our people continued to operate safely during this difficult period and whilst some of our employees unfortunately experienced some personal property damage, there were no injuries or significant equipment losses as a consequence of these weather events.

That said, the challenges we faced during the weather events and the daily challenges we face in our operations reinforce the need for all of us to be vigilant and ensure our core value of "Safety Always" is at the forefront of our minds. At all times, we must build on, and work within, our Health, Safety, Environment and Quality framework. As we work with our customers, employees and fellow contractors to ensure zero harm, our company will improve its business position and maintain our customers' confidence.

During FY11 we made significant progress towards our strategic objectives of driving improvements in our core crane logistics business and growing our revenues in the resources and energy markets. The severe and prolonged weather events, particularly from December 2010 onwards, and the softer than anticipated metropolitan markets, saw significant volatility in demand due to disruptions in our customers' operations. This meant that our trading profit of $5.4 million was well below what we had anticipated at the start of the financial year.

The results from the two halves reflecting the impacts of these issues are shown in the accompanying slide.

A 17% year on year revenue increase in our core crane logistics business, with a corresponding 52% increase in EBIT, was a far stronger performance than in the previous year. Significantly, crane logistics revenue from the resources and energy sectors increased by 30%. When the severe weather events that impacted on the resources sector are considered, our success in growing within these high growth markets is clear.

The Boom Sherrin business has a strong focus on the utilities sectors and has had considerable exposure to the metropolitan markets which meant activity was impacted by both the weather events and the two speed economy during the last financial year.

In focusing our efforts on the core crane logistics business and the opportunities for travel towers, we have made a number of decisions to ensure we can streamline the business. This will allow us to focus investment on where we believe we have a clear value proposition that will allow us to deliver higher returns to our shareholders.

We made the decision to exit both the James Equipment sales business and the GM Baden equipment repair facilities and both exits are complete.

We also made the decision to stop investing in access and general hire equipment within the Boom Sherrin business.

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The exit of these businesses and our investment decisions around access and general hire equipment led to the requirement to take some goodwill and asset impairments, and to incur some one-off restructuring costs during the year. We also took the opportunity to restructure our National Office thereby reducing ongoing costs in this area.

Associated with this restructuring were one off impairments during the year of $39.1 million and $4.0 million of restructuring costs which led to a reported NPAT loss of $37.7 million for the financial year.

The exit of non-core business has continued in this new financial year. In early October we streamlined the business further when we sold the Melbourne Tower Crane assets for $7.5 million. This exit will result in a profit on sale of circa $3 million.

There has been considerable economic uncertainty over the past three financial years and our business has faced many challenges, however Boom Logistics is now considerably different.

We have a clear focus on crane logistics which includes specialist transport equipment aligned to the crane logistics offering and also cranes available for dry hire through our regional businesses and our Aitkin Cranes specialist dry hire business. The Boom Sherrin business now has travel towers as its main focus.

Importantly both businesses are concentrating on resources, energy, utilities and infrastructure sectors.

Revenue in the crane logistics business from resources and energy markets has grown by 30% in the last year and is now over 60% of the crane logistics business revenues. This growth has come from iron ore customers such as BHP Billiton and Rio Tinto, coal customers such as BMA, Rio Tinto and Xstrata, other resources customers such as Boddington Gold and from the energy sector with projects such as Gorgon and the AGL - Suzlon Oaklands windfarm.

In the coming year our energies will be focused on:

1. The implementation of our Heath, Safety, Environment and Quality plan. We will continue to invest in building our safety capability and strengthening our culture of *"Safety Always"*.

2. Meeting the growth expectations of our Blue Chip customers in the resources, energy, utilities and infrastructure sectors through targeted capital expenditure, that will deliver higher returns and reduce our requirement for cross hire of third party equipment. The growth aspirations of our customers are significant especially in the resources areas of iron ore and coal and the expansion of gas producing infrastructure.

3. Reshaping the Boom Sherrin operations in line with our business strategy.

   Consistent with our overall business strategy, Boom Sherrin's strategic focus is on the utilities sector, specifically power and telecommunications, and the industrial and resources sectors with a focus on infrastructure projects and contracted maintenance. These market sectors are where the business has a competitive national presence and is capable of producing good operating margins.

   A three year plan to deliver the strategy, which includes targeted capital reinvestment, is ready for implementation. The first stage of the plan, to be completed by November 30, encompasses the realignment of the infrastructure to service core markets. This includes the closure of six branches and the repositioning of over 400 assets mainly within the east coast operations and a reduction of 54 permanent roles in the workforce.

Total restructuring costs are expected to be in the order of $2.5 million and total annualised improvement in EBIT is expected to be in the order of $6 million. The impact this year is expected to be neutral to the previously advised guidance for Boom Sherrin of circa $6 million EBIT.

The focus on higher yielding markets will optimise the fleet performance and provide stronger cash flows for reinvestment in key strategic assets for our core markets.

4. A continuous drive to improve capability through securing, training and maintaining people in the fast growing markets of the Bowen Basin, Hunter Valley and the North West as demand continues to increase.

   The challenges here are significant with a shortage of labour and quality candidates in the industrial services environment caused by the demands of our customers in remote areas. Whilst we report and have targets that recognise the challenges of gender balance in an industrial services framework, working largely in the male dominated sectors such as resources, we will also need to develop more people and look to other areas to satisfy the skills requirement. A specific program working on improving the number of indigenous employees in our workforce being carried out by Tim Hipworth, our General Manager in the North West, is one such example. However, other initiatives and alliances with suppliers will be required.

5. Maintaining a focus on our cost base with challenges in skill shortages and infrastructure.

   I have just spoken about the issue of skill shortages, but infrastructure in remote areas is also an issue for us. As an example, we have sourced infrastructure in Newman in the North West to reduce the costs to service our key customers in that market, who are currently being serviced out of Port Hedland, over 400km away. This infrastructure is expected to be in place by the end of November. It has taken over 9 months to achieve this due to the challenges local and state government have in opening up and allowing development of infrastructure.

The first quarter of this financial year has shown some positive signs of recovery given the challenges still faced by some coal mines in getting back to their desired production levels and the challenges of infrastructure and skilled resources just discussed.

The overall EBIT trading result was just over $9.0 million with capital invested in the first quarter still to deliver its full potential.

Activity in Western Australia is certainly solid with anticipated further growth and the Bowen Basin is getting back to normal. Boom Sherrin has been steady, and although the restructuring costs will be borne in the next quarter, we expect the benefits of this to be realised through the second half as relocated equipment from the closed unprofitable depots gain revenue in higher yielding areas.

We believe there will be a very strong period of growth over the coming years with our major customers in the resources, energy, utilities and infrastructure sectors. This is confirmed by our customers' public statements and industry reports.

With these factors in mind, and whilst assuming no significant adverse weather events such as occurred in the last twelve months, we believe we are within reach of a $40 million EBIT this financial year with further strong improvement, including more than double the expected FY12 result from Boom Sherrin, in the FY13 financial year.

In closing, I would again acknowledge the efforts of our people and their focus on safety, customer service and business performance. The improvements we have achieved in financial year 2011, through all the challenges of extreme weather events and difficult market conditions, is a further testament to the passion and capability of our people, and I thank them once again for their outstanding commitment and contribution.