

**2008 ANNUAL GENERAL MEETING
OF
BOOM LOGISTICS LIMITED**

Address by Chairman and Managing Director

Chairman's Address

As I commented in the Annual Report, the past year has been both difficult and disappointing in terms of providing an acceptable return to our shareholders. There are a number of issues that have contributed to this situation and our CEO will cover these in some detail later, however, the overarching issue has been our rapid growth through acquisition. The business momentum that this created tended to obscure underlying integration problems and the changes to the overall business structure that these acquisitions introduced have given rise to many of the issues that we are currently working through.

Problems first started to emerge during the December Quarter with a marked deterioration in performance of the Sherrin access equipment business and the Western Australian crane business. A detailed analysis to determine the reasons for underperformance of the Sherrin business revealed prior period errors in accounting treatments, particularly in regard to carrying values and depreciation rates. The non cash accounting adjustments necessary to correct for these errors were detailed in our half year results as released to the market in February 2008.

The issues that the Sherrin business analysis had revealed prompted a broader examination of the Boom business and this led to further Balance Sheet adjustments at the full year; again much of this related to prior periods.

In commenting on these accounting deficiencies I have made the point that Boards rely to a large extent upon management representation letters at the close of statutory reporting periods, confirming the veracity of the accounts as presented. The accounts as presented together with supporting information are also an integral part of the external audit process. As indicated in the Annual Report both Iona MacPherson, who was appointed as Chief Financial Officer in 2007 and Jane Harvey as Chair of the Finance & Audit Committee should be acknowledged for their careful and professional approach in revealing and responding to these accounting issues.

In January the Board announced the departure of Chief Executive Mark Lawrence and the search for a new CEO. Brenden Mitchell who I introduced to you earlier in the meeting was appointed as CEO at the beginning of May 2008 and brings to the business a strong background in industrial services. We have also made a number of other senior

management appointments and these will be detailed by Brenden later in the meeting. Financial performance for the past year showed continuing revenue growth, but this has been achieved at the expense of decreasing margins. The consequence has been a 46% fall in after tax profit to \$18.6 million, after the various non cash accounting adjustments. This equates to an earnings per share of 10.9 cents. Margin erosion relates to both the integration problems referred to earlier and the various systemic issues that have arisen consequent to business acquisitions over the past three years. You will hear in some detail from the CEO of the steps that are in progress to remedy this underperformance.

Dividends

As previously announced the Company resolved to apply approximately 50% of after tax earnings to a fully franked dividend return to shareholders registered as at 5 September 2008. This resulted in a Final Dividend payment of 1 cent per share on 6 October, bringing the total dividend return for the 2008 Financial Year to a fully franked 5.5 cents per share.

Business performance

The management changes and the Balance Sheet adjustments that I have referred to form part of the processes that are in train to restore Company performance. The business turnaround is best illustrated by referring to Quarterly financial performance over the 12 months ending 30 September 2008. The December 2007 Quarter returned an after tax profit of \$5.6 million; this was followed by the March 2008 Quarter which returned an after tax profit of \$1.0 million, reflecting not only the systemic issues I have referred to earlier but also the impacts of a cessation of our important Bowen Basin operations due to severe flooding and the 10 year rebuild program in Queensland. The June 2008 Quarter showed a recovery to an after tax profit of \$6.5 million and this has been followed by further progress with a September Quarter result of \$7.5 million.

There is still much to be done but the issues have been identified, the required remedies are in focus and the business turnaround is making solid progress.

Banking

Another financial matter that helps underpin our performance going forward is the recent restructuring of the Company's borrowings. At a time when debt has been brought into sharp focus across the business world we were pleased to announce several weeks ago that we had finalised a \$175 million 3 year revolving credit facility and a \$32 million working capital and general transactional banking facility with a group of lenders comprising GE Capital, BankWest and nabCapital. The structure allows many of our existing lease finance and hire purchase facilities to continue with the benefit of low fixed rate interest. After refinancing the Company's average interest rate will be approximately 9%, a creditable outcome in the current credit climate.

We have been through a challenging period but with a new CEO and senior management team experienced in the industrial services market; a Balance Sheet that has undergone a detailed review and a restructured debt facility we are well placed to focus on the operating and system changes necessary to continue the improving trend evident in the September 2008 Quarter. We are not immune to the economic downturn, but we are not exposed to the most sensitive areas of the economy and we are well diversified both geographically and across business sectors in Australia. Maintenance servicing rather than general construction provides the majority of our earnings and we have negligible exposure to residential construction. We are well positioned to continue our participation in supporting infrastructure projects and welcome the Federal Government's recent announcement that this is to be an expenditure priority over the next few years

In handing over the podium to our new CEO I would like to pay tribute to the dedicated Boom workforce and their efforts to deliver superior performance to our customers. Boom continues to be the leading lifting solutions Company in Australia and we have a brand name of which to be proud.

Managing Directors Address

I am pleased to be addressing you as the Managing Director of Boom Logistics. I appreciate both the confidence and support the Board has shown in me and my team to lead the turnaround at Boom.

As your Chairman has indicated, the past year has been disruptive and difficult with a number of significant issues impacting on our performance. However, there are a number of factors that give us great confidence regarding the future operational performance and our ability to respond to the challenges that face us.

Revenue growth of 17% was achieved with a 43% increase in crane sales through the James Equipment business and our Tadano license and a 10% increase in Crane hire revenue, with strong performances in Western Australia, Gippsland and South East Queensland. When the impacts of the weather in Central Queensland and New South Wales are taken into account, this is a strong result.

Importantly however, a 24% reduction in EBIT associated with our revenue growth indicates the issues in our business are not so much centred on revenue as on costs, which I will come to shortly.

A number of factors need to be considered when looking at our Balance Sheet. We spent \$78 million on capital with depreciation of \$38 million, a net asset write down of \$20 million giving an increase in total assets of \$25 million. With only a 1 percentage point movement in debt to debt plus equity, this indicates the strength of our cash flow.

Whilst this is true, the current climate does require us to reduce debt and we will do this through a rigorous approach to capital allocation with an overall reduction on previous levels. This, with selected asset sales of non-core or underutilised equipment and improved operational results will deliver the desired outcome.

As reported in our announcements and presentations during the year, a number of issues impacted the business during the 2008 Financial Year:

- Overhead increases and gross margin erosion associated with growing the business too fast, without the appropriate system and overhead focus.
- Inappropriate cross hire of third party cranes.
- The poor integration of the Moorland Hire business into Boom Sherrin.
- Underperforming capital investment in Boom Sherrin.
- Systems and process issues within the Crane hire business.
- Skills shortages in remote areas.
- Weather events in NSW and Central Queensland.

The combined impacts of these events were in the order of \$19 million at NPAT and actions are ongoing to remedy the issues we can control including:

- Focusing overhead on delivering customer service and margin improvement with sound HR/IR policies, focused sales and marketing, and system and process improvement.
- Cross Hire - back to back agreements with better long term forecasting and planning.
- Sherrin / Moorland – systems issue are remedied and now revenue recovery is required through a strong sales and service delivery focus.
- A customer interface project is underway to deliver better real time scheduling and customer service for the crane hire business with implementation planned January – June 09.
- And, stated again, a rigorous approach to capital allocation and addressing underperforming assets for possible divestment.

Whilst solutions and actions to deliver on controllable issues are essential it is also true that our strategic review confirms the importance of strengthening our market position in key markets namely:

- Capital intensive industries requiring specialist maintenance services.
- Major infrastructure projects delivery.
- Travel Towers and high value access equipment where our people, capability and equipment mix has given us the market leadership position.
- Crane sales and services.
- Integrated lifting solutions requiring our diverse range of equipment, services and specialised operating and engineering skills.

To deliver both on the rigor required to improve on our internal issues and the strengthening of our market position we need a team of people with the appetite for the challenge and the skill sets to deliver.

The executive team assembled will give our General Managers and their teams the support they deserve.

Iona MacPherson has had the responsibility of working through the balance sheet issues and renegotiating our debt refinancing, whilst assembling a strong team to enhance reporting and analysis. Iona was particularly well supported by Jane Harvey with regard to our balance sheet and audit requirements and Terry Francis in working through the refinancing issues. The diligence and commitment shown by Iona and her team bring greater transparency in reporting and enable us to make sound commercial decisions with good relevant and timely information.

Peter O'Shannessy has a strong industrial services background and specific experience in the crane hire industry and with our major customers. Peter and our General Managers have made inroads on the operational issues that impacted last year and set in place plans to ensure improved equipment utilisation and fleet planning.

Paul Martinez comes to the business as CIO with a background in both consulting and industrial services, having been CIO and Director of Strategy for Brambles when it operated four global business streams with operations in over 40 countries around the world. Paul's breadth of experience and exceptionally strong process methodology will ensure our systems and process platform will deliver for our customers, people and importantly, our shareholders.

Tony Spassopoulos, as the incoming Executive General Manager Sales and Marketing, has a background in equipment hire and industrial services having had both profit centre and customer facing roles. With strong business acumen Tony will continue to develop our value proposition and will sharpen our focus on forward planning, major projects and integrated offerings to our customers.

Rosanna Hammond brings National HR experience at Mayne and Levi Strauss and will drive our management and supervisory development program, career development and reward structures to take Boom Logistics to employer of choice status.

This team along with our General Managers, will galvanise the business to achieve the turnaround and improve shareholder value.

To do this the business has to aim high and have values that our stakeholders can relate to.

Our Goals

- To be the safest and leading lifting solutions Company in Australia and equal to the best in the world.
- To be recognised as a top performing company of high standing and integrity delivering superior value for our customers, people and shareholders.
- To be respected by the communities we are part of.

What is important to us?

- Safety Always. People, community, equipment, property and the environment.
- Our customers. They provide our living and we want them to succeed.
- Our People. Our diversity and different skill sets make us strong.
- Teamwork. We look out for each other, contribute and listen and are accountable for what we do as individuals and as a team.
- Achieving our best so that our business thrives.

In this context then let us look at the first quarter results.

Boom has achieved funding for three years in the middle of a volatile market and major credit squeeze in the most extreme set of financial circumstances anyone could imagine. This should not be understated or go unnoticed by our shareholders.

The first quarter has delivered an NPAT result of \$7.5m, compared with the normalised result of \$6.5m in the last quarter of FY08 which is a significant improvement given our point on the improvement path.

The Boom Sherrin business recovery is slow, however a number of key management and sales positions have been filled which will support the required business improvement and it is clear sales growth opportunities are available.

James Equipment crane sales were impacted by some revenue timing issues which will even out over the year and some one off costs were taken up in our National Office.

What was very pleasing was the rebound in the crane hire business with strong results in Western Australia, Queensland and NSW which points to the success of our managers in focusing on service delivery and also to the underlying strength of our business.

So what are the opportunities that can be derived from the underlying strengths of our business?

- Resources and infrastructure work and the project pipeline continue to drive demand.
- Our strong contracted customer base that has underlying maintenance work not significantly impacted by demand fluctuations.
- Crane sales and services with the strength of the Tadano brand and opportunities for second hand crane sales.
- Driving sales and service in the Boom Sherrin business, particularly in Melbourne.
- Integrated lifting solutions gives opportunity for integrated contracts.
- Benefits from delivering on internal cost and systems issues.

In terms of risks there are some

- A potential overall slow down in the resources and infrastructure sectors.
- Major shutdown work being delayed which means opportunities could be forgone.
- The exchange rate on capital costs and Crane sales although no sign of reduced sales has emerged at this point in time.
- Slower recovery of our Boom Sherrin Melbourne business.
- Lower demand in the casual hire market.

In the current volatile economic climate it is difficult to make short term predictions with a high degree of confidence. I note that market analysts predict a 2009 net profit after tax for Boom ranging between \$22 million and \$29 million.

In attempting to look forward I can still see circumstances where the upper end of this range could be exceeded and yet I also recognise that if customer projects are delayed, general service demand softens or crane sales fall significantly, this upper end would represent a stretch target for us.

As the impact of current market turmoil on the real economy becomes clearer we will be better placed to forecast probable outcomes. What I can say with confidence is that we are well positioned in terms of the market sectors where we have the greatest exposure.

We are not reliant upon residential construction. We are also fortunate in having completed a restructuring of our borrowings before the worst of the credit crisis and we have the benefit of a 3 year time horizon before our debt is subject to renegotiation.

We are also well positioned in many other respects; we have a strengthened management team, a clear focus on the business improvement issues, a well diversified income base and a strong brand image.

In summary, although we face many of the market uncertainties that confront Australian business at large, we are also well placed to take up opportunities as they emerge.

I am confident that with the support of your board, our customers and the people in our business we will deliver significant improvements and in conclusion, I take this opportunity to thank our employees who will deliver us the improved results we are seeking.