



For Immediate Release

Tuesday 25 November 2008

General Manager
The Company Announcements Office
Australian Stock Exchange Limited
PO Box H224
Australia Square
Sydney NSW 1215

Dear Sir/Madam,

**Chairman's and Managing Director's Report to the
Annual General Meeting, 25 November 2008**

**Chairman's Address to the Annual General Meeting
25 November 2008**

Good morning ladies and gentlemen, I am Ross Johnston, the Chairman of BSA Limited. It gives me great pleasure to be here today, and as we have a quorum, I will declare the meeting open.

With me today are your directors, Mr. Paul Teisseire, Mr. Michael Givoni, Mr. Max Cowley, Mr. Mark Lowe, and Mark Foley, BSA's Managing Director.

Our recently appointed CFO Mr. Karl Nixon is also with us, as is Graham Seppelt, the company secretary.

Jeff Abela as audit partner and Graeme Small as audit manager from the company's auditors, BDO Kendalls Chartered Accountants, are also in attendance.

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This is my first AGM as Chairman of BSA Limited and I am looking forward to the challenge of working with my fellow directors and the senior management team to unlock the value that exists in this company. BSA has a strong future and today I would like to talk briefly about the steps we are taking to build a leading Australian services business.

I will however, review the 2008 financial performance before talking in more depth about our strategic review and the platform for growth that we now have in place.

Mark Foley will give you an overview of the company's operational performance, some further details on the strategic review, and the outlook for the year ahead.

Financials

Revenue for the year was almost \$244 million, a significant improvement on the \$159 million in the prior year. Revenue growth was due mainly to the contribution from the Triple M business which was acquired in August 2007.

EBITDA was \$16.1 million, up from \$14.3 million in the prior year but net profit after tax was \$8 million, down from \$9 million in fiscal 2007.

Earnings per share were 4.4 cents per share. The directors declared a final dividend of 0.75 cents per share, taking the total dividend for the year to 4.25 cents per share.

The financial performance for the year was disappointing, we are not going to dwell on the problems our strategic review has highlighted, we know what caused them, and we now have a plan in place, and importantly the team and the operations, to take BSA to the next stage in its growth.

Strategic Review

We have undertaken a thorough assessment of all options for growth and it is important for shareholders to understand that this has been a thorough process.

We have assessed all options to generate the best possible returns for shareholders these included:

- A buyback to improve EPS and return on equity
- A merger or trade sale
- We also considered a public to private scenario.

We subsequently determined that the best course of action, and the best outcome for shareholders was to implement what we have called an Augmentation Strategy which is aims to grow BSA's existing lines of business.

As part of this strategic review, we had a detailed assessment undertaken by Wilson HTM.

We also undertook an extensive SWOT analysis of both divisions to see where the growth potential was, the limitations to this growth and the market dynamics.

We have also determined a three to five year growth strategy so we have a clear picture of what we want BSA to look like in 2012.

As part of this, we have reviewed what should be appropriate returns for our shareholders, the reason we are a public company.

We have also assessed funding options, examined the management team's capability to deliver on the various growth strategies, and we have developed a well understood growth strategy that is very clear to the board and the management team.

The Board and the management team is very comfortable that we are on the right track.

Looking Forward

The measures for growth are now in place.

BSA now has some well defined objectives and this will be our focus in the current year.

We plan to reduce earnings volatility by diversifying the revenue and earnings base. Previously we have suffered from having a concentration of revenue among too few customers – we are changing this.

Organic growth in the Contracting Solutions division is also a focus so we have greater diversity in our customer base.

We are also developing services in both our divisions that deliver recurring, annuity style revenue streams.

Shareholders need to have confidence that they are investing in a company that can deliver stable and predictable dividend payments – we have established a long term dividend payout ratio of between 40-50% of NPAT.

Strong financial management and discipline is critical as we grow the company. We have adopted stringent financial parameters for profit, gearing and valuation.

We will remain conservatively geared. Our current net debt to net debt plus equity is about 20.5%, so we can comfortably move to 40% which is manageable and at the top end of our range.

In terms of acquisitions we have strict criteria in place. We will not overpay for assets, and they must deliver sustainable earnings.

We are of course mindful of the current economic and financial challenges the world is currently facing, but like all markets, this one will turn around.

Our job today is to manage the company conservatively and keep a focus on costs and mitigating risk where possible.

BSA is still generating revenue, we have a lot of active tenders in place, and we have a sustainable order book and contracts with blue chip

customers. We have supportive financiers and we are continuing to fund our growth through strong cash generation.

We now have the platform in place to take BSA Limited to the next stage in its growth.

We have a strong financial platform, two major streams of business that offer a foundation to grow existing operations, and a strong team in place at both a Board and Management level.

While I don't like to get on the soapbox, it is important that you as shareholders are aware that you have the experience and leadership skills in a chairman and the Board as a whole. For those of you who are not aware, I was the Managing Director of Spotless' Australian business so I have a very good working knowledge of services businesses and I am bringing these skills to BSA.

Having the right financial leadership is important and we have been fortunate that Karl Nixon, a seasoned public company CFO joins Mark Foley our managing Director and his team. We are looking to continue to strengthen our senior management ranks.

Conclusion

I am confident when I say BSA's best years are ahead of us.

Can I take this opportunity to thank you for your continued support. Like you, we are of course disappointed with the current share price, we are mindful of it, but our job is to deliver on the strategy we have in place and the market will in time reward us for our success.

Thank you.

**Managing Director's Address to the Annual General Meeting
25 November 2008**

Thank you, and can I join the Chairman in welcoming you here today.

2008 Performance

I would like to briefly discuss the divisional performance for FY2008, and some of the key achievements before giving you some more detail on the Strategic Review, and some more detail on the outlook for the 2009 fiscal year.

As Ross mentioned, we do have a solid financial platform in place from which to grow and this is reflected in the strong revenue base that we established during 2008. Contracting solutions revenue grew marginally but was still a respectable \$162 million. Building Services, a new division, achieved revenue of almost \$83 million.

Establishing the Building Services division has been the first step in diversifying BSA revenue and the Triple M business and the opportunities open to it offer significant scope for growth.

Throughout the year we were successful on a number of fronts, and these achievements have also been instrumental in putting BSA on a solid foundation for 2009 and beyond.

Our entry into Building Services has been well covered and it has diversified our revenue base. We will take this diversification further but already there is less concentration in our revenue.

We secured \$30 million worth of works through the Optus HFC Services contract which expands our presence into Sydney and Melbourne and strengthens our relationship with this important customer.

Through a super subcontractor relationship with Silcar, we secured two years worth of work for Telstra installation and maintenance activities, a great achievement with another blue chip customer.

We have secured call centre activities for Foxtel, further expanding our scope of works with them.

In the Building Services division we have re-secured a number of projects that generate recurring revenue, such as maintenance activities at the Suncorp and ANZ Stadiums in Brisbane and Sydney respectively.

We have made a determined effort to enter the health sector and the business has secured maintenance works with the South West Sydney Area Health Service.

Triple M will also complete mechanical and fire services installation works as part of the Orange Hospital Public Private Partnership, so we are building a pipeline of experience in the health sector and there is significant scope for growth.

Our Customers

Briefly it is worth acknowledging our customers as they are absolutely fundamental to our growth strategy and a good indication that BSA is indeed regarded as a quality organisation.

You can't build a quality business if you don't partner with blue chip customers. As you can see from this slide, we work with some well recognised and highly regarded organisations.

In the case of Foxtel, we have partnered with them for 10 years and today we are only 1 of 2 contractors for them, in Install and Maintenance space

Our relationships with Brookfield Multiplex, Leighton Holdings, Watpac and Lend Lease illustrates that leading construction companies value our capabilities and professionalism.

These customers are also our best marketers – they give us the credibility platform and the pre qualification that we are a quality organisation when bidding for new work.

Looking Forward

The Chairman has discussed the Strategic Review in some detail and I would like to touch on this from an operational perspective.

We have talked about creating a leading facility services business that augments our growth and strengthens our existing lines of business.

We have mapped out our service offering into three broad areas – facility installation, facility contracting and facility consulting, and you can see the range of services that we will offer. Importantly, these are all essential services that deliver stable and recurring income streams. Buildings and other facilities always need fire, electrical and mechanical services, ongoing maintenance activities are necessary to lower the long term costs of an asset.

We are also targeting well defined sectors such as commercial building, roads and other transport infrastructure, telecommunications, light manufacturing, health and utilities. All are markets that we have researched, they fit with our capabilities and risk models, and offer long term growth potential and stability.

If we are to be successful in growing further, we have to have the support functions in place to allow the teams in these divisions to get on with what they do best – focus on their core capabilities and delivering the best outcomes for their customers.

Having in place a shared services function assists in this process and it is something we are in the process of enhancing.

Support functions such as financial management, procurement, safety, compliance, quality, leading edge IT Systems, HR, corporate development and M&A capabilities certainly help us to make these divisions stronger and ensure we can deliver products and services in a professional, timely and cost effective manner.

This will set BSA apart from the competition. It will also ensure that when we do make acquisitions and develop other growth initiatives, we can support our growth by having a dedicated back end capability which takes care of all non-core activities.

Added to our shared services is our highly regarded Clarion system, which is a leading edge contractor management system and a key point of difference in the market place. We are constantly developing it and it will

be useful in strengthening our businesses as they enter their next growth phase.

We are encouraged by the opportunities that our Strategic Review will bring and the prospects for BSA in the coming years.

We are of course managing the business with the macro economic environment in mind, but against this challenging backdrop, we do see significant opportunity for BSA in the current year and into the longer term.

We announced last month that the Triple M business secured more than \$70 million in new works in Western Australia and some smaller projects in Queensland. Tendering activity in this business is solid and we expect to announce more projects in the coming months. The Triple M business now has a \$120 million order book and this is expected to grow in the current year.

All our major projects in the Contracting Solutions division are stable, they extend for 2 years, there is no risk of a major contract loss and we continue to strengthen our relationship, with these customers.

In both divisions tendering activity is encouraging – a sign that our revenue base continues to be less concentrated. The diversification of our revenue base has commenced and we see further organic growth potential in the coming year.

We also continue to identify other growth opportunities – both joint ventures and acquisitions, but will only do so if they are immediately EPS accretive and meet our stringent acquisition criteria.

From where we sit today, we remain comfortable with our previously stated EBITDA and revenue guidance. We will update the market on our progress at the half year in February and of course inform shareholders of any developments between now and this time.

Conclusion

I agree with the chairman that BSA's best days are ahead and I thank you for your continued support.

Thank you.
