
Service Stream Limited

ABN 46 072 369 870

Appendix 4D

Half-Year Ended 31 December 2011

(Previous corresponding period:
Half-year ended 31 December 2010)

Results For Announcement to the Market

Half-year to		31 Dec 11 \$'000	% change	31 Dec 10 \$'000
Revenue from ordinary activities	Up	307,971	2.5%	300,329
Profit/(Loss) from ordinary activities after tax attributable to members	Up	9,962	27.9%	7,789
Net profit/(loss) attributable to members	Up	9,962	27.9%	7,789

Dividends	amount per share (cents)	franked amount per share (cents)	tax rate for franking credit
Interim FY12 dividend per share (to be paid 20 April 2012)	1.0	1.0	30%
Interim dividend dates			
Ex-dividend date	12 March 2012		
Record date	16 March 2012		
Payment date	20 April 2012		
The Company's Dividend Reinvestment Plan (DRP) will not operate in respect of the FY12 interim dividend.			

Net Tangible Asset Backing	31 Dec 11	30 Jun 11	31 Dec 10
	\$	\$	\$
Consolidated net tangible assets per share	0.1888	0.1509	0.1311



Service Stream Limited
Level 1, 355 Spencer Street
West Melbourne, VIC, 3003
PO Box 14570
Melbourne, VIC 8001
www.servicestream.com.au

Tel: 61 3 9677 8888
Fax: 61 3 9677 8877
ABN: 46 072 369 870

ASX & Media Release

23 February 2012

Service Stream announces record first half results and a resumption of dividends

Leading telecommunications and utilities services company Service Stream Limited (ASX: SSM) is pleased to announce its results for the half-year ended 31 December 2011.

Half-Year Results Highlights

- Record first half Revenue, EBITDA, NPAT and Operating Cashflow
- EBITDA of \$19.2 million up 19.1% on prior corresponding period
- Revenue of \$308.0 million and NPAT of \$10.0 million
- EPS growth of 27.6%
- Cashflow from Operations of \$19.5 million up \$17.1 million on prior corresponding period
- Resumption of dividends with fully-franked interim dividend of 1.0 cent per share
- EBITDA for the full-year to 30 June 2012 now expected to exceed the \$34.6 million result for FY11

Summary of Financial Results

Half-Year to 31 December	2011 (\$ million)	2010 (\$ million)	Change (\$ million)	Change %
Revenue	308.0	300.3	▲ 7.6	2.5%
EBITDA	19.2	16.1	▲ 3.1	19.1%
EBITDA %	6.2%	5.4%	▲ 0.8%	n/a
EBIT	15.4	13.0	▲ 2.4	18.1%
NPAT	10.0	7.8	▲ 2.2	27.9%
EPS (cents)	3.51	2.75	▲ 0.76	27.6%
DPS (cents)	1.0	-	▲ 1.0	n/a
Cashflow from Operations	19.5	2.3	▲ 17.1	>100%
Net debt	22.6	38.1 ¹	▼ 15.6	40.8%

¹ as at 30 June 2011

Results Commentary

The results for the six months to December 2011 reflect a continuation of Service Stream's recent success in delivering half-on-half profitability growth.

Although revenue growth was relatively modest at 2.5%, EBITDA growth was strong, up \$3.1 million or 19.1% against the prior corresponding period. This was underpinned by a significant improvement in EBITDA margins, which have increased from 5.4% to 6.2% largely due to a favourable mix of work and the absence of poor results and restructuring costs associated with businesses that were closed during last year.

Cashflow performance for the half-year was a highlight, with Cashflow from Operations up \$17.1 million to \$19.5 million for the period. This resulted in a further reduction in the Company's net debt, which at 31 December 2011 was down to \$22.6 million, 40.8% lower than that recorded six months earlier.

Commenting on the Company's financial results, Managing Director Graeme Sumner said:

"The first half produced a great all-round set of results for the Company. These record results reflect the investments that have been made in improving capabilities and disciplines across the business, and underscore the potential for the Company to grow further. The improvement in EBITDA was particularly pleasing given that our Utilities & Environmental segment had been adversely affected by softening market conditions and the cessation of some customer contracts. The cashflow result for the period was once again outstanding, thanks to the Company's continuing focus on working capital management and a positive contribution from the Syntheo Joint Venture."

"The past six months has seen a significant change in the telecommunications landscape in Australia with construction commencing on the National Broadband Network. Service Stream has positioned itself well to take advantage of NBN-related opportunities, both in its own name and through the Syntheo Joint Venture with Lend Lease. Nonetheless, the provision of high quality and cost effective services to our current customers remains a key focus for the Company, and in that context we will seek to consolidate and expand existing relationships with customers such as Telstra."

Operational Summary

Following a number of changes to the Service Stream business and the markets in which it operates, the Company has re-aligned its external reporting around two new reporting segments, Telecommunications and Utilities & Environmental.

Telecommunications

The Telecommunications segment delivered very strong growth, with revenue up 17.8% to \$221.2 million and EBITDA up 37.0% to \$15.7 million. The EBITDA margin of 7.1% was up significantly on the 6.1% that was recorded in the prior comparative period. Key drivers of the result were:

- Strong volumes with respect to the Telstra A&AS contract, most notably in Network Projects, Pre-provisioning and New Estates, which assisted revenues from this contract to grow by 8.9% to \$132.3 million;
- Revenues from other fixed-line communication services growing by 29.1% to \$21.3 million following the commencement of contracts with Fujitsu and with individual property developers for the installation of National Broadband Network services in New Estates;
- Continued strong demand for wireless infrastructure services, which led to a 69.2% jump in revenues to \$52.8 million for the period. This lift in volumes was fuelled by mobile carriers investing to keep pace with advances in technology and with growth in the volume of data transmitted across their networks;
- The start up of operations in the Syntheo Joint Venture, which commenced survey and design operations associated with the roll-out of the National Broadband Network in two regions of Western Australia, namely Geraldton and Victoria Park, Perth. Due to the project still being in a start-up phase, revenues for the six months to 31 December 2011 were modest at \$0.6 million; and
- Revenues from the infrastructure services businesses which totalled \$14.2 million, down 23.5% from the previous period, largely due to the closure of under-performing businesses that were operating for part of the previous comparative period.

Utilities & Environmental

Revenues from the Utilities & Environmental segment decreased by 22.3% to \$89.2 million, with EBITDA of \$6.7 million down \$1.9 million against the prior corresponding period. EBITDA margins remained relatively stable at 7.5%. Key drivers of this result were:

- A widespread softening in the residential solar system market, principally as a result of the scale-back of state and federal government incentives. The number of residential solar panel installations completed by the Company's environmental services business reduced from approximately 4,400 during the prior corresponding period to 2,600 for the six months to 31 December 2011. This contributed to a reduction in environmental services revenues of 32.5% to \$35.2 million;
- On a positive note, the group's metering services business is continuing to build momentum, with revenue lifting 22.8% to \$39.3 million on the back of solid demand for both meter reading and meter installation services. During the six months to 31 December 2011 the business installed approximately 104,000 smart meters in Victoria compared to 81,000 for the prior corresponding period; and
- The cessation of the Optus mobile handset insurance contract during the period, leading to a reduction in revenues from customer care services of 51.8% to \$14.7 million.

Safety

Service Stream reported a Lost Time Injury Frequency Rate at 31 December 2011 of 1.7 injuries per million hours worked. Whilst this was a slight increase on the LTIFR reported 12 months earlier, we were pleased to see significantly greater levels of safety reporting and remedial action. Service Stream remains committed to an injury free workplace.

Banking Facilities

During the period, Service Stream secured new trade finance facilities totalling \$40.0 million to fund the purchase of inventory and materials and to provide bank guarantees required under customer contracts. The \$6.5 million of borrowings drawn under these trade finance facilities as at 31 December 2011 has been classified as current borrowings since it requires repayment within 12 months of balance date.

Separately, the Company had \$26.0 million of fixed and variable bank debt at balance date. The facilities under which this debt was drawn are due to expire on 2 September 2012, leading to it also being classified as current borrowings. The Company is well advanced in securing renewal of these facilities.

Dividend

Following the Company's strong cashflow performance and an assessment of working capital requirements needed to fund current contracts and near term growth opportunities, the Board has declared a fully-franked interim dividend of 1.0 cent per share in relation to the Company's half-year earnings, with the relevant dates being:

Ex-dividend date:	12 March 2012
Record date:	16 March 2012
Payment date:	20 April 2012

The Company's Dividend Reinvestment Plan (DRP) will not operate in respect of this dividend.

Commenting on the Company's resumption of dividends, Chairman Peter Dempsey said:

"The Board acknowledges the significant progress that the Company has made in the last 24 months in restoring profitability, reducing debt and positioning itself to take advantage of market opportunities, and is very pleased to announce a resumption of dividends to our shareholders."

Outlook

Commenting on the Company's outlook, Mr Sumner said:

"With a good first half now behind us, we expect that Service Stream will deliver an EBITDA for the full-year to 30 June 2012 exceeding the \$34.6 million that was recorded for FY11. The extent of any outperformance of last year's result will depend on the market conditions that we experience over the second half of the year."

"We believe that the Company's prospects for growth in the medium term are strong, due mainly to a range of opportunities related to the roll-out of the National Broadband Network and consumer demand for smart mobile communication devices which continue to drive investment in wireless infrastructure."

For further details contact:

Service Stream Limited
Graeme Sumner, Managing Director
Tel: (61 3) 9677 8817

Service Stream Limited
Bob Grant, Chief Financial Officer
Tel: (61 3) 9677 8817

About Service Stream Limited:

Service Stream is a public company listed on the Australian Stock Exchange (Code: SSM) with 2010/11 revenues of A\$633 million. The Company is an industrial services enterprise with proven outsourced infrastructure deployment, management and service capabilities operating out of more than 50 locations throughout Australia. Service Stream's technical workforce of over 4,000 employees and contractors supports large asset owners on the deployment, management and servicing of essential network infrastructure in the telecommunication, electricity, water and gas sectors. For more information please visit the Company's website at www.servicestream.com.au.

Service Stream Limited

ABN 46 072 369 870

Financial report for the half-year ended 31 December 2011

Service Stream Limited

Financial report for the half-year ended 31 December 2011

	<i>Page Number</i>
Directors' report	1
Auditor's independence declaration	2
Independent review report	3
Directors' declaration	5
Condensed consolidated statement of comprehensive income	6
Condensed consolidated statement of financial position	7
Condensed consolidated statement of changes in equity	8
Condensed consolidated statement of cash flows	9
Notes to the condensed consolidated financial statements	10 - 13

Service Stream Limited

Directors' Report

The Directors of Service Stream Limited (the "Company") and its subsidiaries (the "Group") submit herewith the financial report for the half-year ended 31 December 2011. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows:

The names of the Directors of the Company during or since the end of the half-year are:

Peter Dempsey (Chairman)
Graeme Sumner
Brett Gallagher
Deborah Page AM
Stephe Wilks
Robert Grant (Alternate Director for Mr Sumner)

The above named directors held office during the whole of the reporting period.

Review of Operations

For a detailed review of operations for the half-year ended 31 December 2011 refer to the commentary contained in the media release attached to the Appendix 4D. Highlights for the half-year include:

Half-Year to 31 December	2011 (\$ million)	2010 (\$ million)	Change (\$ million)	Change %
Revenue	308.0	300.3	▲ 7.6	2.5%
EBITDA	19.2	16.1	▲ 3.1	19.1%
EBIT	15.4	13.0	▲ 2.4	18.1%
NPAT	10.0	7.8	▲ 2.2	27.9%
EPS (cents)	3.51	2.75	▲ 0.76	27.6%
DPS (cents)	1.00	-	▲ 1.00	n/a
Cashflow from Operations	19.5	2.3	▲ 17.1	>100%
Net Debt	22.6	38.1 ¹	▼ 15.6	40.8%

¹ as at 30 June 2011

Auditor's Independence Declaration

The auditor's independence declaration is included on page 2 of the half-year financial report.

Rounding off of Amounts

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the Directors' report and the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors



Peter Dempsey
Chairman
Melbourne
22 February 2012



Graeme Sumner
Managing Director
Melbourne
22 February 2012

The Board of Directors
Service Stream Limited
Level 1, 355 Spencer Street
WEST MELBOURNE VIC 3003

22 February 2012

Dear Board Members

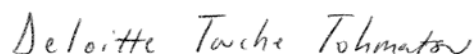
Auditors Independence Declaration to Service Stream Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Service Stream Limited.

As lead audit partner for the review of the half year financial statements of Service Stream Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully



DELOITTE TOUCHE TOHMATSU



David A Watson
Partner
Chartered Accountants

Independent Auditor's Review Report to the members' of Service Stream Limited

We have reviewed the accompanying half-year financial report of Service Stream Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2011, and the condensed consolidated statement of comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Service Stream Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Service Stream Limited would be in the same terms if given to the directors as at the time of this auditor's report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Service Stream Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

D. A. Watson

David A Watson
Partner
Chartered Accountants
Melbourne, 22 February 2012

Service Stream Limited

Directors' Declaration

The Directors declare that:

- (a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors,



Peter Dempsey
Chairman
Melbourne

22 February 2012



Graeme Sumner
Managing Director
Melbourne

22 February 2012

Service Stream Limited

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2011

	Consolidated	
	Half-year ended	
	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Continuing Operations		
Revenue from the rendering of services	307,812	300,397
Interest revenue	165	179
Other income	(6)	(247)
	307,971	300,329
Employee salaries and benefits	(72,828)	(62,666)
Subcontractor fees	(129,945)	(124,725)
Site and construction costs	(30,870)	(17,752)
Raw materials and consumables used	(28,828)	(54,867)
Consulting and temporary staff fees	(6,254)	(5,076)
Company administration and insurance expenses	(4,807)	(4,967)
Occupancy expenses	(4,563)	(4,320)
Technology and communication services	(4,355)	(3,398)
Motor vehicles expenses	(4,126)	(3,656)
Depreciation and amortisation	(3,800)	(3,091)
Interest expense	(1,719)	(2,925)
Other finance costs	(256)	(464)
Other expenses	(1,770)	(2,151)
Share of (losses)/ profits of investment in associate	(11)	13
	13,839	10,284
Profit before tax	13,839	10,284
Income tax expense	(3,877)	(2,495)
	9,962	7,789
Profit for the year	9,962	7,789
Other comprehensive income		
Exchange differences on translating foreign investment	(116)	(133)
Total comprehensive income for the year	9,846	7,656
Profit attributable to the equity holders of the parent	9,962	7,789
Total comprehensive income attributable to equity holders of the parent	9,846	7,656
Earnings per share		
Basic (cents per share)	3.51	2.75
Diluted (cents per share)	3.51	2.75

Notes to the condensed financial statements are included on pages 10 to 13

Service Stream Limited

Condensed consolidated statement of financial position as at 31 December 2011

	Note	Consolidated	
		31 Dec 2011 \$'000	30 June 2011 \$'000
Current Assets			
Cash and cash equivalents		17,546	9,171
Trade and other receivables		80,880	105,428
Inventories		13,646	14,309
Other		60,648	43,804
Total Current Assets		172,720	172,712
Non-Current Assets			
Investments accounted for using the equity method		1,053	1,180
Property, plant and equipment		9,769	9,124
Deferred tax assets		8,085	7,589
Goodwill		205,362	205,362
Other intangible assets		5,428	6,015
Total Non-Current Assets		229,697	229,270
Total Assets		402,417	401,982
Current Liabilities			
Trade and other payables		81,999	79,456
Borrowings	5	39,164	5,165
Current tax liabilities		3,764	6,374
Provisions		9,696	12,524
Total Current Liabilities		134,623	103,519
Non-Current Liabilities			
Borrowings	5	945	42,139
Provisions		2,541	2,191
Total Non-Current Liabilities		3,486	44,330
Total Liabilities		138,109	147,849
Net Assets		264,308	254,133
Equity			
Issued capital	4	228,416	228,416
Reserves		1,933	1,720
Retained earnings		33,959	23,997
Total Equity		264,308	254,133

Notes to the condensed financial statements are included on pages 10 to 13

Service Stream Limited

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2011

	Consolidated				
	Share capital	Employee equity- settled benefits reserve	Foreign currency translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	228,416	2,242	(522)	23,997	254,133
Profit for the period	-	-	-	9,962	9,962
Other comprehensive income	-	-	(116)	-	(116)
Total comprehensive income for the period	-	-	(116)	9,962	9,846
Equity-settled share based payments	-	329	-	-	329
As at 31 December 2011	228,416	2,571	(638)	33,959	264,308

	Consolidated				
	Share capital	Employee equity- settled benefits reserve	Foreign currency translation reserve	Retained earnings	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	227,106	1,540	(273)	7,545	235,918
Profit for the period	-	-	-	7,789	7,789
Other comprehensive income	-	-	(133)	-	(133)
Total comprehensive income for the period	-	-	(133)	7,789	7,656
Tax adjustment in relation to the cost of shares issued in prior periods	1,310	-	-	-	1,310
As at 31 December 2010	228,416	1,540	(406)	15,334	244,884

Notes to the condensed financial statements are included on pages 10 to 13

Service Stream Limited

Condensed consolidated statement of cash flows for the half-year ended 31 December 2011

	Consolidated	
	Half-year ended	
	31 Dec 2011	31 Dec 2010
	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Receipts from customers (including GST)	374,150	322,332
Payments to suppliers and employees (including GST)	(346,308)	(317,307)
Cash generated from operations before interest and tax	27,842	5,025
Interest received	165	178
Interest paid	(1,570)	(2,824)
Income tax paid	(6,982)	(47)
Net cash provided by operating activities	19,455	2,332
<i>Cash flows from investing activities</i>		
Payments for plant and equipment	(2,574)	(1,796)
Proceeds from sale of plant and equipment	65	1,909
Payments for intangible assets	(1,375)	(704)
Net cash used in investing activities	(3,884)	(591)
<i>Cash flows from financing activities</i>		
Proceeds of borrowings	20,016	15,000
Repayment of borrowings	(27,212)	(18,672)
Net cash used in financing activities	(7,196)	(3,672)
<i>Net increase/(decrease) in cash and cash equivalents</i>	8,375	(1,931)
<i>Cash and cash equivalents at beginning of the financial year</i>	9,171	(691)
<i>Cash and cash equivalents at end of the period</i>	17,546	(2,622)

Notes to the condensed financial statements are included on pages 10 to 13

Service Stream Limited

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134, *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34, *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that class order, amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in Service Stream Limited's 2011 Annual Report for the financial year ended 30 June 2011, except for the impact of the Standards and Interpretations described below. Comparative figures have been adjusted to conform to changes in presentation for the current half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods.

2. Segment information

Products and services within each operating segment

AASB 8, *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Following a number of changes to the Service Stream business and the markets in which it operates over the past six months, management have decided to re-align its external reporting around two new reporting segments, being Telecommunications and Utilities & Environmental. The catalyst for this re-assessment has been the emergence of NBN Co and the rollout of the national broadband network, which has not only led to significant changes in the telecommunications market but has also created a blurring of the traditional boundaries within this sector. The principal products and services of each of these segments are as follows:

Telecommunications	Maintenance, provision and construction of fixed line, fibre and mobile infrastructure assets relative to the telecommunications sector.
Utilities & Environmental	Provision of a range of specialist metering and environmental services to utilities and government authorities nationally, including the provision of contact centre services and end to end customer support.

Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Service Stream Limited

Notes to the condensed consolidated financial statements

2. Segment information (continued)

The following is an analysis of the Group's revenue and results by reportable operating segment for the periods under review:

2.1 Segment revenues and results

	Segment revenue		Segment result	
	Half-year ended		Half-year ended	
	31 Dec 2011 \$'000	31 Dec 2010 \$'000	31 Dec 2011 \$'000	31 Dec 2010 \$'000
Telecommunications	221,189	187,697	15,652	11,421
Utilities & Environmental	89,175	114,761	6,687	8,622
Total of all segments	310,364	302,458	22,339	20,043
Eliminations	(2,558)	(2,308)	-	-
Unallocated	-	-	(3,146)	(3,921)
Earnings before interest, tax, depreciation and amortisation	-	-	19,193	16,122
Net interest received/(paid)	165	179	(1,554)	(2,747)
Depreciation/Amortisation	-	-	(3,800)	(3,091)
Total revenue	307,971	300,329	-	-
Profit before income tax expense			13,839	10,284
Income tax expense			(3,877)	(2,495)
Profit for the period			9,962	7,789

2.2 Segment assets and liabilities

	Segment assets		Segment liabilities	
	31 Dec 2011 \$'000	30 Jun 2011 \$'000	31 Dec 2011 \$'000	30 Jun 2011 \$'000
	Telecommunications	307,500	301,668	71,156
Utilities & Environmental	70,447	78,431	14,428	32,980
Total of all segments	377,947	380,099	85,584	82,555
Unallocated	24,470	21,883	52,525	65,294
Consolidated	402,417	401,982	138,109	147,849

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investments in associates and tax assets; and
- all liabilities are allocated to reportable segments other than other financial liabilities, and current and deferred tax liabilities.

2.3 Information on geographical segments

The company carries out its business entirely within Australia except for a 40% investment in Total Comm Infra Services Pvt Ltd, incorporated in India.

3. Dividends

No dividend has been paid by the company during the half-year ended 31 December 2011 (31 December 2010: nil).

On 22 February 2012, the Directors declared a fully franked interim dividend of 1.0 cents per share to the holders of fully paid ordinary shares in respect of the half-year ended 31 December 2011, to be paid to shareholders on 20 April 2012. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$2,834,189.

Service Stream Limited

Notes to the condensed consolidated financial statements

4. Issuances, Repurchases and Repayment of Equity Securities

Fully Paid Ordinary Shares

	31 Dec 2011		31 Dec 2010	
	No. '000	\$'000	No. '000	\$'000
Balance at 1 July	283,419	228,416	283,419	227,106
Tax adjustment in relation to the cost of shares issued in prior periods	-	-	-	1,310
Balance at end half-year 31 December	283,419	228,416	283,419	228,416

The company issued no share options in either the current or the prior interim reporting period.

5. Borrowings

	31 Dec 2011		30 June 2011	
	\$'000		\$'000	
Trade Line Debt	6,547		-	
Fixed and Variable Bank Debt	26,000		-	
Finance Leases	6,617		5,165	
Current Borrowings	39,164		5,165	
Fixed and Variable Bank Debt	-		38,000	
Finance Leases	945		4,139	
Non-Current Borrowings	945		42,139	
Cash and cash equivalents	(17,546)		(9,171)	
Net Debt	22,563		38,133	
Bank Guarantees	24,754		7,662	

During the period, the Group secured new trade finance facilities with its current banks. These facilities, which comprise a \$25.0 million committed multi-option trade finance facility and a \$15.0 million uncommitted trade finance facility, were established to fund the purchase of inventory and materials and to provide bank guarantees required under customer contracts. The \$6.5 million of borrowings drawn under the trade finance facilities as at 31 December 2011 has been classified as current borrowings since it requires repayment within 12 months of balance date.

The banking facilities under which the \$26.0 million of fixed and variable bank debt has been drawn as at 31 December 2011 are due to expire on 2 September 2012, leading to it also being classified as current borrowings. The Group is well advanced in securing replacement and/or renewal of these facilities and has received credit-approved term sheets from several banks which are currently being evaluated and progressed.

Service Stream Limited

Notes to the condensed consolidated financial statements

6. Contingent assets and liabilities

Tax Consolidation

In February 2011, the Company lodged a series of Objections with the Australian Tax Office in relation to the tax treatment of a number of prior-year business acquisitions, following a 2010 amendment to the income tax legislation. The additional tax deductions being claimed by the Company under these amendments totalled \$41.0m.

In March 2011, the Australian Government announced that a review of the 2010 amendments was to be conducted by the Board of Taxation. As a consequence, the Australian Tax Office suspended the processing of claims related to these amendments, including those lodged by the Company.

In November 2011, the Government announced a range of proposed retrospective changes to the legislation as a consequence of the recommendations of the Board of Taxation review. Although these proposed changes have yet to be enacted, it is currently expected that the Company's allowable deductions in relation to this matter have been reduced to nil.

Consistent with 30 June 2011, the Group has not recorded any amounts in the financial statement in relation to this matter.

7. Key management personnel

Remuneration arrangements of the key management personnel of the Company at 30 June 2011 are disclosed in the 2011 annual financial report.

8. Subsequent events

Other than as noted above at note 3, there has not been any matter or circumstance occurring subsequent to the end of the period that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

Service Stream Limited

Corporate Directory

Directors

Peter Dempsey (Chairman)
Graeme Sumner
Brett Gallagher
Deborah Page AM
Stephe Wilks
Robert Grant (Alternate Director)

Company Secretary

Jessica Lyons

Registered Office

Level 1
355 Spencer Street
West Melbourne
Victoria, 3003
Tel: +61 3 9677 8888
Fax: +61 3 9677 8877
www.servicestream.com.au

Bankers

Westpac Banking Corporation
Commonwealth Bank of Australia

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067
Tel: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)
Fax: +61 3 9473 2500

Auditors

Deloitte Touche Tohmatsu