Appendix 4 D

Service Stream Limited

For the Half-Year Ended December 2009

ABN 46 072 369 870

Comments:

This Half-Year Report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3.

In accordance with ASX Listing Rule 4.2C.2, this Half-Year Report should be read in conjunction with the most recent annual financial report, being 30 June 2009.

Current Reporting Period:	Half-Year Ended 31 December 2009
Previous Corresponding Period:	Half-Year Ended 31 December 2008

Service Stream Limited

Half-Year Report
for the period ended 31 December 2009

Contents **Section**

Section A: Results For Announcement to the Market

Revenue and Net Profit

		Percentage Change %		Amount $'000
Revenue from ordinary activities	Down	3.96%	To	266,442
Profit/(Loss) from ordinary activities after tax attributable to members	Down		To	(8,647)
Net profit/(loss) attributable to members	Down		To	(8,647)

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend paid in respect of 30 June 2009 financial year:	-	-
Interim dividend payable in respect of 30 June 2009 financial year:	3.50 cents	Fully franked at 30%
Interim dividend payable in respect of 30 June 2010 financial year:	-	-
Record date for determining entitlements to the interim dividend is:	N/A	N/A

Net Tangible Assets Per Share

	31 December 2009	31 December 2008
	$	$
Consolidated net tangible assets per share	0.0793	(0.0370)

Net Tangible Assets as at 31 December 2009 of $22,463,972 consists of Net Assets of $230,085,792 less Intangible Assets of $207,621,820.

Section B: Commentary on Results

Service Stream Limited
Level 12, Lonsdale Street
Melbourne, VIC, 3000
PO Box 14570 Tel: 61 3 9677 8888
Melbourne, VIC 8001 Fax: 61 3 9677 8888
www.servicestream.com.au ABN: 46 072 369 870

ASX & Media Release 26 February 2010

Service Stream consolidates position for future growth

Half-Year Results Highlights

- First half revenue of $266.4 million
- Underlying EBITDA of $13.7 million
- Reported EBITDA of ($5.1 million) loss
- Reported results impacted by material one-off items
- Guidance of underlying EBITDA from operations for FY10 of $24.3 million maintained
- Resigned over $90 million per annum worth of contracts
- Renewed and extended banking facilities

Leading industrial services provider Service Stream Limited (ASX: SSM) today announced its results for the half year ended 31 December 2009.

The Company recorded a ($5.1 million) EBITDA loss and a ($8.6 million) NPAT loss for the period on total revenue of $266.4 million. Significantly, the company has taken the opportunity to fully provide for the outstanding claim in relation to the McCourt Dando GCDA Project.

Financial Results

Half-Year to 31 December	31-12-2009 ($'million)	31-12-2008 ($'million)	% Change
Revenue	266.4	277.4	(3.9%)
Underlying EBITDA	13.7	15.3	(10.4%)
Underlying EBITDA from operations	10.7	15.3	(30.0%)
Reported EBITDA	(5.1)	15.3	n/a
EBIT	(8.6)	11.7	n/a
NPAT	(8.6)	6.6	n/a
EPS (cents)	(3.83)	3.74	n/a
Dividend (cents per share)	-	3.5 cents	(100.0%)

Operational Summary

- Consolidation of core operations
- Solid operational performance particularly from the AMRS and Communications businesses.
- New contracts secured and existing contracts renewed including:
  - Telstra
  - Western Power
  - CitiPower / Powercor
- Contact Centre Solutions maintains earnings despite loss of Vodafone contract.
  - Insurance business on track
  - New opportunities emerging for hosted applications
  - Highly competitive Telco inbound customer care business largely exited

Results Commentary

The result for the six months to December 2009 reflects a period of consolidation. As previously advised in the Interim Result Update released on 28 January 2010, the Company's reported earnings for the 6 months to December 2009 have been significantly impacted by the recording of the $15.8 million provision against the McCourt Dando GCDA Project. This provision, combined with other associated non-recurring adjustments of $1.9 million of contract KPIs and $1.1 million in CEO transition costs, have impacted first half earnings by a total of $18.8 million.

The key highlight for the half was the performance of AMRS, which lifted revenues by 55.9% to $33.1m and earnings by 124.2% to $3.8m.

Elsewhere operational performance was flat, with TCI's earnings falling significantly following the completion of a number of projects in the prior reporting period.

Restrained spending by core telecommunications customers, together with a slow down of the mobile network expenditure cycle both contributed to a disappointing result. We expect core market demand to pick up in the FY11 financial year.

Capital Management

The Directors are committed to a sensible capital management strategy. The strategy is aimed at providing returns for shareholders, whilst maintaining sufficient capital reserves to fund the business both now and into the future.

On 14 September 2009 the Company announced a $32.9 million renounceable rights issue, which was completed on 21 October 2009. The rights issue has played a significant role in reducing the group's debt and providing flexibility in its financing arrangements.

The Company has completed an extension of its facility arrangements with its bankers, with facilities now extending to July 2012.

Based on the first half financial performance the Directors have not declared an interim dividend. The Directors propose to reinstate a return to shareholders following a review of the Company's future performance and liquidity requirements.

Outlook

Service Stream is cautiously optimistic about our growth prospects in the medium term. A return to our core capabilities, together with an anticipated rebound in demand suggests a return to solid growth in the medium term. From 31 December 2009 to present, Service Stream has re-signed over $90.0 million p.a. worth of contracts, indicating that we remain a competitive operator in our core business activities.

For further details contact:

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

About Service Stream Limited:

Service Stream is a public company listed on the Australian Stock Exchange (Code: SSM) with annualised revenues approaching A$550 million. The company is an industrial services enterprise with proven outsourced infrastructure deployment, management and service capabilities across 60 locations throughout Australia. Service Stream's technical staff of over 4,000 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.

Section C: Half-Year Financial Report

Service Stream Limited

ABN 46 072 369 870

Financial Report for the Half-Year Ended 31 December 2009

Service Stream Limited

Financial Report
for the Half-Year ended 31 December 2009

Service Stream Limited

Directors' Report

The Directors of Service Stream Ltd submit herewith the financial report for the half-year ended 31 December 2009. 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:

JL Davies
G Sumner (appointment – 6 January 2010)
R Small
S Wilks

PJ Flannigan (resignation – 31 July 2009)
R Stanton (resignation – 6 January 2010)
M Doery (resignation – 1 February 2010)
A Field (resignation – 25 February 2010)

Review of Operations
For a detailed review of operations for the half-year ended 31 December 2009 refer to the commentary in Section B of the Appendix 4D.

The consolidated net result for the half-year was a loss of $8,647 thousand (2008: profit of $6,600 thousand).

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 Directors made pursuant to s.306 (3) of the Corporations Act 2001.

On behalf of the Directors

John Llewellyn (Lyn) Davies
Chairman

26 February 2010

Graeme Sumner
Chief Executive Officer and Managing Director

26 February 2010

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 8115
www.deloitte.com.au

The Board of Directors
Service Stream Limited
Level 12, 555 Lonsdale Street
MELBOURNE VIC 3000

26 February 2010

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 2009, 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
DELOITTE TOUCHE TOHMATSU

D. A. Watson
David A Watson
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

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Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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 2009, 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 4 to 13.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 2009 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*.

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 2009 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, 26 February 2010

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,

John Llewellyn (Lyn) Davies
Chairman

26 February 2010

Graeme Sumner
Chief Executive Officer and Managing Director

26 February 2010

Service Stream Limited

Condensed consolidated statement of comprehensive income
for the half-year ended 31 December 2009

	Consolidated	
	Half-year ended	
	31 Dec 2009	31 Dec 2008
	$'000	$'000
Continuing Operations		
Revenue	266,442	277,428
Share of profits/(losses) of jointly controlled entities accounted for using the equity method	(86)	110
Company administration and insurance expenses	(4,808)	(5,889)
Site and construction costs	(17,989)	(16,582)
Salaries and employee benefits	(64,559)	(70,865)
Temporary staff costs and subcontractor fees	(126,109)	(134,980)
Cost of inventory used	(26,919)	(18,351)
Motor vehicle expenses	(3,481)	(3,612)
Consulting and directors fees	(243)	(238)
Technology services	(717)	(720)
Occupancy expenses	(4,092)	(3,819)
Finance costs	(4,168)	(4,410)
Depreciation and amortisation	(3,460)	(3,633)
Other expenses	(6,032)	(6,278)
Provision in respect of McCourt Dando claim	(15,800)	-
Profit/(Loss) Before Tax	(12,021)	8,161
Income tax benefit/(expense)	3,374	(1,561)
Profit/(Loss) for the period from continuing operations	(8,647)	6,600
Other Comprehensive Income		
Exchange differences on translation of foreign operations	137	110
Total comprehensive income for the period	(8,510)	6,710
Profit/(Loss) attributable to equity holders of the parent	(8,647)	6,600
Total comprehensive income attributable to equity holders of the parent	(8,510)	6,710
Earnings per Share:		
From continuing operations		
Basic (cents per share)	(3.83)	3.74
Diluted (cents per share)	(3.83)	3.71

The financial statements should be read in conjunction with the accompanying notes on pages 9 to 13

Service Stream Limited

Condensed consolidated statement of financial position
as at 31 December 2009

	Note	Consolidated 31 Dec 2009 $'000	Consolidated 30 June 2009 $'000
Current Assets			
Cash and cash equivalents		514	9,034
Trade and other receivables		62,500	74,711
Inventories		13,610	13,461
Current tax assets		1,206	-
Accrued income & other current assets		48,047	63,201
Total Current Assets		125,877	160,407
Non-Current Assets			
Investments accounted for using the equity method		1,260	1,209
Property, plant and equipment		14,888	17,649
Deferred tax assets		4,362	1,289
Goodwill		205,356	205,368
Other intangible assets		2,266	2,574
Total Non-Current Assets		228,132	228,089
Total Assets		354,009	388,496
Current Liabilities			
Trade and other payables		35,604	64,295
Borrowings	6	7,586	6,165
Current tax liabilities		-	1,702
Provisions		8,168	5,886
Total Current Liabilities		51,358	78,048
Non-Current Liabilities			
Borrowings	6	70,507	105,423
Provisions		2,058	1,945
Total Non-Current Liabilities		72,565	107,368
Total Liabilities		123,923	185,416
Net Assets		230,086	203,080
Equity			
Issued capital	4	227,476	191,960
Reserves		1,157	1,020
Retained earnings		1,453	10,100
Total Equity		230,086	203,080

The financial statements should be read in conjunction with the accompanying notes on pages 9 to 13

Service Stream Limited

Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2009

	Consolidated			
	Share capital $'000	**Reserves $'000**	**Retained earnings $'000**	**Total $'000**
Balance at 1 July 2009	191,960	1,020	10,100	203,080
Profit/(Loss) for the period	-	-	(8,647)	(8,647)
Exchange difference arising on translation of foreign operations	-	137	-	137
Total comprehensive income for the period	-	137	(8,647)	(8,510)
Issue of share capital	32,908	-	-	32,908
Issue of shares as consideration for business acquisitions	4,000	-	-	4,000
Costs associated with the issue of shares net of tax	(1,392)	-	-	(1,392)
As at 31 December 2009	227,476	1,157	1,453	230,086

	Consolidated			
	Share capital $'000	**Reserves $'000**	**Retained Earnings $'000**	**Total $'000**
Balance at 1 July 2008	183,903	1,141	12,365	197,409
Profit/(Loss) for the period	-	-	6,600	6,600
Exchange difference arising on translation of foreign operations	-	110	-	110
Total comprehensive income for the period	-	110	6,600	6,710
Recognition of share-based payments	-	100	-	100
Issue of share capital	211	-	-	211
Issue of shares in dividend reinvestment plan	1,865	-	-	1,865
Issue of shares as consideration for business acquisitions	4,000	-	-	4,000
Payment of dividends	-	-	(7,100)	(7,100)
Costs associated with the issue of shares net of tax	(173)	-	-	(173)
As at 31 December 2008	189,806	1,351	11,865	203,022

Service Stream Limited

Condensed consolidated statement of cash flows
for the half-year ended 31 December 2009

	Consolidated	
	Half-year ended	
	31 Dec 2009	31 Dec 2008
	$'000	$'000
Cash flows from operating activities		
Receipts from customers	293,271	269,543
Payments to suppliers and employees	(288,247)	(277,859)
Interest and other costs of finance paid	(3,470)	(4,206)
Income tax paid	(2,488)	(3,432)
Net cash used in operating activities	(934)	(15,954)
Cash flows from investing activities		
Interest received	16	725
Payment for plant and equipment	(1,501)	(1,565)
Payment for company and businesses	(4,900)	(3,074)
Payment for intangible	(381)	(772)
Proceeds from disposal of non-current assets	1,297	321
Net cash used in investing activities	(5,469)	(4,365)
Cash flows from financing activities		
Proceeds from issue of equity securities	32,908	-
Payment for share issue costs	(1,512)	(37)
Proceeds of borrowings	5,000	44,300
Repayment of borrowings	(38,513)	(4,118)
Dividends paid	-	(5,236)
Net cash provided by/(used in) financing activities	(2,117)	34,909
Net increase/(decrease) in cash held	(8,520)	14,590
Cash at beginning of half-year	9,034	(8,810)
Cash at end of half-year	514	5,780

The financial statements should be read in conjunction with the accompanying notes on pages 9 to 13

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, except for the revaluation of certain non-current assets and financial instruments. 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 2009 Annual Report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the Group include:

- AASB 3 Business Combinations
- AASB 101 Presentation of Financial Statements
- AASB 127 Consolidated and Separate Financial Statements

The adoption of these new and revised Standards and Interpretations has resulted in the following changes to the Group's accounting policies, but has had no effect on the amounts reported:

<u>Business Combinations</u>

AASB 3 *Business Combinations* (2008) applies prospectively to business combinations for which acquisition date is on or after 1 July 2009 and alters the manner in which business combinations and changes in ownership interest in subsidiaries are accounted for. Accordingly, its adoption has had no impact on previous acquisitions made by the Group.

The effect of AASB 3 (2008) and its consequential amendments to other Australian Accounting Standards has been to:

- to allow a choice on a transaction-by-transaction basis for the measurement of non-controlling interests (previously referred to as 'minority' interests).
- change the recognition and subsequent accounting requirements for contingent consideration. Under the previous version of the Standard, contingent consideration was recognised at the acquisition date only where it met probability and reliably measurable criteria; under the revised Standard the consideration for the acquisition always includes the fair value of any contingent consideration. Once the fair value of the contingent consideration at the acquisition date has

1. Significant accounting policies (continued)

been determined, subsequent adjustments are made against goodwill only to the extent that they reflect fair value at the acquisition date, and they occur within the 'measurement period' (a maximum of 12 months from the acquisition date). Under the previous version of the Standard, adjustments to contingent consideration were always made against goodwill;

- where the business combination in effect settles a pre-existing relationship between the Group and the acquiree, require the recognition of a settlement gain or loss, measured at fair value of non-contractual relationships; and
- require that acquisition-related costs be accounted for separately from the business combination, generally leading to those costs being expensed when incurred. Previously such costs were accounted for as part of the cost of acquisition of the business.

Presentation of Financial Statements

The adoption of these new and revised Standards and Interpretations have resulted in changes to the Group's presentation of, or disclosure in, its half year financial statements in the following areas:

- Presentation of the financial statements. Previously, in addition to the statement of financial position (formerly termed the 'balance sheet'), the income statement and the cash flow statement, the Group presented a statement of recognised income and expenses. As a consequence of the adoption, of AASB 101 *Presentation of Financial Statements* (2007) and its associated amending standards the Group no longer presents a statement of recognised income and expenses, but presents in addition to the statements listed above, a statement of comprehensive income and a statement of changes in equity.

Changes in ownership interests of subsidiaries

AASB 127 *Consolidated and Separate Financial Statements* (2008) has been adopted in the current period and applies prospectively. The revised Standard has resulted in changes in the Group's accounting policies regarding increases and decreases in ownership interests in its subsidiaries. In prior years, in the absence, of specific requirements in the Australian Accounting Standards, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss.

Under AASB 127(2008), all increases or decreases in such interests are recognised in equity, with no impact on goodwill or profit or loss. When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

2. Segment information

Information on operating segments

Products and services within each operating segment

For management purposes, the Group is organised into two main operating segments – Contact Centre Solutions and Specialist Field Services. These segments are the basis on which the Group reports its primary segment information. The principal products and services of each of these segments are as follows:

Contact Centre Solutions	Specialist end-to-end services management; Contact centre activities and logistics services.
Specialist Field Services	Maintenance provision of and construction of infrastructure assets relative to telecommunications and utilities sector.

The following is an analysis of the Group's revenue and results for the period, analysed by business segment, the Group's primary basis of segmentation.

	Segment revenue		Segment result	
	Half-year ended		Half year ended	
	31 Dec 2009 $'000	31 Dec 2008 $'000	31 Dec 2009 $'000	31 Dec 2008 $'000
Contact Centre Solutions	42,299	34,043	2,950	2,900
Specialist Field Services	224,128	242,660	(3,862)	15,711
Total of all segments	266,427	276,703	(912)	18,611
Unallocated	-	-	(4,193)	(3,336)
Earnings before interest, tax, depreciation and amortisation	-	-	(5,105)	15,275
Net interest expense	-	-	(3,456)	(3,481)
Depreciation/Amortisation	-	-	(3,460)	(3,633)
Revenue from rendering of services	266,427	276,703	-	-
Profit/(Loss) before income tax expense			(12,021)	8,161
Income tax benefit/(expense)			3,374	(1,561)
Profit/(Loss) for the period			(8,647)	6,600

The company carries out its business entirely within Australia except for a joint venture arrangement with Total Comm Infra Services Pvt Ltd incorporated in India.

3. Dividends

During the period, Service Stream Limited made the following dividend payments:

	Half-year ended 31 Dec 2009		Half-year ended 31 Dec 2008	
	Cents per share	Total $'000	Cents per share	Total $'000
Fully paid ordinary shares				
Final dividend	-	-	4.0	7,100

No interim dividend has been declared by the board for the 31 December 2009 half-year (31 December 2008: 3.50 cents per share or $6,283 thousand).

4. Issuances, Repurchases and Repayment of Securities

	31 Dec 2009 $'000	30 June 2009 $'000
283,418,867 fully paid ordinary shares (30 June 2009: 186,431,746)	227,476	191,960

Fully Paid Ordinary Shares

	31 Dec 2009		31 Dec 2008	
	No. '000	$'000	No. '000	$'000
Balance at 1 July	186,432	191,960	173,389	183,903
Issue of share capital	86,600	32,908	240	211
Costs associated with issue of shares net of tax	-	(1,392)	-	(173)
Issue of shares in dividend reinvestment plan	-	-	1,793	1,865
Issue of shares in consideration for business acquisitions	10,387	4,000	4,111	4,000
Balance at end half-year 31 December	283,419	227,476	179,533	189,806

Share Options

	31 Dec 2009		31 Dec 2008	
	No. '000	Exercise Price ($)	No. '000	Exercise Price ($)
Balance at 1 July	13,030	0.9950	13,030	0.9950
Lapsed options	(5,420)	0.7488	-	-
Balance at end half-year 31 December	7,610	1.0926	13,030	0.9950

5. Acquisition of businesses

There have been no acquisitions completed for the current or prior financial years, and terms for all prior period acquisitions have now been finalised.

6. Financing Facilities

	31 Dec 2009 $'000	30 June 2009 $'000
Secured bank guarantee:		
• amount used	8,896	12,073
• amount unused	1,104	2,927
	10,000	15,000

	31 Dec 2009 $'000	30 June 2009 $'000
Secured bank bill and equipment finance facilities with various maturity dates through to July 2012 and which may be extended by mutual agreement:		
• amount used	78,093	111,588
• amount unused	29,407	54,412
	107,500	166,000

7. Subsequent events and contingent assets

The Company is currently involved in arbitration and legal dispute in relation to two major completed contracts, and the Company believes that these claims have been appropriately recorded in the financial statements.

Per the profit guidance announcement disclosed on 28 January 2010, a substantial non-cash provision in relation to the disputed claim on the McCourt Dando Gold Coast Desalination Project (GCDA Project) has been taken to account. As is the case with any legal proceeding there are numerous costs and uncertainties in pursing the claim, and an increasing risk that (regardless of the underlying merits) the Company may not be fully successful in any arbitration or court proceeding. Whilst the Company continues to vigorously pursue the $14.8 million claim, management believes it is prudent to make a provision for $15.8 million against this claim (including associated costs with the claim).

There has not been any other 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.