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22 February 2011

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Road
SYDNEY NSW 2000

Via Electronic Lodgement

Dear Sir,

Re: Service Stream Reports Results for the Half Year Ended 31 December 2010

Attached is a release to the Exchange from Service Stream of its Market Presentation for the half-year ended 31 December 2010.

Yours faithfully

A handwritten signature in blue ink that reads 'Jessica Lyons'.

Jessica Lyons
Company Secretary
SERVICE STREAM LIMITED

December 2010 Half Year Results Presentation



- 1. Results overview**
- 2. Financial review**
- 3. Strategy & outlook**

Results overview

Graeme Sumner – Managing Director

Highlights: Financial

\$300.3m

Revenue up from \$266.4m



\$16.1m

Underlying EBITDA up from \$13.7m



\$7.8m

NPAT up from (\$8.6m)



\$2.3m

Operating cash flow up from (\$0.9m)



- AMRS revenue up 154.4% due to new environmental programs and growth in metering services
- A&AS revenues up 6.9% on the back of new Western Region patches
- Increase in EBITDA margin from 5.1% to 5.4%
- TCI EBITDA increase from \$3.0m to \$4.3m
- EPS of 2.75 cents
- Positive operating cashflow result despite increased working capital investment to fund revenue growth

Highlights: Customers

- **Contract wins and extensions**
 - Victorian Advanced Metering Project – Further 750,000 meters over the next 2.5 years under phase 2 of roll out worth \$40.0m
 - New 4 year contract with WA Gas Networks for metering services worth \$8.0m
 - New 2 year contract with Origin with targeted volume of 48,000 residential solar system installations, contract value likely to exceed \$300.0m
 - ACMA Do Not Call Register contract extended for a further 3 years
- **Existing businesses remained strong**
 - Accelerated rollout of Vodafone 850MHz 3G network and 450 green field sites being developed
 - Successful mobilisation of new Western Region patches under Telstra A&AS contract
 - Customer Care expertise being utilised to schedule works and manage customer experience under Origin Energy contract

Highlights: Operations

- **Health & Safety performance continued to improve**
 - Lost Time Injury Frequency Rate reduced from 2.10 to 1.47
- **Operational restructure completed**
 - Large non-telco civil contracts exited
 - Operational structure rationalised
 - Support & risk management capability strengthened
- **Board restructure completed**
 - New Chairman appointed
 - New Director & Chair of Audit Committee appointed

Financial review

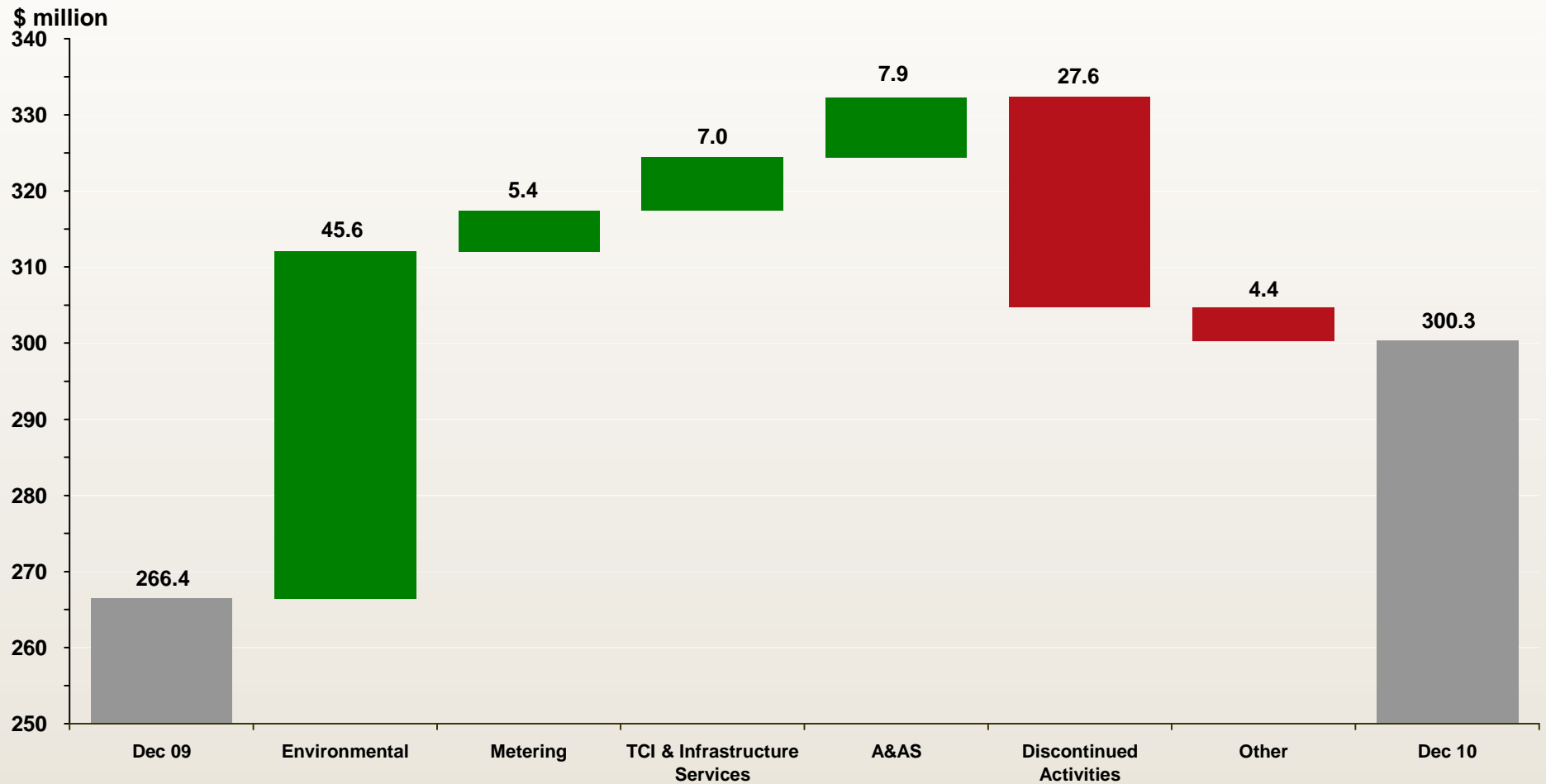
Bob Grant – Chief Financial Officer

A strong financial performance across the board

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\$ million	Dec 2010	Dec 2009	Change \$m	Change %
Revenue	300.3	266.4	33.9	12.7%
Underlying EBITDA	16.1	13.7	2.4	17.5%
Reported EBITDA	16.1	(5.1)	21.2	n/a
EBIT	13.0	(8.6)	21.6	n/a
NPAT	7.8	(8.6)	16.4	n/a
Operating cash flow	2.3	(0.9)	3.2	n/a
Net debt	57.6	77.6	(20.0)	(25.8%)
EPS (cents per share)	2.75	(3.74)	6.49	n/a

Strategic rebalancing of revenue mix continues



Strong performance across all Specialist Field Services businesses

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	REVENUE		UNDERLYING EBITDA		EBITDA MARGIN %	
	Dec 2010	Dec 2009	Dec 2010	Dec 2009	Dec 2010	Dec 2009
\$ million						
SPECIALIST FIELD SERVICES	271.9	224.1	18.2	13.8	6.7%	6.2%
- Communications	137.9	139.9	7.1	7.0	5.1%	5.0%
- AMRS	84.2	33.1	6.8	3.8	8.1%	11.5%
- TCI <i>(including Infrastructure Services)</i>	49.8	51.1	4.3	3.0	8.6%	5.9%
CUSTOMER CARE ¹	30.5	42.3	1.9	3.0	6.2%	7.1%
Corporate	0.2	-	(3.9)	(3.1)	n/a	n/a
Eliminations	(2.3)	-	-	-	n/a	n/a
TOTAL SERVICE STREAM GROUP	300.3	266.4	16.1	13.7	5.4%	5.1%

¹ Previously known as Contact Centre Solutions

Cashflow marginally positive despite increased working capital associated with revenue growth 11

\$ million	Dec 2010	Dec 2009
Reported EBITDA	16.1	(5.1)
Tax paid	-	(2.5)
Net financing costs	(2.6)	(3.5)
McCourt Dando provisioning	-	15.8
Working capital movement	(11.2)	(5.6)
Operating cash flow	2.3	(0.9)
Proceeds from sale of assets	1.9	1.3
Capital expenditure	(2.5)	(1.9)
Payments for businesses	-	(4.9)
Free cash flow	1.7	(6.4)

Improved financing ratios will improve borrowing capacity

As at 31 Dec 2010 (\$ million)	Facility Limit	Amount Drawn	Amount Available
Commercial bills	65.0	49.0	16.0
Overdraft	10.0	2.6	7.4
Finance leases	13.3	6.0	7.3
Net debt	88.3	57.6	30.7
Bank guarantees	10.0	8.0	2.0
Total (including guarantees)	98.3	65.6	32.7
Leverage (Net debt/EBITDA) ¹			2.0 x
Interest cover (EBIT/Interest expense) ¹			4.0 x

¹ 12 months rolling / underlying

Income Tax opportunity

- In May 2010, amendments were made to the Income Tax law in respect of customer contracts held by entities when joining tax consolidation groups following their acquisition.
- Service Stream has lodged a series of objections with the ATO with respect to the tax treatment of acquisitions made by the company dating back to 2004, including the merger with TCI in Jan 2007.
- The total amount of additional tax deductions being claimed is \$41.0m.
- \$40.5m of the claim relates to prior years and would, if approved in full, result in a tax refund of \$12.1m.
- No amounts have been recorded in the HY11 accounts.
- The outcome of the claim is expected to be clarified prior to the announcement of the 2011 full year results.

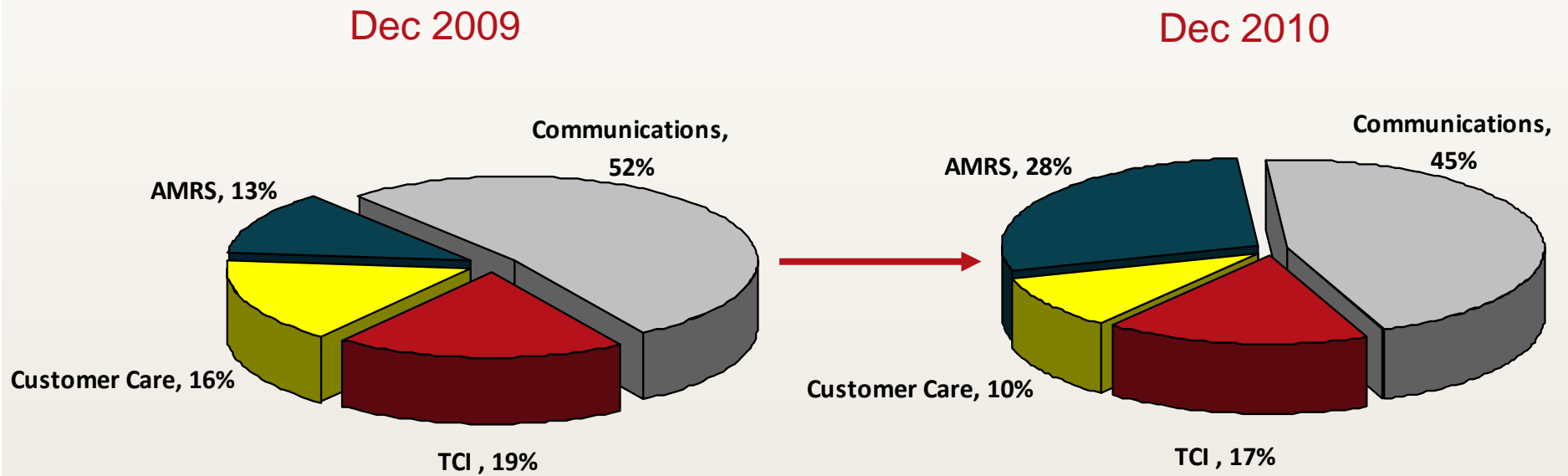
Strategy & outlook

Graeme Sumner – Managing Director

Service Stream will maintain three approaches to growth

- **Flexible, low cost services to the Telco and Utilities sector**
 - Smart meter roll outs
 - Telstra A&AS contract
- **Leveraging our Telecommunications expertise**
 - Mobile infrastructure
 - Syntheo Joint Venture to bid for and deliver fibre roll out to NBN Co
 - NBN subcontracting
- **Creating end to end service solutions**
 - Origin Energy residential solar systems
 - Do Not Call Register
 - Mobile insurance solutions

Diversification of industry and customer base to continue



Market Opportunities Outweigh Risks

- **National Broadband Network proceeding**
 - Syntheo gives us capability to participate as a lead contractor
 - Telstra and other providers offer subcontracting opportunities
- **Mobile telephony market remains active**
 - Mobile data demand increases need for network build
 - 4G technology to create a second wave?
- **Utility & environmental services**
 - Existing contracts underpin revenue for the next 2 years
 - Smart Meter solutions will be required in other states
 - State & Federal government commitment under pressure but holding

Financial Outlook

- **Service Stream has lifted full year guidance**
 - EBITDA guidance increased to \$34.0m
 - NPAT of \$16.1m ¹
- **Full year earnings improvement supported by**
 - Increased residential solar system installations
 - Comparable H2 performance in fixed-line telecommunications
 - Ramp up of Smart Meter installations
 - Improved demand for wireless infrastructure

¹ Excludes any one-time tax benefit

Appendices

Balance sheet

\$ million	Dec 2010	Jun 2010
Receivables and WIP	132.6	120.5
Plant and equipment – WDV	10.3	13.2
Inventory	19.8	14.9
Other	11.7	8.9
Goodwill and other intangible assets	207.7	207.7
Total assets	382.2	365.1
Payables	66.8	59.0
Net debt	57.6	59.3
Provisions and other	12.9	10.9
Total liabilities	137.3	129.2
Net assets	244.9	235.9
Issued capital	228.4	227.1
Retained earnings and reserves	16.5	8.8
Equity	244.9	235.9

Cash flow statement

\$ million	Dec 2010	Dec 2009
Receipts from customers	322.3	322.7
Payments to suppliers and employees	(317.3)	(317.6)
Net interest and other finance costs	(2.6)	(3.5)
Income tax paid	(0.1)	(2.5)
Net cash used in operating activities	2.3	(0.9)
Net capital expenditure and payments for businesses	(0.6)	(5.5)
Net cash used in investing activities	(0.6)	(5.5)
Dividends paid	-	-
Net movement in borrowings	(3.6)	(33.5)
Capital raising and exercise of options	-	31.4
Net cash provided by/(used in) financing activities	(3.6)	(2.1)
Net increase/(decrease) in cash held	(1.9)	(8.5)

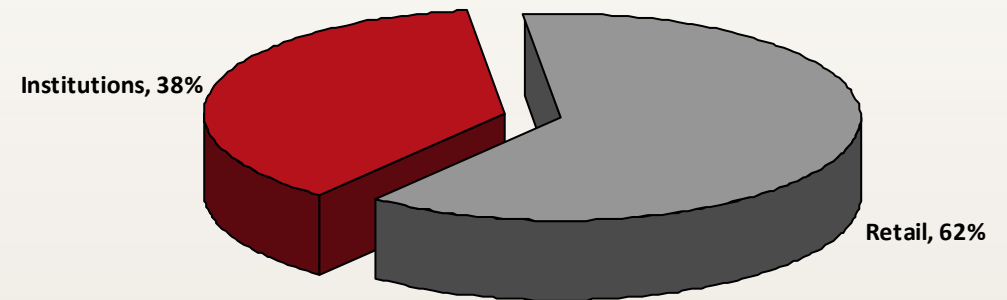
Group overview

Service Stream is a field services organisation, delivering technical services and small projects predominantly to the telecommunications and utilities sectors. It is a niche provider of value added services & applications to government, utilities and public corporations

SERVICE STREAM LIMITED

ASX code	SSM
EBITDA (6 months to Dec 2010)	\$16.1m
Net debt (Dec 2010)	\$57.6m
Total shareholders' equity	\$244.9m
Enterprise value (Net debt plus market cap)	\$275.8m
Workforce (Dec 2010)	3,869
Shares on issue (Dec 2010)	283.4m
Market capitalisation*	~\$218.2m

SHAREHOLDER PROFILE



SHARE PRICE PERFORMANCE

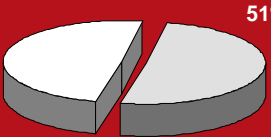
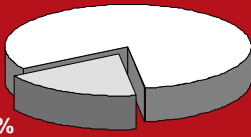
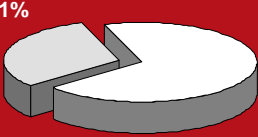
















BOARD & MANAGEMENT

Peter Dempsey	Chairman
Graeme Sumner	Managing Director
Stephe Wilks	Non-Executive Director
Brett Gallagher	Non-Executive Director
Deborah Page AM	Non-Executive Director
Bob Grant	CFO, Alternate Director
Jessica Lyons	Company Secretary

* As at 18 February 2011 (share price \$0.77)

Group overview (continued)

Business Segment	CUSTOMER CARE	SPECIALIST FIELD SERVICES		
	CUSTOMER CARE	COMMUNICATIONS	TCI <i>(Including Infrastructure Services)</i>	AMRS
HY11 Segment Revenue Contributions		 51%	 18%	 31%
Business Description	Offers a complete end to end solution to customers in the areas of contact centre management (including inbound / outbound calls and insurance management), supply chain fulfilment capabilities (back office processes), administrative and information vetting field and distribution services.	Provides a range of network and specialist services to the telecommunications industry including installation and maintenance (telephony and broadband).	Specialist project management company working within the mobile telecommunications industry in the area of technology and infrastructure deployment. Specialist contractor in underground multi utility solutions for the telecommunications, power, water, gas and civil sectors.	Offers a range of metering services and associated field services to utilities and local councils. AMRS' field-based workforce provide meter / smart meter installations, meter reading, water and environmental management services and solar panel installation.
Key Customers	   		  	     

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