
Service Stream Limited

ABN 46 072 369 870

Appendix 4D (rule 4.2A) Half-Year Ended 31 December 2015

(Previous corresponding period:
Half-year ended 31 December 2014)

Results For Announcement to the Market

Half-year to		31 Dec 15 \$'000	% change	31 Dec 14 \$'000
Revenue from ordinary activities	Up	217,057	9.9%	197,432
Profit/(Loss) from ordinary activities after tax attributable to members	Up	8,810	117.8%	4,045
Net profit/(loss) attributable to members	Up	8,810	117.8%	4,045

Dividends	amount per share (cents)	franked amount per share (cents)	tax rate for franking credit
Interim FY16 dividend per share (to be paid 14 April 2016)	1.0	1.0	30%
Interim dividend dates			
Ex-dividend date	16 March 2016		
Record date	17 March 2016		
Payment date	14 April 2016		
The Company's Dividend Reinvestment Plan (DRP) will not operate in respect of the FY16 interim dividend.			

Net Tangible Asset Backing	31 Dec 15	30 Jun 15	31 Dec 14
	\$	\$	\$
Consolidated net tangible assets per share	0.1882	0.1774	0.1652

The appendix 4D should be read in conjunction with Service Stream Limited's most recent annual financial report.

Service Stream Limited

ABN 46 072 369 870

Interim financial report for the half-year ended 31 December 2015

Service Stream Limited
Interim financial report
for the half-year ended 31 December 2015

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Service Stream Limited

Directors' Report

The Directors of Service Stream Limited (the "Company") and its subsidiaries (the "Group") submit the interim financial report for the half-year ended 31 December 2015.

The following persons were Directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise stated:

Brett Gallagher (Chairman)
Leigh Mackender (Managing Director)
Peter Dempsey
Raelene Murphy (appointed 18 November 2015)
Deborah Page AM
Stephe Wilks (retired 31 December 2015)

Review of Operations

For a detailed review of operations for the half-year ended 31 December 2015 refer to the commentary contained in the media release attached to the Appendix 4D. A summary of the results for the half-year (compared to the prior corresponding period) include:

Half-Year to 31 December	2015 (\$ million)	2014 (\$ million)	Change (\$ million)	Change %
Revenue	217.1	197.4	▲ 19.6	9.9%
EBITDA	15.7	10.7	▲ 5.0	47.1%
EBIT	12.7	7.6	▲ 5.1	67.3%
NPAT	8.8	4.0	▲ 4.8	117.8%
EPS (cents)	2.28	1.05	▲ 1.23	117.8%
DPS (cents)	1.00	0.50	▲ 0.50	100.0%
Cashflow from Operations	30.8	0.5	▲ 30.3	6328.0%
Net Cash	37.6	14.8 ¹	▲ 22.9	155.1%

¹as at 30 June 2015

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 of the kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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,



Brett Gallagher
Chairman
Melbourne
17 February 2016



Leigh Mackender
Managing Director
Melbourne
17 February 2016



Auditor's Independence Declaration

As lead auditor for the review of Service Stream Limited for the half-year ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Service Stream Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'Andrew Cronin'.

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
17 February 2016



Independent auditor's review report to the members of Service Stream Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Service Stream Limited (the company), which comprises the consolidated balance sheet as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Service Stream Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

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 (including the Australian Accounting Interpretations) 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 Australian 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 2015 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757

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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 2015 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink, appearing to read 'Andrew Cronin'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read 'Andrew Cronin'.

Andrew Cronin
Partner

Melbourne
17 February 2016

Service Stream Limited

Directors' Declaration

In the Directors' opinion:

- (a) the financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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,



Brett Gallagher
Chairman
Melbourne
17 February 2016



Leigh Mackender
Managing Director
Melbourne
17 February 2016

Service Stream Limited

Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2015

	Consolidated	
	Half-year ended	
	31 Dec 2015	31 Dec 2014
	\$'000	\$'000
Revenue from continuing operations		
Revenue from the rendering of services	216,483	197,191
Interest revenue	201	53
Other income	373	188
	217,057	197,432
Expenses		
Employee salaries and benefits	(56,986)	(52,198)
Subcontractor fees	(79,655)	(78,120)
Site and construction costs	(39,084)	(30,743)
Raw materials and consumables used	(7,805)	(9,040)
Consulting and temporary staff fees	(2,066)	(1,721)
Company administration and insurance expenses	(1,708)	(2,137)
Occupancy expenses	(3,931)	(3,320)
Technology and communication services	(4,326)	(3,898)
Motor vehicle expenses	(3,699)	(3,411)
Depreciation and amortisation	(2,956)	(3,049)
Financing costs	(328)	(1,478)
Other expenses	(1,915)	(2,135)
Profit before tax	12,598	6,182
Income tax expense	(3,788)	(2,137)
Profit for the half-year	8,810	4,045
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of cash flow hedges	-	22
Other comprehensive income for the half-year, net of tax	-	22
Total comprehensive income for the half-year	8,810	4,067
Profit attributable to the equity holders of the parent	8,810	4,045
Total comprehensive income attributable to equity holders of the parent	8,810	4,067
Earnings per share		
Basic (cents per share)	2.28	1.05
Diluted (cents per share)	2.26	1.04

Notes to the consolidated interim financial statements are included on pages 10 to 12

Service Stream Limited

Consolidated balance sheet as at 31 December 2015

		Consolidated	
	Note	31 Dec 2015 \$'000	30 Jun 2015 \$'000
Current Assets			
Cash and cash equivalents		37,646	14,756
Trade and other receivables		32,357	34,084
Inventories		7,379	7,598
Accrued revenue		56,484	77,845
Other		4,741	3,246
Total Current Assets		138,607	137,529
Non-Current Assets			
Property, plant and equipment		6,957	8,089
Intangible assets		122,939	120,759
Total Non-Current Assets		129,896	128,848
Total Assets		268,503	266,377
Current Liabilities			
Trade and other payables	4	45,950	52,943
Current tax liabilities		1,656	-
Provisions		8,863	9,023
Lease incentives		1,034	1,092
Total Current Liabilities		57,503	63,058
Non-Current Liabilities			
Provisions		3,090	2,858
Deferred tax liabilities (net)		9,958	8,265
Lease incentives		2,285	2,874
Total Non-Current Liabilities		15,333	13,997
Total Liabilities		72,836	77,055
Net Assets		195,667	189,322
Equity			
Issued capital	5	247,566	246,207
Reserves		4,253	4,221
Accumulated losses		(56,152)	(61,106)
Total Equity		195,667	189,322

Notes to the consolidated interim financial statements are included on pages 10 to 12

Service Stream Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2015

	Consolidated				
	Share capital	Employee equity-settled benefits reserve	Hedging reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	246,207	4,221	-	(61,106)	189,322
Profit for the period	-	-	-	8,810	8,810
Total comprehensive income	-	-	-	8,810	8,810
Employee share schemes	-	1,754	-	-	1,754
Acquisition of treasury shares	(363)	-	-	-	(363)
Issue of treasury shares to employees	1,722	(1,722)	-	-	-
Dividends paid	-	-	-	(3,856)	(3,856)
As at 31 December 2015	247,566	4,253	-	(56,152)	195,667

	Consolidated				
	Share capital	Employee equity-settled benefits reserve	Hedging reserve	Accumulated losses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	247,647	2,910	(22)	(70,900)	179,635
Profit for the period	-	-	-	4,045	4,045
Other comprehensive income	-	-	22	-	22
Total comprehensive income	-	-	22	4,045	4,067
Employee share schemes	-	531	-	-	531
Acquisition of treasury shares	(100)	-	-	-	(100)
Issue of treasury shares to employees	100	(100)	-	-	-
As at 31 December 2014	247,647	3,341	-	(66,855)	184,133

Notes to the consolidated interim financial statements are included on pages 10 to 12

Service Stream Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2015

	Consolidated	
	Half-year ended	
	31 Dec 2015	31 Dec 2014
Note	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Receipts from customers (including GST)	273,201	220,745
Payments to suppliers and employees (including GST)	(242,493)	(219,057)
Cash generated from operations before interest and tax	30,708	1,688
Interest received	201	53
Interest and facility costs paid	(119)	(1,262)
Net cash provided by operating activities	30,790	479
<i>Cash flows from investing activities</i>		
Payments for plant and equipment	(822)	(432)
Proceeds from sale of plant and equipment	461	97
Payments for intangible assets	(3,320)	(676)
Net cash used in investing activities	(3,681)	(1,011)
<i>Cash flows from financing activities</i>		
Proceeds of borrowings	-	4,000
Dividends paid	(3,856)	-
Purchase of shares	(363)	(100)
Net cash (used in)/provided by financing activities	(4,219)	3,900
<i>Net increase in cash and cash equivalents</i>	22,890	3,368
Cash and cash equivalents at the beginning of the financial year	14,756	6,590
<i>Cash and cash equivalents at end of period</i>	37,646	9,958

Notes to the consolidated interim financial statements are included on pages 10 to 12

Service Stream Limited

Notes to the consolidated financial statements

1 Significant accounting policies

Basis of preparation of half-year report

This consolidated interim financial report for the half-year reporting period ended 31 December 2015 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Service Stream Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

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

The Group has identified its segments based on the internal reports that are used and reviewed by the chief operating decision maker in assessing performance and determining the allocation of resources.

The Group's operating segments are determined based on the nature of the business activities undertaken by the Group. Unallocated costs include the costs of certain head office functions that are not considered appropriate to be allocated to the Group's operating businesses.

The principal products and services of each of these segments are as follows:

Fixed Communications	Fixed Communications provides a wide range of design, construction, maintenance and customer connection services to the owners of telecommunications network infrastructure in connection with the roll-out of the National Broadband Network in Australia.
Mobile Communications	Mobile Communications provides program management and turnkey services for infrastructure projects across Australia, principally in the telecommunications sector. Service capability covers site acquisition, town planning, design, and management of construction projects requiring specialist skill sets in wireless and fixed line telecommunications, signalling and power.
Energy & Water	Energy & Water provides a range of specialist metering and environmental services to electricity, gas and water network across Australia; and through the Customer Care business, provides contact centre services and end-to-end customer support for key contracts.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Information regarding these segments is presented below:

Service Stream Limited

Notes to the consolidated financial statements

2 Segment information (continued)

	Segment Revenue		Segment EBITDA	
	Half-year ended		Half-year ended	
	31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
	\$'000	\$'000	\$'000	\$'000
Fixed Communications	95,023	84,292	9,678	6,861
Mobile Communications	84,988	72,516	6,321	4,228
Energy & Water	38,193	40,927	2,315	2,127
Total of all segments	218,204	197,735	18,314	13,216
Eliminations	(1,348)	(356)	-	-
Unallocated			(2,633)	(2,560)
Earnings before interest, tax, depreciation and amortisation			15,681	10,656
Interest received/(paid)	201	53	(127)	(1,425)
Depreciation/Amortisation			(2,956)	(3,049)
Total revenue	217,057	197,432		
Profit before income tax expense			12,598	6,182
Income tax expense			(3,788)	(2,137)
Profit for the period			8,810	4,045

3 Dividends

A fully franked interim dividend of 1.0 cent per share was declared by the Directors on 17 February 2016, payable to shareholders on 14 April 2016. This dividend has not been included as a liability in these interim financial statements. The total estimated dividend to be paid is \$3,861,529.

4 Trade and Other Payables

	31 Dec 2015	30 Jun 2015
	\$'000	\$'000
Trade creditors	13,561	17,178
Sundry creditors and accruals	24,776	29,560
Goods and services tax payable	1,036	1,844
Income in advance	6,577	4,361
Total trade and other payables	45,950	52,943

Service Stream Limited

Notes to the consolidated financial statements

5 Issuance, Repurchases and Repayment of Equity Securities

	31 Dec 15		31 Dec 14	
	No. '000	\$'000	No. '000	\$'000
(i) Share capital				
Balance at 1 July	380,954	246,207	386,390	247,647
(ii) Other equity securities				
Acquisition of treasury shares	(1,072)	(363)	(452)	(100)
Employee share scheme issue	6,272	1,722	452	100
Balance at 31 December	386,154	247,566	386,390	247,647

The company issued no ordinary shares in the current interim reporting period (2014: nil).

6 Subsequent events

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 Group, the results of those operations, or the state of affairs of the Group in future periods.

Service Stream Limited

Corporate directory

Directors

Brett Gallagher (Chairman)
Leigh Mackender (Managing Director)
Peter Dempsey
Raelene Murphy
Deborah Page AM

Company Secretary

Vicki Letcher

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Auditors

PricewaterhouseCoopers