

SERVICE STREAM LIMITED
ABN 46 072 369 870

OFFER STATEMENT

**A RENOUNCEABLE RIGHTS OFFER OF 11 ORDINARY SHARES FOR
EVERY 25 ORDINARY SHARES AT \$0.38 EACH TO RAISE
APPROXIMATELY \$32.9 MILLION**

**THE OFFER IS FULLY UNDERWRITTEN BY
AUSTOCK SECURITIES LIMITED
ABN 51 053 513 438**

**Valid acceptances must be received by
5.00 pm (AEST) on Tuesday 13 October 2009**

This is an important document and requires your immediate attention. It should be read in its entirety. If you are in doubt about what to do, you should consult your stockbroker, accountant, financial or other professional adviser without delay.

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Important notices

This offer statement is dated 14 September 2009.

This offer statement sets out the terms of the renounceable rights offer (**Offer**) by Service Stream Limited (**Service Stream**) under which eligible shareholders are entitled to acquire 11 ordinary shares in Service Stream at \$0.38 each for every 25 ordinary shares held at 7.00 pm (AEST) on Tuesday 22 September 2009. This offer statement is not a prospectus and has not been lodged with the Australian Securities and Investments Commission (**ASIC**). The Offer is being made without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) as notionally modified by ASIC Class Orders CO 07/571 and CO 08/35. Accordingly, this offer statement does not contain all of the information which would otherwise be required by law to be disclosed in a prospectus.

No person is authorised to give any information or to make any representation in connection with the Offer that is not contained in this offer statement. Any information or representation not contained in this offer statement may not be relied upon as having been authorised by Service Stream in connection with the Offer. Neither Service Stream nor any other person warrants the future performance of Service Stream or any return on any investment made under this offer statement, except as required by law and then, only to the extent so required.

Any forecast or any forward looking statement contained in this offer statement may involve significant elements of subjective judgment and assumption as to future events which may or may not be correct, and there are usually differences between forecasts and actual results because events and actual circumstances frequently do not occur as forecast and these differences may be material. Nothing contained in this offer statement is, or may be relied on as, a promise or representation as to the future.

The information in this offer statement does not constitute a securities recommendation or financial product advice, and does not purport to constitute all the information that you may require to enable you to evaluate effectively and completely whether to take up additional shares under the Offer. In preparing this offer statement, Service Stream has not taken into account the investment objectives, financial situation or particular needs of any particular person. Accordingly, before acting on this offer statement, you should assess whether a further investment in Service Stream would be appropriate in light of your own financial circumstances.

Except to the extent prohibited by law, Service Stream, its officers, employees and advisers disclaim all liability that may otherwise arise due to any of this information being inaccurate or incomplete.

Unless otherwise stated, a monetary reference in this offer statement is a reference to Australian currency.

Contact details

If you have any query or question about the Offer, you may contact the company secretary on +61 3 9677 8829 or Service Stream's share registrar as follows:

Computershare Investor Services Pty Limited

Telephone: 1300 850 505 (within Australia)
+61 3 9415 4000 (outside Australia)
between 8.30 am and 5.00 pm (AEST) Monday to Friday

Email: web.queries@computershare.com.au

Timetable

Event	Date
Announcement of Offer (including giving appendix 3B, offer statement and cleansing notice to ASX)	Monday 14 September 2009
Despatch notice containing appendix 3B information to shareholders	Tuesday 15 September 2009
Shares commence quotation on an “ex” basis and rights trading starts (“ex” date)	Wednesday 16 September 2009
Notify ASX of any change to exercise price of existing options due to proposed issue of new shares under Offer	Wednesday 16 September 2009
Record date to determine entitlements under Offer	Tuesday 22 September 2009 at 7.00 pm (AEST)
Despatch offer statements and entitlement and acceptance forms to eligible shareholders (and notify ASX when despatch has been completed) and despatch letter informing ineligible foreign shareholders of exclusion from Offer and nominee arrangements	Monday 28 September 2009
Offer opens	Monday 28 September 2009
Rights trading ends	Tuesday 6 October 2009
Shares commence quotation on a deferred settlement basis	Wednesday 7 October 2009
Offer closes	Tuesday 13 October 2009 at 5.00 pm (AEST)
Notify ASX and Underwriter of any under-subscriptions (i.e. shortfall)	Friday 16 October 2009
Issue new shares applied for under Offer and any shortfall (and tell ASX when that has happened)	Wednesday 21 October 2009 by noon (AEST)
Deferred settlement trading ends	Wednesday 21 October 2009
Normal trading of new shares starts	Thursday 22 October 2009
Despatch holding statements	Thursday 22 October 2009

These dates are indicative only and subject to change. Service Stream reserves the right, subject to the *Corporations Act 2001* (Cth) and the ASX Listing Rules, to change any date including to extend the closing date of the Offer, to close the Offer early, to accept late acceptances either generally or in particular cases, or to withdraw or reduce the size of the Offer without notice. Any extension of the closing date will have a consequential effect on the issue date of new shares. If the Offer is withdrawn, application money will be returned without interest.

Letter from chairman



Service Stream Limited
Level 12, 555 Lonsdale Street
Melbourne, Victoria, 3000
PO Box 14570
Melbourne, Victoria 8001

Tel: 61 3 9677 8888
Fax: 61 3 9677 8800
ABN: 46-072-369-870

Dear Shareholder,

On behalf of the Directors of Service Stream Limited (ASX: SSM), I am pleased to invite you to participate in the entitlement offer described in this letter. The offer is a fully underwritten 11-for-25 renounceable pro-rata entitlement offer of new Service Stream fully paid ordinary shares ("**New Shares**") to raise approximately \$32.9 million ("**Offer**").

Background to the Offer

Your company has commenced 2010 with a solid foundation underpinned by the AAS Contract, Jemena Networks and Sydney Water as well as the recent renewal of numerous contracts in TCI (Telstra Mobile Towers), Contact Centre Solutions (Optus DSL) and AMRS (Origin Energy & ETSA meter reading). The capital raising will enhance the financial platform of Service Stream and enable it to pursue a number of exciting new opportunities.

The Offer

Service Stream is seeking to raise approximately \$32.9 million of fully underwritten new capital through the Offer at an issue price of \$0.38 per share. No shareholder approvals are necessary under the Offer.

The Offer is fully underwritten by Austock Securities Limited ("**Underwriter**").

It is expected that the Offer Statement will be despatched to shareholders on 28 September 2009.

Debt Repayment

Net proceeds from the Offer will be used to repay existing net debt of \$102.6m (including \$9.0 million cash and liquidity). This will significantly improve Service Stream's financial flexibility and debt profile.

Following the Offer, pro-forma net debt is expected to be \$71.1 million and financial leverage will be reduced significantly, with pro-forma net debt / FY09 EBITDA reducing from 3.4 times to 2.4 times.

Details of your Entitlement

As an Eligible Shareholder, you are entitled to subscribe for 11 New Share for every 25 existing Service Stream ordinary share ("**Share**") held at the Record Date at 7:00pm (AEST) on Tuesday, 22 September 2009. The Issue Price of \$0.38 per New Share represents a discount of 32.7% to Service Stream's closing share price of \$0.565 on 11 September 2009 and a discount of 25.5% to the theoretical ex-rights price ("**TERP**") of \$0.51.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares from the date of issue.

The Offer Documents contains a number of important details including:

- Timetable for the Offer;
- Instructions on "How to Apply", setting out how to accept all or part of your Entitlement if you choose to do so;
- ASX Offer announcements, which include the Capital Raising Presentation;
- "Important Information" and

- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions in the “How to Apply” section of this Offer Statement.

The Offer closes at 5:00pm (AEST) on Tuesday, 13 October 2009.

To participate, you need to ensure that:

- you have made your payment (“**Application Monies**”) via BPAY[®] pursuant to the instructions that are set out on your personalised Entitlement and Acceptance Form and payment via BPAY[®] has been received by Service Stream by 5:00pm (AEST) on Tuesday, 13 October 2009.

OR

- your completed personalised Entitlement and Acceptance Form, together with payment of Application Monies is received by Service Stream by 5:00pm (AEST) on Tuesday, 13 October 2009.

Please refer to instructions in the “How to Apply” section of the Offer Statement for further information.

Further Information

Further information on the Offer and Service Stream’s business is detailed in this letter. You should read the entirety of the Offer Statement carefully before deciding whether to participate in the Offer.

If you have any further question about the Offer, you should seek advice from your stockbroker or other professional adviser, or call the company secretary on +61 3 9677 8829 or Service Stream’s share registrar, Computershare Investor Services Pty Limited, on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (AEST) Monday to Friday during the Offer period.

On behalf of the Directors, I thank you for your continued support of Service Stream and encourage you to carefully consider this investment opportunity.

Yours faithfully



JL (Lyn) Davies
Chairman

1. Details of the Offer

1.1 Overview

The Offer is a renounceable rights offer of 11 new ordinary shares in Service Stream at \$0.38 each for every 25 ordinary shares held by eligible shareholders at 7.00pm (AEST) on Tuesday 22 September 2009.

Fractional entitlements to new ordinary shares will be rounded up to the nearest whole number.

If fully subscribed, the Offer will raise approximately \$32.9 million (before expenses of the Offer) and result in the issue of approximately 86.6 million new ordinary shares.

The Offer is underwritten by Austock Securities Limited (**Underwriter**).

Only those shareholders (**eligible shareholders**) with registered addresses in Australia and New Zealand are entitled to participate in the Offer and, accordingly, only those shareholders will be entitled to subscribe for new shares and deal with the rights.

Eligible shareholders who take up their rights in full will not have their percentage shareholding in Service Stream diluted as a result of the Offer. The percentage shareholding in Service Stream of shareholders who do not take up all of their rights and of shareholders with registered addresses outside Australia and New Zealand will be diluted.

1.2 Record date and entitlements

The record date for the purposes of the Offer is Tuesday 22 September 2009 - at 7.00pm (AEST).

The number of new shares to which you are entitled is shown on the personalised entitlement and acceptance form accompanying this offer statement. Shares acquired before Wednesday 16 September 2009 will be eligible to participate in the Offer.

1.3 Opening and closing date for applications

The Offer opens for acceptances on Monday 28 September 2009 and all acceptances and payments must be received by 5.00 pm (AEST) on Tuesday 13 October 2009. This date may be varied without notice to shareholders, but only in accordance with the ASX Listing Rules. New ordinary shares must be paid for in full on acceptance.

1.4 Purpose of Offer

The funds raised under the Offer (after payment of expenses in connection with the Offer) will be used to reduce bank debt and for general working capital purposes.

1.5 Rights trading

The rights offered by Service Stream are renounceable, which enables eligible shareholders who do not wish to take up some or all of their rights to sell those rights on the securities market operated by ASX Limited (**ASX**). Shareholders may also buy additional rights on ASX if they wish.

Trading of rights will commence on ASX on Wednesday 16 September 2009 and will cease at the close of trading on Tuesday 6 October 2009. You may sell some or all of your rights on ASX between these dates should you choose not to take up your full entitlement to new shares.

You may also sell some or all of your rights off-market.

See section 2.3 for further details.

1.6 Ineligible foreign shareholders

Service Stream has decided that it is unreasonable to make offers under this offer statement to shareholders with registered addresses outside Australia and New Zealand having regard to the small number of these shareholders, the small number and value of the new shares these shareholders would be offered and the cost of complying with the legal and regulatory requirements in the relevant overseas jurisdictions.

Service Stream has appointed the Underwriter to act as the nominee of the ineligible foreign shareholders to sell the rights which they would otherwise have been entitled to exercise had they been permitted to participate in the Offer. If there is a viable market in the rights and a premium over the expenses of the sale can be obtained, the Underwriter will sell the rights. Any such sale will be at a price and otherwise in a manner determined by the Underwriter in its sole discretion. The net proceeds of the sale (if any), after deducting all costs involved in the sale process and subsequent distribution of such proceeds, will be distributed in Australian dollars to the ineligible foreign shareholders for whose benefit the rights have been sold according to their respective shareholdings at the record date, at their risk. Where any ineligible foreign shareholders have given Service Stream instructions for the payment of dividends, their share of the net proceeds will be paid in accordance with those instructions.

The ability to sell rights and the price obtained for those rights will be dependent, among other things, upon market conditions. If there is no viable market for the rights, the ineligible foreign shareholder rights will be allowed to lapse. Neither Service Stream nor the Underwriter will be liable, including liable for negligence, for any failure to sell the ineligible foreign shareholder rights or to sell those rights at any particular price.

This offer statement does not constitute an offer of shares in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue this offer statement. Where the offer statement has been despatched to shareholders domiciled outside Australia and New Zealand, the offer statement is provided for information purposes only. No entitlement and acceptance forms will be sent to these foreign shareholders.

1.7 New Zealand securities law requirements

The Offer will be made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

1.8 Underwriting arrangements

The Offer is fully underwritten by Austock Securities Limited (**Underwriter**) under an underwriting agreement with Service Stream, the key terms of which are as follows:

- (a) If Service Stream does not receive valid acceptances for all new shares under the Offer by the closing date, the Underwriter must subscribe, or procure subscriptions, for the shortfall, subject to the terms of the underwriting agreement.
- (b) The Underwriter is entitled to underwriting commission of \$1,398,593, being 4.25% of the amount underwritten (i.e. the total number of shares under the Offer multiplied by the offer price) plus any GST.
- (c) Service Stream must also pay the reasonable costs incurred by the Underwriter in relation to the Offer up to a maximum of \$10,000.
- (d) The Underwriter and its related bodies corporate, officers and employees are indemnified by Service Stream against certain claims arising in relation to the Offer subject to certain limitations.
- (e) The underwriting agreement provides that the Underwriter may terminate the underwriting agreement, and thereby be released from its underwriting obligation, if certain events occur, including if:

- (1) the S&P/ASX 200 Index or the S&P/ASX Small Ordinaries Index falls 10% or more, and remains at or below that level for at least 2 consecutive trading days;
- (2) a material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Service Stream; or
- (3) there is an outbreak of new hostilities or a major terrorist act involving any of the USA, Australia, New Zealand, the UK, Europe, Indonesia, North Korea, South Korea, China or Japan, and the Underwriter determines reasonably that this event has or would have had a material adverse effect on the Offer.

1.9 Application money

Application money received for new shares will be held in a separate account by Service Stream until those shares are issued. Any interest earned on application money will be applied against the cost of the Offer, with any balance being retained by Service Stream. If the Offer does not proceed, the application money will be returned in full as soon as possible, without interest.

1.10 ASX quotation

Application has been made to ASX for the new shares offered under the rights offer to be granted official quotation.

1.11 Issue of new shares

It is expected that the issue of new ordinary shares will take place on Wednesday 21 October 2009. Holding statements for the new shares will be despatched after completion of the issue.

1.12 Ranking of new shares

On issue, the new shares will rank equally with all other ordinary shares then on issue.

1.13 Discretions

Without limiting the other powers and discretions set out in this offer statement, the directors of Service Stream (or their delegate for this purpose) may implement the Offer in the manner they think fit and settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the Offer or a matter in this offer statement, as they think fit, whether generally or in relation to any shareholder or any shares, and the determination of the directors (or their delegate) is conclusive and binding on all relevant shareholders and other persons to whom the determination relates.

1.14 Governing law

The Offer and the contracts arising due to acceptance of the Offer are governed by the law in force in Victoria, Australia.

2. How to apply by eligible shareholders

This section does not apply to shareholders with registered addresses outside Australia or New Zealand.

2.1 What you may do

You may:

- (a) take up all of your rights and subscribe for all of the new shares to which you are entitled;
- (b) sell all of your rights;
- (c) take up some of your rights and sell the balance;
- (d) take up some of your rights and allow the balance to lapse; or
- (e) not take up or sell any of your rights and allow them to lapse.

2.2 Taking up some or all of your rights

Pay by cheque, money order or bank draft

If you wish to take up some or all of your rights and pay for the new shares by cheque, money order or bank draft, you should complete the accompanying entitlement and acceptance form (for all of the new shares offered to you or such lesser number you wish to accept) in accordance with the instructions set out on the form.

Completed forms should be forwarded, together with your cheque, money order or bank draft for the amount due in respect of the number of new shares you have accepted (being that number multiplied by \$0.38), in the enclosed reply paid envelope (New Zealand shareholders will need to affix the appropriate postage) so that it is received by Service Stream's share registrar no later than 5.00 pm (AEST) on Tuesday 13 October 2009 by posting the form and payment to:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne VIC 8060
Australia

Cheques, money orders and bank drafts must be for payment in Australian currency and drawn on an Australian financial institution or an Australian branch of a foreign financial institution. Cheques, money orders and bank drafts should be made payable to 'Service Stream Limited – Rights Offer' and crossed 'Not Negotiable'. Do not send cash. Receipts for payment will not be forwarded to shareholders who subscribe for new shares.

Your completed entitlement and acceptance form, once sent to Service Stream's share registrar, cannot be withdrawn.

Pay by BPAY®

Alternatively, you may wish to make payment through the BPAY® facility. Payment by BPAY® should be made in accordance with the instructions set out on the entitlement and acceptance form using the reference number shown on the form and must be made by 5.00 pm (AEST) on Tuesday 13 October 2009. The reference number is used to identify your holding. If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each entitlement and acceptance form to pay for each holding separately.

If you make your payment by BPAY® you do not need to lodge the entitlement and acceptance form.

Your BPAY® payment cannot be withdrawn.

You should note that Service Stream is not required to issue any new shares to a person accepting the Offer under this offer statement unless:

- (a) the share registrar receives a completed entitlement and acceptance form and a cheque or bank draft for the full amount due in respect of the new shares by 5.00 pm (AEST) on Tuesday 13 October 2009; and there are sufficient funds in the account on which the cheque or bank draft is drawn so that the cheque or bank draft clears in favour of Service Stream when it is first presented for payment; or
- (b) payment is received via the BPAY® facility for the relevant number of new shares by 5.00 pm (AEST) on Tuesday 13 October 2009.

Receipt of your payment will constitute acceptance in accordance with, and your agreement to, the terms of the Offer, including those set out in this offer statement.

If you take up only some of your rights, you may deal with your remaining rights as set out in the sections below.

2.3 Selling your rights

On- market

If you wish to sell some or all of your rights on ASX, you should contact your stockbroker as soon as possible, who will tell you what you need to do. Alternatively, if you do not have a stockbroker, you may call the Underwriter on +61 3 8601 2000.

The ASX code for the rights is SSMR.

Trading of rights will commence on ASX on Wednesday 16 September 2009. Eligible shareholders wishing to sell their rights must do so by close of trading on ASX on Tuesday 6 October 2009, when rights trading ceases.

Off- market

If you are an eligible shareholder who holds shares on Service Stream's CHESSE sub-register, and you wish to sell or transfer your rights to another person off-market, you should contact your sponsoring broker regarding this transaction, as Service Stream's share registrar cannot effect a transfer of rights either to or from a CHESSE broker sponsored holding.

If you are an eligible shareholder who holds shares on Service Stream's issuer sponsored sub-register and you wish to sell or transfer your rights to another person other than on ASX, forward a completed standard renunciation form (obtainable from your stockbroker or from Service Stream's share registrar) together with your entitlement and acceptance form completed by both the transferor and the transferee and the transferee's payment for the amount due in respect of the new shares to be taken up by the transferee (being the number of new shares being taken up by the transferee multiplied by \$0.38), to Service Stream's share registrar so that it is received by 5.00 pm (AEST) on Tuesday 13 October 2009.

2.4 Taking up some of your rights and selling the balance

If you wish to take up some of your rights and sell the balance, follow the instructions on the accompanying entitlement and acceptance form for that number of new shares you wish to accept, as noted in section 2.2 above.

For the balance of the rights you wish to sell, you should contact your stockbroker who will tell you what you need to do. If you do not have a stockbroker, you may call the Underwriter on +61 3 8601 2000.

2.5 Allow rights to lapse

The rights to which you are entitled may be valuable. If you decide not to take up some or all of your rights, you may be able to sell them.

If you do not wish to exercise or sell any of the rights, you are not required to do anything. In that case, the rights will lapse without any benefit to you.

2.6 Privacy

The entitlement and acceptance form and BPAY® facility require you to provide information that may be personal information for the purposes of the *Privacy Act 1988* (Cth). Service Stream and its share registrar collect, hold and use personal information in order to assess applications for new shares under the Offer, service the needs of shareholders, provide facilities and services and to administer Service Stream generally.

If you do not provide the information requested of you in the entitlement and acceptance form, Service Stream may not be able to process your acceptance form or administer your holding of shares appropriately.

By completing and submitting an entitlement and acceptance form or using the BPAY® facility, you agree that Service Stream may use the information provided for the purposes set out above and may disclose it for those purposes to the share registrar and Service Stream's related bodies corporate, agents, contractors and third party service providers, including mailing houses and professional advisers, and to ASX and other regulatory authorities.

2.7 Taxation

Shareholders should consult their own professional taxation advisers to obtain advice in relation to the taxation laws and regulations applicable to their personal circumstances. Service Stream cannot, and does not, offer any advice to shareholders relating to taxation implications.

2.8 Risks

Investing in new shares in Service Stream involves some risk. There are a number of factors, both specific to Service Stream and of a general nature, which may affect the future operating and financial performance of Service Stream and the value of your investment in Service Stream. Some of these factors can be mitigated by appropriate commercial action. However, many are outside the control of Service Stream, are dependent on the policies adopted and approaches taken by regulatory authorities, or cannot otherwise be mitigated. If you are unsure about subscribing for new shares in Service Stream, you should first seek advice from your stockbroker, accountant, financial or other professional adviser.

The new shares offered under this offer statement carry no guarantee in respect of profitability, dividends, return of capital or the price at which they may trade on ASX. The past performance of Service Stream should not necessarily be considered a guide to the future performance of Service Stream.

As with any equity investment, substantial fluctuations in the value of your investment may occur. This offer statement does not set out all the risks you may face in applying for, and holding, additional shares in Service Stream.