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ASX & Media Release

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Service Stream posts strong result and increased earnings and dividend

Pro forma Result

(Including the results of operations from both Service Stream and Total Communications Infrastructure for the six months ended 31 December 2006)

- NPAT on target at \$7.9 Million
- Combined revenue of \$138.5 Million
- EBITDA on track at \$14.5 Million
- Integration activities meeting expectations

Reported Result

- Record first half revenue of \$96.1 Million up 20.4%
- NPAT up 75.6% to \$3.3 Million
- EBITDA up 52.8% to \$6.2 Million
- Fully franked interim dividend of 3.0 cents per share
- Acquisitions performing well
- Merger with Total Communications Infrastructure completed January 2007
- Market Capitalisation exceeds \$200.0 Million

Leading telecommunication industrial services provider Service Stream Limited ('SSM') is pleased to announce its results for the half year ended 31 December 2006.

The Company recorded \$6.2 million EBITDA and \$3.3 million NPAT for the period on Total Revenue of \$96.1 million. The record result incorporates for the first time a full six months contribution from Milcom training and Fibercom. The result does not include any contribution or costs from Total Communications Infrastructure (acquired 20 December 2006).

Financial Highlights

(For Service Stream on a standalone basis)

Half Year to 31 December	31-12-2006 (\$'million)	31-12-2005 (\$'million)	% Change
Revenue	96.1	79.8	20.4%
EBITDA	6.2	4.0	52.8%
EBIT	5.2	3.3	57.2%
NPAT	3.3	1.9	75.6%
EPS (cents)	4.67	3.43	36.2%
Dividend (cents per share)	3.0	0.75	300%

Operational Highlights

- Strong performance from all divisions
- Acquisition of Fibercom (completed in August 2006)
- Merger with Total Communications Infrastructure and Service Stream Limited completed (January 2007)
- Continued expansion with the strategic acquisition of General Purpose Group (January 2007)
- New contracts secured and existing contracts renewed particularly:
 - Build and operate the Do Not Call Register
 - Vodafone extension and expansion

Merger

The integration activities associated with the merger are on track providing opportunities to gain further efficiencies out of the combined systems by rationalising systems and related processes. Commenting on the merger SSM Chairman Lyn Davies stated he was:

“delighted with the response from staff, shareholders and clients, in particular I welcome staff and shareholders to the new merged group.”

Results Commentary

The results for the six months to December 2006 reflect a strong performance from all divisions and successful integration of our acquisitions. SSM continues to build its profile in the market place.

Managing Director and Chief Executive Officer, Patrick Flannigan commented:

“Service Stream continues to deliver growth at levels well above its stated long term target, and this is supported by contributions from recent acquisitions and disciplined cost control.”

In August 2006, SSM successfully completed the Fibercom transaction. Fibercom provide expert quality work and advanced testing and installation techniques in the fibre space. This complements SSM’s existing businesses and further broadens the range of expertise that it can offer its clients.

The Solutions business achieved \$39.6M (2005: \$37.1M) in revenue for the period. This growth in revenue will expand as a result of successfully winning a new 5 year contract agreement with Vodafone. Under the new agreement, Service Stream will manage the majority of Vodafone's outsourced customer contact centre requirements in Australia including directory assistance and prepay support services. The new agreement represents a 35% increase on existing contracted revenues with Vodafone, and builds on a relationship spanning over 9 years.

In addition, in February 2007 the Solutions business was awarded the contract to build and operate the Do Not Call Register on behalf of the Australian Media and Communications Authority (AMCA). Mr Flannigan said:

"This project, which is attracting significant profile, demonstrates our broad turnkey capability and confirms our position as one of Australia's leading service providers in the telecommunications field and opens the door to a wider range of prospective clients."

During the year SSM continued to invest in best of breed technology in its Solutions business. This has not only delivered large efficiencies to the organisation but has also allowed it to exceed clients' expectations and provided it with an impressive platform from which to continue to grow the business.

Revenue from the Communications business totalled \$52.6M (2005: \$42.5M) in the period representing an increase of 23.8%. In particular, a strong contribution to earnings was provided by the Construction and Recoverable works area.

After completion of the merger of TCI and STR, SSM continued its sensible acquisition strategy with the purchase of General Purpose Group (GPG). GPG has strong market presence and expertise in installing equipment in telephone exchanges and wireless base stations. Mr Flannigan said:

"The GPG acquisition follows our clear strategy and strongly complements our broad range of capabilities in the telecommunications industry."

The balance sheet as at 31 December as set out in the half year financial report includes the balances of Total Communication Infrastructure. The significant increase in accrued revenue is partially the effect of acquisitions and increased revenue but also procedural invoicing changes on request of clients.

Pro-forma result

(Including the results of both Service Stream and TCI from 1 July 2006)

Half Year to 31 December	STR (\$M)	TCI (\$M)	Adj (\$M)	Half year to December 2006 (\$M)
Profit and loss account				
Revenue	96.1	42.4		138.5
EBITDA	6.2	8.3		14.5
EBIT	5.2	8.1		13.3
NPAT	3.3	5.6	(1.0)	7.9

The results stated in the financial report do not include any contribution from Total Communication Infrastructure. The above table shows the result of the combined entity if the acquisition had occurred on the 1 July 2006. The adjustment relates to interest on bank borrowings and a notional interest charge on the deferred vendor consideration. The business of Total Communications Infrastructure continues to deliver.

Interim Dividend and Dividend Reinvestment Plan

Based on a strong financial performance and a solid outlook the Directors have declared a fully franked interim dividend of 3.0 cents per share for the period. The record date for the dividend is 29 March 2007 and the Company expects to pay the dividend on 12 April 2007.

SSM is pleased to provide the opportunity for all share holders to participate in a dividend reinvestment plan (DRP). Further details of SSM's DRP will be distributed to all shareholders.

Outlook and Market Guidance

Mr Flannigan commented:

"Our first half result supports our full year pro-forma market guidance of EBITDA of \$27 to \$30 million underpinned by a growing revenue base. Service Stream is very well placed to continue to grow, supported by strong market conditions in the telecommunications sector. We continue to seek out sensible acquisitions."

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About Service Stream Limited

Service Stream is a public company listed on the Australian Stock Exchange (Code: SSM) with annual revenues approaching A\$300M. The company is an Australian owned and operated industrial services enterprise with proven outsourced field force management, technical support, customer contact, customer assistance and asset management capabilities. Service Stream aims to generate superior returns for shareholders by leveraging its equipment installation and maintenance capabilities across a range of infrastructure based industries. For more information please visit the Company's website at www.servicestream.com.au