

APPENDIX 4D HALF-YEAR REPORT

1. Company details

Name of entity:	PearlStreet Limited
ABN:	97 107 329 224
Reporting period:	Half-year ended 31 December 2008
Previous corresponding period:	Half-year ended 31 December 2007

2. Results for announcement to the market

Revenues from operating activities	up	23.6%	to	\$ 50,272,000
Net profit from ordinary activities after tax attributable to members	up	201.3%	to	\$ 2,474,000
Net profit for the period attributable to members	up	201.3%	to	\$ 2,474,000

Dividends

	Amount per security	Franked amount per security
Final dividend paid on 26 September 2008	1.050 cents	1.050 cents

On 30 January 2009 the directors declared a fully franked dividend of 1.6 cents per ordinary share with a record date of 16 March 2009 to be paid on 31 March 2009.

Comments

PearlStreet Limited reported a statutory net profit after tax of \$2.5 million for the half year ended December 31 2008, a 201 percent increase on the previous corresponding period. On this basis, statutory earnings per share was 3.36 cents up from 1.62 cents previously, and the Directors have declared a fully franked interim dividend of 1.6 cents per share, 0.6 cents previously.

The Company recorded a 23.6 percent increase in revenue to \$50.3 million in the first half of FY09. This compares with \$40.7 million for the first half ending December 2007.

The strong half year performance is due to market share gains, new contracts and an optimised cost structure have lead to a strong half year performance.

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased 59% to \$6.7 million, versus \$4.2 million for the first half of FY08. This represents an EBITDA margin of 13.4 percent. Underlying NPAT was \$2.7 million, after adjusting for amortisation of customer related intangibles, corresponding to underlying earnings per share of 3.68 cents per share.

Net operating cash inflow increased to \$5.9 million from \$1.4 million in the half year ending December 31, 2007 reflecting the benefits of post – acquisition integration synergies and rigorous working capital management.

Over the six months since June 2008, net debt reduced to \$42.55 million versus \$48.2 million in FY08. On the back of this strong earnings performance, the company remains focused on continuing to reduce gearing levels for the remainder of FY09.

3. NTA backing

Net tangible asset backing per ordinary security	Reporting period (33.57) cents	Previous corresponding period (56.34) cents
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4. Control gained over entities

Name of entities (or group of entities)	N/A	
Date control gained		
Contribution of such entities to the reporting entity's profit/(loss) from operating activities during the period (where material)		\$ -
Profit/(loss) from operating activities after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period (where material)		\$ -

5. Loss of control over entities

Name of entities (or group of entities)	N/A	
Date control lost		
Contribution of such entities to the reporting entity's profit/(loss) from operating activities during the period (where material)		\$ -
Profit/(loss) from operating activities after tax of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)		\$ -

6. Dividends

	Amount per security	Franked amount per security
<i>Current period</i>		
Final dividend paid on 26 September 2008	1.050 cents	1.050 cents
On 30 January 2009 the directors declared a fully franked dividend of 1.6 cents per ordinary share with a record date of 16 March 2009 to be paid on 31 March 2009.		
<i>Previous corresponding period</i>		
Final dividend paid on 28 September 2007	1.600 cents	1.600 cents

7. Dividend reinvestment plans

The following dividend or distribution plans are in operation:

N/A

The last date(s) for receipt of election notices for the dividend or distribution plans: N/A

8. Details of associates and joint venture entities

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to net profit/(loss) (where material)	
	Current period	Previous corresponding period	Current period	Previous corresponding period
N/A				
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit(loss) from operating activities before income tax				
Income tax on operating activities				

9. Foreign entities

Details of origin of accounting standards used in compiling the report:

N/A

10. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The accounts were subject to a review by the auditors and the review report is attached as part of the Interim Report.

11. Attachments

Details of attachments (if any):

The Interim Report for the half-year ended 31 December 2008 for PearlStreet Limited is attached.

12. Signed

Signed:  _____

Date: 23 February 2009

Josie Pane
Company secretary
Melbourne

PearlStreet Limited

ABN 97 107 329 224

Interim Report for the half-year ended 31 December 2008

PearlStreet Limited
Directors' report
31 December 2008

The directors present their report on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of PearlStreet Limited and the entities it controlled for the half-year ended 31 December 2008.

Directors

The following persons were directors of PearlStreet Limited during the financial half-year and up to the date of this report:

David Eiszele
Anthony Wooles
Phillip Campbell
James McDonald (resigned on 30 October 2008)
John Atkins

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the provision of asset management, inspection, testing and asset care services to the energy, resources and infrastructure sectors.

Review of operations

PearlStreet Limited reported a statutory net profit after tax of \$2.5 million for the half year ended December 31 2008, a 201 percent increase on the previous corresponding period. On this basis, statutory earnings per share was 3.36 cents up from 1.62 cents previously, and the Directors have declared a fully franked interim dividend of 1.6 cents per share, 0.6 cents previously.

The Company recorded a 23.6 percent increase in revenue to \$50.3 million in the first half of FY09. This compares with \$40.7 million for the first half ending December 2007.

The strong half year performance is due to market share gains, new contracts and an optimised cost structure have lead to a strong half year performance.

Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased 59% to \$6.7 million, versus \$4.2 million for the first half of FY08. This represents an EBITDA margin of 13.4 percent. Underlying NPAT was \$2.7 million, after adjusting for amortisation of customer related intangibles, corresponding to underlying earnings per share of 3.68 cents per share.

Net operating cash inflow increased to \$5.9 million from \$1.4 million in the half year ending December 31, 2007 reflecting the benefits of post – acquisition integration synergies and rigorous working capital management.

Over the six months since June 2008, net debt reduced to \$42.55 million versus \$48.2 million in FY08. On the back of this strong earnings performance, the company remains focused on continuing to reduce gearing levels for the remainder of FY09.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 30 January 2009 the directors declared a fully franked dividend of 1.6 cents per ordinary share to be paid on 31 March 2009, a total estimated distribution of \$1,202,000 based on the number of ordinary shares on issue as at 16 March 2009.

On 13 January 2009 the BankWest overdraft facility of \$6,200,000 was refinanced until 30 November 2009.

Apart from the matters discussed above, no other matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this interim report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

PearlStreet Limited
Directors' report
31 December 2008

Environmental regulation

The consolidated entity's operations are subject to various environmental regulations under the laws of the Commonwealth and State. The directors are not aware of any material breaches of these environmental regulations during the financial half-year or subsequent to the financial half-year end.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Rounding of amounts

The company is of a 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. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars.

This report is made in accordance with a resolution of directors.

On behalf of the directors



Anthony Wooles
Director

Dated this 23rd day of February 2009
Melbourne

PricewaterhouseCoopers
ABN 52 780 433 757

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2 Southbank Boulevard
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GPO Box 1331L
MELBOURNE VIC 3001
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Website:www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the review of PearlStreet Limited for the half year ended 31 December 2008, 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 PearlStreet Limited and the entities it controlled during the period.



Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
23 February 2009

PearlStreet Limited
Financial report
For the half-year ended 31 December 2008

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General information

This financial report covers PearlStreet Limited as a consolidated entity consisting of PearlStreet Limited and its subsidiaries. The financial report is presented in Australian currency.

PearlStreet Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 19, HWT Tower
40 City Road
Southbank VIC 3006

A description of the nature of the consolidated entity's operations and its principal activities is included in the directors' report, which is not part of this financial report.

The financial report was authorised for issue by the directors on 23 February 2009.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our Investor Relations page on our website: www.pearlstreet.com.au.

PearlStreet Limited
Income statement
For the half-year ended 31 December 2008

		Consolidated Half-year	
	Note	2008 \$'000	2007 \$'000
Revenue from continuing operating activities	3	50,272	40,664
Expenses			
Raw materials and consumables used		(7,907)	(4,250)
Employee benefits expense		(30,085)	(26,273)
Depreciation and amortisation expense		(1,303)	(1,747)
Consultancy and professional expenses		(1,019)	(866)
Rent and outgoings		(854)	(980)
Other expenses		(3,692)	(4,068)
Finance costs	4	<u>(1,990)</u>	<u>(1,416)</u>
Profit before income tax expense		3,422	1,064
Income tax expense		<u>(948)</u>	<u>(243)</u>
Profit after income tax expense attributable to members of PearlStreet Limited		<u><u>2,474</u></u>	<u><u>821</u></u>
		Cents	Cents
Basic earnings per share		3.36	1.62
Diluted earnings per share		3.36	1.62

The above income statement should be read in conjunction with the accompanying notes

PearlStreet Limited
Balance sheet
As at 31 December 2008

		Consolidated	
		31 December	30 June
	Note	2008	2008
		\$'000	\$'000
Current assets			
Cash and cash equivalents	5	222	227
Trade and other receivables	6	13,155	16,197
Inventories		711	514
Derivative financial instruments		-	253
Income tax receivable		108	979
Other financial assets		5,007	4,033
Total current assets		<u>19,203</u>	<u>22,203</u>
Non-current assets			
Property, plant and equipment		11,602	10,541
Intangibles		43,493	43,566
Deferred tax		2,701	2,109
Total non-current assets		<u>57,796</u>	<u>56,216</u>
Total assets		<u>76,999</u>	<u>78,419</u>
Current liabilities			
Trade and other payables		4,486	5,779
Borrowings	7	13,308	15,228
Derivative financial instruments		1,618	-
Provisions		4,542	4,495
Other financial liabilities		1,526	1,380
Total current liabilities		<u>25,480</u>	<u>26,882</u>
Non-current liabilities			
Borrowings	8	29,242	32,992
Deferred tax		2,321	2,409
Provisions		1,446	1,407
Retirement benefit obligations		227	60
Total non-current liabilities		<u>33,236</u>	<u>36,868</u>
Total liabilities		<u>58,716</u>	<u>63,750</u>
Net assets		<u>18,283</u>	<u>14,669</u>
Equity			
Contributed equity	9	17,011	13,767
Reserves		(1,331)	96
Retained profits		2,603	806
Total equity		<u>18,283</u>	<u>14,669</u>

The above balance sheet should be read in conjunction with the accompanying notes

PearlStreet Limited
Statement of recognised income and expense
For the half-year ended 31 December 2008

	Consolidated	
	Half-year	
	2008	2007
	\$'000	\$'000
Cash flow hedges, net of tax	(1,310)	-
Actuarial (losses)/gains on retirement benefit obligation, net of tax	(117)	-
	<hr/>	<hr/>
Net income recognised directly in equity	(1,427)	-
Profit after income tax expense	2,474	821
	<hr/>	<hr/>
Total recognised income and expense for the financial half-year	<u>1,047</u>	<u>821</u>

The above statement of recognised income and expense should be read in conjunction with the accompanying notes

PearlStreet Limited
Cash flow statement
For the half-year ended 31 December 2008

	Note	Consolidated Half-year	
		2008 \$'000	2007 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		58,151	45,819
Payments to suppliers and employees (inclusive of GST)		<u>(50,527)</u>	<u>(42,001)</u>
		7,624	3,818
Interest received		35	31
Other revenue		32	423
Interest and other finance costs paid		(1,990)	(1,416)
Income taxes refunded		772	-
Income taxes paid		<u>(527)</u>	<u>(1,413)</u>
Net cash inflow from operating activities		<u>5,946</u>	<u>1,443</u>
Cash flows from investing activities			
Payment relating to acquisitions	12	(10)	(46,472)
Payments for property, plant and equipment		(1,296)	(932)
Proceeds from sale of property, plant and equipment		<u>19</u>	<u>162</u>
Net cash (outflow) from investing activities		<u>(1,287)</u>	<u>(47,242)</u>
Cash flows from financing activities			
Proceeds from issue of shares	9	3,331	4,821
Proceeds from borrowings		-	42,270
Share issue transaction costs	9	(87)	(276)
Dividends paid	10	(677)	(234)
Repayment of borrowings		<u>(5,346)</u>	<u>(4,001)</u>
Net cash inflow/(outflow) from financing activities		<u>(2,779)</u>	<u>42,580</u>
Net increase/(decrease) in cash and cash equivalents		1,880	(3,219)
Cash and cash equivalents at the beginning of the financial half-year		<u>(3,332)</u>	<u>(3)</u>
Cash and cash equivalents at the end of the financial half-year	5	<u><u>(1,452)</u></u>	<u><u>(3,222)</u></u>

The above cash flow statement should be read in conjunction with the accompanying notes

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 1. Significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This 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 2008 and any public announcements made by the company 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 consolidated entity's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. In order to maintain costs, in the current market, the consolidated entity is presently focused on reducing the cost of debt and this may occur through the issue of new shares or a reduction in dividends paid. All free cash flows, after scheduled and pre-committed debt repayments, dividend payments and other capital commitments, are intended to be applied to additional debt repayments. The Board believes that will maximise shareholder returns over the long term.

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current parent entity's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these are given priority in all capital risk management decisions. There have been no breaches in the financing arrangement covenants during the financial half-year.

The Directors have followed the recent volatility in global credit markets very closely. The Board has closely monitored cash flow and remained in close contact with our banking partners. Shortly after financial half-year end the consolidated entity renewed its overdraft finance facility.

The Board retains an active commitment to capital risk management and the overall strategy remains unchanged from the 30 June 2008 financial report.

Note 2. Segment information

The consolidated entity operates in one business segment being the provision of asset management, inspection, testing and asset care services to the energy, resources and infrastructure sectors; and in one geographical segment being Australia.

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 3. Revenue

	Consolidated Half-year	
	2008	2007
	\$'000	\$'000
From continuing operations		
<i>Sales revenue</i>		
Services	50,205	40,210
	<u>50,205</u>	<u>40,210</u>
<i>Other revenue</i>		
Interest received	35	31
Other revenue	32	423
	<u>67</u>	<u>454</u>
Revenue from continuing operations	<u>50,272</u>	<u>40,664</u>

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 4. Expenses

	Consolidated Half-year	
	2008	2007
	\$'000	\$'000
Profit before income tax includes the following specific items:		
Expenses		
<i>Depreciation</i>		
Buildings	21	1
Leasehold improvements	97	24
Plant and equipment	769	974
Motor vehicles	80	257
	<hr/>	<hr/>
Total depreciation	967	1,256
	<hr/>	<hr/>
<i>Amortisation</i>		
Customer contracts	336	491
	<hr/>	<hr/>
Total amortisation	336	491
	<hr/>	<hr/>
<i>Finance costs</i>		
Interest and finance charges paid/payable	1,990	1,416
	<hr/>	<hr/>
Finance costs expensed	1,990	1,416
	<hr/>	<hr/>
<i>Net loss on sale</i>		
Net loss on sale of property, plant and equipment	-	10
	<hr/>	<hr/>
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	674	792
	<hr/>	<hr/>
Total rental expense relating to operating leases	674	792
	<hr/>	<hr/>
<i>Defined contribution superannuation expense</i>		
Defined contribution superannuation expense	1,670	1,510

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 5. Current assets - cash and cash equivalents

	Consolidated	
	31 December	30 June
	2008	2008
	\$'000	\$'000
Cash on hand	13	17
Cash at bank	209	210
	<u>222</u>	<u>227</u>

	Consolidated	
	31 December	31 December
	2008	2007
	\$'000	\$'000
<i>Reconciliation to cash at the end of the half-year</i>		
For the purpose of the half-year cash flow statement, cash and cash equivalents at the end of the financial half-year are reconciled as follows:		
Cash on hand	13	16
Cash at bank	209	930
Bank overdraft (note 7)	(1,674)	(4,168)
	<u>(1,452)</u>	<u>(3,222)</u>
Balance as per cash flow statement	<u>(1,452)</u>	<u>(3,222)</u>

Note 6. Current assets - trade and other receivables

	Consolidated	
	31 December	30 June
	2008	2008
	\$'000	\$'000
Trade receivables	12,954	15,865
Less: Provision for impairment of receivables	(15)	(5)
	<u>12,939</u>	<u>15,860</u>
Other receivables	216	337
	<u>13,155</u>	<u>16,197</u>

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 7. Current liabilities - borrowings

	Consolidated	
	31 December	30 June
	2008	2008
	\$'000	\$'000
Bank overdraft	1,674	3,559
Bank loans	9,800	10,750
Other loans	711	-
Lease liability	1,123	919
	<u>13,308</u>	<u>15,228</u>

Refer to note 8 for further information.

Note 8. Non-current liabilities - borrowings

	Consolidated	
	31 December	30 June
	2008	2008
	\$'000	\$'000
Bank loans	27,032	31,055
Lease liability	2,210	1,937
	<u>29,242</u>	<u>32,992</u>

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	31 December	30 June
	2008	2008
	\$'000	\$'000
Bank overdraft	1,674	3,559
Bank loans	36,832	41,805
Lease liability	3,333	2,856
	<u>41,839</u>	<u>48,220</u>

Assets pledged as security

The bank loan and overdraft of the parent entity are secured by a first ranking fixed and floating charge over the assets and undertakings of the parent entity and subsidiaries, a first ranking share mortgage over the parent entity's shares in subsidiaries, a first ranking mortgage over the consolidated entity's land and buildings and unlimited guarantees and indemnities from the parent entity and subsidiaries.

The lease liabilities are effectively secured as the rights to the leased assets recognised in the balance sheet revert to the lessor in the event of default.

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 8. Non-current liabilities - borrowings (continued)

Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated	
	31 December	30 June
	2008	2008
	\$'000	\$'000
Total facilities		
Bank overdraft	1,674	6,200
Bank loans	37,038	42,038
	<u>38,712</u>	<u>48,238</u>
Used at balance date		
Bank overdraft	1,674	3,559
Bank loans	37,038	42,038
	<u>38,712</u>	<u>45,597</u>
Unused at balance date		
Bank overdraft	-	2,641
	<u>-</u>	<u>2,641</u>

The bank loan as at 31 December 2008 stated in the balance sheet included capitalised borrowing costs of \$206,000 (30 June 2008: \$233,000) which were offset in the balance sheet but not in the table above to reflect the amount used at balance date.

Subsequent to 31 December 2008, the bank overdraft facility was reinstated to \$6,200,000 and this renewed facility expires on 30 November 2009.

Note 9. Equity - contributed

	Consolidated		Consolidated	
	31 December	30 June	31 December	30 June
	2008	2008	2008	2008
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	<u>75,106,956</u>	<u>64,976,408</u>	<u>17,011</u>	<u>13,767</u>

Movements in ordinary share capital during the half-year

Details	Date	No of shares	Issue price	\$'000
Balance	1 July 2008	64,976,408		13,767
Share purchase plan	29 July 2008	7,452,770	\$0.32	2,367
Director's placement	29 July 2008	2,677,778	\$0.36	964
Transaction costs on share issue	29 July 2008	-	\$0.00	(87)
Balance	31 December 2008	<u>75,106,956</u>		<u>17,011</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 10. Equity - dividends

	Consolidated Half-year	
	2008	2007
	\$'000	\$'000
Dividends paid during the half-year	<u>677</u>	<u>772</u>

Note 11. Contingent liabilities

	Consolidated	
	31 December	30 June
	2008	2008
	\$'000	\$'000
Bank guarantees	<u>335</u>	<u>259</u>

Note 12. Business combinations

There have been no acquisitions during the financial half-year ended 31 December 2008.

Accura

On 1 July 2007 PearlStreet Limited acquired PearlStreet Accura Pty Limited (formerly known as Accura Analytical Laboratories Pty Limited), a subsidiary, for \$5,785,000. The principal activity of this subsidiary is chemical testing services to the coalpowered electricity market.

Australian NDT

On 1 July 2007 PearlStreet ETRS Pty Limited, a subsidiary, acquired the business of Australian NDT for \$5,564,000. The principal activity of this business is non-destructive testing.

Metlabs and ITS

On 1 August 2007 PearlStreet Metlabs Pty Limited, a subsidiary, acquired the businesses of Metlabs and ITS from Leighton Holdings for \$36,701,000. The principal activity of the Metlabs business is engineering analysis, condition monitoring, nondestructive testing, metallurgical services and lubrication services. The principal activity of the ITS business is condition monitoring.

PearlStreet Limited
Notes to the financial statements
31 December 2008

Note 13. Events occurring after balance date

On 30 January 2009 the directors declared a fully franked dividend of 1.6 cents per ordinary share to be paid on 31 March 2009, a total estimated distribution of \$1,202,000 based on the number of ordinary shares on issue as at 16 March 2009.

On 13 January 2009 the BankWest overdraft facility of \$6,200,000 was refinanced until 30 November 2009.

Apart from the matters discussed above, no other matter or circumstance has arisen since 31 December 2008 that has significantly affected, or may significantly affect the consolidated entity's operations in future financial years, the results of those operations in future financial years, or the consolidated entity's state of affairs in future financial years.

PearlStreet Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes set out on pages 4 to 19 comply with the Accounting Standards, the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the financial half-year ended on that date;
- there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Anthony Wooles
Director

Dated this 23rd day of February 2009
Melbourne

**Independent auditor's report to the members of
PearlStreet Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of PearlStreet Limited (the company), which comprises the balance sheet as at 31 December 2008, and the income statement, statement of recognised income and expense and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the PearlStreet Limited Group (the consolidated entity). The consolidated entity comprises both PearlStreet Limited 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 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 an Interim 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 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 2008 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 PearlStreet 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

