



**STAGING
CONNECTIONS
GROUP**

27 February 2009

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**STAGING CONNECTIONS GROUP LIMITED (ASX: STG)
ASX ANNOUNCEMENT**

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STG ANNOUNCES HALF YEAR RESULTS TO 31 DECEMBER 2008

Staging Connections Group Limited
ABN 69 083 269 701

Friday 27 February 2009: Staging Connections Group Limited (ASX: STG) has announced its results for the half year to 31 December 2008 (H109).

Highlights

- Sale of Essential Lighting
- Appointment of CEO
- Continuing Support from Bank
- Realignment of operations to meet changing economic conditions

Financial Position

STG CEO Tony Chamberlain said that for H109 the Company achieved Revenue of \$106.3 million, EBITDA of \$10.4 million and EBITA of \$2.3 million.

The Company's reported results for the half year to 31 December 2008 have been adversely impacted by a number of one-off items. These items totalling approximately \$1.3 million are as follows:

- Restructure Initiatives (\$1.1 million)
- Costs related to Strategic Review process (\$0.1 million)
- Costs related to ERP Review process (\$0.1 million)

Additionally, the reported results for the half year include an amount totalling approximately \$1.3 million within remuneration expense that formed part of the deferred consideration payable to vendors of businesses acquired in earlier periods. As the vendors have remained with the acquired businesses, the accounting standards require these amounts to be treated as related to the continuity of employment. Consequently, these amounts are required to be expensed as remuneration in compliance with accounting standards rather than capitalised as part of the Company's investment in the acquisition of the relevant businesses.

After adjusting for these one-off items and the required accounting treatment for the deferred consideration, the normalised performance would be Revenue \$106.3 million (2007 \$93.3 million), EBITDA \$13.1 million (2007 \$14.0 million) and EBITA \$4.9 million (2007 \$7.0 million)

As at 31 December 2008 total assets were \$248.6 million (June 2008: \$253.8 million), equity was \$100.4 million (June 2008: \$96.7 million) and borrowings net of cash were \$82.0 million (June 2008: \$98.1 million). The Company has complied with all of its banking covenants.

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Results Detail

\$m's	31 Dec 08	31 Dec 07
Revenue	106.3	93.3
EBITDA	10.4	14.0
EBITA	2.3	7.0
Goodwill Impairment	(6.2)	-
Loss from Sale of Business - Essential Lighting	(3.9)	-
Profit Before Tax	(12.8)	3.8
Taxation	(1.5)	(0.7)
Profit After Tax	(14.3)	3.1
Profit Attributable to Minority Interests	(0.8)	(1.2)
Profit After Tax Attributable to Members	(15.1)	1.9
EPS (cents)	(13.9)	1.8
Final Dividend per Share (cents)	0	0

Market Conditions

STG is experiencing challenging conditions within its operations due to the impact of the global economic crisis. In response to these challenges, STG has taken steps to realign its people, processes and systems in an effort to reduce costs and introduce labour and supply chain efficiencies throughout its operations. As a result of these measures, STG expects to be in a much stronger position when economic conditions improve.

Business Update

Appointment of CEO

On 5 September 2008 the STG Board announced the appointment of Tony Chamberlain as the Company's CEO. Mr Chamberlain is an experienced senior executive with a strong track record of business development and improving operational and financial performance. Prior to joining STG, he was President of Chubb Australasia, an organisation with a turnover of \$1.2b and more than 12,000 employees.

Immediately after Mr Chamberlain's appointment, he conducted an intensive review of the business and implemented a series of cost cutting and operational efficiency strategies which were outlined at the Company's Annual General Meeting on 19 November 2008.

Business Operations

In STG's core *Integrated Event and AV Services*, Staging Connections delivered over 25,000 events for corporates including Telstra, Commonwealth Bank, and ANZ and in partnership with our many valued agents. Staging Connections secured two new venue partnerships during the period with InterContinental The Rialto Melbourne and Hilton Shanghai and renewed venue contracts with ANZ Stadium and Marriott Surfers Paradise as well as eight hotels under the Hyatt Hotels group agreement for the Grand Hyatt Melbourne, Park Hyatt Melbourne, Hyatt Hotel Canberra, Hyatt Regency Adelaide, Hyatt Regency Coolom and Hyatt Sanctuary Cove.



In *Specialised Event Services*, solid performances were recorded by Gearhouse Staging Connections in Dubai and Bytecraft Entertainment. In Dubai, Gearhouse Staging Connections successfully launched its venue partnership with the prestigious Atlantis the Palm Jumeriah. Bytecraft Entertainment won the super screen and lighting services contract for World Youth Day and delivered services for many theatrical productions including *Wicked* and *High School Musical*. STG announced the sale of its UK based lighting services business, Essential Lighting on 28 October 2008 with proceeds of the sale being used to reduce debt.

STG's architectural and audio visual design business, PointOfView (POV) successfully collaborated with Staging Connections to deliver services to the Melbourne Grand Hyatt Residences and the Westin Sydney. Commissions at Claudelands Event Centre New Zealand and Crown Towers Macau have been expanded and following the completion of its successful commission at Westfield Doncaster, POV has undertaken designs for Westfield Chatswood, Belconnen and Westlakes.

In the *Exhibitions* business, Exhibitions and Trade Fairs successfully delivered a number of high profile exhibitions such as NTX Sydney and the Melbourne and Sydney Motorcycle Shows with space sales and visitor numbers for these events ahead of target.

In *Produced Events*, our Singapore operations delivered a number of events such as the Forbes Global CEO Conference and the inaugural Singapore Human Capital Summit.

ETG Staging Connections (ETGSC) in China commenced H109 with corporate events for the Beijing Olympics for Jet Set Sports, Coca Cola Global and Coca Cola China, George P Johnson and other international agencies. Following the Olympics, ETGSC delivered events for key accounts such as Motorola, HP, Microsoft, NCR and Symantec. In October 2008, ETGSC expanded its venue partnerships portfolio to four with the addition of the Hilton in Shanghai.

ERP Systems Update

As part of the wide ranging review of the STG business, the Company also reviewed the implementation of the ERP system and is undertaking a number of ERP and process improvement programs under the direction of recently appointed CIO, Philip Gardner.

Debt Reduction Strategies

Under CEO Tony Chamberlain STG continues to focus on debt reduction. Together with a new management team, Mr Chamberlain has realigned the operations of the Company in line with the current challenging economic conditions.

STG's debt reduction process commenced with the sale of Essential Lighting in October 2008 with the proceeds of this sale used to pay down debt by \$14.7 million. Future debt reduction activity will include equity raising via a Rights Issue (as separately announced today) and may also include the sale of one or more of STG's businesses as foreshadowed in previous releases. While STG's debt level remains high, the Company continues to have the support of its financial lender.

Interim Dividend

The Company will not declare an interim dividend for the half year to December 2008. The Board of STG are maintaining the focus of the Company on funding growth, reducing debt and strengthening the balance sheet. The Board will consider the reinstatement of dividend payments as soon as practical, consistent with these objectives.

Outlook

It is expected that global financial markets will continue to experience instability in the short to medium term. However the Board believes that its equity raising and debt reduction strategies in combination with the implementation of business efficiency strategies and the continued support of its financial lender, should provide the basis for STG to emerge as a stronger business in the future.

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Ends

About Staging Connections

Staging Connections Group Limited is an international event services company. Operating from 23 bases in Australia, New Zealand and the Pacific, the Middle East, South East Asia and China, STG also has more than 75 venue partnerships with leading five-star hotels and conference centres. STG companies include Staging Connections, AVexpress, Stageworks, Bytecrafft Entertainment, PointOfView, Exhibitions & Trade Fairs, ETG Staging Connections China, Gearhouse Staging Connections Middle East, TEC Staging Connections Singapore and Techmex Staging Connections Singapore, Malaysia and China.

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Staging Connections Group Limited

ABN 69 083 269 701

APPENDIX 4D (Rule 4.2A.3) HALF-YEAR REPORT for the half-year ended 31 December 2008

RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Dec-08 \$'000	Dec-07 \$'000	Inc/(Dec)	Inc/(Dec) %
Revenue from continuing operations	100,420	91,453	8,967	9.8%
(Loss) Profit from continuing operations after tax	(10,594)	2,904	(13,498)	(464.8%)
(Loss) Profit from discontinued operations after tax	(3,693)	157	(3,850)	(2,452.2%)
(Loss) Profit for the half-year	(14,287)	3,061	(17,348)	(566.7%)
Profit attributable to minority interest	769	1,155	(386)	(33.4%)
(Loss) Profit for the half-year attributable to members	(15,056)	1,906	(16,962)	(889.9%)
Basic EPS for continuing operations (cents per share)	(10.5)	1.8	(12.3)	(683.3%)
Diluted EPS for continuing operations (cents per share)	(10.5)	1.8	(12.3)	(683.3%)
Basic EPS for discontinued operations (cents per share)	(3.4)	0.0	(3.4)	n/a
Diluted EPS for discontinued operations(cents per share)	(3.4)	0.0	(3.4)	n/a

DIVIDENDS

	Amount per share (cents)	Franked amount per share (cents)	Tax rate for franking
Interim dividend per share (financial year 2009)	Nil	-	30%
Interim dividend per share (financial year 2008)	Nil	-	30%

NET TANGIBLE ASSET PER SECURITY

	Dec-08	Dec-07	Inc/(Dec)	
Net tangible assets (\$'000)	(27,527)	(36,530)	9,003	
Number of securities	108,598,105	108,598,105	0	
Net tangible assets per security (cents per share)	(25.3)	(33.6)	8.3	



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STAGING CONNECTIONS GROUP LIMITED HALF YEAR REPORT

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Staging Connections Group Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2008.

Directors

The following persons were directors of Staging Connections Group Limited during the half year and until the date of this Report. Directors were in office for this entire period unless otherwise stated.

- Mr John Churchill (Chairman)
- Mr Michael Gardner (Chief Executive Officer) – was a Director from the beginning of the financial year until his resignation on 25 August 2008.
- Mr Antony Chamberlain (Chief Executive Officer) – was appointed as a Director on 15 September 2008 and continues in office at the date of this report.
- Mr John Murphy
- Mr Gregory Robertson
- Mr Bryan Waters

Review and results of operations

Group revenue for the six months ended 31 December 2008 was \$106.3 million (prior period \$93.3 million), with EBITDA of \$10.4 million (prior period 14.0 million). The after tax loss was \$15.1 million (prior period profit of \$1.9 million).

The Company sold its UK based Essential Lighting business during the period and used the cash generated to repay debt. The Company recorded a loss on the sale of this business of \$3.9 million.

The Company undertook an assessment of the carrying value of its acquired operations and made a determination based on current economic conditions that the carrying value of Bytecraft needed to be re-evaluated. The Company took an impairment charge of \$6.2 million for Bytecraft in the period under review.

For further information please contact STG CEO: Tony Chamberlain T +61 2 9556 8888

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Results Detail

\$m's	31 Dec 08	31 Dec 07
Revenue	106.3	93.3
EBITDA	10.4	14.0
EBITA	2.3	7.0
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Taxation	(1.5)	(0.7)
Profit After Tax	(14.3)	3.1
Profit Attributable to Minority Interests	(0.8)	(1.2)
Profit After Tax Attributable to Members	(15.1)	1.9
EPS (cents)	(13.9)	1.8
Final Dividend per Share (cents)	0	0

Operational Initiatives

During the period a new CEO Tony Chamberlain was appointed. Since his appointment Mr Chamberlain has conducted a full review of the business and has identified a number of short term and long term initiatives to restructure operations to reduce costs and improve profitability.

These initiatives have been approved by the Board and are in the process of being implemented.

Debt Reduction

The Board remains committed to its objective of debt reduction.

During the period the Company sold its UK based operation Essential Lighting and used the proceeds to repay debt.

The Board continues to look at debt reduction opportunities by way of an equity raising and potentially selling another operational asset.

Rounding

The amounts contained in the half year financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Auditor's Independence Declaration

We have received an independence declaration from our auditors, PricewaterhouseCoopers, a copy of which follows and forms part of this Directors' Report.



**STAGING
CONNECTIONS
GROUP**

Signed in accordance with a resolution of directors

John Churchill
Chairman
Sydney, 27 February 2009

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Auditors' Independence Declaration

As lead auditor for the review of Staging Connections Group 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 Staging Connections Group Limited and the entities it controlled during the period.



R D Dring
Partner
PricewaterhouseCoopers

Sydney
27 February 2009

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Staging Connections Group Limited
Consolidated income statement
For the half-year ended 31 December 2008

	Notes	Half year	
		2008 \$'000	2007 \$'000
Revenue from continuing operations		100,420	91,453
Other income		1,747	346
Employee benefits		(44,530)	(38,605)
Costs of services rendered		(33,395)	(24,738)
Depreciation and amortisation expenses		(8,449)	(7,510)
Finance costs		(4,153)	(2,312)
Other expenses from ordinary activities	3	(15,133)	(15,053)
Impairment of goodwill	4	(6,198)	-
Share of net profits of associates accounted for using the equity method		38	34
(Loss) profit before income tax		(9,653)	3,615
Income tax expense		(941)	(711)
(Loss) profit after tax from continuing operations		(10,594)	2,904
(Loss) profit from discontinued operations	8	(3,693)	157
(Loss) profit for the half year		(14,287)	3,061
Profit attributable to minority interest		(769)	(1,155)
(Loss) profit attributable to members of Staging Connections Group Limited		(15,056)	1,906
Earnings per share for (loss) profit from continuing operations attributable to the ordinary equity holders of the company:		Cents	Cents
Basic for (loss) profit for the period		(10.5)	1.8
Diluted for (loss) profit for the period		(10.5)	1.8
Earnings per share for (loss) profit from discontinued operations attributable to the ordinary equity holders of the company:			
Basic for (loss) profit for the period		(3.4)	0.0
Diluted for (loss) profit for the period		(3.4)	0.0

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

Staging Connections Group Limited
Consolidated balance sheet
As at 31 December 2008

	Notes	31 December 2008 '000	30 June 2008 '000
ASSETS			
Current assets			
Cash and cash equivalents		16,288	11,861
Trade and other receivables		42,060	38,293
Inventories		1,820	1,999
Total current assets		<u>60,168</u>	<u>52,153</u>
Non-current assets			
Investments accounted for using the equity method		554	516
Property, plant and equipment		50,919	54,378
Intangible assets	4	127,969	136,683
Deferred tax asset		8,946	10,061
Total non-current assets		<u>188,388</u>	<u>201,638</u>
Total assets		<u>248,556</u>	<u>253,791</u>
LIABILITIES			
Current liabilities			
Trade and other payables		39,156	30,189
Borrowings		36,071	33,517
Current tax liabilities		482	1,387
Provisions		5,160	8,817
Total current liabilities		<u>80,869</u>	<u>73,910</u>
Non-current liabilities			
Borrowings		62,256	76,468
Provisions		1,601	2,352
Deferred tax liability		3,388	4,342
Total non-current liabilities		<u>67,245</u>	<u>83,162</u>
Total liabilities		<u>148,114</u>	<u>157,072</u>
Net assets		<u>100,442</u>	<u>96,719</u>
EQUITY			
Contributed equity		183,528	181,174
Reserves		14,520	(1,136)
Accumulated losses		(104,954)	(89,898)
Parent entity interest		93,094	90,140
Minority interest in controlled entity		7,348	6,579
Total equity		<u>100,442</u>	<u>96,719</u>

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

Staging Connections Group Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2008

	Notes	Half year	
		2008 \$'000	2007 \$'000
Total equity at the beginning of the half -year		96,719	106,669
Exchange differences on translation of foreign operations		16,724	185
Other reserves		-	(27)
(Loss) profit for the year		(14,287)	3,061
Total recognised income and expenses for the year		2,437	3,219
Transactions with equity holders in their capacity as equity holders:			
Contribution of equity, net of transaction costs	7	-	5,647
Dividends provided for or paid	6	-	(3,060)
Employee share options		(18)	457
Acquisition of minority interests		-	(4,347)
Restricted share movements		1,304	-
		1,286	(1,303)
Total equity at the end of the half-year		100,442	108,585
Total recognised income and expenses for the half-year is attributable to :			
Members of Staging Connections Group Limited		1,668	2,064
Minority interest		769	1,155
		2,437	3,219

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Staging Connections Group Limited
Consolidated cash flow statement
For the half-year ended 31 December 2008

	Half year	
	2008 \$'000	2007 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	121,046	91,051
Payments to suppliers and employees (inclusive of GST)	(105,369)	(86,915)
Interest received	29	98
Interest paid	(4,146)	(2,416)
Income tax paid	(1,291)	(1,141)
Insurance recovery	481	1,400
Dividends received	-	258
Net cash flows from operating activities	10,750	2,335
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,116)	(9,727)
Payment for capitalised software	(314)	(2,058)
Payment for intangible assets of businesses acquired	-	(11,208)
Proceeds from disposal of property, plant and equipment	167	828
Proceeds from sale of controlled entity, net of cash disposed	16,808	-
Payment for purchase of controlled entities, net of cash acquired	-	(17,053)
Payment for minority interests	-	(6,386)
Payment of deferred settlements	(4,097)	(9,243)
Net cash flows from / (used in) investing activities	4,448	(54,847)
Cash flows from financing activities		
Payment of dividends on ordinary shares	-	(2,613)
Dividends paid to minority interests in subsidiaries	-	(447)
Proceeds from long term borrowings	1,000	47,280
Proceeds from borrowings, hire purchase	1,164	2,575
Repayment of long term borrowings	(13,080)	(1,029)
Repayment of borrowings, hire purchase	(4,696)	(1,388)
Net cash flows from / (used in) financing activities	(15,612)	44,378
Net (decrease) / increase in cash held	(414)	(8,134)
Add opening cash brought forward	2,163	16,137
Effects of exchange rate changes on cash and cash equivalents	3,806	(71)
	5,555	7,932
Reconciliation of Cash		
Cash balance comprises:		
Cash and cash equivalents	16,288	7,932
Bank overdraft	(10,733)	-
	5,555	7,932

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

Staging Connections Group Limited
Notes to the financial statements
31 December 2008

1. Basis of preparation of half-year report

The 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 Staging Connections Group 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.

At 31 December 2008 the consolidated entity had a current net asset deficiency of \$21 million arising in part from increased working capital needs but primarily from a new requirement to repay approximately \$20 million of bank debt by no later than 31 December 2009. This commitment is part of a package of new banking arrangements agreed in February 2009. As part of these negotiations, the Staging Connections Group Limited confirmed its intention to strengthen its balance sheet and reduce its total bank debt.

Having reviewed and considered Staging Connections Group Limited's banking arrangements, forecast profitability and cash flows, and the consolidated entity's intention to strengthen its balance sheet and reduce its total bank debt via a rights issue and asset sale, the directors and management have formed the view that the consolidated entity will continue as a going concern for a period of at least 12 months from the date of this report and consequently will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report for the Consolidated Entity has therefore been prepared on a going concern basis.

2. Segment information

Primary reporting format - geographic segments

	ANZPAC		Asia		EMEA		Unallocated		Total Continuing Operations		Discontinued Operation (Note 8)		Total	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total segment revenue and other income	65,699	63,418	28,059	20,662	8,409	7,191	-	528	102,167	91,799	4,135	1,489	106,302	93,288
Share of net profits of associates	-	34	-	-	38	-	-	-	38	34	-	-	38	34
Total revenue and other income	65,699	63,452	28,059	20,662	8,447	7,191	-	528	102,205	91,833	4,135	1,489	106,340	93,322
Segment result	(1,979)	7,655	2,317	2,098	847	1,653	(10,838)	(7,791)	(9,653)	3,615	(3,159)	227	(12,812)	3,842
(Loss) profit before income tax	(1,979)	7,655	2,317	2,098	847	1,653	(10,838)	(7,791)	(9,653)	3,615	(3,159)	227	(12,812)	3,842

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Staging Connections Group Limited
Notes to the financial statements (cont.)
31 December 2008

3. Other expenses from ordinary activities

	Half year	
	2008	2007
	\$'000	\$'000
Audit fees	556	333
Advertising & marketing	901	1,087
Bad and doubtful debts	44	48
Bank fees	340	478
Communications	1,137	954
Consulting & professional fees	1,178	713
Insurance	350	394
Operating lease rental	1,568	2,946
Other	2,294	910
Repairs and maintenance	853	950
Payroll tax	1,734	1,648
Subcontractors	2,625	2,373
Travelling & accommodation	1,553	2,219
Total other expenses from ordinary activities	15,133	15,053

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Staging Connections Group Limited
Consolidated income statement
For the half-year ended 31 December 2008

4. Intangible assets

	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	Trademarks	Goodwill	Formation Costs	Customer Contracts	Brand Name	Restrictive Covenant	Software	Total
At 30 June 2008								
Cost (gross carrying amount)	97	120,441	11	10,499	4,923	1,236	7,517	144,724
Accumulated amortisation and impairment	(39)	(5,291)	(11)	(2,062)	-	(638)	-	(8,041)
Net carrying amount	58	115,150	-	8,437	4,923	598	7,517	136,683
Six month period ended 31 Dec 2008								
Opening net book amount	58	115,150	-	8,437	4,923	598	7,517	136,683
Additions	10	104	-	-	-	-	314	428
Divestment of subsidiary	-	(11,865)	-	(2,724)	(1,125)	-	-	(15,714)
Exchange differences	-	11,600	-	186	206	1,539	-	13,531
Amortisation	(4)	-	-	(580)	-	(111)	(66)	(761)
Impairment of Bytecraft goodwill	-	(6,198)	-	-	-	-	-	(6,198)
Closing net book amount	64	108,791	-	5,319	4,004	2,026	7,765	127,969
At 31 Dec 2008								
Cost (gross carrying amount)	107	117,305	13	8,172	4,004	2,750	7,831	140,182
Accumulated amortisation and impairment	(43)	(8,514)	(13)	(2,853)	-	(724)	(66)	(12,213)
Net carrying amount	64	108,791	-	5,319	4,004	2,026	7,765	127,969

Staging Connections Group Limited
Notes to the financial statements (cont.)
31 December 2008

5. Deferred cash consideration

The table below outlines the balances remaining relating to deferred consideration for acquisitions occurring in prior years.

	31 December 2008 \$'000	30 June 2008 \$'000
Exhibitions and Trade Fairs	857	1,000
RSVP Sydney and Melbourne exhibition event	-	803
Matex and Landscape exhibition events	135	360
RSVP London exhibition event	-	1,059
RSVP North Limited	-	430
Essential Lighting Group Limited	-	590
Point of View Design business	302	594
	1,294	4,836

Deferred cash consideration relates to the outstanding payments due to the vendors of the businesses acquired.

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Staging Connections Group Limited
Notes to the financial statements (cont.)
31 December 2008

6. Dividends

	2008	2007
	\$'000	\$'000
Ordinary shares		
Dividends provided for or paid during the half-year	-	2,613
Dividends paid to minority interests	-	447
	<u>-</u>	<u>3,060</u>
Dividends not recognised at the end of the half-year		
The directors have not declared an interim dividend during the half year (2007: Nil)	-	-
	<u>-</u>	<u>-</u>

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Staging Connections Group Limited
Notes to the financial statements (cont.)
31 December 2008

7. Equity securities issued

	2008	2007	2008	2007
	Shares	Shares	\$'000	\$'000
Issues of ordinary shares during the half-year				
Restricted share issue - acquisition of the remaining 49% minority interest in ETG Staging Connections (HK) Limited	-	2,028,165	-	2,768
Restricted share issue - acquisition of the business carried on by Point of View Design Pty Limited	-	814,038	-	1,125
Restricted share issue - acquisition of the remaining 30% minority interest in TEC Staging Connections Pte Limited	-	1,236,654	-	1,765
	<u>-</u>	<u>4,078,857</u>	<u>-</u>	<u>5,658</u>

During the six months ended 31 December 2008, 1,689,393 of the above restricted shares were released from escrow and distributed to the respective vendors.

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Staging Connections Group Limited
Notes to the financial statements (cont.)
31 December 2008

8. Discontinued Operations

a) Description

On 28 October 2008 the Company sold its 100% interest in the specialist event lighting production business Essential Lighting Group Limited, based in the United Kingdom.

b) Financial performance

The financial performance information presented is for the four months ended 28 October 2008 and the two months ended 31 December 2007.

	Half year	
	2008	2007
	\$'000	\$'000
Revenue	4,135	1,489
Expenses	(3,404)	(1,262)
Profit before income tax	731	227
Income tax expense	(534)	(70)
Profit after income tax	197	157
<u>Sale of discontinued operations</u>		
Loss on sale of the company before income tax	(3,890)	-
Income tax expense	-	-
Loss on sale of the company after income tax	(3,890)	-
(Loss) profit from discontinued operations	(3,693)	157

c) Carrying amounts of Assets and Liabilities

The carrying amounts of assets and liabilities as at the date of sale (28 October 2008) and 30 June 2008 are:

	28 Oct	30 June
	2008	2008
	\$'000	\$'000
Assets		
Cash	305	601
Receivables and other assets	2,405	3,724
Property, Plant, and Equipment	7,592	6,463
Inventory	118	92
Intangible Assets	15,714	13,053
Total Assets	26,134	23,933
Liabilities		
Trade and other creditors	875	995
Provisions	1,526	777
Deferred tax liability	-	872
Borrowings and other liabilities	2,748	2,660
Total Liabilities	5,149	5,304
Net assets attributable to discontinued operations	20,985	18,629

Staging Connections Group Limited
Notes to the financial statements (cont.)
31 December 2008

8. Discontinued Operations (continued)

d) Details of the sale of the company

	<u>Half Year 2008 \$'000</u>
Consideration received or receivable:	
Total consideration	17,112
Repayment of debt	<u>(2,748)</u>
Net cash received	14,364
Disposal consideration not yet received	<u>127</u>
Total disposal consideration	14,491
FCTR realised	2,604
Carrying amount of net assets sold	<u>(20,985)</u>
Loss on sale before income tax	<u>(3,890)</u>
Income tax expense	-
Loss on sale after income tax	<u>(3,890)</u>

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9. Contingencies

Guarantees

The Parent has guaranteed commercial hire purchase agreements for controlled entities in the amount of \$4,988,000 (2008: \$6,733,000).

The Parent has also guarantees on behalf of the group in relation to leasing of properties in the amount of \$501,000 (2008: \$750,000) .

These guarantees may give rise to liabilities in the Parent if the subsidiaries do not meet their obligation under the terms of the leases and other liabilities subject to the guarantees. No material losses are anticipated in respect to any of these contingencies.

AAV Regency legal proceedings

AAV Australia Pty Limited (a subsidiary of Staging Connections Group Limited) was successful in legal proceedings commenced against Regency Media Pty Ltd arising from the failure of Regency to pay 51% of a debtor payment received on date of settlement sale. Judgment was made by the District Court in favour of AAV Australia Pty Ltd on 26 June 2008 for \$567,744 plus interest of \$109,584 and AAV's costs agreed as \$130,000. As at 31 December 2008, the financial benefit of this favourable court judgment is not reflected in the financial results as it is the subject of an appeal by Regency. A bank guarantee in favour of Regency for \$895,000 has been issued as security for repayment of the court judgement should Regency's appeal be successful.

AAV Duplication Services

As part of the sale of AAV Australia Pty Ltd's (AAV) interest in AAV Duplication Services in 2006, AAV provided an indemnity to the purchaser in relation to any unpaid royalties up to the date of sale. No claims for any unpaid royalties are outstanding and it is unlikely that any further costs will arise in relation to this indemnity.

10. Events occurring after balance sheet date

No subsequent events have occurred after the balance sheet date.



27 February 2009

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ABN 69 083 269 701

DIRECTORS DECLARATION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

1. In the directors' opinion:

- a) the financial statements and the notes set out on pages 10 to 23 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 consolidated entity's financial position as at 31 December 2008 and of its performance as represented by the results of its operations, changes in equity and cash flows, for the half-year ended on that date; and
- b) there are reasonable grounds to believe that Staging Connections Group Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

On behalf of the Board

John Churchill
Chairman

Tony Chamberlain
Director

Sydney, 27 February 2009

Independent auditor's review report to the members of Staging Connections Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Staging Connections Group Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Staging Connections Group Limited (the consolidated entity). The consolidated entity comprises both Staging Connections Group Limited (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 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 of Staging Connections Group 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>.

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**Independent auditor's review report to the members of
Staging Connections Group Limited (continued)**

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Company for the half-year ended 31 December 2008 included on Staging Connection Group Limited's web site. The company's directors are responsible for the integrity of the Staging Connections Group Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

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 Staging Connections Group 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 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



R D Dring
Partner

Sydney
27 February 2008

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