

**APPENDIX 4E
PRELIMINARY FINAL REPORT**



**ABN 57 010 597 672
30 JUNE 2020**

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This report covers the consolidated entity consisting of Stream Group Limited and its controlled entities.

The financial report is presented in Australian Dollars (unless otherwise stated).

APPENDIX 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Report for the financial year ended 30 June 2020

Previous corresponding period is the financial year ended 30 June 2019

Revenue from ordinary activities (Appendix 4E item 2.1)	Down	33%	to	682,406
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Profit/(loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.2)	Down	67%	to	(1,161,452)
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Net profit/(loss) for the period attributable to members (Appendix 4E item 2.3)	Down	67%	to	(1,161,452)
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Dividends (Appendix 4E item 2.4)	<u>Amount per security</u>	<u>Franked amount per security</u>
Interim dividend	\$0.02	\$0.02
Final dividend	Nil	Nil

Record date for determining entitlements to the final dividend (Appendix 4E item 2.5)

Not applicable.

NTA backing	30-Jun-20	30-Jun-19
Net tangible asset backing per ordinary share (cents)	0.18	1.43

RESULTS FOR ANNOUNCEMENT TO THE MARKET (Continued)

Appendix 4E item 14

REVIEW OF OPERATIONS

For the year to 30 June 2020 Stream Group Ltd ("Stream") incurred a net loss of \$1.2 million. The financial results for the year were impacted by two significant events. On the positive side, during the year a final earn-out payment of \$1.5 million, net of fee rebates, was received from the sale in 2017 of the New Zealand claims management business. On the negative side, tied to the higher earn-out payment was an obligation for Stream to reduce the fees it charges the purchaser of the business. This has resulted in a non-cash impairment charge of \$1.8 million relating to the value of the Group's software. Covid-19 has not affected our ability to provide our services since our staff can in the main work from home. It has, however, had an indirect impact in that the software business in experienced reduced demand from its clients.

As previously announced, Stream has entered into an agreement to purchase 100% of the issued capital of Mayfield Group Investments Pty Ltd ("Mayfield") for \$25 million with the purchase being satisfied by the issue of new shares in Stream. Founded in 1936 Mayfield is a profitable specialist engineering group of companies supplying electrical products and services for critical infrastructure and facilities throughout Australia. The purchase price represents a multiple of 5.9 times Mayfield's 2020 pre-tax profits, and the shares being offered in consideration will be issued at a 48% premium to Stream's asset backing as at 30 June 2020.

The Mayfield transaction is subject to the approval of Stream shareholder. An independent expert has been commissioned to prepare a report for shareholders, and when this is ready it together with the Notice of Meeting and an Explanatory Memorandum will be forwarded to shareholders. This is expected to happen within the next two weeks. Directors are confident that if the transaction is approved, it will prove transformative for Stream.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Appendix 4E item 3

	30-Jun-20	30-Jun-19
	\$	\$
Revenue from continuing operations		
Sales revenue	682,406	1,012,903
Other revenue	1,713,316	233,513
Total revenue from continuing operations	2,395,722	1,246,416
Expenses		
Employee benefits expense	638,521	558,364
Depreciation and amortisation expenses	1,647	3,043
Finance costs	10	151
Impairment of Assets	1,785,504	2,912,243
IT Hosting	113,683	214,592
Accounting and Audit	93,154	101,907
External Contractors	417,185	417,041
Legal	46,933	90,806
Other Expenses	278,091	516,638
Total expenses	3,374,728	4,814,785
Profit / (Loss) before related income tax expense	(979,006)	(3,568,369)
Income tax (expense)/benefit	(182,446)	(48,267)
Profit / (Loss) for the year	(1,161,452)	(3,520,102)
Other comprehensive income that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(53,379)	514,844
Total other comprehensive income for the year, net of tax	(53,379)	514,844
Total comprehensive income for the year	(1,214,831)	(3,005,258)
Profit / (Loss) for the year attributable to:		
Members of Stream Group Limited	(1,161,452)	(3,520,102)
Non-controlling interests	-	-
	(1,161,452)	(3,520,102)
Total comprehensive income for the year attributable to:		
Members of Stream Group Limited	(1,214,831)	(3,005,258)
Non-controlling interests	-	-
	(1,214,831)	(3,005,258)
Earnings per share (EPS)	June	June
	2020	2019
Basic EPS (cents)	(0.50)	(1.38)
Diluted EPS (cents)	(0.50)	(1.38)
	Number	Number
Weighted average number of ordinary shares used as denominator in calculating basic earnings per share	244,692,082	218,305,344

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Appendix 4E item 4

	30-Jun-20	30-Jun-19
	\$	\$
CURRENT ASSETS		
Cash and cash equivalents	2,770,681	2,666,038
Trade and other receivables	221,646	537,825
Other current assets	84,389	68,150
Total current assets	3,076,716	3,272,013
NON CURRENT ASSETS		
Property, plant & equipment	939	2,586
Deferred tax assets	58,370	243,643
Intangible assets	250,279	2,082,679
Other non-current assets	-	110,091
Total non-current assets	309,588	2,438,999
Total assets	3,386,304	5,711,012
CURRENT LIABILITIES		
Trade and other payables	358,123	407,550
Provisions	60,816	74,437
Total current liabilities	418,939	481,987
Total liabilities	418,939	481,987
Net Assets	2,967,365	5,229,025
EQUITY		
Issued capital	3,787,582	514,483
Reserves	(309,626)	(256,247)
Retained earnings	(510,591)	4,970,789
Total equity	2,967,365	5,229,025

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Appendix 4E item 6

	Issued Capital \$	Reserves \$	Retained Earnings \$	Total \$	Non- Controlling Interests \$	Total Equity \$
Balance at 1 July 2018	8,014,483	(771,091)	990,891	8,234,283	-	8,234,283
Profit/(loss) for the period	-	-	(3,520,102)	(3,520,102)	-	(3,520,102)
Other comprehensive income/(loss) for the period	-	514,844	-	514,844	-	514,844
Total comprehensive income/(loss) for the period	-	514,844	(3,520,102)	(3,005,258)	-	(3,005,258)
Transactions with owners in their capacity as owners:						
Reduction in share capital	(7,500,000)	-	7,500,000	-	-	-
Foreign currency translation reserve	-	-	-	-	-	-
Share based payment reserve	-	-	-	-	-	-
Dividends provided for or paid	-	-	-	-	-	-
Balance at 30 June 2019	514,483	(256,247)	4,970,789	5,229,025	-	5,229,025
Balance at 1 July 2019	514,483	(256,247)	4,970,789	5,229,025	-	5,229,025
Profit/(loss) for the period	-	-	(1,161,452)	(1,161,452)	-	(1,161,452)
Other comprehensive income/(loss) for the period	-	(53,379)	-	(53,379)	-	(53,379)
Total comprehensive income/(loss) for the period	-	(53,379)	(1,161,452)	(1,214,831)	-	(1,214,831)
Transactions with owners in their capacity as owners:						
Shares issued during the year	3,273,099	-	-	3,273,099	-	3,273,099
Foreign currency translation reserve	-	-	-	-	-	-
Revaluation Reserve	-	-	-	-	-	-
Share based payment reserve	-	-	-	-	-	-
Dividends provided for or paid	-	-	(4,319,928)	(4,319,928)	-	(4,319,928)
Balance at 30 June 2020	3,787,582	(309,626)	(510,591)	2,967,365	-	2,967,365

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Appendix 4E item 5

	30-Jun-20	30-Jun-19
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,167,742	962,571
Interest received / (paid)	24,250	62,807
Payments to Suppliers and Employees	(1,717,696)	(1,682,703)
Income taxes refunded / (paid)	-	-
Net operating cash flows	(525,704)	(657,325)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of assets	1,630,000	-
Payments for property, plant and equipment	-	(1,965)
Loans repaid to related parties	-	-
Loans received from related parties	-	-
Net investing cash flows	1,630,000	(1,965)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	-
Repayment of borrowings	-	-
Dividends Paid	(1,046,829)	-
Net financing cash flows	(1,046,829)	-
Net increase / (decrease) in cash held		
Net increase / (decrease) in cash held	57,467	(659,290)
Cash at the beginning of the period	2,666,038	3,102,185
Effects of exchange rates on balance of cash held	47,176	223,143
Cash at the end of the financial period	2,770,681	2,666,038

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. CONTROLLED ENTITIES ACQUIRED OR DISPOSED OF

Appendix 4E item 10

Nil

2. DIVIDENDS

Appendix 4E item 7

A fully franked interim dividend of \$0.02 was paid on 26 June 2020. It is not proposed to pay a final dividend.

3. EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no significant events after the reporting period.

4. BASIS OF PREPARATION

The financial information provided in the Appendix 4E is based on the draft Annual Financial report, which has been prepared in accordance with Australian Accounting Standards

5. AUDIT OF THE FINANCIAL REPORT

The financial report is in the process of being audited.