STREAM GROUP LIMITED
(FORMERLY LONGREACH GROUP LIMITED)
AND CONTROLLED ENTITIES

ABN: 57 010 597 672

Annual Report For The Year Ended
30 June 2014

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Financial Report For The Year Ended 30 June 2014

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STREAM GROUP LIMITED ABN: 57 010 597 672
CHAIRMAN'S REPORT

Fellow shareholders, I am pleased to present the Company results for the 2014 financial year. Despite very benign market conditions in Australia for FY14, we have continued to invest in the business; innovating new and exciting products, expanding geographical markets, expanding business support resources and increasing leadership capability.

2014 Headlines

1. Successful listing on ASX
2. Major UK Client secured
3. Continued transformation of Cerno towards breakeven
4. Xactware licence agreement for Australia and New Zealand
5. QuSol platform launched

Claim Services

Despite a benign market in Australia affecting profitability we are well positioned to capitalize on a return to normal operating conditions. The business has focused on building an experienced and capable team through the recruitment of key executives and bolstering infrastructure across all business divisions.

Whilst the Cerno transformation and integration has taken much longer, and required more capital than anticipated; through restructuring of products/services and staff engagement, the future is showing very positive signs.

The integration of National Insurance Replacement Services (NIRS) will enable the group to broaden our capability with a number of new clients in the pipeline and increased revenue opportunities.

Our UK investment received a significant boost with the first major client win in Ageas. With 5 individual clients already, and strong signs this will continue to grow, we are excited about this achievement and the opportunity for continued growth in the UK.

New Zealand continues to be strong with engaged staff, positive management and excellent client relationships contributing to a positive future outlook.

Strategy 2015

The Cerno and NIRS integration in Australia will significantly increase the number of clients and provide additional revenue of over $25 million on an annualised basis.

A strong focus will be placed on winning new clients in Australia and New Zealand with a range of expertise and claims services available, we will be looking to expand products into existing clients.

We will continue to work with our office in the UK to expand growth.

Reducing operating costs has been and will continue to remain a key strategy in contributing to the success of the group.

Software Service

The AcClaim platform continues to be developed to provide the claims services business with a unique value proposition not available to its competitors.

Insurtech's partnership with Xactware who provide integrated software and estimating solutions direct to tier 1, 2 and 3 insurers gives Insurtech an exciting opportunity to attract new clients.

The launch of Insurtech's proprietary software application "QuSol" to our supply chain and a non-insurance customer base has been well received. Market feedback has been very positive, with a number of recent sales being to customers that are dropping existing systems in favour of QuSol due to the unique value proposition.

Strategy 2015

There are strong signals that Insurtech will be able to get solid penetration of the Xactware platform in 2015 building into 2016.

Continued focus will be placed on sales of the QuSol platform after a strong market launch.

In addition to expanding revenue opportunities, Insurtech is also exploring opportunities to reduce cash expenditure on the AcClaim platform through partnerships whilst still delivering a product that differentiates our claim services product lines.

Conclusion

We are confident that our ongoing investments position Stream well for the future enabling us to meet the challenges and opportunities resulting from our operating environments globally.

Christian Bernecker (Chairman)

Dated: 24 September 2014

STREAM GROUP LIMITED ABN: 57 010 597 672
OPERATING AND FINANCIAL REVIEW

Principal Activities

The principal activities of the consolidated group during the financial year were:

- management of insurance claims;
- development of software and online product distribution platform;

The operations are conducted in Australia, New Zealand and the United Kingdom.

Significant Changes to Activities

Stream Group Limited (formerly Longreach Group Limited) acquired Stream Group Consolidated Pty Ltd and its subsidiaries on 10 April 2014. This effectively changed Stream Group Limited's (formerly Longreach Group Limited) activities from a dormant 'cash box' to a trading entity engaged in the principal activities as outlined above. Further details in relation to the acquisition and the treatment for accounting purposes can be found in the notes to the financial statements. There were no other significant changes in the nature of the Consolidated Group's principal activities during the financial year.

Our Business Model and Objectives

Stream's business model is to leverage customers, supply chains and data to create a unique integrated model.

Stream utilises the AcClaim Platform, a web-based proprietary system developed and maintained by Stream with a team of 28 people dedicated to developing and enhancing the systems.

The AcClaim platform is a workflow management tool that allows Stream to manage high volume, low value building and contents claims efficiently. The online platform is accessible through a range of mobile devices to facilitate a flexible work environment. Insurtech has made a significant investment in its IT systems over the last 5 years to give the business a sustainable competitive advantage in the marketplace.

Stream's objectives and strategy for growth are, in order of priority, to:

- Increase revenue by expansion of its claims management services both organically and through acquisition.
- Continue to drive efficiencies through improvements to AcClaim and Stream's internal processes.
- Develop new revenue streams through the deployment of its AcClaim workflow management tool and 'QuSol' to insurance customers.
- Develop new revenue streams utilising the information obtained by Stream in its claims services business for supply to insurance and non-insurance customers, through products such as Stream Connect.

Operating Results

The loss of the consolidated group amounted to $2,381,811 after providing for income tax and eliminating non-controlling equity interests. This represented a 172.30% decrease on the results reported for the year ended 30 June 2013. The significant decrease was largely a result of decreased sales from the Australian operations due to the benign claims environment across the insurance industry. Further discussion of the consolidated group's operations is provided below.

Review of Operations

(i) Australia

The Australian claims environment has been well below historical claims volumes, as demonstrated by the significant increase in profitability for insurance companies. These challenging conditions have affected the Australian operations significantly. The conditions in Australia have also significantly impacted on an associate of the Group, Cerno Limited. As a result of the losses incurred by Cerno Limited the carrying value of the investment in the company has been written down to nil as at 30 June 2014.

(ii) New Zealand

The New Zealand insurance industry continued to see high volumes of claims due to the continued impact of the earthquake disasters in recent years. These conditions have favoured the New Zealand operations and as a result the segment has been very profitable. Please refer to the notes to the financial statements for details on performance of each segment.

(iii) United Kingdom

The Group continued to drive its expansion into the United Kingdom and as a result derived significant expenditure that has significantly impacted on profit for the year. Management have recently secured a major client and has forecast $4 million ($AUD) in revenue for FY15, which equates to $7 million ($AUD) of revenue annualised for the existing customer base.

Financial Position

The net assets of the Group have increased by $3,713,998 from 30 June 2013 to $9,742,510 in 2014. This increase has largely resulted from the following factors:

- acquisition of Stream Group; and
- proceeds from share issues raising;

During the past 5 financial years the Group has continued to invest in the development of software to secure its long-term success. Also, strategic investments have been made in associated companies during the past 2 financial years to diversify its asset base as well as maintaining and expanding investment in key business segments.

The directors believe the consolidated group is in a strong and stable financial position to expand and grow its current operations.

Significant Changes in State of Affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

i. On 10 April 2014 Stream Group Limited (formerly Longreach Group Limited) acquired Stream Group Consolidated Pty Ltd and its subsidiaries.
ii. During the year the Group issued an additional 3,605,509 ordinary shares at 20.6 cents each to new shareholders.
iii. On 10 April 2014, 3,333,333 shares were conditionally granted as remuneration to Christian Bernecker, an Executive Director of the Group which are held on reserve subject to the performance of the Group. Refer to the notes to the financial statements for further details.

Changes in controlled entities and divisions:

i. The Group purchased 40% of Melbourne Technology Group Pty Ltd during the year, which provide product replacement services for insurance claims.

Events after the Reporting Period

Stream Group continues to be impacted by the very benign claims environment across the insurance industry in Australia which has impacted on the results for the 2014 financial year. This benign claims environment is expected to continue into the 2015 financial year and as a result claims volumes are significantly below historic levels which is impacting profitability and working capital.

The Group's primary banking provider (Commonwealth Bank of Australia) has approved additional short term funding of $1.5m ($AUD).

Stream Group Limited has agreed to acquire Melbourne Technology Group Pty Ltd trading as National Insurance Replacement Services (NIRS), subject to Stream Shareholder approval. Stream previously held 40% of NIRS and has now agreed to acquire the remaining 60% by issuing new shares in Stream Group Limited to the remaining shareholders of NIRS. Stream Group Limited will acquire 60% of NIRS for $799,999 with consideration solely in the form of a total of 3,547,668 new shares to be issued to the vendors at a deemed value of $0.2255 per share (Shares). The Shares will be subject to voluntary escrow for 12 months from the date of issue. The vendors will also receive an additional cumulative total of 452,332 new shares at $0.2255 per share subject to FY15 EBIT (Earnings Before Interest and Tax) of the NIRS business being at least $200,000 (Earn-Out Shares). The Earn-Out Shares will be issued on or about 30 September 2015 if the EBIT target is met.

No other matter or circumstances have arisen since the end of the financial year to the date of this report, that have significantly affected or may significantly affect the activities of the Consolidated Group, the results of those activities or the state of affairs of the Consolidated Group in the ensuing or any subsequent financial year.

Future Developments, Prospects and Business Strategies

Current areas of strategic focus of the Group include the following:-

- Drive operational efficiencies in all business units through the investment in upgraded technology and management systems
- Continued investment in service innovation throughout the internal development of software
- Seeking additional expansion opportunities in the United Kingdom and other countries around the world
- Acquisition of competitors and similar businesses in the market

To further improve the Group’s profit and maximise shareholder wealth, the following are intended for implementation in the near future:

i. The Group is continuing to increase revenues in the United Kingdom primarily from the Ageas panel appointment as announced to the market previously. Whilst the company has secured one major client it seeks to secure additional major players in the insurance industry in the near future.

ii. As at the date of this report, the Group is in the process of finalising its offer in relation to the acquisition of the remaining 61% of the shares in Cerno Limited (Cerno) not currently owned by the Group. Management intend to make this offer in the first half of FY15.

These developments, together with the current strategy of continuous improvement and adherence to quality control in existing markets, are expected to assist in the achievement of the Group’s long-term goals and development of new business opportunities.

Business Risks

The following exposures to business risk may affect the Group's ability to achieve the above prospects:-

- Stream’s business is reliant on business relationships and contracts with a number of key customers, in particular RACQ Insurance in Australia and Tower Insurance Limited in New Zealand. A material proportion of the Company’s future revenues and profits are expected to be generated from such relationships and contracts with key customers. This risk is partially mitigated by the recent investment in Cerno and NIRS, who both generate revenue from a national customer base from products which will broaden the revenue base of Stream Group.
- Cerno Ltd has generated losses for the last three years due to inefficient operating practice and poor systems. Stream’s investment in March 2013 was used to restructure the Cerno business and provide funds to customise the AcClaim software platform to improve Cerno Limited’s operations and systems.
- The insurance claims management industry generates revenue from a baseline of BAU (Business as Usual) claims and is subject to peaks and troughs from catastrophic events such as hail storms and flash floods which can generate a significant amount of revenue in a short period or lead to lower claim volumes in benign weather periods. This financial year has seen relatively benign weather conditions in the regions in which Stream has current operations compared to previous years.
- Melbourne Technology Group Pty Ltd and Cerno Limited are not wholly owned by Stream. The ability to deliver operational synergies from the investments in those companies may be restricted by the lack of control of those entities. As detailed above the Group intends to acquire 100% of both of these companies.

Environmental Issues

- Stream Group Limited's operations are not subject to significant environmental regulation under the law of the Commonwealth and State.

STREAM GROUP LIMITED ABN: 57 010 597 672 AND CONTROLLED ENTITIES
CORPORATE GOVERNANCE STATEMENT

The objective of the Board of Stream Group Limited is to create and deliver long-term shareholder value. Whilst each area of the company's business activities holds significant value and makes a substantial contribution towards achieving the Board's objective, management of the synergies arising from the interrelations between the various business activities is critical to achieving the objective of creating and delivering long-term shareholder value.

The Board considers there to be an unambiguous and positive relationship between the creation and delivery of long-term shareholder value and high-quality corporate governance. Accordingly, in pursuing its objective, the Board has committed to corporate governance arrangements that strive to foster the values of integrity, respect, trust and openness among and between the Board members, management, employees, customers and suppliers.

Stream Group Limited and its subsidiaries operate as a single economic entity with a unified Board and management. As such, the Board's corporate governance arrangements apply to all entities within the economic group.

Stream Group Limited is listed on the Australian Securities Exchange (ASX). Except in regard to specific elements of the ASX Corporate Governance Council's Principles and Recommendations with 2010 Amendments ("recommendations") as disclosed below, the Company considers its corporate governance practices achieve compliance with the recommendations in a manner appropriate for smaller listed entities such as Stream Group Limited. All practices, unless otherwise stated, are applied at the date of this report.

Principal 1: Lay solid foundations for management and oversight

<u>The roles and responsibilities of the board and management</u>

- The Board has the primary responsibility for guiding and monitoring the business and affairs of the Group, including compliance with the Company's corporate governance objectives.
- The Board sets the strategic direction of the company and, through the Managing Director and Senior Management, have oversight and monitor the implementation and progression by the Company of that strategic direction.

<u>Performance review</u>

- The Company has processes in place to review the performance of senior management. Each senior executive, including the Managing Director, has personal objectives as well as objectives related to the performance of business or functional units and the Company as a whole. They are reviewed against those objectives at least annually. A performance review of senior management as been conducted during the Reporting Period.
- Performance evaluation of the Managing Director is handled by the Chairman with the assistance of the Remuneration Committee. Assessment and monitoring of the performance of other senior executives are handled by the Managing Director.

Principal 2: Structure the board to add value

<u>Composition of the board</u>

The Board is currently comprised of three non-executive directors and two executive directors. The composition of the Board is subject to review in the following ways:

- One-third (or if that is not a whole number, the whole number nearest to one-third) of the Directors retire each year, by rotation, as required by the Company's Constitution. Any Director, other than the Managing Director, who has been appointed during the course of the year or has held office for 3 years since they were last elected by the Shareholders, must retire at the next Annual General meeting in accordance with the Constitution, the Listing Rules and the Corporations Act. Eligible Directors who retire each year may offer themselves for re-election by the shareholders at the next Annual General Meeting.
- The Board has established a Board Nomination Committee which is charged with responsibility for periodically reviewing the size and composition of the Board to ensure that it is structured to make appropriate decisions with a variety of perspectives and skills in the best interests of the Company as a whole.
- An annual review of the Board as a whole, and individual members of the Board, is undertaken to assess the effectiveness of the Board against the requirements of the Board's Charter and the Constitution of the Company. In addition, a review is conducted of the performance of each Director who retires from office and seeks to renominate for a Board position.

<u>Independence</u>

- At this stage of development of the company, the Board considers it neither appropriate nor cost effective for there to be a majority of independent directors.
- This matter will be under review and as circumstances allow, consideration will be given to the appropriate time to move to adopting the ASX Corporate Governance Council Recommendations.
- Currently, the Board comprises four non-independent directors, one of whom is the Chairman.
- Tony Nicklin is the only independent Director.

- The Board has followed the CGC guidelines when assessing the independence of the directors which define an independent director to be a director who:
  - is non-executive;
  - is not a substantial shareholder of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
  - has not within the last three years been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold such employment;
  - within the last three years has not been a principal or employee of a material professional adviser or a material consultant to the Company or another Group member;
  - is not a significant supplier or customer of the Company or another Group member, or an officer of or otherwise associated, directly or indirectly, with a significant supplier or customer;
  - has no material contractual relationship with the Company or another Group member other than as a director of the Company; and
  - is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.
- Materiality for these purposes is determined on both quantitative and qualitative basis. An amount which is greater than five percent of either the annual turnover of the Group or an individual director's net worth is considered material for these purposes. In addition, a transaction of any amount or a relationship is deemed material if knowledge of it impacts the shareholders' understanding of the director's performance.

<u>Access to Information and independent advice</u>

- The Board, and each individual Director, is entitled to seek independent professional advice at the Company's expense, subject to the reasonableness of the costs and Board consent, in the conduct of their duties for the Group. In addition, the Board has full access to Company records.

<u>Board meetings</u>

- The Board's business is largely conducted by a program of monthly meetings, together with such additional meetings as may be required from time to time. Executives are required to attend and be present at Board meetings and answer questions from Directors.

<u>Committees</u>

- The Board has established three Committees, all of which operate pursuant to formal charters:
  - the Audit and Risk Management Committee
  - the Nomination Committee and
  - the Remuneration Committee

Principal 3: Promote ethical and responsible decision making

<u>Ethical standards - code of conduct</u>

- The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly the Board has adopted a formal Code of Ethics and a Code of Conduct which set out the standards in accordance with which each executive, manager and employee of the Company is required to act. The Code of Conduct deals with standards of conduct for the Company's relationship with its shareholders, its customers, its staff and the community at large. The key aspects of this code are:

  - to act with honesty, integrity and fairness
  - to act in accordance with the law
  - to use Company resources and property appropriately
  - comply with the share trading policy outlined in the Code of Conduct.

<u>Diversity policy</u>

- The company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the company has established a diversity policy which is available on the Company website. In consideration of the size of the Company, the board did not define diversity objectives for the most recent financial year and does not expect to do so in the near future. The number of men and women that will be employed by the company upon the acquisition of Stream is set out below:

	MEN	**WOMEN**
Board	4	0
Operations	135	83
Shared Management	11	12

Dealing in company shares

- The Company has a formal Share Trading Policy for all personnel, including Directors, senior management, employees and contractors. The policy reinforces the restrictions in the Corporations Act with respect to insider trading and use of price-sensitive information.
- Under the terms of the policy, Company personnel may only buy or sell Company shares, without needing to obtain prior approval, during a trading window of four months commencing on the next trading day immediately following the half-yearly results announcement and the period of four months commencing on the next trading day immediately following the preliminary final profit announcement of the Company.
- In all instances buying or selling Company shares is not permitted at any time by any person who possesses price-sensitive information not available to the market.

Principal 4: Safeguard integrity in financial reporting

Audit and risk management committee

- The role of the audit and risk management committee is to assist the Board in monitoring the processes and controls associated with the financial reporting function that ensure the integrity of the company's financial statements. Specifically, the audit committee oversees:

  - the appointment, independence, performance and remuneration of the external auditor;
  - the integrity of the audit process;
  - the effectiveness of the internal controls; and
  - compliance with applicable regulatory requirements.

- The Audit & Risk Management Committee is comprised of Jens Neiser (Chair), Stuart Marburg and Christian Bernecker.
- The names and qualifications of the audit committee members and their attendance at meetings of the committee are included in the directors' report.

Principal 5: Make timely and balanced disclosure

Information disclosure and shareholder communication

- The Company has in place a formal policy with respect to its continuous disclosure obligations and procedures. This policy is available on the ASX website. As an ASX listed entity the Company is required to comply with the continuous disclosure obligations under the Listing Rules and the Corporations Act. Subject to exceptions contained in the Listing Rules the Company will be required to disclose to the ASX any information concerning the company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to complying with its continuous disclosure obligations by the releasing of appropriate announcements to the ASX's company announcements platform and by publishing the announcements to the Company's website. The Directors are responsible for the Company's compliance with its continuous disclosure obligations.
- The Board seeks to ensure that shareholders are provided with sufficient information to assess the performance of the Company.

Principal 6: Respect the rights of shareholders

- The Company has in placed a formal policy for communication with shareholders which enhances its strong culture of disclosure to keep the shareholders and the relevant markets informed. The Policy reflects the Board's requirement that shareholders should be fully informed about the Company and that shareholders should have access to the latest information available utilising, where practicable, electronic communications to keep shareholders and the relevant markets informed of relevant information from the company in a timely manner.
- In addition to the Annual Report which is mailed to shareholders who have requested so, the Company uses its website to communicate with its shareholders. The website provides electronic access to the latest and past Annual Reports and Financial Statements, ASX releases, share price information, presentation material and analyst reports.

Principal 7: Recognise and manage risk

Risk management

- The Board is responsible for overseeing the company's systems of internal control and risk management. The Board has delegated the review of risk management to the Audit & Risk Management Committee. The primary objective of that Committee is to assist the Board to fulfil its corporate governance and oversight responsibilities relating to financial accounting practices, risk management, internal control systems, external reporting and the internal and external audit function.
- The executive management team has responsibility for implementing the risk management systems and internal controls within the Group. The management team is integral in identifying the risks in the Group's operations and activities. Regular monitoring of risks, risk management and compliance is conducted by the Audit & Risk Management Committee and by management.

Financial statements

- The Company's financial statements preparation and approval process for the 2014 financial year involved all Directors.

Principal 8: Remunerate fairly and responsibly

Remuneration

- Details of the Company's remuneration policies and practices for Non-executive Directors and Executive Directors are contained in the remuneration report.

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Stream Group Limited and its controlled entities for the financial year ended 30 June 2014. The information in the preceding Operating and Financial Review forms part of this Directors Report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:-

General Information

Directors

The following persons were directors of Stream Group Limited during or since the end of the financial year up to the date of this report:

Christian Robert Bernecker appointed (31/10/2008)
Jens Neiser appointed (31/01/2013)
Stuart Peter Marburg appointed (1/08/2013)
Donovan McKenzie appointed (8/04/2014)
Tony Nicklin appointed (25/07/2014)

Particulars of each Director's experience and qualifications are set out later in this report.

Dividends Paid or Recommended

No dividends were paid or declared for payment during the financial year.

Indemnification and Insurance of Directors and Officers

Indemnification

- Pursuant to its Constitution, the Company indemnifies the Directors and all officers of the Company against a liability to a person (other than the Company or a related body corporate), that may arise from their position as Directors or officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. During the financial year, Stream Group Limited paid premiums to insure officers of Stream Group Limited, and their controlled entities. The indemnity includes liability for costs and expenses incurred in defending civil or criminal proceedings in which judgement is given in favour of that person or in which that person is acquitted, or in connection with an application in relation to this proceeding in which the court grants relief to that person under the law.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to PKF Lawler for non-audit services provided during the year ended 30 June 2014:

	$
Taxation services	15,000
Other Services	-
	15,000

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 14 of the Financial Report.

Options

At the date of this report, there were no share options on issue.

Information relating to Directors

Christian Robert Bernecker	—	Chairman
Qualifications	—	Member of the Institute of Chartered Accountants in Australia, Bachelor of Commerce (Ballarat University).
Experience	—	10 years broad investment experience across capital raising, acquisitions and divestments.
Interest in Shares and Options	—	4,641,400 shares held in Stream Group Limited - 3,333,333 of these shares are held on reserve subject to the company meeting certain performance conditions (refer to Note 29 to the financial statements).
Special Responsibilities	—	Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Jens Neiser	—	Non-Executive Director
Qualifications	—	Doctorate in Economics, Law Degree (Freiburg University, Germany)
Experience	—	Manages Neiser Capital Investment Fund and was previously a partner with Boston Consulting Group in New York and Munich specialising in technology companies.
Interest in Shares and Options	—	18,181,020 shares held in Stream Group Limited
Special Responsibilities	—	Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Stuart Peter Marburg	—	Non-Executive Director
Qualifications	—	Member of the Australian Institute of Company Directors, Bachelor of Business (RMIT University)
Experience	—	CEO and founder of Netspace Online Systems an Internet Service Provider he co-founded in 1992. Netspace grew to a business of 200 people and revenue of $70 million before the founders sold it to IINET.
Interest in Shares and Options	—	3,821,429 shares held in Stream Group Limited
Special Responsibilities	—	Audit and Risk Management Committee, Nomination Committee and Remuneration Committee.

Donovan McKenzie	—	Managing Director/ Chief Executive Officer.
Qualifications	—	Highly experienced in the insurance and claims management industries.
Experience	—	The founder of Stream Group and currently holds an executive position in Cerno Limited.
Interest in Shares and Options	—	69,600,000 shares held in Stream Group Limited
Special Responsibilities	—	Nomination Committee and Remuneration Committee.
Tony Nicklin	—	Non-Executive Director
Qualifications	—	Director of Stream Group N.Z. Pty Ltd since 2011
Experience	—	More than 20 years experience in construction and project management
Interest in Shares and Options	—	Nil
Special Responsibilities	—	Nomination Committee and Remuneration Committee.

Company Secretary

The following person held the position of company secretary at the end of the financial year:
Tom Rowe was appointed company secretary on 31 January 2013. He is a Corporate and Commercial Lawyers practising with Simpsons Solicitors with a specialty in corporate transactions, corporate governance and listed company secretarial practice. Tom holds a BA LLB (Hons) and is an Associate of the Governance Institute of Australia.

Meetings of Directors

During the financial year, three meetings of directors (including committees of directors) were held.

Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Management Committee		Nomination Committee		Remuneration Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Christian Robert Bernecker	3	3	3	3	3	3	3	3
Jens Neiser	3	2	3	2	3	2	3	2
Stuart Peter Marburg	3	3	3	3	3	3	3	3
Donovan McKenzie	3	3	-	-	3	3	3	3
Tony Nicklin	-	-	-	-	-	-	-	-

This remuneration report has been prepared by the Directors of Stream Group Limited (formerly Longreach Group Limited) to comply with the Corporations Act 2001 and the key management personnel (KMP) disclosures required under Australian Accounting Standards AASB 124 - Related Party Disclosures.

Key management personnel

The following were key management personnel of the Group at the end of the financial year:

Executive Chairman

Christian Bernecker

Non-executive Directors

Jens Neiser

Stuart Marburg

Managing Director

Don McKenzie

Senior Executives

Thomas Farries

Bryce Hatton

Brian Hill

James Jobson

Paul Lynch

Vered Netzer

Linda Romano

Anthony Honeybone

James Pittman

In the Directors, opinion, there are no other Executives of the Group.

Remuneration policy

The remuneration policy of Stream Group Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Stream Group Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the high-quality KMP to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is as follows:

- The remuneration policy is to be developed by the remuneration committee and approved by the Board after professional advice is sought from independent external consultants.
- All KMP receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators (KPIs) have been met.
- The Board reviews KMP packages annually by reference to the consolidated group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed at least annually with each executive and is based predominantly on the forecast growth of the consolidated group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any change must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

KMP receive, at a minimum, a superannuation guarantee contribution required by the government, which is currently 9.25% of the individual's average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation. KMP do not receive any retirement benefits.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

KMP are also entitled and encouraged to participate in the employee share loan plan to align directors' interests with shareholders' interests.

Performance-based Remuneration

The KPIs are set annually, with a certain level of consultation with KMP. The measures are specifically tailored to the area each individual is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and respective industry standards.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved. Following the assessment, the KPIs are reviewed by the remuneration committee in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

Employment Details of Members of Key Management Personnel

The following table provides employment details of persons who were, during the financial year, members of KMP of the consolidated group. The table also illustrates the proportion of remuneration that was performance and non-performance based and the proportion of remuneration received in the form of options.

	Position Held as at 30 June 2014 and any change during the year	Date of Commencement (if during the 2014 financial year)	Contract details (duration)
Group KMP			
Christian Robert Bernecker	Executive Director	N/A	N/A
Jens Neiser	Non-executive Director	N/A	N/A
Stuart Peter Marburg	Non-executive Director	1 August 2013	N/A
Donovan McKenzie	Managing Director	N/A	Duration: Indefinite
Thomas Farries	Chief Financial Officer	N/A	Duration: Indefinite
Bryce Hatton	General Manager (Australia)	N/A	Duration: Indefinite
Brian Hill	General Manager - Group Strategy	31 March 2014	Duration: Indefinite
James Jobson	Chief Operating Officer (Australia)	14 April 2014	Duration: Indefinite
Paul Lynch	Group General Manager	9 April 2014	Duration: Indefinite
Vered Netzer	General Manager (Insurtech Systems)	N/A	Duration: Indefinite
Linda Romano	Group Project Management Officer	6 January 2014	Duration: Indefinite
Anthony Honeybone	General Manager (New Zealand)	N/A	Duration: Indefinite
James Pittman	General Manager (United Kingdom	1 July 2013	Duration: Indefinite

	Proportions of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
	Non-salary cash based incentives %	Shares/ Units %	Options/ Rights %	Fixed Salary/Fees %	Total %
Group KMP					
Christian Robert Bernecker	-	-	3.82	1.23	5.05
Jens Neiser	-	-	-	-	-
Stuart Peter Marburg	-	-	-	-	-
Donovan McKenzie	5.26	-	-	14.83	20.09
Thomas Farries	0.98	-	-	9.86	10.84
Bryce Hatton	-	-	-	14.20	14.20
Brian Hill	-	-	-	4.72	4.72
James Jobson	-	-	-	3.24	3.24
Paul Lynch	-	-	-	4.37	4.37
Vered Netzer	-	-	-	12.63	12.63
Linda Romano	-	-	-	5.27	5.27
Anthony Honeybone	-	-	-	12.90	12.90
James Pittman	-	-	-	6.69	6.69
Total	**6**	**0.00**	**4**	**90**	**100**

The employment terms and conditions of all KMP are formalised in contracts of employment.

Note A:
Non-executive directors are subject to similar contractual arrangements whereby at least 3 months' notice is required to be given on termination. Termination payments are at the discretion of the Board.

Changes in Directors and Executives Subsequent to Year-end

On 25 July 2014, Tony Nicklin commenced as a Director.

There have been no other changes in Directors and Executives subsequent to year-end.

Remuneration Expense Details for the Year Ended 30 June 2014

The following table of benefits and payments represents the components of the current year and comparative year remuneration expenses for each member of KMP of the consolidated group. Such amounts have been calculated in accordance with Australian Accounting Standards:

Table of Benefits and Payments for the year ended 30 June 2014

2014	Short-term benefits: Salary, Fees and Leave $	Profit Share and bonuses $	Non-monetary $	Other $	Post Employment Benefits: Superannuation $	Other $
Group KMP						
Christian Robert Bernecker	18,800	-	-	-	-	-
Jens Neiser	-	-	-	-	-	-
Stuart Peter Marburg	-	-	-	-	-	-
Donovan McKenzie	200,000	80,075	-	-	25,917	-
Thomas Farries	136,154	15,000	-	-	13,982	-
Bryce Hatton	197,972	-	-	-	18,322	-
Brian Hill	65,769	-	-	-	6,084	-
James Jobson	45,192	-	-	-	4,180	-
Paul Lynch	61,154	-	-	-	5,337	-
Vered Netzer	176,154	-	-	-	16,294	-
Linda Romano	73,539	-	-	-	6,802	-
Anthony Honeybone	189,406	-	-	-	7,079	-
James Pittman	90,666	-	-	-	11,194	-
Total KMP	1,254,806	95,075	-	-	115,191	-

2014	Long-term benefits: Incentive Plans $	LSL $	Equity-settled share-based payments: Shares/Units $	Options/Rights $	**Cash-settled share-based payments $**	**Termination benefits $**	**Total $**
Group KMP							
Christian Robert Bernecker	-	-	-	58,122	-	-	76,922
Jens Neiser	-	-	-	-	-	-	-
Stuart Peter Marburg	-	-	-	-	-	-	-
Donovan McKenzie	-	-	-	-	-	-	305,992
Thomas Farries	-	-	-	-	-	-	165,136
Bryce Hatton	-	-	-	-	-	-	216,294
Brian Hill	-	-	-	-	-	-	71,853
James Jobson	-	-	-	-	-	-	49,373
Paul Lynch	-	-	-	-	-	-	66,490
Vered Netzer	-	-	-	-	-	-	192,448
Linda Romano	-	-	-	-	-	-	80,341
Anthony Honeybone	-	-	-	-	-	-	196,485
James Pittman	-	-	-	-	-	-	101,860
Total KMP	-	-	-	58,122	-	-	1,523,194

2013	Short-term benefits: Salary, Fees and Leave $	Profit Share and bonuses $	Non-monetary $	Other $	Post Employment Benefits: Pension and superannuation $	Other $
Group KMP						
Christian Robert Bernecker	12,000	-	-	-	-	-
Jens Neiser	-	-	-	-	-	-
Donovan McKenzie	261,097	-	-	-	25,623	-
Thomas Farries	118,846	-	-	-	10,696	-
Bryce Hatton	27,038	-	-	-	2,433	-
Vered Netzer	136,923	-	-	-	12,323	-
Anthony Honeybone	160,071	55,000	-	-	4,847	-
Total KMP	715,975	55,000	-	-	55,923	-

2013	Long-term benefits Incentive Plans $	LSL $	Equity-settled share-based payments Shares/Units $	Options/Rights $	Cash-settled share-based payments $	Termination benefits $	Total $
Group KMP							
Christian Robert Bernecker	-	-	-	-	-	-	12,000
Jens Neiser	-	-	-	-	-	-	-
Donovan McKenzie	-	-	-	-	-	-	286,720
Thomas Farries	-	-	-	-	-	-	129,542
Bryce Hatton	-	-	-	-	-	-	29,471
Vered Netzer	-	-	-	-	-	-	149,246
Anthony Honeybone	-	-	-	-	-	-	219,918
Total KMP	-	-	-	-	-	-	826,898

The bonuses paid to key management personnel as detailed above were performance based and relate to the company's results for the year ended 30 June 2013.

Table of Shares Held by Key Management Personnel

The table below summarises the shares held by KMP as at the date of this report.

	Shares currently held by KMP
Christian Robert Bernecker	1,308,067
Jens Neiser	18,181,020
Stuart Peter Marburg	3,821,429
Donovan McKenzie	69,600,000
Thomas Farries	-
Bryce Hatton	-
Brian Hill	10,000
James Jobson	-
Paul Lynch	55,000
Vered Netzer	50,000
Linda Romano	10,000
Anthony Honeybone	-
James Pittman	-
Total KMP	**93,035,516**

Securities Received that are not Performance Related

No members of KMP are entitled to receive securities that are not performance-based as part of their remuneration package.

Share-based Payments

The details of shares granted to KMP during the year are as follows

2014	Remun-eration Type	Grant Date	Grant Value $	Percentage vested/paid during year %	Percentage forfeited during year %	Percentage remaining as unvested %
Group KMP						
Christian Robert Bernecker	Shares	13 January 2014	680,000	-	-	100

Note 1(a) Shares were awarded to Christian Bernecker as part of the Group’s Employee Share Loan Plan. Further details in relation to the Employee Share Loan Plan can be found at Note 29 to the financial statements.

There have not been any alterations to the terms or conditions of any grants since grant date.

Other Equity-related KMP Transactions

There have been no other transactions involving equity instruments other than those described in the tables above.

Loan to KMP

Temporary loans advanced to and repaid by KMP during the year do not incur interest. Remaining loans as at balance date are expect to be repaid during the 2014/15 year and will not incur interest.

	$
Balance at beginning of the year	-
Loans advanced	2,024,708
Loan repayment received	(1,991,000)
Interest charged	-
Interest received	-
	33,708
Provision for impairment	-
Balance at end of the year	33,708

The number of KMP with loans outstanding at the end of the period 1

Other transactions with KMP and/or their related parties including amounts exceeding $100,000

In addition to the loans disclosed above there were other transactions conducted between the Group and parties related to key management personnel. As at 30 June 2014 the amounts outstanding totalled $686,746. These amounts have been recognised in trade and other receivables. It is expected that these amounts will be repaid during the 2014/15 year.

All of the amounts included in the $686,746 outstanding are payable by entities related to the Managing Director, Donovan McKenzie.
Refer to Note 31 to the financial statements for further details.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

Donovan McKenzie

Dated: 24 September 2014

Auditors Independence Declaration under

Section 307C of the Corporations Act 2001 to the Directors of Stream Group Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF Lawler

PKF LAWLER PARTNERS
Chartered Accountants

STobutt

SCOTT TOBUTT
Partner

Sydney

Dated: 23 September 2014

PKF Lawler Partners Audit & Assurance
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STREAM GROUP LIMITED ABN: 57 010 597 672
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Continuing operations			
Revenue	3	29,502,483	27,337,584
Other income	3	161,588	371,857
Changes in inventories		(526,330)	2,641,095
Employee benefits expense		(14,533,873)	(11,927,909)
Depreciation and amortisation expense		(908,507)	(699,858)
Finance costs		(343,039)	(84,359)
Other expenses		(12,842,387)	(12,981,538)
Share of net profits/(losses) of associates and joint venture entities accounted for using the equity method	13 (b)	(3,139,681)	(342,484)
Profit/(Loss) before income tax	4	(2,629,746)	4,314,388
Income tax (expense)/benefit	5	247,935	(1,019,986)
Net profit/(loss) for the year from continuing operations	4	(2,381,811)	3,294,402
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		72,782	38,540
Other comprehensive income for the year		72,782	38,540
Total comprehensive income for the year		(2,309,029)	3,332,942
Net profit/(loss) attributable to:			
Members of the parent entity		(2,309,029)	3,332,942
Non-controlling interest		-	-
		(2,309,029)	3,332,942
Total comprehensive income attributable to:			
Members of the parent entity		(2,309,029)	3,332,942
Non-controlling interest		-	-
		(2,309,029)	3,332,942
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	9	(1.85)	2.71
Diluted earnings per share (cents)	9	(1.85)	2.71

The accompanying notes form part of these financial statements.

STREAM GROUP LIMITED ABN: 57 010 597 672
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

		Consolidated Group	
		2014	2013
	Note	$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	3,304,147	7,614,840
Trade and other receivables	11	12,545,215	8,391,471
Inventories	12	2,741,818	3,268,148
Other assets	18	324,023	453,817
TOTAL CURRENT ASSETS		18,915,203	19,728,276
NON-CURRENT ASSETS			
Investments accounted for using the equity method	13	524,374	2,914,055
Financial assets	14	152,173	356,840
Property, plant and equipment	16	1,500,902	975,508
Deferred tax assets	22	924,043	344,205
Intangible assets	17	5,366,623	3,566,283
Other non-current assets	18	171,383	32,000
TOTAL NON-CURRENT ASSETS		8,639,498	8,188,891
TOTAL ASSETS		27,554,701	27,917,167
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	11,453,653	16,931,899
Borrowings	20	851,269	81,400
Other financial liabilities	21	301,274	-
Current tax liabilities	22	567,931	1,050,171
Provisions	23	771,347	708,725
TOTAL CURRENT LIABILITIES		13,945,474	18,772,195
NON-CURRENT LIABILITIES			
Borrowings	20	3,866,717	3,116,460
TOTAL NON-CURRENT LIABILITIES		3,866,717	3,116,460
TOTAL LIABILITIES		17,812,191	21,888,655
NET ASSETS		9,742,510	6,028,512
EQUITY			
Issued capital	24	8,373,280	2,408,375
Reserves	33	169,444	38,540
Retained earnings		1,199,786	3,581,597
TOTAL EQUITY		9,742,510	6,028,512

The accompanying notes form part of these financial statements.

STREAM GROUP LIMITED ABN: 57 010 597 672
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Note	Share Capital		Reserves					
		Ordinary	Retained Earnings	Foreign Currency Translation Reserve	General Reserve	Share Based Payment Reserve	Subtotal	Non-controlling interests	Total
		$	$	$	$	$	$	$	$
Consolidated Group									
Balance at 1 July 2012		2,408,375	3,742,997	-	-	-	6,151,372	-	6,151,372
Comprehensive income									
Profit for the year		-	3,294,402	-	-	-	3,294,402	-	3,294,402
Other comprehensive income for the year		-	-	38,540	-	-	38,540	-	38,540
Total comprehensive income for the year		-	3,294,402	38,540	-	-	3,332,942	-	3,332,942
Transactions with owners, in their capacity as owners, and other transfers									
Shares issued during the year		-	-	-	-	-	-	-	-
Dividends recognised for the year	8	-	(3,455,802)	-	-	-	(3,455,802)	-	(3,455,802)
Total transactions with owners and other transfers		-	(3,455,802)	-	-	-	(3,455,802)	-	(3,455,802)
Other									
Transfers from retained earnings to general reserve		-	-	-	-	-	-	-	-
Total Other		-	-	-	-	-	-	-	-
Balance at 30 June 2013		2,408,375	3,581,597	38,540	-	-	6,028,512	-	6,028,512
Balance at 1 July 2013		2,408,375	3,581,597	38,540	-	-	6,028,512	-	6,028,512
Comprehensive income									
Loss for the year		-	(2,381,811)	-	-	-	(2,381,811)	-	(2,381,811)
Other comprehensive income for the year		-	-	72,782	-	-	72,782	-	72,782
Total comprehensive income for the year		-	(2,381,811)	72,782	-	-	(2,309,029)	-	(2,309,029)
Transactions with owners, in their capacity as owners, and other transfers									
Shares issued during the year		742,487	-	-	-	-	742,487	-	742,487
Shares issued pursuant to the reverse acquisition		5,222,418	-	-	-	-	5,222,418	-	5,222,418
Share based payment reserve		-	-	-	-	58,122	58,122	-	58,122
Dividends recognised for the year	8	-	-	-	-	-	-	-	-
Total transactions with owners and other transfers		5,964,905	-	-	-	58,122	6,023,027	-	6,023,027
Other									
Transfers from retained earnings to general reserve		-	-	-	-	-	-	-	-
Total Other		-	-	-	-	-	-	-	-
Balance at 30 June 2014		8,373,280	1,199,786	111,322	-	58,122	9,742,510	-	9,742,510

The accompanying notes form part of these financial statements.

STREAM GROUP LIMITED ABN: 57 010 597 672
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,824,446	25,613,284
Prepayments		29,188	(107,525)
Interest received		298,407	224,439
Payments to suppliers and employees		(29,595,795)	(23,117,281)
Income taxes paid		(814,136)	(1,264,707)
Net cash provided by/(used in) operating activities	28a	(1,257,890)	1,348,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		219,740	113,278
Proceeds from sale of investments		205,000	1,007,590
Purchase of property, plant and equipment		(1,082,820)	(2,118,283)
Payments for development of intangible assets		(2,367,001)	(920,375)
Purchase of investments		(769,556)	(2,606,149)
Loans provided to related parties		(2,255,745)	(1,235,722)
Loan repayments received from related parties		1,991,000	827,367
Net cash used in investing activities		(4,059,382)	(4,932,294)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		742,487	-
Proceeds from borrowings		1,100,000	3,000,800
Dividends paid		(1,238,213)	-
Repayment of borrowings		(184,400)	(136,335)
Net cash provided by (used in) financing activities		419,874	2,864,465
Net decrease in cash held		(4,897,398)	(719,619)
Cash and cash equivalents at beginning of financial year		7,551,898	8,271,517
Cash and cash equivalents at end of financial year	10	2,654,500	7,551,898

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent those of Stream Group Limited and Controlled Entities (the "consolidated group" or "group"). The separate financial statements of the parent entity, Stream Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 24 September 2014 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The acquisition of Stream Group was completed with effect from 10 April 2014. Stream Group Consolidated Pty Ltd was deemed to be the acquirer for accounting purposes under the principles of AASB 3 Business Combinations. Stream Group Consolidated Pty Ltd was the ultimate parent entity of Stream Group Holdings Pty Ltd as at the date of acquisition. Accordingly, the consolidated financial statements of Stream Group Limited (formerly Longreach Group Limited) have been prepared as a continuation of the consolidated financial statements of Stream Group Consolidated Pty Ltd from 10 April 2014. The impact of the reverse acquisition on each of the primary statements is as follows:

Statement of Financial Position

The 30 June 2014 statement of financial position represents both Stream Group Limited (formerly Longreach Group Limited) and Stream Group Consolidated Pty Ltd as at 30 June 2014. The 30 June 2013 statement of financial position represents Stream Group Consolidated Pty Ltd as at 30 June 2013.

Statement of Profit or Loss and Other Comprehensive Income

The 30 June 2014 statement of profit or loss and other comprehensive income comprises 12 months of Stream Group Consolidated Pty Ltd and Stream Group Limited (formerly Longreach Group Limited) for the period from 10 April 2014 to 30 June 2014. The 30 June 2013 statement of profit or loss and other comprehensive income comprises 12 months of Stream Group Consolidated Pty Ltd.

Statement of Changes in Equity

The 30 June 2014 statement of changes in equity comprises Stream Group Consolidated Pty Ltd 's equity balance at 1 July 2013, its profit for the period, and transactions with equity holders for the 12 month period. It also comprises Stream Group Limited's (formerly Longreach Group Limited) transactions with equity holders for the period from 10 April 2014 to 30 June 2014 and the equity balances of Stream Group Consolidated Pty Ltd and Stream Group Limited (formerly Longreach Group Limited) as at 30 June 2014. The 30 June 2013 statement of changes in equity comprises Stream Group Consolidated Pty Ltd's changes in equity for the 12 month period.

Statement of Cash Flows

The 30 June 2014 statement of cash flows comprises the cash balance of Stream Group Consolidated Pty Ltd at 1 July 2013, the cash transactions of Stream Group Consolidated Pty Ltd for the 12 month period and Stream Group Limited (formerly Longreach Group Limited) for the period from 10 April 2014 to 30 June 2014, and the cash balance of Stream Group Consolidated Pty Ltd and Stream Group Limited (formerly Longreach Group Limited) as at 30 June 2014. The 30 June 2013 statement of cash flows comprises 12 months of Stream Group Consolidated Pty Ltd's cash transactions.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. All amounts are presented in Australian dollars, unless otherwise noted.

(a) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of Stream Group Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the Parent controls. The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 15.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Inter-company transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as 'Non-controlling Interests'. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

Under the principles of AASB 3: Business Combinations, the transaction between Stream Group Limited (formerly Longreach Group Limited) and Stream Group Consolidated Pty Ltd is being treated as a reverse acquisition. Stream Group Consolidated Pty Ltd is the accounting acquirer and Stream Group Limited (formerly Longreach Group Limited) is the accounting acquiree. Accordingly, the 30 June 2014 consolidated financial statements of Stream Group Limited (formerly Longreach Group Limited) have been prepared as a continuation of the financial statements of Stream Group Consolidated Pty Ltd.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Note 1 Summary of Significant Accounting Policies (continued)

Determination of fair value

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Stream Group Consolidated Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Stream Group Limited (formerly Longreach Group Limited)). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Stream Group Consolidated Pty Ltd) would have issued to the legal parent entity (Stream Group Limited (formerly Longreach Group Limited)) to obtain the same ownership interest in the combined entity.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:
(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets (proportionate interest method). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Refer to Note 34 for details on the goodwill recognised as a result of the acquisition of the business combination.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(b) Income Tax

The income tax expense/(income) for the year comprises current income tax expense/(income) and deferred tax expense/(income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Note 1 Summary of Significant Accounting Policies (continued)

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e., the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at reporting date (i.e., the market that maximises the receipts from the sale of the asset or minimises the payment made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and where significant, are detailed in the respective note to the financial statements.

(d) Inventories and Work in Progress

Inventories are measured at the lower of cost and net realisable value. Work in progress is measured at cost based on the proportion of the project completed as at balance date. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

(e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Leasehold improvements	2.5%
Plant and equipment	2.5% - 80%
Leased plant and equipment	2.5% - 80%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(f) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the consolidated group, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Note 1 Summary of Significant Accounting Policies (continued)

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the lease term.

(g) Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when: management has committed to a plan for immediate sale; the sale is expected to occur within one year from the date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

A discontinued operation is a component of an entity, being a cash-generating unit (or a group of cash-generating units), that either has been disposed of, or is classified as held for sale, and: represents a separate major line of business or geographical area of operations; is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or is a subsidiary acquired exclusively with the view to resale.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversals of impairment recognised on classification as held for sale or prior to such classification are recognised as a gain in profit or loss in the period in which it occurs.

(h) Financial Instruments

Recognition and Initial Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any remeasurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial Liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 1 Summary of Significant Accounting Policies (continued)

Derivative instruments

The Group designates certain derivatives as either:

(i) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or

(ii) hedges of highly probable forecast transactions (cash flow hedge).

At the inception of the transaction the relationship between hedging instruments and hedged items, as well as the group's risk management objective and strategy for undertaking various hedge transactions is documented.

Assessments, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items are also documented.

(i) *Fair value hedge*
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss, together with any changes in the fair value of hedged assets or liabilities that are attributable to the hedged risk.

(ii) *Cash flow hedge*
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is deferred to a hedge reserve in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in the hedge reserve in equity are transferred to profit or loss in the periods when the hedged item affects profit or loss.

Impairment

A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a “loss event”) having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Group recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial Guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as a financial liability at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using a probability-weighted discounted cash flow approach. The probability has been based on:
– the likelihood of the guaranteed party defaulting during the next reporting period;
– the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
– the maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised in accordance with AASB 118.

Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(i) Impairment of Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116: Property, Plant and Equipment). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

Note 1 Summary of Significant Accounting Policies (continued)

(j) Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Investments in associates are accounted for in the consolidated financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost (including transaction costs) and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate is included in the Group's profit or loss.

The carrying amount of the investment includes, when applicable, goodwill relating to the associate. Any discount on acquisition, whereby the Group's share of the net fair value of the associate exceeds the cost of investment, is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the Group will resume recognising its share of those profits once its share of the profits equals the share of the losses not recognised.

(k) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Separate joint venture entities providing joint venturers with an interest to net assets are classified as a joint venture and accounted for using the equity method.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The Group's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the Group makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint arrangement until it resells those goods/assets to a third party.

(l) Intangibles Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

(m) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in the profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
— income and expenses are translated at average exchange rates for the period; and
— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(n) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

Note 1 Summary of Significant Accounting Policies (continued)

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Termination benefits

When applicable, the Group recognises a liability and expense for termination benefits at the earlier of: (a) the date when the Group can no longer withdraw the offer for termination benefits; and (b) when the Group recognises costs for restructuring pursuant to AASB 137: Provisions, Contingent Liabilities and Contingent Assets and the costs include termination benefits. In either case, unless the number of employees affected is known, the obligation for termination benefits is measured on the basis of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before 12 months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(o) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of 12 months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

(q) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Investment property revenue is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

Note 1 Summary of Significant Accounting Policies (continued)

(r) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(l) for further discussion on the determination of impairment losses.

(s) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(t) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(u) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(v) Segment Reporting

The accounting policies of the reportable segments are the same as the Group’s accounting policies described in this note (Note 1). Segment profit represents the profit before tax earned by each segment without, share of profit of associates, share of profit of joint ventures, gain recognised on disposal of interest in former associate, investment income, and finance costs. All central administration costs have been allocated accordingly on a reasonable basis. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(w) Borrowings

The Group's borrowings, are measured subsequently at amortised cost using the effective interest method except for borrowings held for trading or designated at fair valuer through profit or loss (FVTPL), which are measure initially at fair value. All of the Group's borrowings are held for trading and therefore have been measured at fair value. Refer to Note 20 for further details in relation to the Group's borrowings.

(x) Contributed Equity

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company’s equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Group as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Group.

(y) Earnings Per Share (EPS)

Basic EPS is calculated as net profit or loss attributable to members of the Parent, adjusted to exclude any costs of servicing the entity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit or loss attributable to member of the Parent, adjusted for:

— cost of servicing equity (other than dividends) and preference share dividends;
— the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
— other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares.

Net profit of loss attributable to members of the Parent is divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(z) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the Group retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statement is presented.

Note 1 Summary of Significant Accounting Policies (continued)

(aa) New and amended accounting policies adopted by the Group

Consolidated financial statements

The Group adopted the following Australian Accounting Standards, together with the relevant consequential amendments arising from related Amending Standards, from the mandatory application date of 1 January 2013.

— AASB 10: Consolidated financial statements
— Amendments to AASB 119 Employee Benefits
— AASB 2011-4 Amendments to Remove Key Management Personnel Disclosure Requirement
— AASB 13: Fair value measurements

AASB 10 Consolidated Financial Statements

AASB 10 supersedes AASB 127 Consolidated and Separate Financial Statements and Interpretation 112 Consolidation - Special Purpose Entities. AASB 10 revises the definition of control and provides extensive guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interest and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods.

Amendments to AASB 119 Employee Benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

— Eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income,
— Change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on
— Enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

Under the amendments, employee benefit's 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within 12 months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. The Group expects all annual leave for all employees to be used wholly within 12 months of the end of the reporting period, therefore no annual leave is included in 'non-current provisions'. The application of the revised AAS 110 has had no impact on the financial statements.

AASB 2011-4 Amendments to Remove Key Management Personnel Disclosure Requirement

The Group has applied 2011-4 from 1 July 2012 which amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual keep management personnel ('KMP'. Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Regulation 2013 (No. 1) now specify the KMP disclosure requirements to be included within the Directors' report.

AASB 13 Fair Value Measurements

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of AASB 2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

AASB 13 requires prospective application from 1 July 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by AASB 13 for the 2013 comparative period (please see notes 22, 23 and 42 for the 2014 disclosures). Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

Note 1 Summary of Significant Accounting Policies (continued)

(bb) Critical Accounting Estimates and Judgments

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and with the company. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revisions and future periods if the revision affects both current and future periods. The key areas in which critical estimates are applied are described below:

Key Estimates

(i) Impairment - General

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Impairment - Goodwill

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, representing the lowest level at which goodwill is monitored being not larger than an operating segment. Refer to Note 17 for details on the key assumptions made when testing goodwill for impairment.

(iii) Reverse acquisition

Assumptions were made in relation to the reverse acquisition including consideration received, fair value and goodwill on acquisition. Refer to Note 34 for details on how these were determined.

Key Judgments

(i) Capitalisation of internally developed software and determination of effective life

Distinguishing the research and development phase of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that the capital costs may be impaired.

Capitalised costs internal software development costs predominantly include direct employment costs and labour contracting costs incurred in the development of the software.

Management has determined the effective life of internally developed software to be 7 years after the consideration of many relevant factors including historical knowledge, utility, and typical effective life of software in the industry. Management reviews its estimate of the useful life of capitalised software development expenditure at each reporting date. Uncertainties in these estimates relate to technical obsolescence that may change the utility of the software.

(ii) Control of Cerno Limited

The Group holds 39% of the ordinary shares and voting rights in Cerno Ltd ("Cerno"). Management has reassessed its involvement in Cerno in accordance with AASB 10's revised control definition and guidance, since Cerno is the investment which is most likely to be affected. It has concluded that it has significant influence but not outright control. In making its judgement, management considered the Group's Board involvement, voting rights and the relative size and dispersion of the voting rights held by other shareholders and the extent of recent participation by those shareholders in general meetings. The Group only has two of five positions on the Board of Cerno, and also recent experience demonstrates that sufficient of the other shareholders participate such that they prevent the Group from having the practical ability to direct the relevant activities of Cerno unilaterally. The other shareholders can be split into two distinct blocks of former company officers and shareholders of the previously acquired entities, each of approximately 29%, and therefore could effectively work together to form an effective majority voting block in Cerno, if required.

(iii) Recoverability of Cerno Limited receivables

Management have reviewed the amounts receivable from Cerno Limited as at the reporting date and determined that recoverable amounts are the same as the carrying amounts. This decision was based on the forecasted improvement in results for Cerno Limited. Refer to Note 32a for more details.

(iv) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria, which applies to all subsidiaries of the Group, must also be met before revenue is recognised:

— Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of goods have passed to the buyer and the cost incurred or to be incurred in respect of the transaction can be measured reliably. Risk and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the consumer.

— Rendering of services

Revenue from rendering of services is recognised by reference to the stage of the completion of a contract. State of completion is measured by reference to the labour hours and total cost incurred to date as a percentage of total estimated labour hours and total costs for each contract.

— Integrated goods and services contracts

Revenue from contracts where the goods and rendering services are integrated as a single design and build product, is recognised by reference to the stage of the completion of a contract. Stage of completion is measured by reference to the total contract costs incurred to date as a percentage of total estimated contract cost for each contract.

— Interest income

Revenue is recognised as interest accrues using the effective interest method which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

— Dividends

Revenue is recognised when the Groups' right to receive the payment is established.

Note 1 Summary of Significant Accounting Policies (continued)

(cc) New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

— AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standards will be applicable retrospectively (subject to the comment on hedge accounting below) and include revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group’s financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

— AASB 2012–3: *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities* (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the Group’s financial statements.

— Interpretation 21: *Levies* (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the Group’s financial statements.

— AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: *Impairment of Assets* pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the Group’s financial statements.

— AASB 2013–4: Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–4 makes amendments to AASB 139: Financial Instruments: Recognition and Measurement to permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. This Standard is not expected to significantly impact the Group’s financial statements.

— AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the Group’s financial statements.

Note 2 Parent Information

The following information has been extracted from the books and records of the parent entity of the Group, Stream Group Limited and has been prepared in accordance with Australian Accounting Standards.

	2014	2013
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	6,089,468	5,996
Non-current Assets	-	37,065
TOTAL ASSETS	6,089,468	43,061
LIABILITIES		
Current Liabilities	285,727	20,875
Non-current Liabilities	-	-
TOTAL LIABILITIES	285,727	20,875
EQUITY		
Issued Capital	7,595,234	4,000
Retained earnings	(1,849,615)	18,186
Reserves		
Share-based payments reserve	58,122	-
TOTAL EQUITY	5,803,741	22,186
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME		
Total profit/(loss)	(219,284)	1,893,241
Total comprehensive income	(219,284)	1,893,241

Significant Accounting Policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1.

Guarantees

Stream Group Limited has not entered into any guarantees, in the current or previous financial year, in relation to the debts of its subsidiaries.

Contingent assets/liabilities

At 30 June 2014 Stream Group Limited did not have any known contingent assets or liabilities.

Contractual commitments

At 30 June 2014 Stream Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2013: Nil).

Note 3 Revenue and Other Income

	Note	Consolidated Group 2014	2013
(a) Revenue from continuing operations		$	$
Sales revenue			
— contract revenue		26,998,196	26,752,971
— provision of services		2,205,580	226,626
		29,203,776	26,979,597
Other revenue			
— interest received		298,707	357,987
		298,707	357,987
Total revenue		29,502,483	27,337,584
Other income			
— gains on disposal of non-current investments		1,848	312,873
— gain on foreign currency translation		70,197	58,737
— other income		89,543	247
Total other income		161,588	371,857
Interest revenue from:			
— directors	31(b)	-	133,549
— financial institutions		298,707	224,438
Total interest revenue on financial assets not at fair value through profit or loss		298,707	357,987

Note 4 Profit/(loss) for the Year

	Note	Consolidated Group	
Profit/(loss) before income tax from continuing operations includes the following specific expenses:		2014	2013
(a) Expenses		$	$
Cost of sales		526,330	(2,641,095)
Interest expense on financial liabilities at fair value through profit or loss:			
— Financial Institutions		343,039	84,359
Employee benefits expense		14,533,873	11,927,909
Rental expense on operating leases			
— minimum lease payments		1,304,206	752,506
Depreciation and amortisation expense			
— Depreciation of property, plant & equipment		350,470	312,514
— Amortisation of intangible assets		558,037	387,344
Total depreciation and amortisation expense		908,507	699,858
Loss on disposal of property, plant and equipment		-	4,180
Share of loss from associates accounted for under the equity method		3,139,681	342,484
Loss on revaluation of non-current investments		-	24,244
(b) Other Significant Revenue and Expenses			
The following significant revenue and expense items are relevant in explaining the financial performance:			
Share based payment expense	33(b)	58,122	-
Total other significant revenue and expenses		58,122	-

Note 5 Tax Expense

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) The components of tax (expense)/income comprise:			
Current tax		1,103,458	1,224,297
Deferred tax	22	(579,838)	(204,311)
Under/(Over) provision in respect of prior years		(771,555)	-
		(247,935)	1,019,986
(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2013: 30%)			
— consolidated group		(788,924)	1,294,316
Add:			
Tax effect of:			
— non-allowable items		736,912	109
— share of loss of associates accounted for using the equity method		941,904	102,745
		889,892	1,397,170
Less:			
Tax effect of:			
— Other allowable items		-	(377,185)
— Research & Development Tax Incentive Claim		(366,272)	-
— Under/(Over) provision in respect of prior years		(771,555)	-
Income tax attributable to entity		(247,935)	1,019,986
The applicable weighted average effective tax rates are as follows:		9.4%	23.6%

The decrease in the weighted average effective consolidated tax rate for 2014 is a result of the tax losses incurred by the Group.

Note 6 Key Management Personnel Compensation

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2014.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

	2014	2013
	$	$
Short-term employee benefits	1,349,881	770,975
Post-employment benefits	115,191	55,923
Share-based payments	-	-
Total KMP compensation	1,465,072	826,898

Short-term employee benefits

– these amounts include fees and benefits paid to the non-executive chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

– these amounts are the current year's estimated cost of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Further information in relation to KMP remuneration can be found in the Director's Remuneration Report.

Note 7 Auditors' Remuneration

	Consolidated Group	
	2014	2013
	$	$
PKF Lawler		
Remuneration of the auditor for:		
— auditing or reviewing the financial report	91,250	-
— taxation services	15,000	-
	106,250	-
Remuneration of auditor in respect of subsidiaries:		
— auditing or reviewing the financial statements of subsidiaries	12,000	-
— compliance services	3,500	-
Total auditor remuneration - PKF Lawler	121,750	-
Ryan Harvey McEnery		
Remuneration of the auditor for:		
— auditing or reviewing the financial report	-	113,655
— taxation services	-	-
	-	113,655
Remuneration of auditor in respect of subsidiaries:		
— auditing or reviewing the financial statements of subsidiaries	-	-
— compliance services	-	1,345
Total auditor remuneration - Ryan Harvey McEnery	-	115,000

Note 8 Dividends

	Consolidated Group	
	2014	2013
	$	$
Distributions paid		
Declared ordinary dividend (fully franked) of $Nil per share (2013: $0.0284 per share)	-	3,455,802
	-	3,455,802

Total dividends per share for the period

(a) No dividends were declared or paid by the company during the financial year ended 30 June 2014.

(b) Franking credits

	2014	2013
	$	$
Adjusted franking account balance	1,034,616	742

Note 9 Earnings per Share

		Consolidated Group	
		2014	2013
		$	$
(a)	Reconciliation of earnings to profit or loss		
	Profit/(loss)	(2,381,811)	3,294,402
	Earnings used in the calculation of dilutive EPS	(2,381,811)	3,294,402
		No.	No.
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	128,684,695	121,741,440
	Weighted average number of dilutive options outstanding	-	-
	Weighted average number of dilutive converting preference shares on issue	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	128,684,695	121,741,440
(c)	Calculation of basic and diluted EPS		
	Basic earnings per share (cents)	(1.85)	2.71
	Diluted earnings per share (cents)	(1.85)	2.71

Note 10 Cash and Cash Equivalents

	Note	Consolidated Group	
		2014	2013
		$	$
Cash at bank and on hand		3,304,147	7,614,840
		3,304,147	7,614,840

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	Note	2014	2013
Cash and cash equivalents		3,304,147	7,614,840
Bank overdrafts	20	(649,647)	(62,942)
		2,654,500	7,551,898

There are no restrictions on cash.

Note 11 Trade and Other Receivables

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT			
Trade receivables		3,964,255	7,009,302
Allowance for doubtful debts		-	-
		3,964,255	7,009,302
Other receivables		2,150,251	823,234
Amounts receivable from related parties			
— associated companies	31(c)	5,710,255	-
— other related parties	31(c)	686,746	558,935
— key management personnel	31(c)	33,708	-
Total current trade and other receivables		12,545,215	8,391,471

(a) **Financial Assets Classified as Loans and Receivables**

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Trade and other Receivables			
— Total current		12,545,215	8,391,471
— Total non-current		-	-
Financial assets	32	12,545,215	8,391,471

(b) **Collateral Pledged**

A floating charge over trade receivables has been provided for certain debt. Refer to Note 20 for further details.

(c) **Age of receivables that are past due but not impaired**

	Consolidated Group 2014 $	Consolidated Group 2013 $
30-60 Days	1,837,363	1,112,002
60-90 Days	284,521	79,458
90 Days +	1,232,199	452,875
Total	**3,354,083**	**1,644,335**

Note 12 Inventories

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT			
At cost:			
Work in progress		2,741,818	3,268,148
Finished goods		-	-
		2,741,818	3,268,148

Inventories are recorded at the lower of cost and net realisable value, Refer to Note 1 (d) for further description.

Note 13 Associates and Joint Arrangements

a. Information about Principal Associates and Joint Ventures

Set out below are the material associates and joint ventures of the Group. All of the entities listed below have share capital consisting solely of ordinary shares. The proportion of ordinary shares held by the Group equals the voting rights held by the Group. Each entity's place of incorporation is its principal place of business.

Consolidated Group			Proportion of ordinary share interests			Carrying amount	
Name	Principal Activities	Place of business /incorporation	2014 %	2013 %	Measurement method	2014 $	2013 $
Cerno Limited	Insurance claims & risk services	Australia	39%	39%	Equity Method	-	2,914,055
Melbourne Technology Group Pty Ltd	Insurance - product replacement services	Australia	40%	0%	Equity Method	524,374	-
						524,374	2,914,055

(i) All of the above associates are accounted for using the equity method in these consolidated financial statements.
(ii) Melbourne Technology Group Pty Ltd was acquired by the Group on 30 September 2013. The Group acquired its 40% stake in the company by way of purchasing existing shares and on issue of additional shares by the company.

b. Movements during the year in equity accounted investments in associated companies

	Consolidated Group 2014 $	2013 $
Balance at beginning of the financial year	2,966,519	-
Add: New investments during the year	697,536	3,309,003
Share of associated company's (loss)/profit after income tax	(3,139,681)	(342,484)
Balance at end of the financial year	524,374	2,966,519

b. Equity accounted associate profits/(losses) are broken down as follows:

	2014	2013
Share of associate's (loss)/profit before income tax expense	(3,139,681)	(342,484)
Share of associate's income tax expense	-	-
Share of associate's profit after income tax	(3,139,681)	(342,484)

c. Unrecognised share of losses of associates

	2014	2013
The unrecognised share of loss of associates for the year	(0)	-
Cumulative share of loss of associates	(0)	-

This represents the Group's total share of profits/(losses) from equity accounted associates that would have been recognised had the investment in the relevant associates not been written down to nil. Please see further details in Note 13(d).

d. Summarised financial information for associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASBs.

Cerno Limited	2014 $	2013 $
Current Assets	6,443,984	12,086,021
Non-current Assets	5,695,478	8,624,170
Current liabilities	(12,540,808)	(9,031,563)
Non-current liabilities	(5,380,813)	(3,852,053)
Net assets	(5,782,159)	7,826,575

	2014 $	2013 $
Revenue	31,225,795	46,197,305
Profit or loss from continuing operations	(13,618,321)	(4,227,270)
Profit (loss) for the year	(13,618,321)	(4,227,270)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(13,618,321)	(4,227,270)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Cerno Limited recognised in the consolidated financial statements:

	2014	2013
	$	$
Net loss of Cerno Limited	(13,618,321)	(4,227,270)
Share of net loss attributable to the period of ownership by the Group	(13,618,321)	(877,902)
Proportion of the Group's ownership interest in Cerno Limited	39%	39%
Share of loss to reduce carrying value of interest in Cerno Limited	(5,312,739)	(342,484)
Opening carrying value of interest in Cerno Limited	2,914,055	-
Investment in Cerno Limited	-	3,256,539
Share of loss to reduce carrying value of interest in Cerno Limited	(2,914,055)	(342,484)
Closing carrying value of interest in Cerno Limited	-	2,914,055

Melbourne Technology Group Pty

	2014	2013
	$	$
Current assets	479,580	683,057
Non-current assets	113,970	111,494
Current liabilities	(891,861)	(732,191)
Non-current liabilities	(64,896)	(128,721)
Net assets	(363,207)	(66,361)

	2014	2013
	$	$
Revenue	6,362,748	9,611,524
Profit or loss from continuing operations	(494,233)	(90,800)
Profit (loss) for the year	(494,233)	(90,800)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	(494,233)	(90,800)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Melbourne Technology Group Pty Ltd recognised in the consolidated financial statements:

	2014	2013
	$	$
Net loss of Melbourne Technology Group Pty Ltd	(494,233)	(90,800)
Share of net loss attributable to the period of ownership by the Group	(432,904)	-
Proportion of the Group's ownership interest in Melbourne Technology Group Pty Ltd	40%	40%
Share of loss to reduce carrying value of interest in Melbourne Technology Group Pty Ltd	(173,162)	-
Opening carrying value of interest in Melbourne Technology Group Pty Ltd	-	-
Investment in Melbourne Technology Group Pty Ltd	697,536	-
Share of loss to reduce carrying value of interest in Melbourne Technology Group Pty Ltd	(173,162)	-
Closing carrying value of interest in Melbourne Technology Group Pty Ltd	524,374	-
Unrecognised share of losses of associate	-	-

Note 14 Other Financial Assets

	Note	Consolidated Group 2014 $	2013 $
NON-CURRENT			
Available-for-sale financial assets	14a	152,173	356,840
Other investments		-	-
Total non-current assets		152,173	356,840

(a) **Available-for-sale financial assets**

	Note	2014 $	2013 $
NON-CURRENT			
Listed Investments, at fair value			
— shares in listed corporations		2,300	206,840
— shares in listed trusts		-	-
		2,300	206,840
Unlisted investments, at cost			
— shares in other corporations		149,873	150,000
Total available-for-sale financial assets	32	152,173	356,840

Listed investments have been valued based on the price per the relevant stock exchange as at the reporting date. Unlisted investments have been valued at cost.

Note 15 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's country of incorporation is also its principal place of business.

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

The consolidated financial statements of Stream Group Limited incorporate the assets, liabilities and results of the following subsidiaries.

				Ownership Interest	
				2014	**2013**
Name of subsidiary	**Table note**	**Principal activity**	**Country of incorporation**	**%**	**%**
Stream Management Services Pty Ltd	(i)	Shared management services	Australia	100%	100%
Stream Group Investments Pty Ltd	(i)	Investment	Australia	100%	100%
Stream Group Aust Pty Ltd	(i)	Claims management	Australia	100%	100%
Stream Connect Pty Ltd	(i)	E-Commerce platform	Australia	100%	100%
Insurtech Systems Pty Ltd	(i)	Software development	Australia	100%	100%
Qusol Pty Ltd	(i)	Workflow management	Australia	100%	100%
FNE OS Holdings Pty Ltd atf The FNE OS Holdings Trust	(i)	Dormant entity	Australia	100%	100%
Stream Group Holdings Pty Ltd	(i)	Holding entity	Australia	100%	100%
Stream Group Consolidated Pty Ltd	(i)	Holding entity	Australia	100%	100%
Stream Group N.Z. Pty Ltd	(i)	Claims management	New Zealand	100%	100%
Stream Claim Services U.K. Limited	(i)	Claims management	United Kingdom	100%	100%

Table Note

(i) On the 13 January 2014 the shareholders of Stream Group Limited approved the acquisition of Stream Group Holdings Pty Ltd (Stream Group). The acquisition was completed on 10 April 2014 and consolidated financial statements for Stream Group Limited have been prepared to reflect the purchase. The purchase was funded by way of issue of shares in Stream Group Limited to the shareholders of Stream Group Holdings Pty Ltd and Stream Group Consolidated Pty Ltd.

(b) **Disposal of Controlled Entities**

No controlled entities were disposed of during the period.

(c) **Composition of the Group**

Principal activity	**Place of operation and incorporation**	**Number of wholly-owned subsidiaries**	
		2014	2013
Claims Management	Australia	2	2
Holding entity	Australia	9	9
		11	11

Note 16 Property, Plant and Equipment

	Consolidated Group	
	2014	2013
	$	$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	2,737,731	1,947,383
Accumulated depreciation	(1,236,829)	(971,875)
	1,500,902	975,508
Total plant and equipment	1,500,902	975,508
Total property, plant and equipment	1,500,902	975,508

(a) **Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Plant and Equipment	Total
	$	$
Consolidated Group:		
Balance at 1 July 2012	893,491	893,491
Additions	510,317	510,317
Disposals	(115,786)	(115,786)
Revaluation increments / (decrements)	-	-
Depreciation expense	(312,514)	(312,514)
Balance at 30 June 2013	975,508	975,508
Additions	1,082,820	1,082,820
Disposals	(206,956)	(206,956)
Revaluation increments / (decrements)	-	-
Depreciation expense	(350,470)	(350,470)
Balance at 30 June 2014	1,500,902	1,500,902

(b) **Assets Pledged as Security**

The Group's obligations under finance leases (see Note 25) are secured by the lessors' title to the lease assets, which have a carrying amount of $462,201 (2013: $157,876).

Note 17 Intangible Assets

Consolidated Group:

	Consolidated Group 2014 $	2013 $
Goodwill		
Cost	730,787	730,787
Accumulated impaired losses	-	-
Net carrying amount	730,787	730,787
Trademarks, licences and other intangibles		
Cost	25,170	28,653
Accumulated impairment losses	-	-
Net carrying amount	25,170	28,653
Computer software:		
Cost	6,636,868	4,275,416
Accumulated amortisation and impairment losses	(2,026,202)	(1,468,573)
Net carrying amount	4,610,666	2,806,843
Total intangibles	5,366,623	3,566,283

Movements in carrying amounts of intangibles:

	Goodwill $	Trademarks, Licences & Other $	Computer Software $	Total $
Year ended 30 June 2013				
Balance at the beginning of the year	730,787	-	1,840,829	2,571,616
Additions	-	40,400	1,341,611	1,382,011
Amortisation/depreciation charge	-	(11,747)	(375,597)	(387,344)
Impairment losses	-	-	-	-
	730,787	28,653	2,806,843	3,566,283
Year ended 30 June 2014				
Balance at the beginning of the year	730,787	28,653	2,806,843	3,566,283
Additions	-	5,549	2,361,452	2,367,001
Disposals	-	(8,624)	-	(8,624)
Amortisation/depreciation charge	-	(408)	(557,629)	(558,037)
Impairment losses	-	-	-	-
Closing value at 30 June 2014	730,787	25,170	4,610,666	5,366,623

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the statement of profit or loss. Goodwill has an indefinite useful life.

The Group performs impairment testing for all goodwill on an annual basis on any identifiable intangibles (goodwill and capitalised software). There was no impairment recognised for the year ended 30 June 2014 (2013: no impairment).

Allocation of goodwill to cash-generating units:

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

— New Zealand - Claims management services

Before recognition of impairment losses, the carrying amount of goodwill (other than goodwill relating to discontinued operations) was allocated to cash generating units as follows:

Cash Generating Unit	2014 $	2013 $
New Zealand - claims management	730,787	730,787
	730,787	730,787

New Zealand - claims management

The recoverable amount of this cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by directors covering a five-year period, and a discount rate of 20% per annum (2013: 20%). The recoverable amount for the year ended 30 June 2014 was determined to be $18,239,111.

Cash flow projections during the budget period are based on the same expected gross margins and labour costs inflation throughout the budget period. The cash flows beyond that five-year period have been extrapolated using a steady 2% per annum growth rate. The Directors believe that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

Note 18 Other Assets

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
Prepayments	76,389	87,257
Prepaid borrowing expenses	21,157	24,003
Accrued income	178,167	71,629
Capitalised legal expenses	29,743	35,209
Excess clearing account	18,567	235,719
	324,023	453,817
NON-CURRENT		
Refundable Deposits	171,383	32,000
	171,383	32,000

Note 19 Trade and Other Payables

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT			
Unsecured liabilities			
Trade payables		5,825,579	3,429,778
Sundry payables and accrued expenses		2,629,350	1,910,168
Amounts payable to related parties			
— associated companies & other related parties	31(d)	76,185	1,238,213
Building work clearing account		2,922,539	10,353,740
		11,453,653	16,931,899

The builders work clearing account represents unpaid amounts due to creditors that relate directly to the work being carried out to resolve insurance claims on the behalf of customers.

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) Financial liabilities at amortised cost classified as trade and other payables			
Trade and other payables			
— Total current		11,453,653	16,931,899
— Total non-current		-	-
Financial liabilities as trade and other payables	32	11,453,653	16,931,899

Note 20 Borrowings

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT			
Secured liabilities			
Bank overdrafts	20a,c	649,647	62,942
Hire purchase/lease liabilities	20a	201,622	18,458
		851,269	81,400
Total current borrowings		851,269	81,400
NON-CURRENT			
Unsecured liabilities			
Related Party Loans		800	800
		800	800
Secured liabilities			
Bank loans	20a,b	3,570,610	3,000,000
Hire purchase/lease liabilities	20a	295,307	115,660
		3,865,917	3,115,660
Total non-current borrowings		3,866,717	3,116,460
Total borrowings	32	4,717,986	3,197,860

(a) Total current and non-current secured liabilities:

	Consolidated Group 2014 $	Consolidated Group 2013 $
Bank overdraft	649,647	62,942
Bank loan	3,570,610	3,000,000
Hire purchase/lease liabilities	496,929	134,118
	4,717,186	3,197,060

(b) Bank bill Facility:
The bank bill facility is secured by the assets of all entities in the consolidated group. Covenants imposed by the bank require that earnings before interest, tax, depreciation and amortisation for each reporting period is not less $3,500,000 tested semi-annually on a rolling twelve month basis, commencing for the reporting period ending 31 December 2014.

The Group has been granted an interest only period on the bank bill facility for 12 months from July 2014. Principal reductions will commence on 2 July 2015 with 10 monthly payments of $100,000.

The bank bill facility matures on 9 April 2016.

The Group breached the covenants imposed by the bank during the year, however these were remedied before the end of the reporting period by renegotiating the loan facilities.

(c) Summary of loan facilities:
The following bank loan facilities held with the Commonwealth Bank of Australia were approved and in place as at the balance date:

Facility	**Approved**
Overdraft	650,000
BetterBusiness Loan	269,121
BetterBusiness Bill Facility	3,300,000
Total	4,219,121

The Group's primary banking provider (Commonwealth Bank of Australia) has approved additional short term funding of $1.5m ($AUD) after balance

(d) Lease liabilities are secured by the underlying leased assets.

Financial assets that have been pledged as part of the total collateral for the benefit of debenture holders and bank debt are as follows:

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
Cash and cash equivalents	10	3,304,147	7,614,840
Trade receivables	11	3,964,255	7,009,302
Listed investments	14	2,300	206,840
Total financial assets pledged		7,270,702	14,830,982

The collateral over cash and cash equivalents represents a floating charge. Listed investments cannot be disposed of without the consent of banks.

Note 21 Other Financial Liabilities

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
Accruals	301,274	-
	301,274	-

Note 22 Tax

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
Income tax payable	567,931	1,050,171
	567,931	1,050,171

NON-CURRENT **Consolidated Group**	Opening Balance $	Charged to Income $	Charged directly to Equity $	Changes in Tax Rate $	Exchange Differences $	Closing Balance $
Deferred tax liability						
Other	50,758	(50,758)	-	-	-	-
Balance at 30 June 2013	50,758	(50,758)	-	-	-	-
Other	-	-	-	-	-	-
Balance at 30 June 2014	-	-	-	-	-	-
Deferred tax assets						
Provisions - employee benefits	174,030	13,144				187,174
Other	16,622	140,409				157,031
Balance at 30 June 2013	190,652	153,553	-	-	-	344,205
Provisions	187,174	33,430				220,604
Other	157,031	546,408				703,439
Balance at 30 June 2014	344,205	579,838	-	-	-	924,043

Note 23 Provisions

	Consolidated Group 2014 $	Consolidated Group 2013 $
CURRENT		
Employee Benefits		
Opening balance at 1 July 2013	623,916	497,707
Additional provisions	635,502	564,701
Amounts used	(506,788)	(438,492)
Unused amounts reversed	-	-
Balance at 30 June 2014	752,630	623,916
Other Provisions		
Opening balance at 1 July 2013	84,809	69,533
Additional provisions	399,138	358,738
Amounts used	(465,230)	(343,462)
Unused amounts reversed	-	-
Balance at 30 June 2014	18,717	84,809
Total	771,347	708,725

Analysis of Total Provisions

	Consolidated Group 2014 $	Consolidated Group 2013 $
Current	771,347	708,725
Non-current	-	-
	771,347	708,725

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements. Based on past experience the Group does not expect the full amount of annual leave classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

Note 24 Issued Capital

	Consolidated Group 2014 $	Consolidated Group 2013 $
153,028,946 (2013: 36,522,645) fully paid ordinary shares	8,373,280	2,408,375
	8,373,280	2,408,375

(a) **Ordinary Shares**

	Consolidated Group 2014 No.	Consolidated Group 2013 No.
At the beginning of the reporting period	36,522,645	36,522,645
Shares issued during the year		
— 5 February 2014 - Share conversion - 2 shares for every 3 shares owned	(12,173,981)	-
— 10 April 2014 - Recognition of shares in Stream Group Limited (formerly Longreach Group Limited) in accordance with the requirements of reverse acquisition accounting	121,741,440	-
— 10 April 2014 - Shares issued but reserved for issue under Employee Share Loan Plan to Christian Bernecker pursuant to the offer (Note 29)	3,333,333	-
— 10 April 2014 - Shares issued to new shareholders pursuant to the offer	3,605,509	-
At the end of the reporting period	153,028,946	36,522,645

Ordinary shares participate in dividends and the proceeds on winding-up of the parent entity in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

As at 30 June 2014, the Group has 3,333,333 shares on issue reserved for issue under the Employee Share Loan Plan (2013: nil). Refer to Note 29 for further details.

Note 25 Capital and Leasing Commitments

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) **Finance Lease Commitments**			
Payable — minimum lease payments			
— not later than 12 months		264,759	25,980
— between 12 months and five years		311,766	133,339
— later than five years		-	-
Minimum lease payments		576,525	159,319
Less future finance charges		(79,596)	(25,201)
Present value of minimum lease payments		496,929	134,118

The Group leased certain assets mainly comprise of motor vehicles and other operating equipment. The average lease term is 4 years (2013: 5 years). The Group's obligations under finance leases are secured by the lessors' title to the leased assets. Interest rates underlying all obligations under financial leases are fixed at respective their respective contract dates ranging from 6% to 9.5% (2013: 7% to 10%) per annum.

	Consolidated Group	
	2014	2013
(b) **Operating Lease Commitments**	$	$
Operating leases contracted for but not recognised in the financial statements		
Payable — minimum lease payments		
— not later than 12 months	1,045,886	582,585
— between 12 months and five years	990,481	378,414
— later than five years	-	-
	2,036,367	960,999
Representing:		
— Cancellable operating leases	1,699,904	718,544
— Non-cancellable operating leases	336,463	242,455
	2,036,367	960,999

(c) **Summary of Property Lease Commitments**

Stream Group Aust Pty Ltd (South Pine Road, Alderley) - The property lease is a non-cancellable lease with a three-year term (from 1 November 2011), with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 5% per annum. An option exists to renew the lease at the end of the three-year term for an additional term of two years. The lease allows for subletting of all lease areas with the permission of the landlord.

Stream Group Aust Pty Ltd (Enoggera Road, Alderley) - The property lease is a non-cancellable short term lease that expires on 16 October 2014, with rent payable monthly in advance. There are no provisions in the lease agreement in relation to the increase in minimum lease payments due to the short term nature of the lease. An option exists to renew the lease at the end of the term. The lease allows for subletting of all lease areas with the permission of the landlord.

Insurtech Systems Pty Ltd (Edwards St, Brisbane City) - The property lease is a non-cancellable lease with a three-year term (from 1st July 2013), with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. An option exists to renew the lease at the end of the term. The lease allows for subletting of all lease areas with the permission of the landlord.

Stream Group N.Z. Pty Ltd (Christchurch, New Zealand) - The property lease is a non-cancellable lease with a six-year term (from 1 July 2012), with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased each year by negotiation. An option exists to renew the lease at the end of the six-year term for an additional term of four years. The lease allows for subletting of all lease areas with the permission of the landlord.

Stream Group N.Z. Pty Ltd (Christchurch, New Zealand) - The property lease is a non-cancellable lease with a four-year term (from 31 March 2013), with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased each year by negotiation. An option exists to renew the lease at the end of the four-year term for an additional term of three years. The lease allows for subletting of all lease areas with the permission of the landlord.

Stream Group N.Z. Pty Ltd (Wellington, New Zealand) - The property lease is a cancellable lease as the lease has now lapsed and is now on a month by month basis, rent is payable monthly in advance. The minimum lease payments shall be increased each year by negotiation. The lease does not allow for subletting and there is no option to extend the lease.

Stream Group N.Z. Pty Ltd (Auckland, New Zealand) - The property lease is a non-cancellable lease with a three-year term (from 1 December 2012), with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by CPI after three years. An option exists to renew the lease at the end of the three-year term for an additional term of one year. The lease allows for subletting of all lease areas with the permission of the landlord.

Stream Claim Services UK Limited (London, United Kingdom) - The company has entered into an agreement with Regus, a reputable provider of office space including office equipment such as computers, telephone and various other essential services. The lease is cancellable and operates on a monthly by month basis. The lease does not allow for subletting and there is no option to extend the lease.

(c) **Capital Expenditure Commitments**

There were no material commitments for capital expenditure outstanding for the Group at balance date (2013: $0)

Note 26 Contingent Liabilities and Contingent Assets

There are no known contingent liabilities or assets as at the date of preparation of this financial report.

Note 27 Operating Segments

General Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group is managed primarily on the basis of geographic location as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of accounting for purposes of reporting by operating segments

(a) **Accounting policies adopted**

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the Group.

(b) **Inter-segment transactions**

An internally determined transfer price is set for all inter-segment sales. This price is based on what would be realised in the event the sale was made to an external party at arm’s length. All such transactions are eliminated on consolidation of the Group's financial statements.
Corporate charges are allocated to reporting segments based on the segment's consumption of head office expenditure.

(c) **Unallocated items**

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Equity accounted share of associates net profit/(loss)
- Payments under employee share plans
- Share based payments
- Interest (expense)
- Income tax expense

(d) **Segment performance**

30 June 2014	Australia $	New Zealand $	United Kingdom $	Eliminations on consolidation $	Total $
REVENUE					
Sales	15,768,024	18,655,644	41,277	(5,261,168)	29,203,777
Other Revenue	238,709	233,483	(29,289)	17,391	460,294
Total segment revenue	16,006,733	18,889,127	11,988	(5,243,777)	29,664,071
SEGMENT RESULT					
Operating Expenses	16,507,386	14,850,566	1,656,525	(5,243,777)	27,770,700
Earnings before interest, tax, depreciation and amortisation (EBITDA)	(500,653)	4,038,561	(1,644,537)	-	1,893,371
Depreciation and amortisation	792,635	109,396	6,476	-	908,507
Earnings before interest and tax (EBIT)	(1,293,288)	3,929,165	(1,651,013)	-	984,864
Equity accounted share of associates net profit/(loss)					(3,139,681)
Payments under employee share plans					(73,768)
Share based payments					(58,122)
Interest (expense)	(235,026)	(108,013)	-	-	(343,039)
Income tax benefit/(expense)					247,935
Net profit/(loss) for the year	(1,528,314)	3,821,152	(1,651,013)	-	(2,381,811)

30 June 2013	Australia $	New Zealand $	United Kingdom $	Eliminations on consolidation $	Total $
REVENUE					
Sales	17,624,188	13,391,840	226,626	(4,251,390)	26,991,264
Other Revenue	606,620	147,284	(35,727)	-	718,177
Total segment revenue	18,230,808	13,539,124	190,899	(4,251,390)	27,709,441
SEGMENT RESULT					
Operating Expenses	14,840,599	10,975,053	704,090	(4,251,390)	22,268,352
Earnings before interest, tax, depreciation and amortisation (EBITDA)	3,390,209	2,564,071	(513,191)	-	5,441,089
Depreciation and amortisation	573,857	126,001	-	-	699,858
Earnings before interest and tax (EBIT)	2,816,352	2,438,070	(513,191)	-	4,741,231
Equity accounted share of associates net profit/(loss)					(342,484)
Interest (expense)	(235,026)	(108,013)	-	-	(84,359)
Income tax benefit/(expense)					(1,019,986)
Net profit/(loss) for the year	2,581,326	2,330,057	(513,191)	-	3,294,402

Please note that the above segment analysis provides the results for each geographical segment before elimination of inter-entity transactions to accurately demonstrate the profit in each different segment. This is due to the costs incurred by the Australian entities that relate to the operational activities in New Zealand and the United Kingdom.

(e) **Segment assets and liabilities**

30 June 2014	Australia $	New Zealand $	United Kingdom $	Eliminations on consolidation $	Total $
Assets	45,573,315	8,874,832	303,367	(27,196,813)	27,554,701
Liabilities	31,563,063	3,163,647	2,619,876	(19,534,395)	17,812,191

30 June 2013	Australia $	New Zealand $	United Kingdom $	Eliminations on consolidation $	Total $
Assets	35,406,180	5,240,482	305,761	(13,035,256)	27,917,167
Liabilities	28,495,690	4,430,000	899,448	(11,936,483)	21,888,655

Note 28 Cash Flow Information

	Consolidated Group 2014 $	Consolidated Group 2013 $
(a) **Reconciliation of Cash Flow from Operating Activities with Profit/(loss) after Income Tax**		
Net profit/(loss) after income tax	(2,381,811)	3,294,402
Non-cash flows in profit/(loss)		
Depreciation	908,507	699,858
Net (gain)/loss on disposals and write-offs	(17,940)	4,180
Net (gain)/loss on disposal of investments	19,222	(312,873)
Non-cash interest	17,820	(125,811)
Loss from associated entities accounted for using the equity method	3,139,681	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
(Increase)/decrease in trade and term receivables	(71,870)	(3,887,562)
(Increase)/decrease in other assets	7,864	(287,227)
(Increase)/decrease in inventories	526,330	(2,641,096)
Increase/(decrease) in trade payables and accruals	(3,026,409)	440,412
Increase/(decrease) in income taxes payable	(1,062,071)	(244,723)
Increase/(decrease) in other liabilities	682,788	4,408,650
Cash flow from operating activities	(1,257,889)	1,348,210

(b) See Note 10 for reconciliation of cash to the statement of financial position.

Note 29 Share-based Payments

Employee Share Loan Plan

(i) On 13 January 2014 Shareholders approved for the purposes of Listing Rule 7.2 Exception 9, Section 259B and Section 260C of the Corporations Act and for all other purposes the adoption of an Employee Share Loan Plan.

(ii) The key terms and conditions of the Employee Share Loan Plan are set out below:

- All employees and Directors of the Company or its subsidiaries will be eligible to participate in the Employee Share Loan Plan.
- The Company will extend an interest free limited recourse loan to a participating employee to the value of the Shares acquired under the plan. Limited recourse means that if at the date that the loan is repayable, the value of the Shares is less than the loan, the Company cannot recover the difference from the participant.
- As security for the Loan, employee will pledge the Shares acquired under the plan to the Company and any future dividends, bonus shares or rights attaching to the shares shall be secured to the Company.
- Loans or other financial assistance will only be extended to participants as permitted by the Corporations Act. 100% of the after tax amount of any distribution on the Shares (in the hands of the participants) must be applied to repayment of the loan.
- Shares will only be issued by the Board with vesting dates and performance conditions attached, which if not achieved will result in forfeiture of the Shares. If the Shares are forfeited, the participant must, subject to compliance with the Corporations Act, deliver the shares to the Company upon which the Shares will be cancelled.
- There is no discretion to waive any performance conditions attaching to issued Shares, although the Board may, in its absolute discretion, bring forward the testing date or performance period for the performance conditions in the event of a change of control of the Company.
- There is no discretion to allow the vesting of Shares due to the death or permanent disability of the participant.
- Shares which have not vested will be forfeited in the event that a participant ceases as an employee of the Company or its subsidiaries or as a Director of the Company.
- The maximum number of Shares that may be on issue at any one time under any Employee Share Loan Plan must not exceed 10% of the total Shares of the Company.
- Shares will carry the same rights as the Company's quoted Shares.
- Shares may be issued at a price determined by the Directors. Shares may also be acquired on market for the benefit of participants.
- Administrative costs and expenses of the Employee Share Loan Plan will be borne by the Company.

As at 30 June 2014 no employees had actively engaged in the employee share plan except for Executive Director, Christian Bernecker as detailed below.

Employee Share Loan Plan - Directors and Executive Plan

(i) On 13 January 2014 Shareholders approved the issue of 3,333,333 shares to Christian Bernecker under the Company's Employee Share Loan Plan (ESLP). The shares were issued on the condition that the acquisition of Stream Group must be completed.

(ii) The terms and conditions of the arrangement are described below:

Issue Price

The issue price is $0.226. This is a 10% premium to the issue price for shares under the offer on the acquisition of Stream Group.

Vesting Conditions

The shares will be available to vest on the vesting date provided Christian Bernecker is an Executive Director of the Company on the vesting date. If available to vest, the shares will vest and Christian Bernecker will be able to sell or transfer the Shares (subject to the Loan Terms) in the following amounts subject to the satisfaction of the following performance conditions:

Vesting Date	Performance Condition	Number of Shares to Vest
	Volume weighted average price of the Company's Shares traded on the ASX in the 5 days on which trading occurred in the Company's Shares prior to the Vesting Date is greater than:	
1st - 12 months from Issue	$0.226	833,333
2nd - 24 months from Issue	$0.25	833,333
3rd - 36 months form Issue	$0.275	833,333
Final - 48 months from Issue	$0.33	833,334

In the event of a change of control of the Company (excluding the change of control arising from the acquisition of Stream Group), the Board may, in its absolute discretion, determine that the shares will vest if the performance condition for the next vesting date is met as at the date of change of control provided Christian is an Executive Director on the date of the change of control of the company.

Shares which are available to vest at the vesting date and which do not vet due to the failure to meet the performance condition will be carried forward to the next vesting date and be tested against the performance condition for that next vesting date. For example, if the performance condition for the 1st vesting date is not met then at the 2nd vesting date there will be 1,666,666 shares to vest if the performance condition for the 2nd vesting date is achieved and Christian is still an Executive Director on the 2nd vesting date.

Shares which do not vest on the final vesting date or have not vested by the date Christian ceases to be an Executive Director will be forfeited.

Loan Terms

The Company will provide a loan to Christian Bernecker for $753,333.26 being the total subscription monies payable for the shares ('the Loan").

The Loan will be provided under the Company's Employee Share Loan Plan on the following terms:

• The Loan must be repaid within 5 years of the issue of the Shares and may be repaid earlier, in whole or in part, at Christian’s discretion.
• The Loan is limited recourse and the Shares together with any dividends, bonus shares and rights attaching to the Shares are pledged as security for the Loan. Accordingly, the Shares may not be sold, transferred, assigned or offered as security while the Loan is outstanding. The Board may consent to the sale or transfer of the Shares as a part of a transaction resulting in a change of control of the Company and apply any terms to its consent, including the remittance directly to the Company of any consideration received on the sale or transfer.
• 100% of any dividends or return of capital paid on the Shares for which the Loan is outstanding (post tax in the hands of Christian Bernecker) must be
• The Loan on any Shares that have vested is repayable within 7 days of Christian ceasing as an Executive Director of the Company.
• Failure to repay the Loan on the terms described above will result in forfeiture of the Shares.
• Any repayments on the Loan will be applied by the Company to discharge the Loan against individual Shares rather than applied equally across all

Forfeiture - Vested Shares

Forfeiture of Shares that have vested will occur through a share buy-back, subject to the Corporations Act, at a price equal to the market price of the Shares, as determined by the Directors. The balance of any monies after repayment of the Loan for these shares will be paid to Christian.
Vested Shares will only be forfeited for failure to comply with the Loan Terms.

Forfeiture - Unvested Shares

Forfeiture of Shares that have not vested will occur through a share buyback, subject to the Corporations Act, at the Issue Price. The balance of any monies after repayment of the Loan for these shares, if any, will be paid to Christian.

(iii) Expense recognised for Christian Bernecker's Employee Share Plan in accordance with AASB 2 for the year ended 30 June 2014.

Value of Shares issued under the offer	Value
Issue price of shares	$0.226
Fair value of shares at grant date	$0.204
Number of Shares Issued	3,333,333
Total value of shares issued	**$680,000**

Vesting Date	Tranche	Number of Shares	Probability	Period Lapsed	Remuneration Expense for the Period
1st - 12 months from Issue	Tranche 1	833,333	72.40%	3 of 12 Months	$30,770
2nd - 24 months from Issue	Tranche 2	833,333	64.50%	3 of 24 Months	$13,706
3rd - 36 months form Issue	Tranche 3	833,333	59.20%	3 of 36 Months	$8,387
Final - 48 months from Issue	Tranche 4	833,334	49.50%	3 of 48 Months	$5,259
Total remuneration expense					**$58,122**

An expense of $58,122 has been recognised in the statement of comprehensive income as employee benefits expense.

Fair value of shares

The fair value of the shares granted during the year is $0.204 (2013: $Nil). The fair value has been determined based on the market value of the shares as at the grant date. As the issue of the shares relies on performance and market conditions it was determined that this value most accurately reflects fair value.

(iv) Movements in shares on issue under Employee Share Loan Plan during the year.

The following reconciles the shares outstanding at the beginning and end of the year under the Employee Share Loan Plan:

	Consolidated Group	
	2014	2013
	$	$
	Number of shares	Number of shares
Balance at beginning of year	-	-
Granted during the year	3,333,333	-
Vested during the year	-	-
Balance at end of year	3,333,333	-

Note 30 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 31 Related Party Transactions

Related Parties

(a) The Group's main related parties are as follows:

i. **Entities exercising control over the Group:**

The ultimate parent entity that exercises control over the Group is Stream Group Limited, which is incorporated in Australia.

ii. **Key Management Personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 6.

iii. **Entities subject to significant influence by the Group:**

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity which holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

For details of interests held in associated companies, refer to Note 13.

iv. **Entities accounted for under the equity method:**

The group has a 39% interest in Cerno Limited and a 40% interest in Melbourne Technology Group Pty Ltd. The interests in these entities is accounted for in the consolidated financial statements of the group using the equity method of accounting.

For details of interests held in associated companies, refer to Note 13.

v. **Other Related Parties**

Other related parties include entities controlled by the ultimate parent entity and entities over which key management personnel have joint control.

(b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

		Consolidated Group 2014 $	2013 $
i.	**Associated Companies**		
	Sales of goods and services		
	Sale of software by Insurtech Systems Pty Ltd to Cerno Limited	1,000,000	-
	Administration charge by Stream Management Services Pty Ltd to Cerno Limited	1,029,943	-
	Divisional recharges by Stream Group Aust Pty Ltd to Cerno Limited	241,376	
	Dividend revenue		
	Dividends received and receivable from associated companies	-	-
	Interest revenue		
	Interest received and receivable from associated companies	-	-
ii.	**Other Related Parties**		
	Dividend revenue		
	Dividends received from other related parties	-	-
	Interest revenue		
	Interest received from other related parties	-	-
iii.	**Key Management Personnel**		
	Services provided to key management personnel	-	-
	Interest revenue		
	Interest received from directors	-	133,549

(c) Amounts outstanding from related parties

Trade and Other Receivables

Unsecured loans are made to the ultimate parent entity, subsidiaries, directors, key management personnel and other related parties on an arm's length basis.

		Consolidated Group 2014 $	2013 $
i.	***Loans to Associated Companies***		
	Beginning of the year	-	-
	Loans advanced	5,710,255	-
	Loan repayment received	-	-
	Interest charged	-	-
	Interest received	-	-
	End of the year	5,710,255	-
ii.	***Loans to Other Related Parties***		
	Beginning of the year	558,935	-
	Loans advanced	127,811	558,935
	Loan repayment received	-	-
	Interest charged	-	-
	Interest received	-	-
	End of the year	686,746	558,935
iv.	***Loans to Key Management Personnel***		
	Beginning of the year	-	348,569
	Loans advanced	2,024,708	-
	Loan repayment received	(1,991,000)	(348,569)
	Interest charged	-	-
	Interest received	-	-
	End of the year	33,708	-

(d) Amounts payable to related parties

Trade and Other Payables

		Consolidated Group	
		2014	2013
		$	$
i.	***Loans from Associated Companies***		
	Beginning of the year	-	-
	Loans advanced	76,185	-
	Loan repayment received	-	-
	Interest charged	-	-
	Interest received	-	-
	End of the year	76,185	-
iv.	***Loans from Other Key Management Personnel Related Entities***		
	Beginning of the year	800	800
	Loans advanced	-	-
	Loan repayment received	-	-
	Interest charged	-	-
	Interest received	-	-
	End of the year	800	800
v.	***Loans from Other Related Parties***		
	Beginning of the year	1,238,213	1,238,213
	Loans advanced	-	-
	Loan repayment received	(1,238,213)	-
	Interest charged	-	-
	Interest received	-	-
	End of the year	-	1,238,213

Note 32 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
		2014	2013
	Note	$	$
Financial Assets			
Cash and cash equivalents	10	3,304,147	7,614,840
Trade and other receivables	11	12,545,215	8,391,471
Available-for-sale financial assets			
— at fair value			
— listed investments	14b	2,300	206,840
— unlisted investments	14b	149,873	150,000
		152,173	356,840
Total Financial Assets		16,001,535	16,363,151
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	19	11,453,653	16,931,899
— Borrowings	20	4,717,186	3,197,060
Total Financial Liabilities		16,170,839	20,128,959

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not maintain any derivative instruments at 30 June 2014.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and includes the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Depending on the division within the Group, credit terms are generally 7 days from the date of invoice.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the finance committee has otherwise assessed as being financially sound. Where the Group is unable to ascertain a satisfactory credit risk profile in relation to a customer or counterparty, the risk may be further managed through title retention clauses over goods or obtaining security by way of personal or commercial guarantees over assets of sufficient value which can be claimed against in the event of any default.

Credit Risk Exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period, excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

Collateral held by the Group securing receivables is detailed in Note 20(d).

Significant credit risk exists in relation to the amounts receivable from Cerno Limited. As at 30 June 2014 the total amounts due were $5,710,168. Management have reviewed the amounts receivable from Cerno Limited as at the reporting date and determined that recoverable amounts are the same as the carrying amounts. This decision was based on the forecasted improvement in results for Cerno Limited.

This credit risk is managed through the significant influence that the Group has over the entity allowing it to actively participate in the operating decisions and oversight of the business. The Group also has preferred creditor status over all other creditors but behind the bank.

The Group has other no significant concentration of credit risk with any single counterparty or group of counterparties. However, on a geographic basis, the Group has significant credit risk exposures to Australia, New Zealand and the United Kingdom given the substantial operations in those regions.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

Credit risk related to balances with banks and other financial institutions is managed by the finance committee in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard and Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings.

	Note	Consolidated Group	
		2014	2013
		$	$
Cash and cash equivalents			
- AA Rated		2,654,500	7,551,898
- A Rated		-	-
	10	2,654,500	7,551,898

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

— on-going review of cash flow;
— obtaining funding from a variety of sources, e.g. equipment financing;
— maintaining a reputable credit profile;
— managing credit risk related to financial assets;
— only investing surplus cash with major financial institutions; and

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments. The financial instruments that primarily expose the Group to interest rate risk are borrowings, shares in listed companies and cash and cash equivalents. This risk is considered in the sensitivity analysis below.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated Group	
	Profit	**Equity**
Year ended 30 June 2014	**$**	**$**
+/- 2% in interest rates	111,739	111,739
+/- 10% in listed investments	230	230

	Consolidated Group	
	Profit	**Equity**
Year ended 30 June 2013	**$**	**$**
+/- 2% in interest rates	25,997	25,997
+/- 10% in listed investments	20,684	20,684

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group. Most of these instruments, which are carried at amortised cost (i.e. trade receivables, loan liabilities), are to be held until maturity and therefore the fair value figures calculated bear little relevance to the Group.

	Note	**2014**		**2013**	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Consolidated Group		$	$	$	$
Financial assets					
Cash and cash equivalents	10	3,304,147	3,304,147	7,614,840	7,614,840
Trade and other receivables		12,545,215	12,545,215	8,391,471	8,391,471
Available-for-sale financial assets:					
- at fair value					
- listed investments		2,300	2,300	206,840	206,840
- unlisted investments		149,873	149,873	150,000	150,000
Total available-for-sale financial assets	14	152,173	152,173	356,840	356,840
Total financial assets		16,001,535	16,001,535	16,363,151	16,363,151
Financial liabilities					
Trade and other payables	19	11,453,653	11,453,653	16,931,899	16,931,899
Bank bills/loans	20	3,570,610	3,570,610	3,000,000	3,000,000
Lease liability	20	496,929	496,929	134,118	134,118
Bank overdraft	20	649,647	649,647	62,942	62,942
Total financial liabilities		16,170,839	16,170,839	20,128,959	20,128,959

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values. Trade and other payables exclude amounts relating to the provision of annual leave, which is outside the scope of AASB 139.

(ii) Discounted cash flow models are used to determine the fair values of loans and advances. Discount rates used on the calculations are based on interest rates existing at the end of the reporting period for similar types of loans and advances. Differences between fair values and carrying amounts largely represent movements in the effective interest rate determined on initial recognition and current market rates.

(iii) For listed available-for-sale and held-for-trading financial assets, closing quoted bid prices at the end of the reporting period are used. In determining the fair values of the unlisted available-for-sale financial assets, the directors have used inputs that are observable either directly (as prices) or indirectly (derived from prices).

(iv) Discounted cash flow models are used that incorporate a yield curve appropriate to the remaining maturity of the debenture, bill or promissory note.

(v) Fair values are determined using a discounted cash flow model incorporating current commercial borrowing rates. The fair value of fixed rate bank debt will differ to carrying amounts.

Financial Instruments Measured at Fair Value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

— quoted prices in active markets for identical assets or liabilities (Level 1);
— inputs other than quoted prices (included within Level 1) that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
— inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated Group				
2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:	**$**	**$**	**$**	**$**
Available-for-sale financial assets:				
— listed investments	2,300	-	-	2,300
— unlisted investments	-	-	149,873	149,873
	2,300	-	149,873	152,173

Consolidated Group				
2013	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:	**$**	**$**	**$**	**$**
Available-for-sale financial assets:				
— listed investments	206,840	-	-	206,840
— unlisted investments	-	-	150,000	150,000
	206,840	-	150,000	356,840

Included within Level 1 of the hierarchy are listed investments. The fair value of these financial assets has been based on the closing quoted bid prices at the end of the reporting period, excluding transaction costs.

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting period.

Note 33 Reserves

a. **Foreign Currency Translation Reserve**

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary.

	Consolidated Group	
	2014	2013
	$	$
Opening balance	38,540	91,667
Translation of financial statements of foreign entities	72,782	(53,127)
Closing balance	111,322	38,540

b. **Share-based Payments Reserve**

The share-based payments reserve recognises share-based payment transactions with employees or other parties to be settled in the future. Refer to Note 29 for further details.

	Consolidated Group	
	$	$
Opening balance	-	-
Share based payment expense	58,122	-
Closing balance	58,122	-
Total reserves	169,444	38,540

Note 34 Business Combination

On 1 August 2013, Stream Group Limited (formerly Longreach Group Limited), announced its intention to acquire 100% of Stream Group Consolidated Pty Ltd. The transaction received approval from Stream Group Limited (formerly Longreach Group Limited) shareholders at the Annual General Meeting on 13 January 2014 and was completed on 10 April 2014.

The acquisition date has been deemed to be 10 April 2014 as this is the completion date of the transaction and this is when the change of control is effect from in accordance with the share purchase agreement.

Acquisition consideration
As consideration for the issued capital of Stream Group Consolidated Pty Ltd, Stream Group Limited (formerly Longreach Group Limited) issued 121,741,440 shares in Stream Group Limited (formerly Longreach Group Limited).

Fair value of consideration transferred

Under the principles of AASB 3: Business Combinations, the transaction between Stream Group Limited (formerly Longreach Group Limited) and Stream Group Consolidated Pty Ltd is being treated as a reverse acquisition. As such, the assets and liabilities of the legal subsidiary (the accounting acquirer), being Stream Group Consolidated Pty Ltd, are measured at their pre-combinations carrying amounts. The assets and liabilities of the legal parent (accounting acquiree), being Stream Group Limited (formerly Longreach Group Limited) are measured at fair value on the date of acquisition.

The consideration in a reverse acquisition is deemed to have been incurred by the legal subsidiary (Stream Group Consolidated Pty Ltd) in the form of equity instruments issued to the shareholders of the legal parent entity (Stream Group Limited (formerly Longreach Group Limited)). The acquisition-date fair value of the consideration transferred has been determined by reference to the fair value of the number of shares the legal subsidiary (Stream Group Consolidated Pty Ltd) would have issued to the legal parent entity Stream Group Limited (formerly Longreach Group Limited) to obtain the same ownership interest in the combined entity.

Goodwill
Goodwill is calculated as the difference between fair value of the consideration transferred less the identified fair value of the net assets legal parent, being Stream Group Limited (formerly Longreach Group Limited). Details of the transaction are as follows:

	Fair Value
	$
Fair value of consideration transferred	5,222,418
Fair value of assets and liabilities held at acquisition date:	
Cash and cash equivalents	3,108,132
Other Receivables	2,336,356
Other Assets	25,710
Other Payables	(245,710)
Other Liabilities	(2,070)
	5,222,418
Identifiable assets and liabilities assumed	5,222,418
Goodwill on acquisition	-

Contribution to the Group results
Stream Group Limited (formerly Longreach Group Limited) had minimal trading activities during the year and therefore had no significant impact on the results of the consolidated group as presented. Acquisition costs of $281,862 have been recognised in other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

Note 35 Company Details

The registered office of the company is:
Stream Group Limited
Simpsons Solicitors C/- Simpsons Solicitors Pier 8
Level 2, 23 Hickson Road
Millers Point, NSW, 2000

The principal places of business are:
Stream Group Limited
C/- Simpsons Solicitors Pier 8/9
Level 2, 23 Hickson Road
Millers Point, NSW, 2000

STREAM GROUP LIMITED ABN: 57 010 597 672
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Stream Group Limited , the directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 55, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
   (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer.

Director

Donovan McKenzie

Dated this 24th day of September 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STREAM GROUP LIMITED (FORMERLY LONGREACH GROUP LIMITED)

Report on the Financial Report

We have audited the accompanying financial report of Stream Group Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising of the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard *AASB 101: Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards* (IFRS).

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PKF Lawler Partners Audit & Assurance
(a Limited Partnership)
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Liability limited by a scheme approved under Professional Standards Legislation

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Stream Group Limited, would be in the same terms if provided to the directors at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Stream Group Limited is in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date;

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 13 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the remuneration report of Stream Group Limited for the year ended 30 June 2014 complies with s300A of the *Corporations Act 2001*.

PKF Lawler

PKF LAWLER PARTNERS
Chartered Accountants

STobutt

SCOTT TOBUTT
Partner

Sydney

Dated: 24 September 2014

STREAM GROUP LIMITED ABN: 57 010 597 672
AND CONTROLLED ENTITIES
ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by Australian Stock Exchange Listing Rules is as follows. The following information is current as at 19 September 2014:

1. Shareholding

a. Distribution schedule of shareholders

Category (size of holding)	Holders Number	Ordinary Share Number	Percentage %
1 – 1,000	221	57,218	0.04%
1,001 – 5,000	205	481,401	0.31%
5,001 – 10,000	217	2,019,852	1.32%
10,001 – 100,000	166	5,260,260	3.44%
100,001 – and over	49	145,210,215	94.89%
	858	153,028,946	100.00%

b. The names of the substantial shareholders listed in the holding company's register as at 4 August 2014 are:

Shareholder	Units	Percentage
LMBM PTY LTD	69,600,000	45.48%
NIGHTINGALE PARTNERS PTY LTD	14,443,226	9.44%
NEISER BETEILIGUNGS GMBH	18,181,020	11.88%

c. Class of shares and voting Rights
All shares are ordinary shares. Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

d. Twenty largest registered Shareholders — ordinary shares

Balance as at 4 August 2014		Number of Ordinary Shares Held	Percentage %
1.	LMBM PTY LTD	69,600,000	45.48%
2.	BNP PARIBAS NOMS PTY LTD	24,793,999	16.20%
3.	NIGHTINGALE PARTNERS PTY LTD	14,443,226	9.44%
4.	PHOENIX DEVELOPMENT FUND LTD	5,320,320	3.48%
5.	CHRISTIAN BERNECKER	4,641,400	3.03%
6.	S M TECH CO NO 1 PTY LTD	3,821,429	2.50%
7.	DONWOOD PTY LTD	2,360,005	1.54%
8.	MR EUGENE UGUCCIONI & MR GRANT CROOKS	1,819,487	1.19%
9.	NOTRON (NO 91) PTY LTD CASE	1,696,134	1.11%
10.	MADI MANAGEMENT PTY LTD	1,378,980	0.90%
11.	PACIFIC ATLANTIC COMMERCE PTY LIMITED	1,310,520	0.86%
12.	NEISER BETEILIGUNGS GMBH	1,145,246	0.75%
13.	BOND STREET CUSTODIANS LIMITED	1,076,667	0.70%
14.	IRONWOOD INVESTMENTS PTY LTD	948,660	0.62%
15.	PENNISULA SECURITIES LTD	861,220	0.56%
16.	NANDAROO PTY LTD	792,180	0.52%
17.	MRS CAROLE ELIZABETH SEEKINGS	713,940	0.47%
18.	ROB FERGUSON	684,600	0.45%
19.	MARK W BOLTON	684,600	0.45%
20.	BRAD & CHRISTINA KAY	616,000	0.40%
		138,708,613	90.64%

2. The name of the company secretary is Tom Rowe (commenced on 31 January 2013).

3. The address of the principal registered office in Australia is c/- Simpsons Solicitors, Level 2, Pier 8/9, 23 Hickson Road, Millers Point NSW 2000. Telephone +61 (02) 8014 5050.

4. A register of securities is held at the following address

Advanced Share Registry Services
110 Stirling Highway, Nedlands, WA, Australia, 6009
www.advancedshare.com.au
(08) 9389 8033

5. Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Securities Exchange Limited.