

STREAM GROUP LIMITED

ACN 010 597 672

NON-RENOUNCEABLE RIGHTS ISSUE OFFER DOCUMENT

A non-renounceable pro rata offer of New Shares at an issue price of \$0.18 each on the basis of one (1) new fully paid ordinary share in the Company for every ten (10) existing fully paid ordinary shares held in the Company on the Record Date to raise up to approximately \$2.9 million.

This Offer Document is not a prospectus. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding, or about the rights attaching to, the Shares being offered by this document.

**THE OFFER IS CURRENTLY SCHEDULED TO CLOSE AT 5.00PM AEDT
ON 21 NOVEMBER 2014**

VALID APPLICATION FORMS MUST BE RECEIVED BEFORE THAT TIME.

**Please read the instructions in this Offer Document and on the Entitlement and
Acceptance Form regarding the acceptance of Shares under the Offer.**

**THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT
SHOULD BE READ IN ITS ENTIRETY.**

**IF YOU ARE IN DOUBT ABOUT WHAT TO DO, YOU SHOULD
CONSULT YOUR PROFESSIONAL ADVISER.**

IMPORTANT INFORMATION

Eligibility

Applications for New Shares by Eligible Shareholders can only be made on or in accordance with the original Entitlement and Acceptance Form, as sent with this Offer Document. The Entitlement and Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

Privacy

By completing an Entitlement and Acceptance Form, you are providing personal information to the Company and the Registry, which is contracted by the Company to manage acceptances. The Company and the Registry on their behalf, collect, hold and use that personal information to process your Entitlement and Acceptance Form, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration.

As a Shareholder, the Corporations Act and Australian taxation legislation requires information about you (including your name, address and details of the Shares you hold) to be included in the Stream Group Limited public register. The information must continue to be included in Stream Group Limited public register if you cease to be a Shareholder.

The Company and the Registry may disclose your personal information for purposes related to your Shares to their agents and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- The Registry for ongoing administration of the Shareholder register;
- Other companies for the purpose of preparation and distribution of documents and for handling mail;
- Other companies for the purpose of analysing the Company's shareholder base; and
- Legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You can request access to your personal information or obtain further information about Stream Group Limited's privacy practices by contacting the Registry. You may be required to pay a reasonable charge to the Registry in order to access your personal information. Stream Group Limited aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Registry if any of the details you have provided change.

In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

Overseas Shareholders

No Offer will be made to Shareholders resident outside Australia or New Zealand.

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document. The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Shareholders resident in Australia or New Zealand holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

Notice to nominees and custodians

Nominees and custodians may not distribute any part of this Offer Document or any Entitlement and Acceptance Form in any country outside Australia or New Zealand, except in such other country as the Company may determine it is lawful and practical to make the Offer.

New Zealand

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013.

1. Details of Offer

1.1 Offer

Pursuant to this Offer Document, Stream is making a non-renounceable pro-rata offer of Shares to Shareholders whose registered address is in Australia or New Zealand on the basis of 1 New Share for every 10 Shares held at the Record Date at an issue price of \$0.18.

Where the determination of the Entitlement of any Eligible Shareholder results in a fraction of a Share, such fraction will be rounded up to the nearest whole New Share.

Stream will accept Entitlement and Acceptance Forms until 5.00pm AEDT on the Closing Date or such other date as the Directors in their absolute discretion shall determine, subject to the requirements of the Listing Rules. Entitlement and Acceptance Forms must be accompanied by payment of the Application Monies.

Your Entitlement is shown on the personalised Entitlement and Acceptance Form accompanying this Offer Document. You may accept the Offer only by applying for Shares as described in Section 2.

Unless you apply to participate in the Shortfall Offer described on the Entitlement and Acceptance Form, acceptances must not exceed your maximum Entitlement (as shown on the Entitlement and Acceptance Form), although you may accept a lesser number of New Shares should you wish to take up only part of your Entitlement. If your acceptance of the Offer exceeds your Entitlement, and you have not applied to participate in the Shortfall Offer, your acceptance will be deemed to be for your maximum Entitlement and any surplus Application Monies will be applied as an application under the Shortfall Offer. Refer to Section 1.11 for information in relation to the Shortfall Offer.

Acceptance of a completed Entitlement and Acceptance Form by Stream creates a legally binding contract between you and Stream for the number of Shares accepted or deemed to be accepted by you. The Entitlement and Acceptance Form does not need to be signed by you to be legally binding. The Offer and the contract formed on acceptance are governed by the laws of New South Wales.

If the Entitlement and Acceptance Form is not completed correctly it may still be treated as valid. The Directors' decision as to whether to treat the acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

New Shares offered by this Offer Document are expected to be issued, and security holder statements dispatched, on the date specified in the timetable in Section 1.2.

It is the responsibility of applicants to determine their allocation prior to trading in the Shares. Applicants who sell Shares before they receive their holding statements will do so at their own risk.

1.2 Timetable

ASX Announcement and Appendix 3B and section 708AA(7) notice lodged with ASX	24 October 2014
Notice sent to Eligible and Ineligible Shareholders	27 October 2014
Ex Date	28 October 2014
Record Date for determining Shareholder entitlements	30 October 2014

Mailing of Offer Document and Entitlement and Acceptance Forms to Shareholders	5 November 2014
Last date to extend the Closing Date	18 November 2014
Closing Date of the Offer	21 November 2014
Securities quoted on a deferred settlement basis	24 November 2014
Notify ASX of under-subscriptions	26 November 2014
Issue date/Shares entered into Shareholders' security holdings	28 November 2014

Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for issue of the Shares.

1.3 Use of Funds

The gross proceeds of the Offer will be approximately \$2.9 million which will be used to pay the costs of the Offer as well as provide additional working capital during the benign claims environment and allow Stream to continue the growth of products and services in Australia, New Zealand and the United Kingdom.

Cost of the Offer, including underwriting fees are approximately \$175,000 plus GST.

1.4 No Rights Trading

This pro-rata offer of New Shares is non-renounceable. This means that you may not sell or transfer all or any part of your Entitlement to subscribe for New Shares under the Offer.

1.5 ASX Quotation

Application will be made to ASX for the Official Quotation of the New Shares to be issued under the Offer. If permission is not granted by ASX for the Official Quotation of the New Shares, Stream will repay, as soon as practicable, without interest, all application monies received pursuant to the Offer.

1.6 Risk Factors

An investment in New Shares should be regarded as speculative. In addition to the general risks applicable to all investments in listed securities, there are specific risks associated with an investment in Stream which are described in Section 3.

1.7 Underwriting

The Offer is underwritten to an amount of 15,151,417 shares at \$0.18 per Underwritten Share, totalling \$2,727,255. The underwriting is through a combination of third party and related party underwriters and the details regarding the underwriting arrangements are set out in Section 4.

1.8 Effect of the Offer on Control of the Company

The Offer and the underwriting will not have any material impact on the control of the Company. The maximum number of Shares that may be issued under the Offer will not exceed 8.8% of the total issued capital on the issue of the Shortfall.

The Offer does not meet the conditions to Item 10 of section 611 of the Corporations Act and accordingly no entity may increase their voting power in the Company in contravention of section 606 of the Corporations Act by participating in the Offer or as Underwriter.

The potential effect the Offer will have on each Shareholders' percentage interest in the total issued capital is as follows:

- (a) If all Eligible Shareholders take up their Entitlement for New Shares under the Offer, each Eligible Shareholder's percentage in the total issued Shares of the Company will not be diluted (it will increase slightly due to the number of Shares held by Ineligible Shareholders) and the Offer will have no effect on the control of the Company.
- (b) To the extent that any Eligible Shareholder fails to take up their Entitlement to New Shares under the Offer, that Eligible Shareholder's percentage holding in the Company will be diluted by the New Shares issued under the Offer.
- (c) The Directors, their controlled entities and nominees, will not participate in the Offer and will receive Shares only to the extent that they are Underwriters.
- (d) The voting power of Don McKenzie and LBM Pty Ltd will decrease following the issue of the Shortfall as LBM Pty Ltd, the largest shareholder in the Company, will not take up any of its Entitlements.
- (e) Nightingale Partners will not participate in the Offer and will receive Shares only as Underwriter. There will not be any material change to the voting power of Nightingale Partners following the issue of the Shortfall as Nightingale Partners has entered into sub-underwriting agreements for the majority of its Underwritten Shares.
- (f) The issue of the Shortfall to the Underwriters will not materially increase the voting power of any Director and will decrease the voting power Don McKenzie (and LBM Pty Ltd) as described below:

Director	Jens Neiser	Christian Bernecker	Don McKenzie	Stuart Marburg
Current Number of Shares	18,181,020	4,641,400	69,600,000	3,821,429
Current voting power	10.78%	2.75%	41.28%	2.27%
Maximum number of Shares following the issue of Shortfall	20,958,798	5,335,844	69,766,667	4,238,096

Maximum voting power following the issue of Shortfall¹	11.41%	2.90%	37.97%	2.31%
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¹This calculation assumes that the issued capital following the issue of the Shortfall is the minimum number disclosed in the table at Section 1.9 and that the Directors are called upon to subscribe for the full amount of their respective Underwritten Shares.

1.9 Capital Structure

The capital structure on completion of the Offer will be as follows:

Securities currently on issue	168,611,958 Shares
Total securities currently held by Eligible Shareholders	163,038,405 Shares
Maximum number of securities that may be issued under the Offer	16,304,100 Shares
Minimum number of securities that will be issued under Offer (including to Underwriters).	15,151,417 Shares
Additional ordinary fully paid shares that may be issued after the Record Date but before the issue of the Shortfall, subject to Shareholder approval¹.	3,547,668 Shares
Maximum number of ordinary fully paid shares on issue following issue of Shortfall.	188,463,726 Shares
Minimum number of ordinary fully paid shares on issue following issue of the Shortfall.	183,763,375 Shares

¹Approval is to be sought for the issue of these Shares to the vendors of NIRS at the Company's 2014 annual general meeting.

Stream does not have any options or convertible securities on issue.

1.10 Taxation Implications

Shareholders should consult their professional tax adviser regarding the taxation implications of subscribing for New Shares under this Offer Document.

1.11 Shortfall and Shortfall Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall and will be taken up by the underwriters to the Offer unless it is allocated to other Eligible Shareholders.

You may, in addition to taking up your Entitlement in full, apply for additional Shares out of the Shortfall in excess of your Entitlement by completing the part of the Entitlement and Acceptance Form relevant to the Shortfall Offer.

Shortfall Shares will only be available where there is a Shortfall between Entitlement and Acceptance Form applications received from Eligible Shareholders and the number of Shares proposed to be issued under the Offer.

Shortfall Shares will be issued at the issue price of \$0.18 per Shortfall Share. Eligible Shareholders who apply for Shortfall Shares may be allocated a lesser number of Shortfall Shares than applied for, or may be allocated no Shortfall Shares at all, in which case excess Application Monies will be refunded without interest.

Subject to the terms of the underwriting agreement with Taylor Collison, all decisions regarding the allocation of Shortfall Shares will be made by the Directors in their absolute discretion and will be final and binding on all Eligible Shareholders.

1.12 Overseas Shareholders

No Offer will be made to Shareholders resident outside Australia or New Zealand.

The Company has decided that it is unreasonable to make the Offer to Shareholders outside Australia or New Zealand having regard to the relatively small number of Shareholders with addresses in other jurisdictions, the number and value of Shares they hold and the cost of complying with the legal requirements and the requirements of regulatory authorities to extend the Offer in those jurisdictions.

This Offer Document and accompanying Entitlement and Acceptance Form do not, and are not intended to, constitute an offer of Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Offer Document.

The distribution of this Offer Document in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Offer Document should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Notwithstanding the above, the Company may (in its absolute discretion) extend the Offer to certain shareholders who have registered addresses outside of Australia or New Zealand in accordance with applicable law.

1.13 CHESS and Issuer Sponsorship

The Company participates in the Clearing House Electronic Subregister System, known as CHESS. All trading on ASX in Shares will be settled through CHESS. ASX Settlement, a wholly owned subsidiary of ASX, operates CHESS in accordance with the Listing Rules and the ASX Settlement Rules.

The Registry operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. Both these sub-registers constitute the Company's principal register of Shareholders.

Holders of Shares will not receive a certificate but will receive a statement of their holding of Shares.

If you are broker sponsored or other participant in CHESS, ASX Settlement will send you a CHESS statement. The CHESS statement will set out the number of Shares issued under this Offer Document, provide details of your holder identification number, and provide the participant identification number of the sponsor and the terms and conditions applicable to the Shares.

If you are registered on the Issuer Sponsored subregister, your statement will be dispatched by the Registry and will contain the number of Shares issued to you under this Offer Document and your security holder reference number.

A CHESS statement or issuer sponsored statement will routinely be sent to Shareholders at the end of any calendar month during which the balance of their Shareholding changes. Shareholders may request a statement at any other time, however, a charge may be made for additional statements.

1.14 Enquiries

Enquiries regarding your Entitlement or completing the Entitlement and Acceptance Form should be made to the Registry on **+61 (0)8 9389 8033**.

Please contact Christian Bernecker, Chairman on +61 408 293 222 if you have any questions relating to the Offer.

2. Action Required

2.1 Acceptance of Offer under this Offer Document

You may accept all, part, or none of your Entitlement under this Offer. If you accept your Entitlement in full, you may also apply to participate in the Shortfall Offer.

2.2 If you wish to accept all of your Entitlement

Should you wish to accept all of your Entitlement to subscribe for Shares, then applications for Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY payment, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form.

2.3 If you wish to accept of all of your Entitlement and apply for additional Shortfall Shares

Should you wish to apply for Shortfall Shares, you must first accept all of your Entitlement to subscribe for Shares, then an application for Shortfall Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY payment, in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form.

2.4 If you wish to take up only part of your Entitlement

Should you wish to only take up part of your Entitlement, then applications for Shares under this Offer Document must be made on the Entitlement and Acceptance Form which accompanies this Offer Document or by completing a BPAY payment in respect of the portion of your Entitlement you wish to take up in accordance with the instructions referred to in this Offer Document and on the Entitlement and Acceptance Form.

2.5 Payment

If you wish to pay by cheque please complete the Entitlement and Acceptance Form which must be accompanied by a cheque in Australian dollars, crossed 'Not Negotiable' and made payable to **Stream Group Limited** and lodged at any time after the issue of this Offer Document and on or before the Closing Date at the Registry.

If you wish to pay via BPAY you must follow the instructions in the Entitlement and Acceptance Form.

Eligible Shareholders who elect to pay via BPAY will not need to return their completed Entitlement and Acceptance Form.

2.6 If you do not wish to take up your Entitlement

If you do not wish to accept any of your Entitlement, you are not obliged to do anything. In that case, New Shares not accepted by the Closing Date will become Shortfall Shares and you will receive no benefit.

The number of Shares you hold and the rights attaching to those Shares will not be affected should you choose not to accept any part of your Entitlement, however your percentage holding in the capital of Stream will be diluted.

3. Risk Factors

The activities of Stream and its controlled entities are subject to risks, which may impact on the Company's future performance.

You should read this Section and consider the following risk factors, in addition to the other information in this Offer Document and publically available information, in light of your personal circumstances and investment objectives (including financial and taxation issues). You should also seek professional advice from your accountant, stockbroker, lawyer or other professional adviser.

The Directors consider that the following summary, which is not exhaustive, represents some of the major risk factors which you should be aware of in evaluating a further investment in the Company.

The list below is set out under "Company and Industry Risks" and "General Investment Risks."

3.1 Company and Industry Risks

- (a) (Performance of Cerno Ltd: Cerno Ltd is currently held by Stream as an equity accounted investment and the Company has impaired in full its 39% equity investment in Cerno, mainly due to the loss for the year ending 30 June 2014 of \$13.6 million.

Stream intends to acquire 100% of Cerno Ltd in the 2015 financial year. If the acquisition proceeds and Cerno is not returned to profitability for the 2015 financial year or future years the income of the Company will be negatively impacted by 100% of Cerno Ltd's losses from the date that Stream takes control of Cerno Ltd.

- (b) Benign Weather Conditions: Benign weather conditions in the regions in which Stream operates will limit the revenue for Stream. Catastrophic events such as cyclones, floods and earthquakes, or the lack of them, are unpredictable and the financial impact of the lack of such events can only be managed through cost reduction.

Within Australia, Stream's current operations are principally in areas where cyclones and floods are the prevalent natural disasters. Stream does not have any significant exposure to claims activity relating to bushfire.

Ongoing benign weather conditions in the regions where Stream operates will result in reduced earnings for Stream.

- (c) Reliance on Key Personnel: Stream relies upon the industry knowledge and customer and supplier relationships of key personnel within the business. The loss of one or more of these key personnel may adversely effect the operations of the business.
- (d) Dependence on Key Customers: The loss of one or both of RACQ Insurance and Tower Insurance Limited would require a significant restructuring of the business and would have a significant impact on revenue and earnings of the business.

Until such time as Stream UK, QuSol and Stream Connect are generating material revenue, which is not anticipated to occur in the short term, the loss of one or more of the key customers would have a material impact on cash flow of Stream and may impact the solvency of Stream and the Company.

The impact to cash flow of the loss of one or both of the key customers may inhibit the ability of Stream to fund the sales and marketing effort for QuSol and Stream Connect.

(e) Operational Risk

- (i) The claims service business maintains a cost structure with a degree of under-utilisation during the business as usual conditions. The under-utilisation allows for Stream to respond quickly to catastrophic events, such as cyclones and floods where the business is required to quickly deploy claims assessors and manage large volumes of urgent claims. The management of staffing resources is a constant balance of managing cost while allowing for a rapid increase in activity in response to catastrophic events. There is no guarantee that the business will be able to efficiently align its costs with work flows.

Catastrophic events place additional demands upon staffing and in most cases require a short term headcount increase to supplement the business as usual staffing levels. In addition to increased salary costs there are additional operating costs associated with travel, accommodation and meal allowances for the deployment of staff to assess damage claims. The increase in costs is often proportionally greater than the increase in revenue resulting for catastrophic events.

- (ii) The success of the claims services business depends upon the ability of Stream to quickly and efficiently deliver its services to its customers. A cyclone, flood, earthquake or other catastrophic event places significant pressure on the business to deliver its services in the time frame prescribed by the customer.

There is no guarantee that the business will always be able to deliver its services in the timeframe required by the customer, or at all, particularly in remote areas or regional areas beyond the range of Stream's existing offices.

Failure to meet the requirements of its customers may result in reduced revenue as a result of termination of contracts, the loss of future purchase orders under existing contracts or loss of reputation resulting in a failure to win contracts in the future.

- (iii) Stream uses external contractors to augment its claims services in the areas of loss assessing and building consultancy as and when customer demands exceed the in-house capacity of Stream. Arrangements with these contractors are generally made on a case-by-case basis and there is no guarantee that the contractors will always be available to Stream or available on reasonable commercial terms.

Stream remains liable to the customer for the services of any external contractor and there is no guarantee that Stream will be able to recover from the contractor any loss arising from the acts or omissions of the contractor.

- (iv) The IT development work for Stream Connect and QuSol has largely been completed but there has been no significant market testing conducted. There is no guarantee that Stream's existing suppliers will purchase the Stream Connect or QuSol product on reasonable commercial terms.

The Stream Connect product will require users from outside the insurance industry to be successful which will require additional investment in sales and marketing for the Stream Connect product.

- (v) At the date of this Offer, Stream does not control Cerno Ltd or NIRS and the ability of Stream to deliver on its overall strategy to diversify its customer base and service offering relies in part on the performance of Cerno Ltd and NIRS.

The AcClaim and QuSol platforms rely upon third party software vendors, hosting and support and maintenance services. There is no guarantee that the third parties will always be available, available on commercial terms or that they will perform in accordance with their contractual obligations. The failure of those third parties to perform on commercial terms will have negative impacts upon the business of Stream.

- (vi) The Company has during its history engaged in multiple acquisitions and divestments.

In every transaction there is a risk that liabilities may not be identified or the risk to the Company arising from the liability not adequately mitigated through contractual terms or insurance. In the case of risks mitigated through contractual terms including warranties and indemnities, there are risks associated with enforcing the indemnity or warranty in the event of loss caused to the Company, including legal costs associated with enforcing the indemnity or warranty or the grantor's capacity to satisfy the quantum of the claim.

- (vii) In recent times Australia has experienced several industrial action events and there is a risk that industrial action against Stream by its contractors or employees could affect the operation, profitability or Share price of the Company. While the Company will endeavour to maintain good relations with contractors, employees and unions the Directors cannot guarantee that industrial action will not occur.

- (viii) The Company faces competition in its claims services division from both other third party providers and insurance companies' in-house claims management teams. There are relatively high barriers to entry to provide claims services arising from the requirement to have sufficient scale and capacity across regions to be awarded a service contract by a large insurer and to have suitable internal systems to be able to manage the claims at a competitive price to the client.

There are no guarantees that Stream will be able to maintain or build its existing market share in the face of competition, or that it will be able to maintain its current margins in response to competition.

There are existing competitors for the proposed QuSol product and the Stream Connect services and products. There is no guarantee that these products and services will be accepted by the market, or accepted on reasonable commercial terms.

- (ix) There is no guarantee as to future earnings of the Company or that it will be profitable at any time. Any dividends paid by the Company are likely to be unfranked. The amount of dividends (if any) may be adversely affected by changes in currency exchange rates.

- (x) Litigation risks to the Company and Stream include, but are not limited to, customer claims, personal injury claims and employee claims, actions in relation to infringement of intellectual property rights and actions relating to defective products or services. If any claim were to be pursued and be successful it may adversely impact the sales, profits or financial position of the Company.

Stream is not currently a party to any material litigation.

3.2 General Investment Risks

- (a) **Financial Environment:** Changes in the general economic climate in which the Company operates may adversely affect the financial performance of the Company and the value of its assets. Factors which contribute to that general economic climate include:
- (i) Contractions in the world economy or increases in rates of inflation resulting from domestic or international conditions (including movements in domestic interest rates and reduced economic activity);
 - (ii) International currency fluctuations and changes in interest rates;
 - (iii) The demand for and supply of capital and finance;
 - (iv) Changes in government legislation and regulatory policy, including with regard to rates and types of taxation; and
 - (v) Domestic and international economic and political conditions.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by factors such as:

- (i) general economic outlook;
 - (ii) interest rates and inflation rates;
 - (iii) currency fluctuations;
 - (iv) changes in investor sentiment toward particular market sectors;
 - (v) the demand for, and supply of, capital; and
 - (vi) terrorism or other illegal acts.
- (b) **Government Legislation:** Any material adverse changes in government policies or legislation of Australia or any other country where the Company may acquire or operate economic interests may affect the viability and profitability of the Company.
- (c) **Accounting Standards and Tax Laws:** The Company is exposed to the risk of changes to accounting standards, applicable laws or their interpretation which may have a negative effect on the Company, its investments or returns to Shareholders including the risk of non-compliance with reporting or other legal obligations.
- Any change to the rate of company income tax in jurisdictions in which the Company operates will impact on shareholder returns.
- (d) **Dilution:** The Company may in the future be required to raise capital for working capital or for other purposes such as acquisitions. The issue of further capital may result in the dilution of voting power of existing Shareholders and depending upon the price at which capital is raised, dilute the value of Shares.

4. Underwriting

4.1 Underwriting agreements

Stream has entered into underwriting agreements under which the Underwriters have individually agreed to underwrite a proportion of the New Shares offered under the Offer (**Underwritten Shares**). The Underwriting Fee is equivalent to 5% of the value of the Underwritten Shares at \$0.18 per New Share.

Details of the Underwriters are set out in the table below:

Underwriter	Underwritten Shares	Underwriting Fee
Taylor Collision	6,472,222 New Shares	\$58,250 plus GST
Nightingale Partners	4,623,639 New Shares	\$41,612 plus GST
SM Tech	416,667 New Shares	\$3,750 plus GST
Big Macs	166,667 New Shares	\$1,500 plus GST
Longreach Group	694,444 New Shares	\$6,650 plus GST
Steffen Lehmann	2,777,778 New Shares	\$25,000 plus GST.

4.2 Taylor Collision Underwriting Agreement

In consideration for the Underwriting Fee, Taylor Collision has agreed to subscribe for its allocation of Underwritten Shares if called for by Stream at \$0.18 per New Share within 14 Business Days of the Closing Date.

The liability of Taylor Collision is reduced by all valid applications under the Entitlement in priority to the liability of any other Underwriter.

Taylor Collision may direct the Company whether or not to accept any applications for Shortfall Shares in excess of 8,679,194 New Shares.

The Underwriting Agreement contains termination clauses that relieve Taylor Collision of its obligations if certain events occur. These include:

- (a) **ASX listing:** ASX does not give approval for the Underwritten Shares to be issued to Taylor Collision to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (b) **Index fall:** the S&P/ASX All Ordinaries Index is at any time after the date of this Agreement 7.5% or more below its respective level as at the close of business on the Business Day prior to 15 October 2014 for three (3) consecutive days;
- (c) **Indictable offence:** a director of the Company or any Related Corporation is charged with an indictable offence;
- (d) **Return of capital or financial assistance:** the Company or a Related Corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of Taylor Collision;

- (e) **Banking facilities:** the Company's bankers terminating or issuing any demand or penalty notice or amending the terms of any existing facility or claiming repayment or accelerated repayment of any facility or requiring additional security for any existing facility;
- (f) **Change in laws:** any of the following occurs:
 - (i) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
 - (ii) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
 - (iii) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,which does or is likely to prohibit, restrict or regulate the principal business of the Company or the operation of stock markets generally;
- (g) **Failure to comply:** the Company or any Related Corporation fails to comply with any of the following:
 - (i) a provision of its constitution;
 - (ii) any statute;
 - (iii) a requirement, order or request, made by or on behalf of the ASIC or any Governmental Agency; or
 - (iv) any material agreement entered into by it;
- (h) **Alteration of capital structure or constitution:** the Company alters its capital structure or its constitution without the prior written consent of the Underwriter;
- (i) **Hostilities:** there is a material escalation of hostilities (whether or not war has been declared) after the date of this Agreement involving one or more of Australia or United States of America;
- (j) **Extended Force Majeure:** a Force Majeure, which prevents or delays an obligation under this Agreement, lasting in excess of three weeks occurs;
- (k) **Default:** the Company is in default of any of the terms and conditions of this Agreement or breaches any warranty or covenant given or made by it under this Agreement;
- (l) **Adverse change:** any adverse change occurs which materially impacts or is likely to materially impact the operational or financial condition, position, performance or prospects of the Company or a Related Corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a Related Corporation);
- (m) **Investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a Related Corporation;
- (n) **Prescribed occurrence:** an event described in section 652C of the Corporations Act occurs;
- (o) **Suspension of debt payments:** the Company suspends payment of its debts generally;

- (p) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of this Agreement for a claim exceeding \$200,000 is commenced against the Company or any Related Corporation;
- (q) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before the date of issue of the New Shares under the underwriting agreement with Taylor Collison without the prior written consent of Taylor Collison;
- (r) **Breach of Material Contracts:** any material contract to which the Company or a Related Corporation is a party is terminated or substantially modified;
- (s) **Event of Insolvency:** an event of insolvency occurs in respect of the Company or a Related Corporation;
- (t) **Judgment against a Related Corporation:** a judgment in an amount exceeding \$200,000.00 is obtained against the Company or a Related Corporation and is not set aside or satisfied within seven days; or
- (u) **Determination by ASIC:** the Offer is prevented from proceeding by reason of an order (actual or threatened, interim or final) made by ASIC under section 739 of the Corporations Act or ASIC makes a determination under section 713(6) of the Corporations Act in relation to the Company;
- (v) **Offer Document:** the Offer Document:
 - (i) contains a statement which is misleading or deceptive; or
 - (ii) omits a matter required under the Corporations Act;
- (w) **Offer Document withdrawn:** the Offer is withdrawn by the Company;
- (x) **Other change:** at any time after the Offer Document is issued, a new circumstance arises, where information about that new circumstance would have been required under the Corporations Act to be included in the Offer Document if it had arisen before the Offer Document was lodged;
- (y) **Company offers refund:** any circumstance arises after the Offer Document that results in the Company doing any of the following: repaying, or offering to repay, any monies the Company receives from applicants; or offering one or more applicants an opportunity to withdraw their Entitlement and Acceptance Form(s) or Shortfall Application Form(s);
- (z) **Timetable not met:** any event specified in the timetable at section 1.2 does not occur within 14 days after the date specified for that event (subject to some variation in timing for different events);

In general terms, the Company has agreed to indemnify Taylor Collison and its directors, officers, employees and agents and hold them harmless from and against all losses (including loss of profit or losses or costs incurred in connection with any investigation, enquiry or hearing by ASIC, ASX or any governmental authority or agency), penalties, actions, suits, claims, costs (including legal costs on a solicitor and own client basis), demands and proceedings (whether civil or criminal) arising out of or in respect of the Offer or a breach of the underwriting agreement by the Company.

The Underwriting Agreement also contains covenants, warranties, representations and other terms usual for an agreement of this nature.

4.3 Underwriting by Nightingale Partners Pty Ltd

In consideration for the Underwriting Fee, Nightingale Partners has agreed to subscribe for its allocation of Underwritten Shares if called for by Stream at \$0.18 per Underwritten Share.

The key terms of the underwriting agreement between Stream and Nightingale Partners are:

- (a) The underwriting agreement is terminable by the Underwriter only if Taylor Collison terminates its underwriting agreement with the Company.
- (b) Applications for New Shares under the Entitlement are applied to reduce the liability of Taylor Collison and then, once the liability of Taylor Collison is discharged in full, to reduce the liability of the Underwriter.
- (c) Applications for any Shortfall Shares will be applied to reduce the liability of the Underwriter.
- (d) Reductions to the liability of the Underwriter pursuant to (b) and (c) above will be applied pro rata with the Underwriter's Underwritten Shares as a proportion of 8,679,195.
- (e) Stream may call on the Underwriter to subscribe for New Shares under the underwriting agreement at Stream's discretion at any time after notifying ASX of the under subscriptions.
- (f) The Underwriter may nominate the allottees to whom the Underwritten Shares subscribed for under its underwriting agreement are allotted.

4.4 Directors' Underwriting

The following Directors have each agreed, through their controlled entities detailed below to underwrite the Offer:

Director	Underwriter	Nature of Interest
Stuart Marburg	SM Tech	Stuart Marburg controls SM Tech.
Don McKenzie	Big Macs	Don McKenzie controls Big Macs
Christian Bernecker	Longreach Group	Christian Bernecker controls Longreach Group.
Jens Neiser	Steffen Lehmann	Jens Neiser controls Steffen Lehmann.

The underwriting commitments are on the same terms as described in Section 4.3 above, excluding Section 4.3(f) that does not apply.

5. Definitions

\$ means Australian dollars.

AEDT means Australian Eastern Daylight Savings Time.

Application Monies means the payment for the New Shares and/or Shortfall Shares at \$0.18 per Share.

Applicant means a person who submits an Entitlement and Acceptance Form.

ASIC means Australian Securities and Investments Commission.

ASX means ASX Limited ACN 008 624 691 and where the context permits the Australian Securities Exchange operated by ASX Limited.

ASX Settlement means ASX Settlement Pty Ltd ACN 008 504 532.

Big Macs means Big Macs Pty Ltd ACN 151 772 824 as trustee of the Mad Macs Superfund.

Business Day has the same meaning as in the Listing Rules.

CHESS means ASX Clearing House Electronic Subregister System.

Closing Date means 5:00pm (AEDT) on the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Company or **Stream** means Stream Group Limited ACN 010 597 672.

Corporations Act means the *Corporations Act 2001 (Cth)*.

Directors mean the directors of the Company as at the date of this Offer Document.

Eligible Shareholder means a person registered as the holder of Shares on the Record Date whose registered address is in Australia or New Zealand.

Entitlement means the entitlement to subscribe for 1 New Share for every 10 Shares held by an Eligible Shareholder on the Record Date.

Entitlement and Acceptance Form means the form, personalised for and sent to, each Eligible Shareholder and attached to or accompanying this Offer document

Ineligible Shareholder means a Shareholder who is not an Eligible Shareholder.

Issuer Sponsored means securities issued by an issuer that are held in uncertificated form without the holder entering into a sponsorship agreement with a broker or without the holder being admitted as an institutional participant in CHESS.

Listing Rules means the Listing Rules of ASX.

Longreach Group means Longreach Group Pty Ltd ACN 162 782 872.

New Share means a Share proposed to be issued pursuant to this Offer.

Nightingale Partners means Nightingale Partners Pty Limited ACN 117 659 480.

Offer is the offer of New Shares and Shortfall Shares on the terms described in the Offer Document.

Offer Document means this document.

Official List means the official list of ASX.

Official Quotation means quotation of New Shares on the Official List.

Opening Date means the date identified as such in the indicative timetable, or such other date as announced to ASX by the Company.

Record Date means 7:00pm (AEDT) on 30 October 2014, or such other date as announced to ASX by the Company.

Registry means the Company's share registry, Advanced Share Registry Limited.

Related Corporation means a "related body corporate" of the Company as defined in the Corporations Act.

Section means a section of this Offer Document.

Share means an ordinary fully paid share in the capital of the Company.

Shareholder means a registered holder of Shares.

Shortfall or **Shortfall Shares** means those New Shares for which valid acceptances have not been received by the Closing Date.

Shortfall Offer means the offer for the Shortfall pursuant to this Offer Document.

SM Tech means S M Tech Co No 1 Pty Ltd ACN 118 266 434.

Steffen Lehmann means Dr. Steffen Lehmann & Cie GmbH, a foreign company.

Taylor Collision means Taylor Collision Limited ABN 53 008 172 450.

Underwriter means any of the entities referred to in the table in section 4.1, as relevant.