

STREAM GROUP LIMITED

ACN 010 597 672

PROSPECTUS



CHAIRMANS LETTER

21 February 2014

Dear Investor,

On behalf of the Directors of Stream Group Limited, I am pleased to present this Prospectus, and offer you the opportunity to become a Shareholder.

On 13 January 2014 The Company's shareholders approved the acquisition of Stream Group Holdings Pty Limited, following the approval the Company was placed in voluntary suspension pending satisfaction of the ASX listing requirements. The purpose of this Offer is primarily to achieve Spread by obtaining an additional 250 shareholders holding a Minimum Parcel of 9,757 shares.

Don McKenzie founded Stream in 2007 and grew the business to be a meaningful player in the insurance claims management market with a track record of revenue and profit growth. Stream has focussed on innovation and entered the market with a disruptive technology and service offering to streamline the claims process for all stakeholders including; insurance companies who engage Stream, suppliers in the procurement/repair process and the policyholder making the claim. Stream adds value by reducing claims cost for the insurance company and improving customer satisfaction for the policy holder.

More recently Stream has expanded products and customers to include strategic investments in Cerno Ltd and National Insurance Replacement Services and developed Stream Connect internally. The Board believes these strategies help position the business for continued growth, however it does need to be stressed they are not without risk. Cerno Ltd is a long established business but is currently incurring a loss and will likely require additional funding to restructure the business. Stream Connect is a startup venture which will require additional investment before generating a return.

This Prospectus seeks to raise a minimum of \$0.5M, at an issue price of \$0.205 per share which implies a market capitalisation of \$30.5M for the Company. On a PE (Price Earnings) multiple, this values the business at 9.3 times statutory net profit after tax for the year ending 30 June 2013 or 7.6 times FY13 normalised net profit after tax for the year ending 30 June 2013.

This Prospectus contains detailed information about the Offer and the historical performance of Stream, as well as the material risks associated with an investment in the Company. I encourage you to read this document before making your investment decision.

On behalf of my fellow Directors, I look forward to welcoming you as a shareholder of the Company.



Christian Bernecker
Executive Chairman
Stream Group Limited

CORPORATE DIRECTORY

Directors

Christian Bernecker- Executive Chairman
Jens Neiser- Non-Executive Director
Stuart Marburg – Non-Executive Director

Company Secretary

Tom Rowe

Registered Office

C/o Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road,
Millers Point NSW 2000

ASX Code

SGO

Share Registry

Advance Share Registry Limited
Unit 2
150 Stirling Highway
Nedlands WA 6009

Solicitors to the Offer

Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road,
Millers Point NSW 2000

Investigating Accountant

Hall Chadwick Corporate (NSW) Limited
Level 40,
2 Park Street
Sydney NSW 2000

Auditor

Lawler Partners Audit & Assurance
763 Hunter Street
Newcastle West NSW 2302

IMPORTANT INFORMATION

Offer

The Offer contained in this Prospectus is an invitation to acquire fully paid ordinary shares in Stream Group Limited.

Lodgement and Listing

This Prospectus is dated 21 February 2014 and a copy was lodged with the Australian Securities and Investments Commission on that date. No securities will be issued on the basis of this Prospectus 13 months after the date of this Prospectus.

The Company is listed on the ASX Limited and currently suspended from trading pending the Company re-complying with Chapters 1 and 2 of the Listing Rules. The fact that the Shares may be quoted on the ASX is not to be taken as an indication of the merits of the Company or the Shares. None of ASIC, ASX or their officers take any responsibility for the content of this Prospectus or for the merits of the investment to which this Prospectus relates.

The Company does not intend to issue any Shares unless and until the ASX has confirmed that the Company will, upon issue of the Shares, have re-complied with Chapters 1 and 2 of the Listing Rules and that the Shares will be quoted on the ASX. If permission is not granted for the Shares to be quoted within 3 months of the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application monies received pursuant to the Prospectus will be refunded in full without interest within the time prescribed by the Corporations Act.

Note to Applicants

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs.

It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in Stream Group Limited. In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal

circumstances (including financial and tax issues) and seek professional guidance from your Broker, solicitor, accountant or other independent professional adviser before deciding whether to invest in Shares. Some of the key risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances.

You should also consider risk factors that could affect the Company's business, financial condition and results of operations.

No person named in this Prospectus, nor any other person guarantees the performance of Stream Group Limited or the repayment of capital or any return on investment made pursuant to this Prospectus.

No offering where offering would be illegal

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. The distribution of this Prospectus outside Australia or New Zealand may be restricted by law and persons who come into possession of this Prospectus outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus may not be distributed to, or relied upon by, persons in the United States of America or who are US Persons.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any State of the United States of America, and may not be offered or sold in the United States of America, or to, or for the account or benefit of a US Person, except in a transaction exempt from the registration requirements of the US Securities Act and applicable United States of America State securities laws. The Offer is not being extended to any investor outside Australia and New Zealand. This Prospectus does not

constitute an offer or invitation to potential investors to whom it would not be lawful to make such an offer or invitation and the submission of an Application.

New Zealand Shareholder Disclosure

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares is not New Zealand dollars. The value of the Shares will go up or down according to changes in the exchange rate between that currency and New

Zealand dollars. These changes may be significant.

If you expect the Shares to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the Shares are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Defined Terms

Capitalised terms are as defined in the Glossary. Unless otherwise stated or implied, references to time in this Prospectus are to Sydney time. Unless otherwise stated or implied, references to dates or years are calendar year references. All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables contained in this Prospectus are due to rounding.

Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer described in this Prospectus which is not contained in this Prospectus. Any information not so contained may not be relied upon as having been authorised by the Company or any other person in connection with the Offer. You should rely only on information in this Prospectus.

This Prospectus contains forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words that involve risks and uncertainties.

These forward looking statements are subject to various risk factors that could cause Stream Group Limited's actual

results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4.

Exposure Period

The Corporations Act prohibits Stream Group Limited from processing Applications in the seven day period after the Prospectus is lodged with ASIC. The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants prior to the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Obtaining a copy of this Prospectus

This Prospectus is available to investors in electronic form at www.streamgroup.com.au/prospectus.

The Offer constituted by this Prospectus in electronic form is available only to Australian residents accessing the website from Australia. It is not available to persons in the United States. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

A paper copy of the Prospectus is available free of charge to any person in Australia by calling the Stream Group Limited on +61 7 3552 0229.

Applications for Shares by persons who are not Eligible Shareholders may only be made on the appropriate Application Form attached to, or accompanying, this Prospectus in its paper copy form, or in its soft copy form which must be downloaded in its entirety from the Company website. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Diagrams

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Privacy

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

Once you become 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. If you do not provide all the information requested, your Application Form may not be able to be processed.

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

- The Share Registry for ongoing administration of the Shareholder register;
- renters and other companies for the purpose of preparation and distribution of documents and for handling mail;
- Market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; 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 Share Registry. You may be required to pay a reasonable charge to the Share 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 Share 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.

Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus

lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the relevant Application Form. If you have not, please email the Company at prospectus@streamgroup.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.streamgroup.com.au.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

CONTENTS

INVESTMENT OVERVIEW	9
OFFER SUMMARY	10
ABOUT THE COMPANY AND STREAM	12
KEY STRENGTHS	15
KEY RISKS	16
1. DETAILS OF THE OFFER.....	18
2. THE COMPANY.....	22
3. ACQUISITION OF STREAM.....	25
4. THE STREAM BUSINESS.....	29
5. RISK FACTORS COMPANY, INDUSTRY AND INVESTMENT	40
6. FINANCIAL INFORMATION	47
7. INVESTIGATING ACCOUNTANTS REPORT	59
8. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE	66
9. ADDITIONAL INFORMATION	80
10. DIRECTORS STATEMENT	86
11. GLOSSARY AND INTERPRETATION	87

INVESTMENT OVERVIEW

KEY DATES

Lodgement of Prospectus with ASIC	21 February 2014
Record Date for Priority Allocation	21 February 2014
Opening Date ¹	28 February 2014
Closing Date	28 March 2014
Allotment of Shares under Prospectus	11 April 2013
Shares commence trading on ASX	14 April 2014

¹The Opening Date may be extended by a maximum of 7 days if ASIC extends the exposure period.

These dates are indicative only and may vary. The Company reserves the right to close the Offer early or extend the Closing Date and accept late Applications without prior notice. The Company also reserves the right to withdraw the Offer at any time after the expiry of the exposure period

KEY PRO FORMA OFFER DETAILS

Offer Price	\$0.205
Minimum number of Shares available under the Offer ¹	2,500,000
Maximum number of Shares available under the Offer ²	3,652,299
Maximum number of Shares available under the Priority Allocation	2,500,000
Maximum total number of Shares on issue ³	151,923,437

¹The minimum number is based upon the Directors' estimation of the number of Shares that will need to be issued to achieve the required spread.

²The maximum number is based on the Company's current capacity to issue Shares without Shareholder approval under Listing Rule 7.1.

³Based on the number of Shares that will be on issue following the completion of the acquisition of Stream Group Holdings Pty Ltd and the Directors estimation of the number of Shares that will need to be issued to achieve Spread.

OFFER SUMMARY

Question	Response	More Info
Who is issuing this Prospectus?	Stream Group Limited (ACN 010 597 672) formerly known as LongReach Group Limited. The Company is currently listed on the ASX under ticker code SGO.	Section 2.
What is the Offer?	We are inviting subscriptions for up to 3,652,299 Shares with a Priority Allocation to Eligible Shareholders of 2,500,000 Shares.	Section 1.1.
What is the Minimum Application?	Applications must be for a minimum of 9,757 Shares (\$2,000)	Section 1.1.
What is the Priority Allocation?	<p>Every Eligible Shareholder who applies under the Offer and holds less than 9,757 Shares will receive such number of Shares under the Offer so as to increase the number of Shares they hold in the Company to equal a Minimum Parcel.</p> <p>Thereafter the Board will allocate a Minimum Parcel to applicants who are not Eligible Shareholders up until the point where, on issue of the Shares under the Offer, the Company has achieved the required Spread (400 Shareholders holding a Minimum Parcel)</p> <p>If the Board decides to issue more Shares than is required to achieve Spread, the Board will allocate the Shares available under the Priority Allocation to Eligible Shareholders who have applied for Shares under the Offer at the Board's discretion</p>	Section 1.4.
What is the purpose of the Offer?	<p>The Offer is for the purpose of achieving Spread and to satisfy the ASX requirements for the lifting of the suspension of the Company's Shares.</p> <p>To achieve Spread the Company requires an additional 250 Shareholders holding a Minimum Parcel.</p> <p>A Minimum Parcel is 9,757 Shares.</p> <p>The Company is not conducting the Offer for the purpose of raising capital.</p>	Sections 1.3 and 2.4.
Will the Shares be quoted on the ASX?	Yes.	Section 1.10.

Is the Offer underwritten?	No.	Section 1.6.
Who can participate in the Offer?	Persons who have a registered address in Australia or New Zealand can apply under the Offer.	Page (iv-v) of the Important Information section.
How do I apply for Shares?	<p>Applications for Shares under the Offer by must be made using the Application Form.</p> <p>Payment for the Shares must be made in full at the issue price of \$0.205 per Share.</p> <p>Completed application forms and accompanying cheques must be mailed or delivered to:</p> <p>Stream Group Limited C/o Advance Share Registry Limited PO Box 1156, Nedlands Western Australia 6909</p> <p>Or</p> <p>2/150 Stirling Hwy Nedlands Western Australia 6009</p> <p>Cheques should be made payable to "Stream Group Limited – Share Offer Account" and crossed "Not Negotiable". Completed application forms must reach the above address by no later than the Closing Date. The Company reserves the right to close the Offer early.</p>	Section 1.1.
When will I know if my application has been successful?	A holding statement confirming your allocation under the Offer will be sent to you if your application is successful.	Section 1.12.
How can further information be obtained?	<p>Please contact Christian Bernecker, Chairman on +61 408 293 222 if you have any questions relating to the Offer.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>	-

ABOUT THE COMPANY AND STREAM

The Company was involved in the supply of information and telecommunications technology based products and services to the defence, security and intelligence sectors through its C4i business. In January 2013 the Company sold its C4i business and since then has been dormant.

In December 2013 the Company entered into a share purchase agreement to acquire, directly and indirectly, all the issued capital of Stream Group Holdings Pty Limited, subject to Shareholder approval.

On 13 January 2014, Shareholders approved the acquisition of Stream Group Holdings Pty Ltd. The acquisition will not complete until, amongst other matters, the issue of Shares under this Offer is completed.

Set out in the table below is a summary of the Company and its subsidiaries on completion of the acquisition of Stream. The summary should be read in the light of other information in this Prospectus.

Topic	Summary	More Info.
Overview of Stream	Stream conducts an insurance claims management business in Australia, New Zealand and the United Kingdom.	Sections 4.1 and 4.2.
	It manages building, contents, motor (cars, trucks and other vehicles) and marine (yachts and power boats) claims on behalf of insurers in its various regions, specialising in household building and contents claims. Stream has a staff of 200 people across Australia and New Zealand.	
Stream Business Model	Stream's business model is to leverage customers, supply chains and data to create a unique integrated model.	Section 4.3.
	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.	
Objectives and Strategy for Growth	Stream's objectives and strategy for growth is, in order of priority, to: <ul style="list-style-type: none"> • Increase revenue by expansion of its claims management services both organically and 	Sections 4.3.2, 4.3.3 and 4.4.

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.

Stream Strategic Investments

Stream has investments in two competitors, a 39% holding in Cerno Ltd and 40% holding in National Insurance Replacement Services.

Section 4.4.

Cerno is one of the three major claims and risk services businesses in Australia. National Insurance Replacement Services is an Australia wide provider of innovative contents validation and fulfilment services to insurers and claims handlers.

The rationale for the investments is to broaden the customer base and product offering of Stream through partnering with the businesses.

Board and Management Team

On completion of the acquisition of Stream, Don McKenzie will become Managing Director of the Company and will be supported by the existing management team of Stream.

Section 8.1.

The Board will remain with Christian Bernecker as Chairman.

Dividend Policy

The Company does not have, and does not intend to establish in the near future, a dividend policy.

Section 9.14

Future Capital Requirements or Share Issues

The Directors are of the view that the Company will have sufficient capital to maintain its current operations in the near and medium term.

Sections 4.4.1, 5.1.1 and 5.2.4.

Consistent with its strategic objectives, the Company may acquire additional businesses or develop additional products and may need capital beyond what is sought in this Offer to execute such acquisitions and product development. The Company may also require additional capital to support the operation of its existing investments, in particular Cerno Ltd.

The raising of further capital may, and the use of Shares as consideration for acquisitions will, dilute

the interests of existing Shareholders.

The Company may also issue Shares or other securities in the future as consideration for acquisitions.

Historical Financial Performance of Stream (audited)	FY end 30 June	2011	2012	2013	Section 6.2.
	Revenue	\$23M	\$29.5M	\$27.3M	
	PBT	\$1M	\$5M	\$4.5M	
Financial Performance of Stream for 6 months to 31 December	Revenue: \$15.3M PBT: \$1M				Section 6.2.
Consolidated Pro-Forma Financial Position at 31 January 2014 (un-audited)	Total Assets: \$M29.6 Total Liabilities: \$18.3M Total Equity: \$11.3M				Section 6.4.
Related Party Interests	There are no existing agreements or proposed arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest, other than set out below or elsewhere in this Prospectus.				Sections 3.2, 8.3.1 and 8.3.2.

Acquisition of Stream Group Holdings Pty Ltd

The acquisition of Stream Group Holdings Pty Ltd will involve the acquisition of securities from and the issue of Shares to related parties of the Company including Jens Neiser, Lawrence Case, Christian Bernecker and Don McKenzie or companies that they each control.

The acquisition and issue of Shares was approved by Shareholders on 13 January 2014 under the Listing Rules. The Directors are of the view that the acquisition of securities and issue of Shares is on arm's length terms.

Issue of Shares to Christian Bernecker

On completion of the acquisition of Stream Group Holdings Pty Ltd, Christian Bernecker will be issued with 3,333,333 Shares under the Company's Employee Share Loan Plan. The issue of the Shares was approved by Shareholders on 13 January 2014.

KEY STRENGTHS

This is a summary only. Investors should read the Prospectus in its entirety before making a decision to invest.

Strength	Summary	More Info.
History of Profits	Stream has a history of profitability for the last 3 years	Section 6.2
Relatively Stable Industry	Insurance claims management is a relatively stable industry as insurance claims are not typically linked to economic cycles.	Sections 4.5, 4.7 and 5.1.2.
Strong Balance Sheet	The Company will have Net Tangible Assets of \$11.3M on completion of the acquisition of Stream. This includes approximately \$2M held in escrow and due to be released to the Company by 31 October 2014.	Sections 2.2.1, 5.1.1 and 6.4.
Significant Management Ownership	Don McKenzie, the Chief Executive Officer and founder of Stream will own and control approximately 48% of the Company post acquisition of Stream.	Sections 3.1 and 5.2.5.
Opportunity for Growth	The Stream Connect business and the Insurtech business are a basis for the development of new revenue streams with the exposure to both new customers and increased revenue from existing clients.	Sections 4.3.2 and 4.3.3.

KEY RISKS

This is a summary only. The risks highlighted below together with other risks are described in Section 5.

Risk	Summary	More Info.
Dependence on Key Customers	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.	Sections 4.5, 4.6.1, 4.6.2 and 5.1.4.
Performance of Cerno Ltd	<p>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 Ltd's operations and systems.</p> <p>In FY2013 Cerno Ltd incurred a loss of \$4.2M, which included \$2.8M of costs in relation to a restructure and exiting of an unsuccessful joint venture. At the date of this Prospectus the turnaround is not complete and the Company has lent \$1M to Cerno Ltd and Stream has lent \$500,000 and the Directors expect that Cerno Ltd will require a further \$1M to complete the restructure.</p> <p>The Directors expect that, unless Cerno Ltd's performance improves dramatically, Stream's investment in Cerno will be written down at 30 June 2014.</p>	Sections 4.4.1 and 5.1.1.
Benign Weather	<p>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.</p> <p>This financial year has seen relatively benign weather conditions in the regions in which Stream</p>	Sections 4.5 and 5.1.2.

	has current operations compared to previous years.	
Contingent Liabilities	The agreement for the sale of the C4i business contains representations and warranties by the Company in relation to the C4i companies and the C4i business. The Company has given indemnities for breach of warranty, products liability, related party transactions and tax liabilities. The Company's maximum liability under these indemnities is limited to the purchase price (or 50% of the purchase price for some of the warranties). The time limit for bringing any claims is generally in line with the statute of limitations for claims related to title and authority, tax, employee, government contracts or environmental claims. Otherwise warranty claims must be brought by 31 July 2014.	Sections 2.2 and 5.1.6.
Acquisition Risk	There may be liabilities attaching to Stream that the Company is unaware of and that will become a liability of the Company on the acquisition of Stream. There are also risks that the financial performance of Stream will be less than was assumed for the purpose of valuation of Stream. These risks are partially mitigated by the indemnities provided by some of the vendors and by the escrow of part of the Shares to be issued as consideration for the acquisition.	Sections 5.1.3 and 5.1.6.
Synergies from Strategic Investments	NIRS and Cerno Ltd 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.	Sections 4.4.1, 4.4.2 and 5.1.5.5.

1. DETAILS OF THE OFFER

1.1 The Offer

The Company will offer for subscription up to 3,652,299 Shares at \$0.205 per Share to raise up to \$748,721 with a Priority Allocation for Eligible Shareholders.

Applications must be for a minimum of 9,757 Shares (\$2,000) and must be made by either completing the Application Form attached to or accompanying this Prospectus, or by paying the subscription amount by BPAY[®] if the application is made by an Eligible Shareholder.

The instructions for payment by BPAY[®] for Eligible Shareholders are contained within the Priority Application Form attached to or accompanying this Prospectus.

1.2 Use of Proceeds

The Company intends to use the funds raised by the Offer for working capital and to apply towards the costs of the Offer.

The Directors confirm that, in their opinion, on completion of the Offer, the Company will have sufficient funds to carry out its objectives as stated in this Prospectus.

There may be differences between the estimated and actual costs in the event that circumstances affecting the plan change and this difference may be material. There may be difficulties in obtaining additional financing for the shortfall. In this regard, please consider the risks set out in the Risk Factors in Section 5.

1.3 The Purpose of the Offer

This Prospectus is principally required to satisfy Listing Rule 1.1 Condition 3 and to offer Shares for the purpose of achieving Spread and to thereby satisfy the ASX requirements for re-quotation of the Company's Shares following a change to the nature and scale of the Company's activities.

1.4 Priority Allocation

The maximum number of Shares available under the Priority Allocation is 2,500,000 Shares.

The Priority Allocation will be applied as follows:

1. Eligible Shareholders holding less than a Minimum Parcel will receive a minimum number of Shares under the Priority Allocation to bring their total shareholding up to a Minimum Parcel.
2. Subject to paragraph 3 below, Eligible Shareholders holding more than a Minimum Parcel, including Shares allocated under subparagraph (1)

above, will only receive additional Shares under the Priority Allocation once all the valid applications from Eligible Shareholders holding less than a Minimum Parcel have been satisfied.

3. The Directors may reduce number of Shares available under the Priority Allocation if there have been insufficient applications from Eligible Shareholders necessary to achieve Spread. In such circumstances the Directors may allocate Shares from the Priority Allocation to applications from non- Eligible Shareholders as necessary to achieve Spread.

Eligible Shareholders are not restricted to participating in the Priority Allocation and any applications for Shares by Eligible Shareholders which are not satisfied in whole or in part under the Priority Allocation will be considered as a general application under the Offer.

1.5 No Minimum Subscription

There is no minimum raising for the Offer although the Offer is conditional upon the Company receiving sufficient applications from Shareholders, or applications by persons who are not Shareholders, that upon completion of the Offer the Company has a minimum of 400 Shareholders with a Minimum Parcel.

1.6 Underwriting

The Offer is not underwritten.

1.7 The effect of the Offer – Capital Structure

The capital structure of the Company following completion of the Offer is summarised in the table below.

Description	Number
Fully paid ordinary shares on issue before the Offer	24,348,664
Shares issued as consideration for acquisition of Stream	121,741,440
New Shares issued under the Offer ¹	2,500,000
Shares issued to Christian Bernecker under the Company's Employee Loan Share Plan	3,333,333
Total Shares and equity securities ⁽³⁾	151,923,437

¹Minimum number estimated by the Directors to achieve Spread.

1.8 Restricted Securities

Shares issued under this Offer will not be Restricted Securities.

It is at the discretion of the ASX whether any Shares on issue at the date of this Prospectus, or Shares to be issued as consideration for the acquisition of Stream, will be Restricted Securities.

1.9 Scale back and General Allocation Policy

The Directors anticipate that the number of Shares required to achieve the principal objective of the Offer, namely the achievement of Spread, is 2,500,000 Shares.

The Directors reserve the right to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application money will be returned by cheque to the applicant within seven (7) days of the allotment date.

Other than under the Priority Allocation for Eligible Shareholders holding less than a Minimum Parcel, no applicant under the Offer has any assurance of being allocated all or any of the Shares for which they have applied.

The Directors intend to allot Shares so as to achieve Spread with the least number of Shares.

1.10 ASX Quotation

Within seven days after the date of this Prospectus, the Company will lodge an Appendix 1A ASX Listing Application and Agreement and apply for the Shares under this Offer to be quoted on ASX.

If the Shares are not admitted to quotation on ASX within three months after the date of issue of this Prospectus, or such period as is permitted by the Corporations Act, the Company will not issue or allot any Shares, and will repay all Application Monies within the time prescribed under the Corporations Act without interest.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may lift the current suspension of the Company's securities and quote the Shares on the ASX is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

1.11 Trading on ASX

The Company will trade under the ASX code "SGO"

1.12 Chess and Issuer Sponsored Holdings

The Company participates in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by a wholly owned subsidiary of ASX, in accordance with the ASX Settlement Operating Rules. Under CHESS, the Company does not issue certificates to investors. Instead, Shareholders will receive a statement of their holding in the Company. If an investor is broker sponsored they will receive a CHESS statement.

1.13 Costs of the Offer

The net fees and costs of the Offer, which will be borne by the company are estimated at \$133,500. These costs include all legal, accounting, corporate advisory, ASIC and ASX costs and other costs arising from this Prospectus and the Offer.

The Company reserves the right to pay a commission of up to 5% (inclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee.

1.14 Taxation

The tax implications for investors in the Offer will depend upon the individual circumstances of the investor. Investors should obtain their own tax or financial planning advice before applying under the Offer. General tax commentary is included in section 9.13.

2. THE COMPANY

2.1 History

The Company was originally listed on the ASX as Cambrian Resources NL, a gold mining company, in October 1986. In 2000, the Company, having ceased all mining related activity, acquired Accountant Service Centre Pty Ltd, changed its name to ServicePoint Limited and commenced activities as a specialist provider of visual communication and collaboration solutions and services to corporate and government businesses in the Asia Pacific region.

In April 2004, the Company acquired the business of Allied Group Pty Limited and changed its name to Allied Technologies Group Limited. In November 2006 the Company merged through a scheme of arrangement with LongReach Group Limited to create Australia's first ASX listed provider of integrated information and communications technology based products and services to the defence, security and intelligence sectors. In December 2006 the Company acquired Redflex Communications Systems Pty Limited, a turnkey provider of communications, command and control systems for defence and civil customers. Redflex Communications Systems Pty Limited was subsequently re-named C4i Pty Ltd and on 16 February 2007, the Company changed its name to LongReach Group Limited.

In February 2008 the ServicePoint business was sold and since that date the Company's activities comprised principally of the C4i business.

2.2 Sale of C4i

On 31 January 2013 the Company completed the sale of its C4i business and subsidiaries and since that date, other than in respect to the activities described in this section 2, has been dormant.

The purchase price included a contingent consideration entitlement to 50% of the amount by which revenues generated by C4i in the two year period to 30 June 2014 exceed \$27.5 million, with such payment not to exceed \$2.25 million. At the date of this Prospectus, the Directors consider it unlikely that any amount will be received under the contingent consideration.

The share purchase agreement contained representations and warranties by the Company in relation to C4i and its business. The Company gave indemnities for breach of warranty, products liability, related party transactions and tax liabilities. The Company's maximum liability under these indemnities is limited to the purchase price (or 50% of the purchase price for some of the warranties). The time limit for bringing any claims is generally in line with the statute of limitations for claims related to title and authority, tax, employee, government contracts or environmental claims. Otherwise warranty claims must be brought within 18 months of completion.

At the date of this Prospectus, no warranty claims have been brought by the purchaser and the Directors are not aware of any circumstances that are likely to give rise to a warranty claim by the purchaser.

2.2.1 Escrow

At the date of this Prospectus there is approximately \$2,000,000 of the consideration for the sale of C4i held in escrow. Since completion of the sale there has been \$1,650,000 released from escrow to the Company with the balance of the monies due to be released, subject to any claims the purchaser may make, as follows:

- \$400,000 at 30 April 2014
- \$800,000 at 31 July 2014
- \$800,000 at 31 October 2014.

2.3 Buy Back of Employee Loan Plan Shares

On 24 April 2013 the Company completed a buy back of 3,700,000 Shares issued under its then employee loan plan. The consideration for the share buy back included a deferred consideration entitlement to a pro rata of any monies received under the escrow described in section 2.2.1 or the contingent consideration described in section 2.2.

The aggregate total of the deferred consideration under the buy back equates to approximately 9.2% of the amount due under the escrow or contingent consideration and is payable within 14 days of the receipt of monies under the escrow or the contingent consideration by the Company.

2.4 Change of Activities and Shareholder's Meeting of 13 January 2014

On 13 January 2014 the Company obtained Shareholder approval for, amongst other matters, the acquisition of Stream on the terms and conditions described in section 3.

The acquisition of Stream will be a significant change to the nature and scale of the Company's activities and will amount to what is commonly called a "back door listing".

As a "back door listing" the ASX determined that the Company must re-comply with the ASX admission requirements under Chapters 1 and 2 of the Listing Rules, and to receive written confirmation from the ASX that it has so complied, before the Company completes the acquisition of Stream.

In accordance with the standard practice of the ASX, the Company was placed into voluntary suspension on 13 January 2014 and will remain in voluntary suspension until the ASX is satisfied that the admission requirements under Chapters 1 and 2 of the Listing Rules have been met.

The Directors consider that the obtaining of Spread is the only significant impediment to the lifting of the suspension of the Company's securities.

2.5 Loan to Cerno Ltd

On 14 January 2014 the Company provided a loan of \$1,000,000 to Cerno Ltd for working capital.

The loan is repayable at call by the Company or repayable at any time by Cerno Ltd on 30 days notice. Interest compounds and accrues daily at 15% per annum, or a lesser rate of 13% per annum if interest is paid monthly.

The Company has a fixed and floating charge over the assets of Cerno Ltd, ranking with Stream (as a lender under the facility described at section 4.6.4) behind an Australian retail bank, the only other secured creditor of Cerno Ltd.

If the acquisition of Stream does not occur, Stream will discharge the loan to Cerno Ltd.

3. ACQUISITION OF STREAM

On 13 January 2014 the Company obtained Shareholder approval as required under the ASX Listing Rules to acquire, directly and indirectly, all the issued capital of Stream Group Holdings Pty Ltd.

The Company changed its name to Stream Group Limited on 13 January 2014.

Completion of the acquisition is conditional upon, amongst the matters disclosed in paragraph 3.1.6, the lifting of the current suspension of the Company on the ASX and the quotation on the ASX of the Shares to be issued as consideration for the acquisition.

3.1 Terms and Conditions of Acquisition

Set out below are the key terms of the acquisition of Stream Group Holdings Pty Ltd:

3.1.1 The consideration for the acquisition of all the issued capital in Stream Group Holdings Pty Ltd will be a total of 121,741,440 Shares at an effective price of \$0.205 per Share.

3.1.2 The vendors and the number of Shares to be issued to them are included in the table below:

Vendor	Shares
Anne Case*	19,560
C Bernecker & C Thompson ATF Thompson Bernecker Super Fund*	635,700
Christian Bernecker*	586,800
Donwood Pty Ltd ATF The John Cox Superannuation Fund	1,378,980
Dr. Steffen Lehmann & Cie GmbH*	14,357,040
E. Uguccioni & B. DeCrummere ATF Uguccioni Superannuation Fund	1,652,820
Flexi Plan Management Pty Ltd ATF The Sue Thomas Superannuation Fund	205,380
Ironwood Investments Pty Ltd ATF The Phillips Family Trust	948,660
LMBM Pty Ltd ATF TLA Holdings Trust* ¹	73,350,000
Madi Management Pty Ltd	1,378,980
Mark W. Bolton	684,600
Mrs Carole Elizabeth Seekings	713,940
Nandaroo Pty Ltd (Cath Murray)	792,180
Neiser Beteiligungs GmbH*	12,860,700
Nightingale Partners Pty Ltd*	3,266,520
Notron (No. 90) Pty Ltd ATF Esac Unit Trust*	19,560
Notron (No. 91) Pty Ltd ATF Case Family Superannuation Fund*	850,860

Pacific Atlantic Commerce Pty Limited ATF Highfield Superannuation Fund	1,310,520
Pennisula Securities Ltd	723,720
Phoenix Development Fund Ltd*	5,320,320
Rob Ferguson ATF Torryburn Superannuation Fund	684,600

¹LMBM Pty Ltd is the trustee for TLA Holdings Trust, an entity controlled by Don McKenzie. LMBM Pty Ltd will sell to the Company 100% of the issued capital in Stream Group Consolidated Pty Ltd. It is Stream Group Consolidated Pty Ltd that holds the shares in Stream Group Holdings Pty Ltd.

- 3.1.2 Unless determined otherwise by the ASX, the Shares issued as consideration for the acquisition will not be Restricted Securities and will not be subject to any trading restrictions other than as described at 3.1.5 below. Subject to 3.1.5 below, the Company will apply for quotation of the Shares on the ASX.
- 3.1.3 LMBM Pty Ltd, Nightingale Partners Pty Ltd, Dr. Steffen Lehmann & Cie GmbH and Neiser Beteiligungs GmbH have given representations and warranties in relation to the Stream Group and its business together with indemnities for breach of warranty, products liability, related party transactions and undisclosed tax liabilities. The maximum aggregate liability under these indemnities is limited to the effective purchase price (or 50% of the effective purchase price for some of the warranties). The approximate individual liability of these Controlling Vendors is limited as follows:
- LMBM Pty Ltd: \$15 million;
 - Dr. Steffen Lehmann & Cie GmbH: \$2.41 million;
 - Neiser Beteiligungs GmbH: \$2.55 million; and,
 - Nightingale Partners Pty Ltd: \$4.96 million.
- 3.1.4 The time limit for bringing any claims is generally in line with the statute of limitations for claims related to title and authority, tax, employee, contracts or environmental claims. Otherwise warranty claims must be brought with 18 months of completion.
- 3.1.5 12,195,122 of the Shares to be issued to the Controlling Vendors will, pro rata, be subject to a trading lock until 28 February 2015, or such earlier date, pending the determination of the Normalised Profit Before Tax of Stream for the calendar year ended 31 December 2014. If the Normalised Profit Before Tax for that period is:
- Greater than or equal to \$5M- the Escrow Shares shall be released from the trading lock and the Company shall apply for quotation of the Escrow Shares.
 - Less than \$4.5M- the Escrow Shares will, subject to the requirements of the Corporations Act, be forfeited and cancelled.

- \$4.5M or more but less than \$5M- the Escrow Shares shall be released from the trading lock and the Company shall apply for quotation of the Escrow Shares pro rata to the Controlling Vendors in proportion to the amount by which the Normalised Profit Before Tax exceeds \$4.5M as a percentage of \$500,000. The Escrow Shares that are not released from the trading lock will, subject to the requirements of the Corporations Act, be forfeited and cancelled.

The cancellation of any Escrow Shares will require Shareholder approval in accordance with the Corporations Act which will be sought by the Company at the necessary time.

3.1.6 The Controlling Vendors must ensure that:

- Stream conducts its business in the ordinary and usual course with its usual business practices and does not make any significant change to the nature and scale of any activity comprised in the business prior to completion;
- Stream has net assets of \$6.2M at completion (calculated with the investment in Cerno Ltd carried at the same value as at 30 June 2013);
- Stream is delivered with current assets of at least 1.1 times current liabilities. The Directors estimate that this will ensure that Stream has sufficient working capital for at least 6 months from completion, based upon current and anticipated commitments.

3.1.7 Stream may not, except with the consent of the Company, issue any new securities, declare any dividends, alter its constitution, enter into any material capital expenditure commitments, or enter into, terminate or vary any material contracts prior to completion.

3.1.8 There is no break fee payable by the Company or the vendors if the acquisition of Stream Group Holdings Pty Ltd does not complete.

3.1.9 The Controlling Vendors have agreed not to solicit an offer from a third party or participate in discussions or negotiations regarding any competing transactions. The Company is not restricted in any way from pursuing competing transactions

3.1.10 The Controlling Vendors have agreed to various non-compete obligations including not soliciting customers or employees of Stream for a period of up to 3 years from completion.

3.1.11 The warranties given by the vendors who are not Controlling Vendors are limited to warranties regarding no encumbrances on their shares in Stream Group Holdings Pty Ltd and the ability to enter into the agreement for the sale of those shares.

3.2 Related Party Interests

The persons and entities marked with a (*) in the table at paragraph 3.1.2 are related parties of the Company. Shareholder approval was obtained for the issue

of Shares to those related parties under Listing Rule 10.11 at the Annual General Meeting on 13 January 2014.

Approval was not obtained for the providing of a financial benefit to related parties under Section 208(1) of the Corporations Act. The Directors were satisfied that the terms and conditions of the financial benefit were arm's length terms, or terms less favourable than arm's length terms to the related parties and therefore met the exception under Section 210 of the Corporations Act to the requirement for Shareholder approval.

4. THE STREAM BUSINESS

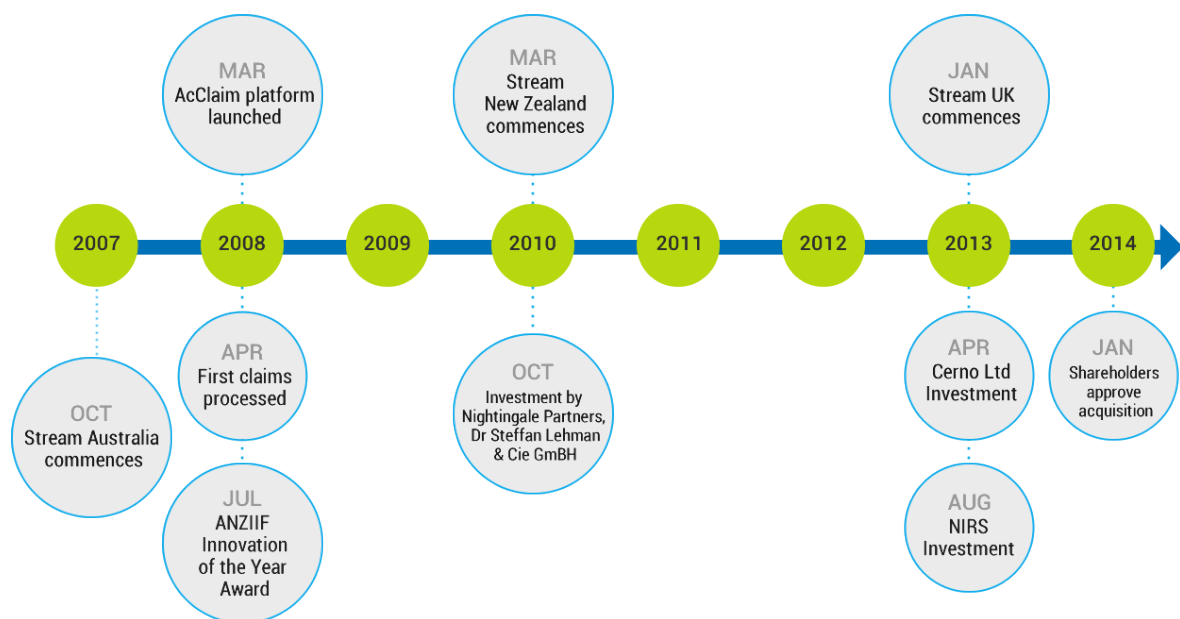
4.1 History

Stream was founded by Don McKenzie in 2007 with the objective of providing a leading claims management service to the insurance industry by combining experience in claims management, building, loss assessing, project management, finance, IT and commerce.

In recognition of its role as a market leader and innovator in the insurance industry, Stream and Don McKenzie have received multiple awards and nominations, including:

- 2011- Telstra Queensland business of the year
- 2011- Nominated for Ernst & Young's entrepreneur of the year
- 2011- Best innovation award at NZ general insurance industry awards

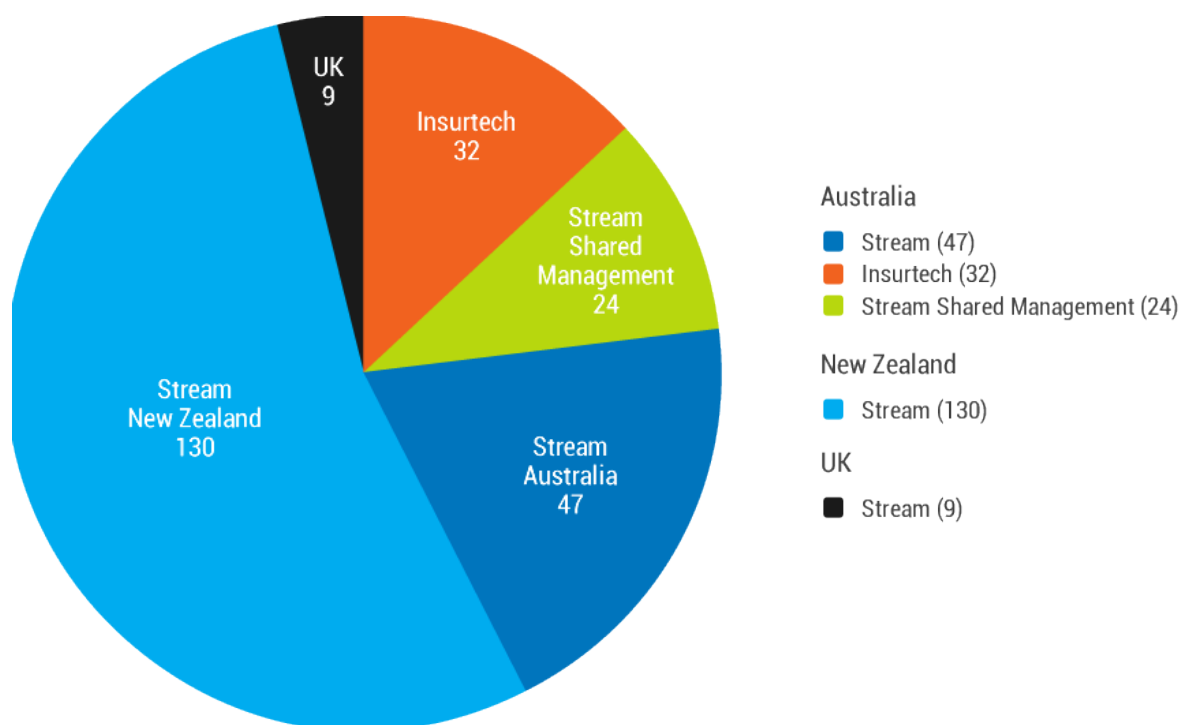
Set out below is a timeline for the development of the business:



4.2 Location

Stream is headquartered in Brisbane, Australia and operates in Australia, New Zealand and the United Kingdom. Outside of Brisbane, Stream has offices in Christchurch, Wellington and Auckland in New Zealand

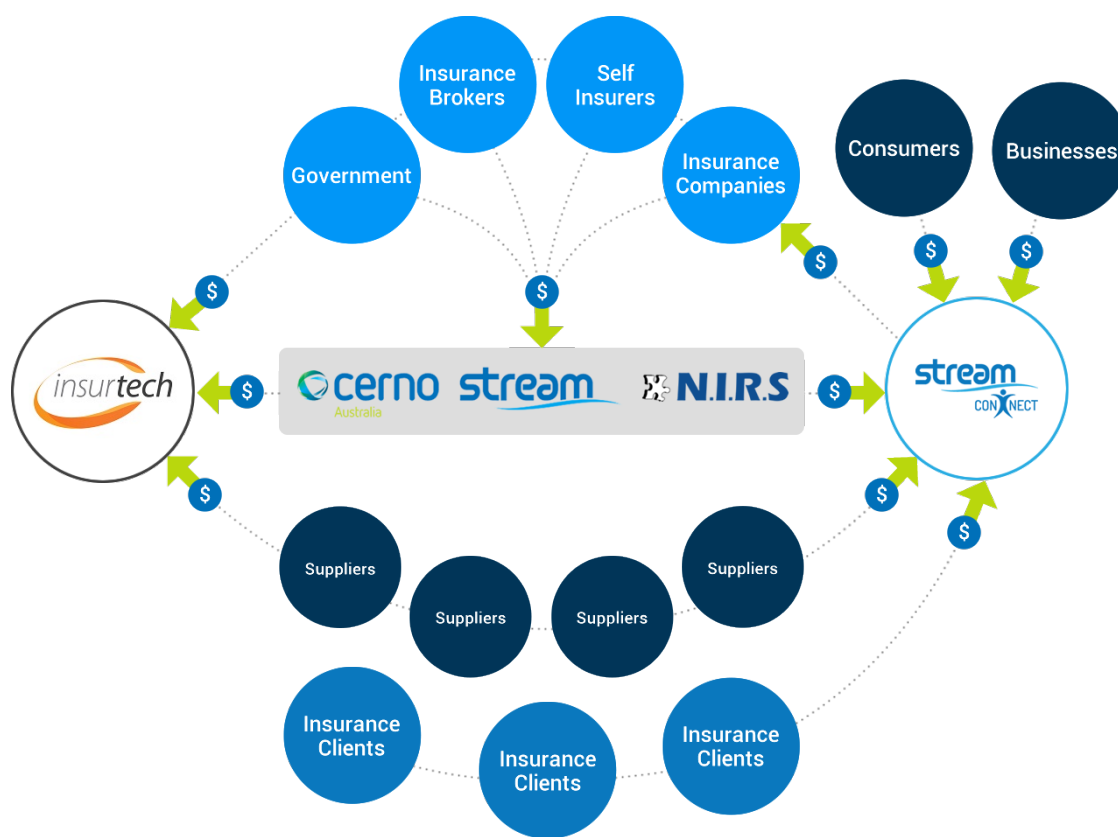
The business has approximately 200 staff including 28 employees within the Insurtech division. Set out below is a chart of the staffing numbers across the geographic locations.



4.3 Products and Services

Stream provides an insurance claims management service to insurance companies utilising the AcClaim platform, proprietary software to streamline the claims management process.

Stream is working towards a business model that leverages its claims management business to generate revenue in software as a service and e-commerce. The diagram below represents the future potential revenue opportunities for the group.

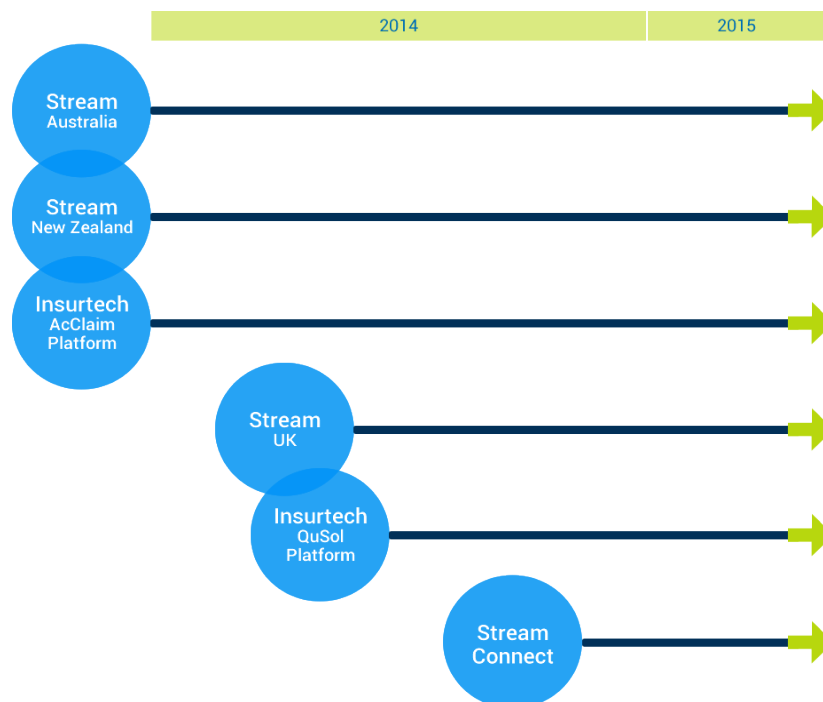


The claims services business manages insurance claims on behalf of insurance companies, brokers, self-insured's and government departments. Stream manages insurance claims directly under its own brand, and has strategic investments in Cerno Ltd and Melbourne Technology Group Pty Ltd, trading as National Insurance Replacement Services that operate in specific sectors of the claims industry

In addition to its claims services business, Stream's Insurtech division has developed industry specific workflow management tools currently used by Stream. Insurtech is developing and intends to provide the systems to insurance clients and suppliers under the brand, QuSol.

Stream Connect is intended to be an e-commerce platform providing a shopping comparison and services site as well as a data service providing information relevant to Stream's claims services business.

The timescale for launch of QuSol and Stream Connect is illustrated below and their products and services are described in detail in section 4.1.2 and 4.1.3.



QuSol is expected to be rolled out to suppliers initially and to insurance clients in mid 2015.

4.3.1 Claims Services

Stream's claims services business operates with a multi brand strategy for segments within the insurance industry as illustrated below.



Stream specialises in high volume, lower quantum domestic insurance claims. The technology built by Insurtech allows Stream to complete these claims faster and more efficiently than competitors.

Cerno Ltd specialises in larger more complex claims with a significant network of assessors across Australia. Cerno services are split into two divisions:

- Expertise Division: Deals with specialised and complex claims (such as Construction & Engineering, Marine, Major Loss, Business Interruption, Agriculture, Liability and Investigations)
- General Assessing Services (GAS Division): A more commoditised service offering, dealing with less complex and lower value claims (e.g. domestic losses, motor vehicles and risk surveying). The GAS Division is also critical to Cerno Ltd's catastrophe response due to the high volume of insurance claims in any catastrophe.

NIRS specialises in contents claims leveraging its supply chains that includes direct manufacturers, wholesalers and retail chains. These supply chains allow Stream companies to assist its insurance clients bypass traditional retail procurement channels and go directly suppliers reducing cost and delivery times.

4.3.2 Insurtech

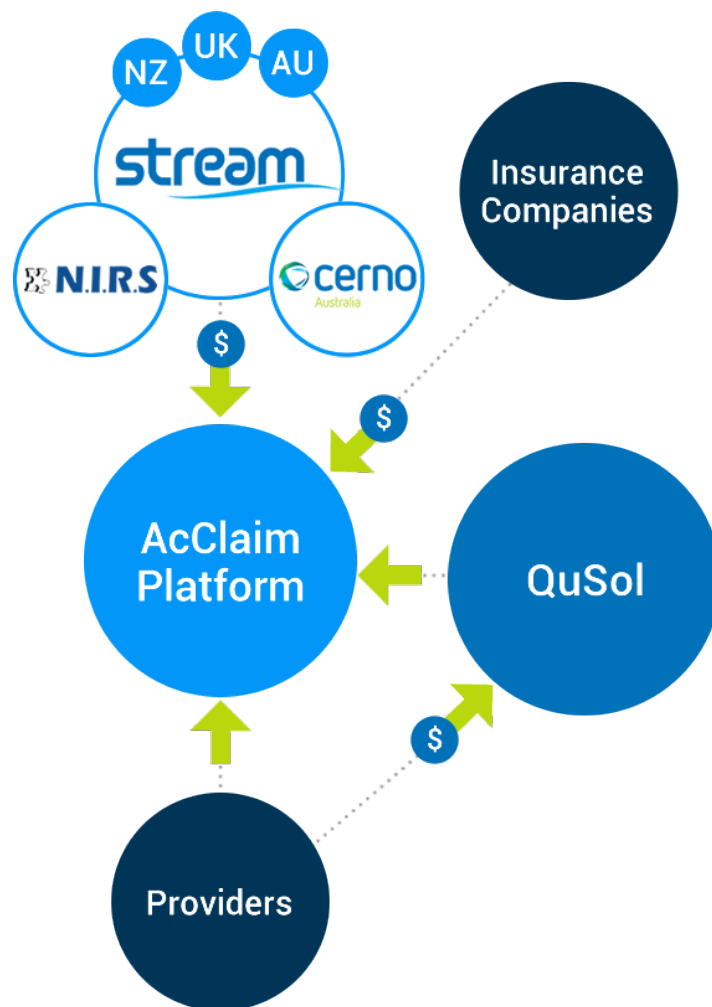
Stream has invested approximately \$5 million in developing the online workflow management systems currently used by Stream. The workflow management systems allow a qualified assessor to upload the scope of work, drawings, videos and photos for suppliers to tender on remotely. As the tender is completed electronically, Stream is able to achieve more quotes in a shorter period of time leading to lower costs and shorter claims.

The strategy for the Insurtech business is to diversify Stream's revenue through the supply of Stream's workflow management systems to insurance clients and suppliers directly.

Insurtech has two core platforms:

- AcClaim, the workflow management system utilised by Stream; and,
- QuSol, a web based or "software as a service" version of AcClaim, developed for supply to insurance clients and downstream suppliers. QuSol has the capacity to provide a complete workflow management, resource management and accounting integration solution. QuSol also includes additional tools for labour work orders and material purchase orders.

Suppliers are not required to utilise QuSol when dealing with the claims services business. The AcClaim platform has a supplier portal that allows manual interaction to complete tasks. QuSol provides an extension of this by providing a web-based workflow tool that manages a business end to end thus reducing costs and improving performance for the supplier.

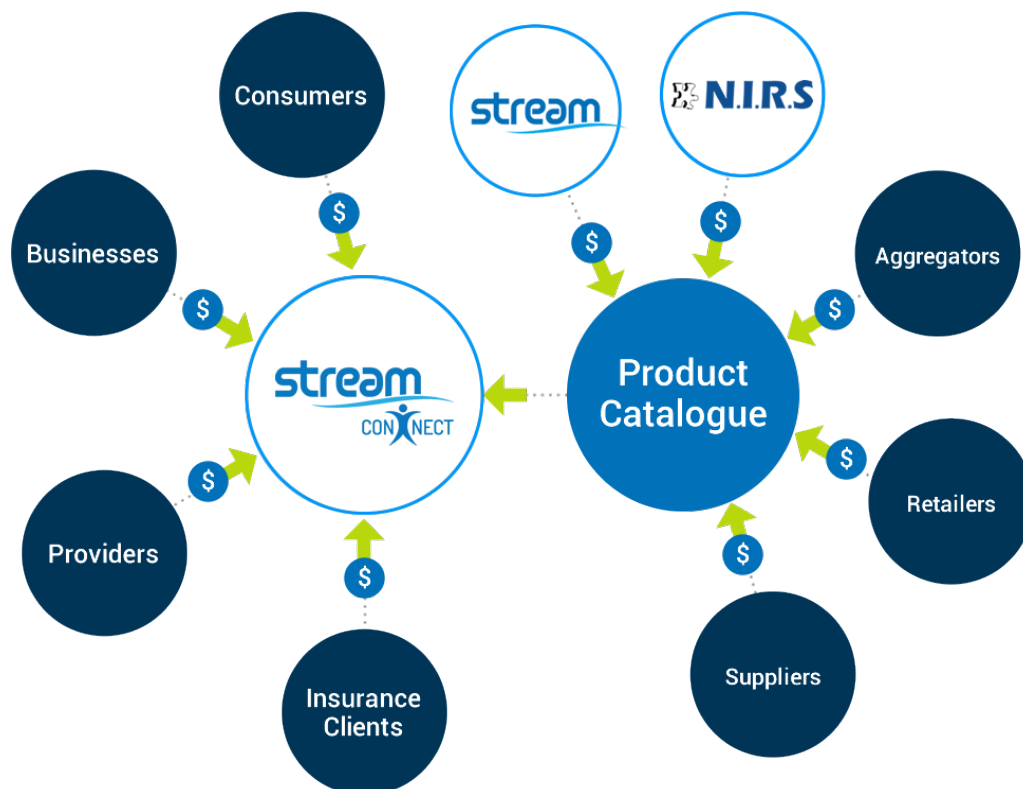


4.3.3 Stream Connect

Stream Connect is intended to be an e-commerce platform providing a shopping comparison and services site. Similar sites include freelancer.com.au, servicecentral.com.au, serviceseeking.com.au, getprice.com.au, shopping.com. In addition to being a business in its own right, Stream Connect will provide a subscription data service to Stream's claims services business for data on product and service availability, historical pricing, specifications and features. At the time of the prospectus, Stream Connect subscription feed contained over 5 Million products.

Non-insurance customers as well as customers of the insurance business will be able to engage with Stream Connect to purchase consumer products and services. For customers with an insurance claim, they will be able to purchase products and services in excess of the value of their insurance claim providing additional revenue for Stream.

Stream Connect will also seek to grow its non-insurance user base through traditional marketing efforts and social media campaigns.



4.4 Strategic Investments

The non-controlling stakes in Cerno Ltd and NIRS were taken with the objective of reducing the reliance on having such a high proportion of revenues from a small customer base and to broaden the product offering of Stream. Stream intends to implement a shared services structure between Stream and Cerno Ltd and NIRS through:

- **Software** – The AcClaim platform will be installed in both Cerno and NIRS to improve the operations of these organisations.
- **Marketing** – Joint marketing efforts of the group to offer a broader range of products and services to the combined customer base.
- **Admin/back office** – Centralise back office functions where efficiency gains can be made.

4.4.1 Cerno Ltd

In March 2013, Stream acquired a strategic holding of 39% of Cerno Ltd, one of Stream's competitors in Australia. Cerno Ltd is currently one of the three major claims and risk services businesses in Australia with revenue for FY2013 of \$40m.

Cerno Ltd has generated operating losses for the last three years due to inefficient operating practice and poor systems. The Stream investment in March 2013 was used to restructure the business and provide funds to customise the AcClaim platform to improve Cerno Ltd's operations and systems. At this stage

the turnaround is not complete and Cerno Ltd may require additional funds of approximately \$1.0M to complete the restructure.

Stream may seek, subject to obtaining the necessary consents and agreement of the individual Cerno Ltd shareholders, to acquire 100% of Cerno Ltd or its business in the near future.

4.4.2 National Insurance Replacement Group

In October 2013, Stream acquired a strategic holding of 40% of NIRS. NIRS is a national provider of innovative contents validation and fulfilment services to insurers and claims handlers.

4.5 Revenue Source

Stream's revenue is currently wholly derived from its claims services business and substantially all of that revenue is generated from one customer in Australia and one customer in New Zealand:

- Australia (50% of FY13 revenue) - RACQ Insurance – Customer since 2008, recently extended contract by 4 years to 2016.
- New Zealand (50% of FY13 revenue) – Tower Insurance Limited – Customer since 2010 and currently contracted to 30 June 2014.

Revenue for claims services is generated by managing property damage claims and there is a direct correlation between revenue, the volume of claims received and the value of each claim. Stream receives a fee for assessing the claim and an additional fee for managing the repair.

A breakdown of claims received by region and category over the last three financial years is detailed in the table below.

Year ending 30 June (\$,000)	2011	2012	2013
Stream Australia BAU	8,271	5,899	5,015
Stream Australia CAT	9,428	2,298	8,120
Stream NZ BAU	5,999	4,498	3,309
Stream NZ CAT	9,025	3,339	2,673
Stream NZ MARINE	116	72	86
Stream NZ MOTOR	3,157	1,922	1,604
Total	35,996	18,028	20,807

Note: Claim numbers in 2011 were very high due to the Christchurch Earthquake and Cyclone Yasi. Most of the revenue from these events was brought to account in later years.
BAU = Business as usual, CAT = Catastrophe, Marine = yachts and powerboats, Motor = Cars, trucks and other motor vehicles

4.6 Material Contracts

The material contracts for Stream's business are set out below. Material contracts relating to the Company are described in section 2 and the terms and

conditions for the acquisition of Stream by the Company are described in section 3.1.

4.6.1 *Tower Insurance Limited*

Stream is the exclusive provider of loss adjusting and claim assessing services throughout New Zealand to Tower in respect to claims made under Tower's commercial, domestic- house and contents, motor vehicle and machinery, rural and boat insurance policies.

The services include:

- On-site and desktop assessing of claims
- Drafting of scope of works to repair damage or replace items
- Engaging and managing contractors in the performance of the repairs and replacement of items by suppliers
- Verifying completion of works and arranging acceptance by the insured
- Management of Christchurch earthquake claims

The services are provided on a fixed fee basis plus out of pocket expenses and Tower may withhold payment in the event of a dispute.

The agreement expires on 30 June 2014 and Tower may elect to renew the agreement for a further 3 years by giving Stream 40 business days notice prior to the expiry of the agreement.

Tower may terminate the agreement in whole or in part at any time on three months notice to Stream. Both Stream or Tower may terminate the agreement for material breach on 10 days notice where the breach is capable of remedy or immediately if the breach is incapable of remedy or the other party is placed into receivership, administration or wound up or placed into liquidation (other than for a solvent amalgamation or reconstruction). Tower may also terminate the agreement on 10 days notice in the event of a change of control of Stream. Tower has advised that it will not terminate the agreement on the acquisition of Stream by the Company.

Each party has agreed to indemnify and hold the other party harmless from any loss or damage arising from the indemnifying party's breach of any third party's intellectual property rights.

4.6.2 *RACQ Insurance Limited*

Stream is the provider of building management and loss adjusting services to RACQ Insurance under a contract expiring on 15 July 2016. RACQ Insurance has an option to extend the contract for a further year. At the date of this Prospectus Stream and Cerno Ltd are the only suppliers of the building management and loss adjusting services to RACQ Insurance. The contract provides that the appointment of Stream is non exclusive.

Services provided to RACQ Insurance include:

- On-site and desktop assessing of building claims
- Drafting of scope of works to repair damage or replace items
- Engaging and managing contractors in performance of the repairs and replacement of items by suppliers
- Verifying completion of works and arranging acceptance by the insured
- Paying contractors on satisfactory completion of work
- Catastrophe management.

The services are provided under a fixed or capped fee basis plus out of pocket expenses. Fees and the service levels may be varied on the occurrence of a catastrophic event. RACQ Insurance may set off against fees owing any monies owing by Stream to RACQ Insurance.

Stream has agreed to indemnify RACQ Insurance and its affiliates from any loss or damage arising from the negligent or reckless acts or omissions, serious misconduct or fraud or breach of the contract or failure to comply with any legal or regulatory requirement committed by Stream, its subcontractors or personnel performing the services. Stream has warranted to RACQ Insurance that its services will not breach any third party's intellectual property rights.

RACQ Insurance provides Stream with funds in advance to manage claims. This claims fund is managed by Stream and Stream provides a bank guarantee for the benefit of RACQ Insurance for the amount of the claims fund.

4.6.3 Bank Bill Facility

Stream has a variable rate bank bill facility with an Australian retail bank for \$3,500,000 maturing on 1 May 2016. The bank bill facility was established for the purpose of funding the investment in Cerno Ltd.

The facility is secured by first ranking charge over the assets of Stream and its subsidiaries together with the assets of LMBM Pty Ltd as trustee of the TLA Holdings Trust, Don McKenzie's private company and family trust.

The bank bill facility is subject to various loan covenants including that the earnings before interest, tax, depreciation and amortisation for Stream for each 6 month financial period must not be less than \$1,550,000 or \$3,100,000 cumulatively for year to date. The lender has reserved the right to review the terms and conditions of the bank bill facility if any service contracts held by Cerno Ltd are not renewed.

4.6.4 Cerno Loan Facility

Stream has provided Cerno Ltd with a loan facility expiring on 30 September 2014 to the amount of \$1,500,000. The facility allows for Cerno Ltd to draw down the facility on 10 days notice and Stream may accept or reject the drawdown notice at Stream's discretion.

Cerno Ltd has drawn down \$500,000 as at the date of this Prospectus.

The amount outstanding under the facility is repayable at call by Stream or repayable at any time by Cerno Ltd on 30 days notice. Interest compounds and accrues daily at 15% per annum, or a lesser rate of 13% per annum if interest is paid monthly.

The Company has a fixed and floating charge over the assets of Cerno Ltd, ranking with the Company (as a lender under the loan described at section 2.5) but behind an Australian retail bank, the only other secured creditor of Cerno Ltd.

4.7 Market and Competition

The Australian insurance claims management market includes two larger players who all offer a full service to insurance companies including Expertise, GAS (General Assessing Services) and Motor. There is a second tier of firms who are either smaller in nature or are niche providers offering a particular service (for example, agricultural crop claims). In addition to the first and second tier independent claims management businesses must compete with in-house claims management divisions of the major insurers. The two larger players are detailed in the table below.

Company	2012 Australian Revenue \$M
Crawford & Company – In Australia they have revenue of about \$70m, are well respected, have about 35 offices and employ approximately 250 people. They are US based and listed on the New York Stock Exchange (NYSE: CRD.B) with revenues in excess of US\$1B and employ about 10,000 across the globe. Crawfords are probably rated the number one performer in the country over the last two years.	70+
Cunningham Lindsey Group Inc. – Australian revenue of about \$50m with more than 50 offices. They are US based and backed by US private equity group Stone Point Capital. They are a major force in the global market with 7,000 staff in 65 countries. They acquired GAB Robins in early 2011, previously the largest player in the Australian market.	50

4.8 Other Investments

Stream has an investment in CreditorWatch, an online credit monitoring and credit management business.

5. RISK FACTORS COMPANY, INDUSTRY AND INVESTMENT

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

You should read the entire Prospectus and consider the following risk factors, in addition to the other information in this Prospectus, 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 an investment in the Company.

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

5.1 Company and Industry Risks

5.1.1 *Performance of Cerno Ltd*

Cerno Ltd is currently held by Stream as an equity accounted investment. Stream's share of the net loss for Cerno Ltd in the 2013 financial year was \$342,484 and was included in Stream's statement of comprehensive income for that year.

The business of Cerno Ltd is currently undergoing a restructure under the supervision of Don McKenzie and is being supported by the Company and Stream under the loans and facility discussed in section 2.5 and 4.6.4. Although the restructure of Cerno Ltd is expected to be completed in 2014, Cerno Ltd will deliver a net loss for the 2014 financial year.

Stream expects that there will be a negative impact to its income for the 2014 financial year of \$1.5M for the operating loss of Cerno including one off restructure costs and that, depending upon the impairment charge taken up by the Board of Cerno Ltd regarding its intangible assets, the total impact may be as high as \$2.4 M. On acquisition by the Company, Stream will be a consolidated entity of the Company and the loss recognised by Stream for the 2014 financial year from its investment in Cerno Ltd will be equity accounted through to the Company's statement of comprehensive income.

Stream received a qualified opinion in its 2013 statutory accounts concerning the carrying value of its investment in Cerno Ltd of \$2,914,054. Subject to the completion of the acquisition of Stream, the Directors may determine that the carrying value of Cerno Ltd is not supported at 30 June 2014 and write down all or part of the investment. The amount of any write down of the carrying value of the investment in Cerno Ltd will negatively impact the Company's income in the amount of the write down for the 2014 financial year.

If Cerno Ltd is not returned to profitability for the 2015 financial year or future years there is the potential that the income of the Company will be negatively impacted by Stream's investment in Cerno Ltd in the 2015 financial year or future years.

5.1.2 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.

5.1.3 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.

5.1.4 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 the QuSol and Stream Connect products 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 will inhibit the ability of Stream to fund the sales and marketing effort for QuSol and Stream Connect.

5.1.5 Operational Risk

5.1.5.1 Operating Cost

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.

5.1.5.2 General Operating Risks

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.

5.1.5.3 Dependence on External Contractors

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.

5.1.5.4 Product Sales Risk

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.

5.1.5.5 Counterparty Risk

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.

5.1.6 Acquisition and Disposal Risks

The Company has during its history engaged in multiple acquisitions and divestments, including but not limited to the recent disposal of the C4i business and the intended acquisition of Stream. A brief history of the Company is provided at section 2.1.

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.

The terms and conditions relating to warranties and indemnities provided by the Company or provided to the Company in respect to the C4i and Stream transaction as described in section 2.2 and 3.2, respectively.

At the date of this Prospectus the Directors are not aware of any circumstances that may give rise to any claim against the Company arising from any past acquisitions or disposals and are not aware of any liabilities associated with Stream that are not reflected in the pro forma consolidated statement of financial position or discussed elsewhere in this Prospectus.

5.1.7 Industrial action

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.

5.1.8 Competition

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.

5.1.9 Dividends

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.

5.1.10 Litigation risk

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.

Neither Stream nor the Company are currently a party to any material litigation.

5.2 General Investment Risks

5.2.1 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:

- 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);
- International currency fluctuations and changes in interest rates;
- The demand for and supply of capital and finance;
- Changes in government legislation and regulatory policy, including with regard to rates and types of taxation; and
- 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:

- general economic outlook;
- interest rates and inflation rates;
- currency fluctuations;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital; and
- terrorism or other illegal acts.

5.2.2 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.

5.2.3 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.

5.2.4 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.

5.2.5 Concentration of Share Ownership and Liquidity

On completion of the acquisition of Stream, Don McKenzie will control approximately 48% of the Shares. Set out below is a table disclosing the substantial shareholders known to the Directors effective on completion of the acquisition of Stream.

Name	Number of Shares	Percentage
LMBM Pty Ltd	73,350,000	48.28%
Don McKenzie ¹	Nil	48.28%
Nightingale Partners Pty Limited	14,443,226	9.51%
Dr. Steffen Lehmann & Cie GmbH ²	14,357,040	9.45%
Neiser Beteiligungs GmbH	12,860,700	8.47%
Phoenix Development Fund Limited	5,320,320	3.50%
Jens Neiser ³	Nil	11.97%

¹Don McKenzie will have a relevant interest in the Shares to be issued to LMBM Pty Ltd.

²Dr. Steffen Lehmann & Cie GmbH will hold the Shares as nominee and will not control the voting or disposal of the Shares. The voting power is held between Tom, Julius and Paul Neiser, in three equal parts, and they are not associates of Jens Neiser.

³Jens Neiser will have a relevant interest in the Shares to be held by Neiser Beteiligungs GmbH and Phoenix Development Fund Limited. Jens does not have a relevant interest in the Shares to be held by Nightingale Partners Pty Ltd and he is not an associate of the company.

This concentration of ownership is likely to reduce the liquidity of the Shares and the decision of any of these Shareholders to sell a significant proportion of their Shares is likely to depress the Share price.

The Directors are not aware of any substantial Shareholder intending to sell a significant parcel of Shares in the short term post the re-commencement of trading of the Shares on the ASX.

6. FINANCIAL INFORMATION

6.1 Basis and method of preparation

The purpose of this section is to provide a pro forma financial perspective of the Company following completion of the acquisition of Stream and completion of this Offer (subscribed to a minimum of \$512,500 and maximum of \$748,721).

This section contains a summary of the following financial information for the Company and Stream:

Consolidated Historical Financial Information

- a) The historical consolidated Statements of Comprehensive Income for the years ended 30 June 2011 ("FY2011"), 30 June 2012 ("FY2012") and 30 June 2013 (FY2013"), and for the six month year-to-date period ended 31 December 2013 (Dec-13 YTD) for Stream;
- b) The historical consolidated Statements of Cash Flows for the years ended 30 June 2011 ("FY2011"), 30 June 2012 ("FY2012") and 30 June 2013 (FY2013"), and for the six month year-to-date period ended 31 December 2013 (Dec-13 YTD) for Stream;
- c) The historical consolidated Statements of Financial Position as at 31 January 2014 of the Company and Stream.

Pro forma Consolidated Historical Financial Information

- d) The pro forma consolidated Statement of Financial Position of the Company including the acquisition by the Company of Stream and the raising under this Prospectus, based on the historical consolidated Statements of Financial Position as at 31 January 2014 of the Company and Stream.

The above are known as the "Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information".

Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information and the transactions to which the pro forma adjustments relate, as described in Section 6.4 of the Prospectus, as if those transactions had occurred as at 31 January 2014, or prior to that date. Due to its nature, the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information does not represent the Company's prospective financial position.

The General Purpose Financial Reports for the Company have been subject to an annual audit and half-year review by Lawler Partners.

The General Purpose Financial Reports for Stream have been subject to an annual audit by Ryan Harvie McEnery Chartered Accountants.

The financial information for the Company and Stream for Dec-13 YTD and as at January 2014 has not been subject to any form of audit or review.

The audit report for Stream for FY2013 included a qualified opinion in relation to the carrying value of Stream's investment in an associated entity, Cerno Limited. The auditor's report stated that they were unable to obtain sufficient appropriate audit evidence about the carrying amount of Stream's investment in Cerno as at 30 June 2013 of \$2,914,054 and Stream's share of Cerno Ltd's net loss for the year of \$342,484 because of qualifications contained in the audit report of Cerno regarding the carrying value of certain assets in Cerno Ltd's statement of financial position as at 30 June 2013. The auditor was unable to perform alternative procedures to obtain sufficient appropriate audit evidence to form an opinion on the Cerno amounts or whether any adjustments to these amounts were necessary.

The Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information should be read in conjunction with the Investigating Accountant's Report.

6.2 Profit and Loss Statements

The Company currently has no business activity and is in the process of completing the acquisition of Stream.

For FY2012 the Company earned a pre-tax profit of \$469,339, compared to a pre-tax loss of \$307,690 in FY2011. The Company has made a pre-tax profit for FY2013 of \$7,614,682, which includes a profit on the sale of the prior business operated by the Company of \$7,922,734. Detailed profit and loss statements for the Company have not been disclosed as they relate to the business that has been sold by the Company and the Company's historical results are not relevant to the future activities of the Company. The Company is no longer operating a business until the Stream acquisition is complete.

Detailed in the table below are the consolidated historical statements of profit or loss for Stream. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

Stream Group Holdings Pty Limited				
Consolidated Profit and Loss Statements				
	Dec-13 YTD	FY2013	FY2012	FY2011
	Unaudited	audited	audited	audited
Sales revenue	15,344,155	27,310,786	29,509,536	23,060,588
Other revenue	-	371,857	168,951	541

Changes in inventories	210,474	2,641,095	(7,545,962)	(3,338,436)
Employee benefits expense	(8,148,571)	(11,927,909)	(9,463,285)	(7,420,557)
Accountancy expenses	(45,813)	(202,776)	(170,345)	(110,782)
Advertising expenses	(76,509)	(109,913)	(95,013)	(64,350)
Directors fees	(39,847)	(43,206)	(165,339)	(97,504)
Consultants	(590,200)	(491,261)	-	-
Lease expenses	(401,840)	(752,506)	(447,486)	(281,781)
Impairment of Investments	-	(24,244)	(120,219)	(434,379)
Foreign exchange losses	-	-	-	(65,785)
Depreciation and amortisation	(566,916)	(699,859)	(796,260)	(624,683)
Finance costs	(148,648)	(84,359)	(98,030)	(226,141)
Other expenses	(4,457,782)	(11,354,494)	(5,724,528)	(9,385,122)
Net profit before tax	1,078,503	4,633,211	5,052,020	1,011,609
Income tax expense	(323,551)	(1,012,780)	(1,823,662)	(233,452)
Net profit after tax	754,952	3,620,431	3,228,358	778,157
Share of loss of associated entities	(665,761)	(342,484)	-	-
Total comprehensive income	89,191	3,277,947	3,228,358	778,157
Normalisations (1)				
UK Expansion Costs	690,632	704,090	-	-
Cerno Platform development	139,614	353,794	-	-
Normalised Net profit before tax	1,908,749	5,691,095	5,052,020	1,011,609

(1) FY2013 and Dec-13 YTD results include the following non-recurring expenses:

- i) Consultants' fees and other expenses incurred in starting up UK operations which had limited revenue in these periods.
- ii) IT and Administrative costs relating to the development / customisation and implementation of Insurtech's online platform for Cerno.

Normalised net profit before tax shown in the table above reflects adjustments to exclude these costs.

6.3 Statements of Cash Flows

Detailed in the table below are the consolidated historical statements of cash flows for Stream. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

Stream Group Holdings Pty Limited				
Consolidated Statements of Cash Flows				
	Dec-13 YTD	FY2013	FY2012	FY2011

	unaudited	audited	audited	audited
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	17,566,213	25,599,891	48,654,338	19,607,528
Interest received	68,229	197,640	548,706	18,604
Prepayments	(482,445)	(107,525)	36,207	26,127
Payments to suppliers and employees	(20,931,203)	(23,113,372)	(41,626,223)	(25,480,275)
Income tax (paid) / refunded	(495,213)	(1,257,711)	(1,277,711)	(264,335)
Net cash provided by / (used in) operating activities	(4,274,419)	1,318,923	6,335,317	(6,092,351)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of property, plant and equipment	45,515	113,278	54,186	-
Proceeds from sale of investments	204,840	1,007,590	-	-
Purchase of property, plant and equipment	(1,654,933)	(3,038,658)	-	-
Purchase of investments	(750,000)	(2,606,149)	(877,453)	(827,817)
Loan payments (made to) / received from related parties	543,007	(381,558)	(4,380,436)	11,179,532
Net cash provided by / (used in) investing activities	(1,611,571)	(4,905,497)	(5,203,703)	10,351,715
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	-	-	762	2,404,375
Proceeds from borrowings	-	3,000,800	177,584	-
Repayment of borrowings	(27,612)	(133,845)	(170,483)	(709,018)
Net cash provided by / (used in) financing activities	(27,612)	2,866,955	7,863	1,695,357
Net increase / (decrease) in cash	(5,913,602)	(719,619)	1,139,477	5,954,721
Cash and cash equivalents at beginning of period	7,547,898	8,267,517	7,128,040	1,173,319
Cash and cash equivalents at end of period	1,634,296	7,547,898	8,267,517	7,128,040

6.4 Consolidated Historical and Pro Forma Consolidated Historical Statements of Financial Position

Set out in the table below are summarised historical consolidated statements of financial position for the Company and Stream as at 31 January 2014, and a summarised pro forma consolidated statement of financial position assuming the acquisition of Stream and completion of the Offer as detailed in the notes below.

			Historical Consolidated Statement of financial position		Pro-Forma Consolidated Statement of financial position	
			31 January 2014		Minimum / Maximum	
			Company ⁽¹⁾	Stream ⁽²⁾	Subscription ⁽³⁾	Subscription ⁽⁴⁾
CURRENT ASSETS						
Cash and Equivalents ⁴	Cash		1,834,930	910,777	3,124,707	3,360,928
Trade and Receivables	Other		3,436,569	10,565,436	14,002,005	14,002,005
Inventories			-	3,318,305	3,318,305	3,318,305
Other current assets			6,900	641,892	648,792	648,792
TOTAL CURRENT ASSETS			5,278,399	15,436,410	21,093,809	21,330,030
NON CURRENT ASSETS						
Investments under equity method			-	2,873,855	2,873,855	2,873,855
Financial assets			-	152,000	152,000	152,000
Property, plant & equipment			-	1,066,107	1,066,107	1,066,107
Deferred tax assets			18,810	344,205	363,015	363,015
Intangible assets ⁵			-	3,987,749	3,987,749	3,987,749
Other assets			-	130,997	130,997	130,997
TOTAL NON CURRENT ASSETS			18,810	8,554,913	8,573,723	8,573,723
TOTAL ASSETS			5,297,209	23,991,323	29,667,532	29,903,753
CURRENT LIABILITIES						
Trade and other payables			240,977	10,108,585	10,349,562	10,349,562

	Historical Consolidated Statement of financial position		Pro-Forma Consolidated Statement of financial position	
	31 January 2014		Minimum / Maximum	
	Company ⁽¹⁾	Stream ⁽²⁾	Subscription ⁽³⁾	Subscription ⁽⁴⁾
Borrowings	-	504,229	504,229	504,229
Current tax liabilities	-	990,484	990,484	990,484
Provisions	-	599,054	599,054	599,054
Dividends payable		2,424,553	2,424,553	2,424,553
TOTAL CURRENT LIABILITIES	240,977	14,626,905	14,867,882	14,867,882
NON-CURRENT LIABILITIES				
Borrowings ⁶	-	3,500,000	3,500,000	3,500,000
Deferred tax liabilities	2,070	-	2,070	2,070
TOTAL NON-CURRENT LIABILITIES	2,070	3,500,000	3,502,070	3,502,070
TOTAL LIABILITIES	243,047	18,126,905	18,369,952	18,369,952
NET ASSETS	5,054,162	5,864,418	11,297,580	11,533,801
EQUITY				
Issued capital ⁷	6,852,747	2,411,875	2,922,758	3,157,991
Reserves	791,350	(83,349)	(83,349)	(83,349)
Retained earnings	(2,589,935)	3,535,892	8,458,171	8,459,159
TOTAL EQUITY	5,054,162	5,864,418	11,297,580	11,533,801

Notes:

1. Column 1 represents the unaudited historical consolidated statement of financial position of the Company as at 31 January 2014.
2. Column 2 represents the unaudited historical consolidated statement of financial position of Stream as at 31 January 2014.

3. Column 3 and 4 represent the pro forma consolidated statement of financial position of the Company assuming:

(a) the acquisition of 100% of Stream on 31 January 2014. Under the reverse acquisition accounting standard requirements, the consolidated financial statements of the legal parent (the Company) are presented as a continuation of the financial statements of the main private operating entity (Stream);

(b) the Minimum Subscription of \$512,500 (column 3) and the Maximum Subscription of \$748,721 (column 4) respectively less estimated associated costs to be satisfied in cash of \$133,500. Cash costs of the Minimum / Maximum Offer have been allocated as \$2,197 / \$3,185 to contributed equity relating to the issue of Shares and \$131,303 / \$130,315 to retained earnings.

4. Cash assets comprise the following:

	Minimum Subscription	Maximum Subscription
Cash balance from the Company	1,834,930	1,834,930
Cash balance from Stream	910,777	910,777
Cash assets as at 31 January 2014	2,745,707	2,745,707
Offer proceeds	512,500	748,721
Offer costs	(133,500)	(133,500)
Cash as per pro forma statements of financial position	3,124,707	3,360,928

5. Intangible assets in Stream comprise predominantly costs associated with internally developed software.

6. Non-current borrowings in Stream is bank debt in relation to the acquisition of the Cerno Ltd shares and subsequent loan advancements. The Cerno Ltd investment is accounted for using the equity method.

7. Issued capital is calculated as follows:

	Minimum Subscription		Maximum Subscription	
	No. of Shares	\$	No. of Shares	\$
Number of shares currently on issue (pre-consolidation)	36,522,645	6,852,747	36,522,645	6,852,747
Capital structure following share consolidation (1:1.5)	24,348,664		24,348,664	
Post 31 January 2014 Transactions	24,348,664	6,852,747	24,348,664	6,852,747
<i>Stream Transaction:</i>				
Shares issued to Stream	121,741,440	580	121,741,440	580

	Minimum Subscription		Maximum Subscription	
	No. of Shares	\$	No. of Shares	\$
Shares issued to Mr Bernecker ⁽ⁱ⁾	3,333,333	0	3,333,333	0
Reverse acquisition accounting entry		(4,440,872)		(4,440,872)
Total Shares on issue post transaction	149,423,437	2,412,455	149,423,437	2,412,455
<i>Fundraising:</i>				
Capital Raising	2,500,000	512,500	3,652,299	748,721
Offer costs to equity		(2,197)		(3,185)
Total Shares issued post transaction and Offer	151,923,437	2,922,758	153,075,736	3,157,991

- (i) 3,333,333 Shares issued to Christian Bernecker, a director of the Company and of Stream, at an issue price of \$0.226 per share. The shares will vest under certain conditions provided Christian is an Executive Director of the Company on the vesting date and certain performance conditions are met in relation to the price of the Company's shares as detailed at Section 8.3.2 of the Prospectus. The Company will provide a loan to Mr Bernecker under the Company's Employee Loan Plan, being the total subscription monies payable for the Shares. No value has been recorded in the pro forma balance sheet for these Shares due to their vesting and performance conditions. The shares to Mr Bernecker effectively represent an option or right for Mr Bernecker to receive shares in the Company should the performance conditions be met. The value of this right has been estimated at \$334,833 based on the value of the Shares, adjusted for the probability of each of the performance conditions being met by the vesting dates.

6.5 Statement of Significant Accounting Policies

Basis of preparation

The above financial information of Stream Company Limited has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. The financial information also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Principles of consolidation

The pro forma consolidated historical financial information incorporates the assets and liabilities of all subsidiaries of Stream Company Limited ('company' or 'parent entity') and Stream Company Holdings Pty Limited as at 31 January 2014 and the results of all subsidiaries and special purpose entities for the year then ended.

Stream Company Limited, its subsidiaries and special purpose entities together are referred to in this financial information as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries and special purpose entities have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Goodwill

Goodwill is carried at cost less any accumulated impairment losses.

The amount of goodwill recognised on acquisition of each subsidiary in which the Company holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Company 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 Company determines which method to adopt for each acquisition.

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 interest is recognised in the consolidated financial statements.

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, which represents the lowest level at which goodwill is monitored but where such level is 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 sold.

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

Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Investments in Associates

Associates are companies over which the Company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate company. In addition, the Company's share of the profit or loss of the associate company is included in the Company's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition, whereby the Company'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 Company and the associate are eliminated to the extent of the Company's interest in the associate.

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

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 will deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months

or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

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. Any consideration deferred is treated as the provision of finance 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 revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. 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 and 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.

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

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.

Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company 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.

Reverse Acquisition

The consolidated financial information has been prepared using reverse acquisition accounting. In reverse acquisition accounting, the cost of the business combination is deemed to have been incurred by the legal subsidiary, Stream (the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent, Stream Company Limited (the acquired for accounting purposes). Any discount arising on the difference between the fair value of the net assets of Stream Company Limited at the date of acquisition and the fair value of the portion of Stream shares deemed to be issued to Stream Company Limited shareholders to complete the acquisition has been recorded against accumulated losses on consolidation.

7. INVESTIGATING ACCOUNTANTS REPORT



INVESTIGATING ACCOUNTANT'S REPORT

21 February 2014

The Directors
Stream Group Limited
c/- Simpsons Solicitors
Level 2, Pier 8/9
23 Hickson Road
Millers Point NSW 2000

Dear Sirs,

Investigating Accountant's Report and Financial Services Guide

We have prepared this Investigating Accountant's Report (report) at the request of the Directors of Stream Group Limited (the "Company"), for inclusion in a Prospectus relating to the proposed issue by the Company of 2,500,000 shares at an issue price of \$0.205 each to raise \$512,500 before the costs of the issue ("the Prospectus"). The maximum Offer is to raise \$748,721 through the issue of up to 3,652,299 shares at \$0.205 each.

Expressions and capitalised terms defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services License (No. 227902) under the *Corporations Act 2001*. Hall Chadwick Corporate (NSW) Limited holds the appropriate Australian Financial Services License.

Background

In January 2013, the Company sold its interest in C4i Pty Ltd, a company specialising in the delivery of standard-setting communication solutions for mission-critical military and government customers world-wide.

On 13th January 2014 the Company obtained shareholder approval for the acquisition of Stream Group Holdings Pty Limited ("Stream").

Stream manages claims for insurance companies in Australia, New Zealand and the United Kingdom. It manages building, contents, motor and marine insurance, specialising in household building and contents claims.

The Prospectus is principally being prepared to satisfy Listing Rule 1.1 Condition 3 and to offer Shares for the purpose of achieving shareholder spread and to thereby satisfy the ASX requirements for re-quotation of the Company's Shares following a change in the nature and scale of the Company's activities. The acquisition of Stream will not occur until the ASX has advised the Company satisfies the requirements for re-quotation of its Shares.

The Company intends to use the funds raised by the Offer for working capital and to be applied towards the costs of the Offer.

Potential investors should read the Prospectus in full. We make no comments as to the value of the current and proposed activities of the Company.

HALL CHADWICK CORPORATE
(NSW) LIMITED

ACN 080 462 488

SYDNEY

Level 40, 2 Park Street
Sydney NSW 2000 Australia
GPO Box 3555 Sydney NSW
2001

Ph: (612) 9263 2600

Fx: (612) 9263 2800

E: hcsydneyinfo@hallchadwick.com.au

com.au

www.hallchadwick.com.au

A member of AGN
International Ltd, a worldwide
association of separate and
independent accounting and
consulting firms

Scope

You have requested Hall Chadwick Corporate (NSW) Limited to prepare an Investigating Accountant's Report covering the following information:

Consolidated Historical Financial Information

- a) The historical consolidated Statements of Comprehensive Income for the years ended 30 June 2011 ("FY2011"), 30 June 2012 ("FY2012") and 30 June 2013 (FY2013"), and for the six month year-to-date period ended 31 December 2013 (Dec-13 YTD) for Stream;
- b) The historical consolidated Statements of Cash Flows for the years ended 30 June 2011 ("FY2011"), 30 June 2012 ("FY2012") and 30 June 2013 (FY2013"), and for the six month year-to-date period ended 31 December 2013 (Dec-13 YTD) for Stream;
- c) The historical consolidated Statements of Financial Position as at 31 January 2014 of the Company and Stream.

The Company currently has no business activity and is in the process of completing the acquisition of Stream. Historical Statements of Comprehensive Income have not been disclosed for the Company as they relate to the business that has been sold and the historical results are not relevant to its future activities.

Pro forma Consolidated Historical Financial Information

- d) The pro forma consolidated Statement of Financial Position of the Company includes Stream as if the acquisition had occurred at the balance date and the raising under this Prospectus, based on the historical consolidated Statements of Financial Position as at 31 January 2014 of the Company and Stream.

The above are known as the "Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information".

The Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information and the transactions to which the pro forma adjustments relate, as described in Section 6.4 of the Prospectus, as if those transactions had occurred as at 31 January 2014, or prior to that date. Due to its nature, the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information does not represent the Company's prospective financial position.

Scope of review of Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information

The Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information has been extracted from the financial accounts of the Company and Stream.

The General Purpose Financial Reports for the Company have been subject to an

annual audit by Lawler Partners.

The General Purpose Financial Reports for Stream have been subject to an annual audit by Ryan Harvie McEnery Chartered Accountants.

The financial information for the Company and Stream for Dec-13 YTD and as at January 2014 has not been subject to any form of audit or review.

The pro forma consolidated Statement of Financial Position at 31 January 2014 incorporates:

- a) the historical consolidated Statement of Financial Position of the Company as at 31 January 2014;
- b) the historical consolidated Statement of Financial Position of Stream as at 31 January 2014; and
- c) the effect of the capital raising as disclosed in the Prospectus.

Directors' responsibility

The directors of the Company and Stream are responsible for the preparation of the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information, including the selection and determination of pro forma adjustments made to the historical financial information and included in the Pro forma Consolidated Historical Financial Information. This includes responsibility for such internal controls as the directors determine are necessary to enable the preparation of Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the financial information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the financial information.

Conclusions

Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Consolidated Historical Financial Information and Pro forma Consolidated Historical Financial Information, comprising:

- a) The historical consolidated Statements of Comprehensive Income for FY2011, FY2012, FY2013 and Dec-13 YTD for Stream;
- b) The historical consolidated Statements of Cash Flows for FY2011, FY2012, FY2013 and Dec-13 YTD for Stream;
- c) The historical consolidated Statements of Financial Position as at 31 January 2014 of the Company and Stream as if the acquisition had occurred at the balance date; and
- d) The pro forma consolidated Statement of Financial Position of the Company including Stream and the raising under this Prospectus, based on the historical consolidated Statements of Financial Position as at 31 January 2014 of the Company and Stream.

is not presented fairly in all material respects, in accordance with the stated basis of preparation as described in Section 6.5 of the Prospectus.

Restriction on Use

Without modifying our conclusions, we draw attention to the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report or on the financial information to which it relates, for any purpose other than that for which it was prepared.

Consent

Hall Chadwick Corporate (NSW) Limited has consented to the inclusion of this assurance report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Hall Chadwick Corporate (NSW) Limited does not have any interest in the outcome of the Prospectus other than the issue of this report for which normal professional fees will be received. Hall Chadwick Corporate (NSW) Limited does not hold nor have any interest in the ordinary shares of the Company.

Hall Chadwick Corporate (NSW) Limited was not involved in the preparation of any part of the Prospectus, and accordingly, makes no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus.

Yours faithfully



Drew Townsend
Directors



David Kenney

HALL CHADWICK CORPORATE (NSW) LIMITED

FINANCIAL SERVICES GUIDE

Dated 21 February 2014

What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by Hall Chadwick Corporate (NSW) Limited ABN 28 080 462 488, Australian Financial Services Licence Number 227902 ("HCC").

This FSG includes information about:

- HCC and how they can be contacted;
- the services HCC is authorised to provide;
- how HCC are paid;
- any relevant associations or relationships of HCC;
- how complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- the compensation arrangements that HCC has in place.

This FSG forms part of an Investigating Accountant's Report ("Report") which has been prepared for inclusion in a disclosure document. The purpose of the disclosure document is to help you make an informed decision in relation to a financial product. The contents of the disclosure document, as relevant, will include details such as the risks, benefits and costs of acquiring the particular financial product.

Financial services that HCC is authorised to provide

HCC holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for securities and interests in managed investment schemes, including investor directed portfolio services, to retail clients. We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of finance products.

HCC's responsibility to you

HCC has been engaged by the Directors of Stream Group Limited to prepare this Report for inclusion in a Prospectus in relation to the public offering of shares in Stream Group Limited on the ASX ("Offer").

You have not engaged HCC directly but have received a copy of the Report because you have been provided with a copy of the Prospectus. HCC nor the employees of HCC are acting for any person other than Stream Group Limited. HCC is responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

General advice

As HCC has been engaged by Stream Group Limited, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs. You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Prospectus before making any decision in relation to the Offer.

Fees HCC may receive

HCC charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Stream Group Limited. Fees are agreed on either a fixed fee or a time cost basis. In this instance, Stream Group Limited has agreed to pay HCC \$12,500 (excluding GST and out of pocket expenses) for preparing the Report. HCC and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of this Report.

HCC officers and representatives receive a salary or a partnership distribution from Hall Chadwick Sydney professional advisory and accounting practice (the Hall Chadwick Sydney Partnership) and dividends from associated companies. Remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report. Further details may be provided on request.

Referrals

HCC does not pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

Associations and relationships

Through a variety of corporate and trust structures HCC is controlled by and operates as part of the Hall Chadwick Sydney Partnership. HCC's directors may be partners in the Hall Chadwick Sydney Partnership. Mr David Kenney and Mr Drew Townsend, directors of HCC and partners in the Hall Chadwick Sydney Partnership, have prepared this Report. The financial product advice in the Report is provided by HCC and not by the Hall Chadwick Sydney Partnership.

From time to time HCC, the Hall Chadwick Sydney Partnership and related entities ("HC Entities") may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses. HC Entities have provided audit and advisory services to the Client for which professional fees are received.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, Stream Group Limited or has other material financial interests in the Offer.

Complaints resolution

If you have a complaint, please let HCC know. Formal complaints should be sent in writing to:

The Complaints Officer
Hall Chadwick Corporate (NSW) Limited
GPO Box 3555
Sydney NSW 2001

If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer, Drew Townsend, on (02) 9263 2600 and he will assist you in documenting your complaint.

Written complaints are recorded, acknowledged within 5 days and investigated. As soon as practical, and not more than 45 days after receiving the written complaint, the response to your complaint will be advised in writing.

External complaints resolution process

If HCC cannot resolve the complaint to your satisfaction within 45 days, you can refer the matter to the Financial Ombudsman Service (FOS). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website www.fos.org.au or by contacting them directly at:

Financial Ombudsman Service Limited
GPO Box 3, Melbourne Victoria 3001
Telephone: 1300 78 08 06
Facsimile (03) 9613 6399
Email: info@fos.org.au

The Australian Securities and Investments Commission also has a free call infoline on 1300 300 630 which you may use to obtain information about your rights.

Compensation arrangements

HCC has professional indemnity insurance cover as required by the Corporations Act 2001(Cth).

Contact details

You may contact HCC at:

Hall Chadwick Corporate (NSW) Limited

GPO Box 3555

Sydney NSW 2001

Telephone: (02) 9263 2600

Facsimile: (02) 9263 2800

8. BOARD, MANAGEMENT AND CORPORATE GOVERNANCE

8.1 Board of Directors

The Company is managed by the Board of Directors. The Board currently comprises 3 Directors. Don McKenzie will join the Board on completion of the acquisition of Stream.

Christian Bernecker - Executive Chairman

Christian Bernecker joined the Board in October 2008 and has been a Director of Stream Group Holdings Pty Ltd since August 2010. Christian is also a Director of Uscom Limited and Cerno Ltd.

Christian has more than 10 years of broad investment experience across capital raising, acquisitions and divestments.

Christian is a member of the Institute of Chartered Accountants in Australia and holds a Bachelor of Commerce from Ballarat University.

Don McKenzie - Managing Director

Don McKenzie is the founder and managing director of Stream.

Don commenced his professional life in 2001 contracting to builders, loss adjusters and insurance companies for property based repair work through his family construction business. During this time, Don obtained an understanding of the insurance industry and the claims management process and developed the key relationships to establish the Stream claims services business in 2007. This knowledge was used to create the first version of AcClaim, known as "BuildAssist."

In addition to being Managing Director of Stream, Don holds an executive position in Cerno Ltd leveraging his skills and experience to lead the restructure of Cerno Ltd's business operations.

Jens Neiser - Non-Executive Director

Jens Neiser was appointed a Non-Executive Director of the Company 31 January 2013 and is also member of the Audit & Risk Committee and the Nomination and Remuneration Committee

He manages Neiser Capital Investment Fund and was previously a partner with Boston Consulting Group in New York and Munich specialising in technology companies. Jens is a Director of Enprise Group Limited, Nightingale Partners Pty Limited and a number of other private companies.

Jens is a Doctor of Economics and a lawyer holding a law degree from Freiburg University in Germany.

Stuart Marburg - Non-Executive Director

Stuart Marburg was appointed as an Independent Non-Executive Director of the Company on 1 August 2013.

Stuart was previously 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 \$70m before the founders sold it to IINET. He is currently a Director of Ten Paces Pty Ltd, and a number of other private companies.

Stuart is a member of the Australian Institute of Company Directors and holds a Bachelor of Business from RMIT University.

8.2 Management

Paul Lynch- Group General Manager, Stream Claims Services

Paul Lynch has worked in a consulting capacity with Stream since 2011 and was appointed Group General Manager in October 2012 with accountability for the management of all Stream operations across Australia, New Zealand and the UK. Prior to joining Stream, Paul was a Director of Tough Problem Consulting and up to February 2010, had a career of 20 years in the Suncorp Group with his last role at Suncorp as the Executive General Manager responsible for the Integration of Suncorp and Promina.

Tom Farries- Chief Finance Officer

Tom Farries has been involved in a diverse range of companies mainly in the private and public sector and has been instrumental in listing companies in Australia, Asia, and a reverse merger on the Germany Stock Exchange. Tom holds a Bachelor of Commerce from the University of Surrey in the United Kingdom and a Diploma in Business Management from Pittman's College in the United Kingdom

For almost 20 years, Tom was involved in the oil, gas and shipping industry throughout Asia, Middle East and Europe. This involved setting up operations and internal procedures in Singapore, UEA, Malaysia, China, Greece, UK and the Philippines.

Jim Pittman- UK General Manager

Jim Pittman joined Stream UK in May 2013 having worked with Stream since September 2012 as a self-employed consultant.

Jim is a qualified claims loss adjuster and an Associate of both the Chartered Insurance Institute and the Chartered Institute of Loss Adjusters. Jim has held senior roles with Davies Loss Adjusters and Cunningham Lindsey Loss Adjusters in the UK as well as being Claims Director at Halifax responsible for 220,000 claims annually and an annual claim spend of £200m.

Jim has worked across household property, commercial property and business interruption as well as liability and motor classes of business and has a vast range of experience in running and developing business in the insurance sector.

Bryce Hatton- General Manager Australia

Bryce Hatton commenced with Stream in April 2013 and has the responsibility of managing Stream's Australian operations.

Prior to joining Stream, Bryce spent 8 years at Executive level for Australia's largest specialist insurer, National Transport Insurance with accountability for their Australian and New Zealand operations. He also spent 2 years managing their underwriting, claims and reinsurance functions.

Bryce is an experienced insurance professional with over 25 years management experience in many facets of the insurance industry including underwriting, sales, broking, claims and leading people. He has a reputation for building and leading high performing teams, developing high level profitable business relationships with major customers and implementing structural change to businesses to improve processes and gain efficiencies.

Anthony Honeybone- General Manager, Christchurch Earthquake Program

Anthony Honeybone joined Stream in 2010 and is responsible for overseeing the multi-million dollar earthquake recovery programme and has been an integral player in establishing Stream as a market leading assessing and project managing agency in the complex and high profile Canterbury environment. Within the role Anthony oversees a team of 90 project managers and case managers committed to assisting in the rebuild of Christchurch. Stream's earthquake recovery team's primary focus is to handle claims from inception to completion.

Anthony has a Bachelor of Commerce from Canterbury University and a First Class Honours degree in Business and Public Administration from Victoria University.

Vered Netzer- General Manager, Insurtech Systems Pty Ltd

Vered Netzer has been General Manager Insurtech since August 2012, having joined Stream in 2011 to design and develop the Stream Connect platform.

Vered is a senior IT executive with in excess of 14 years experience including 10 years of broad-based management experience in systems design and development, implementation and support.

Tom Rowe – Company Secretary

Tom Rowe was appointed company secretary on 31 January 2013. He is a Corporate and Commercial Lawyer 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.

8.3 Remuneration of Directors

The Company's Constitution provides that the remuneration of Non-Executive Directors will be not more than the aggregate fixed sum determined by a general meeting. The aggregate remuneration for Non-Executive Directors has been set at an amount not to exceed \$200,000 per annum. The Non-Executive Directors are paid an annual Directors' fees inclusive of statutory superannuation of \$50,000 per annum. In the two years prior to the date of this Prospectus Jens Neiser has received \$15,000, Christian Bernecker has received \$100,000 and Stuart Marburg has received \$20,000.

8.3.1 *Employment Agreement for Don McKenzie*

Don McKenzie will be employed as Chief Executive Officer and Managing Director of the Company on completion of the acquisition of Stream. The terms of his employment are described below:

- Base salary of \$200,000 per annum inclusive of superannuation, reviewed annually at the end of each financial year.
- Short-term incentive of 10% of the amount that net profit before tax of Stream exceeds \$3 million each year, reviewed annually. There is no long-term incentive.
- Employment may be terminated without cause by either party by giving six months notice, or earlier by payment in lieu of notice at the election of the Company.
- Employment may be terminated immediately by the Company for serious misconduct by Don McKenzie.
- Leave and redundancy entitlements are in accordance with applicable laws, with termination benefits limited by Listing Rule 10.19 and Division 2 of Part 2D.2 of the Corporations Act.

8.3.2 *Service arrangement for Christian Bernecker*

Christian Bernecker provides consulting services to the Company in his Executive Chairman role across mergers and acquisitions, strategy, corporate advisory and investor relations. The engagement may be terminated by either party on three months notice.

The annual fee is \$50,000 per annum plus GST with the next review in December 2014.

Christian Bernecker will be issued with 3,333,333 Shares under the Company's Employee Share Loan Plan on completion of the acquisition of Stream as a part of his remuneration. The terms and conditions of the award are described below:

Number	3,333,333 Shares. No Shares will be issued if the acquisition of Stream does not complete.
---------------	--

Issue Price \$0.226. This is a 10% premium to the issue price for Shares under the Offer.

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 from 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), 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 the 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 vest 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 paid towards the Loan.
- 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 Shares. Any payments made on Shares that are forfeited will be refunded to Christian.

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.

Unvested Shares

Forfeiture of Shares that have not vested will occur through a share buy-back, 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.

8.4 Directors’ Interests

Other than set out below or elsewhere in this Prospectus, no Director or proposed Director holds as at the date of this Prospectus, or held at any time

during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- a) The formation or promotion of the Company;
- b) Any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- c) The Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person to a Director or proposed Director to induce him to become, or to qualify as, a Director; or for services provided by a Director or proposed Director in connection with the formation or promotion of the Company or the Offer.

8.5 Interests in securities

Directors are not required under the Company's Constitution to hold any Shares. On completion of the acquisition of Stream, the Directors will have relevant interests in securities as set out in the table below:

Name	Number of Shares
Christian Bernecker	4,641,400
Don McKenzie	73,350,000
Jens Neiser	18,181,020
Stuart Marburg	71,429

8.6 Corporate Governance

This statement provides an outline of the main corporate governance practices currently undertaken by the Company (and proposed to be undertaken on the acquisition of Stream). 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 Prospectus.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

"Companies should establish and disclose the respective roles and responsibilities of board and management."

The roles and responsibilities of the board and management

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.

The responsibilities of the Board, the Managing Director and the Chairman are detailed in the Board Charter which is available on the Company website.

Performance review

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 has 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. Since the sale of C4i, the Company has had no senior staff employed in the company.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

"Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties."

Composition of the board

The Board is currently comprised of two non-executive directors and one executive director. 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 re-nominate for a Board position.

Independence

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 two non-independent directors, one of whom is the Chairman. On completion of the acquisition of Stream the number of non-independent directors will increase to 3 as Don McKenzie joins the Board.

Stuart Marburg 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.

Access to information and independent advice

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.

Board meetings

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.

Committees

The Board has established three Committees, all of which operate pursuant to formal charters:

- the Audit & Risk Management Committee,
- the Nomination Committee and
- the Remuneration Committee.

Jens Neiser is Chairman of the Audit & Risk Management Committee and Stuart Marburg is Chairman of the Nomination Committee and the Remuneration Committee.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION MAKING

"Companies should actively promote ethical and responsible decision-making."

Ethical Standards – Code of Conduct

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.

Diversity Policy

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.

Principle 4: Safeguard integrity in financial reporting

"Companies should have a structure to independently verify and safeguard the integrity of their financial reporting."

Audit committee

The Audit & Risk Management Committee is comprised of Jens Neiser (Chair), Stuart Marburg and Christian Bernecker. The Audit & Risk Management Committee has not met since the date of the 2013 Annual Report.

Christian Bernecker is not an independent Director but is a member of the Audit & Risk Management Committee due to his accounting skills and experience.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

"Companies should promote timely and balanced disclosure of all material matters concerning the company."

Information disclosure and shareholder communication

The Company has in place a formal policy with respect to its continuous disclosure obligations and procedures. The Board seeks to ensure that shareholders are provided with sufficient information to assess the performance of the Company.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

"Companies should respect the rights of shareholders and facilitate the effective exercise of those rights."

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.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

"Companies should establish a sound system of risk oversight and management and internal control."

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 2013 financial year involved the Chairman and directors. Since the disposal of C4i, no staff have employed by the Company and the Directors have been responsible for the preparation of the financial report.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

"Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear."

Remuneration

Details of the Company's remuneration policies and practices for Non-executive Directors and Executive Directors are contained in section 8.3.

9. ADDITIONAL INFORMATION

9.1 Rights Attaching to Shares

The rights, privileges and restrictions attaching to Shares are set out in the Constitution and in certain circumstances regulated by the Corporations Act, the Listing Rules and the general law. A summary of the significant rights are set out below. The list is not exhaustive and does not contain a definitive statement as to the rights and liabilities of Shareholders. To obtain such a statement, investors should seek independent legal advice.

9.2 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

9.3 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid bears to the total amounts paid and payable.

9.4 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

9.5 Shareholder Liability

The Shares under the Offer are fully paid ordinary shares, they are not subject to calls for additional money and are not liable to forfeiture. Each investor's liability is limited to the amount paid on the Shares.

9.6 Dividends

Subject to any shares issued with special rights (of which there are none at the date of this Prospectus) the Directors may determine to distribute the profits of the Company, subject to the Corporations Act, to Shareholders in equal amounts per Share.

9.7 Future Issue of Securities

Subject to the Corporations Act and the Listing Rules the Directors may issue, grant options over, issue securities that may convert at the election of the Company or the holder into Shares at the times and on the terms that the Directors think appropriate.

9.8 Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

9.9 Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class

9.10 Directors

The minimum number of Directors is 3 and the maximum is 10. The Directors may set a maximum number of Directors at less than 10 but must not set a maximum number that is less than the number of Directors in office at that time.

At each Annual General Meeting 1/3 of the Directors (excluding the Managing Director) must resign and are eligible for re-election.

9.11 Listing Rules

While the Company is admitted to trading on the Official List, then despite anything in the Constitution, if the Listing Rules prohibit an act from being done, the act must not be done. If the Listing Rules require the Constitution to contain a provision and the Constitution does not contain that provision, the Constitution is deemed to contain that provision. If the Listing Rules require the Constitution to not contain a provision and the Constitution does contain that provision, the Constitution is deemed to not contain that provision. If a provision of the Constitution is inconsistent with the Listing Rules, the Constitution is deemed to not contain that provision to the extent of the inconsistency.

9.12 Employee Share Plans

9.12.1 Overview

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.

There are no other Employee Share Plans applying to the Company or Stream.

9.12.2 Summary of Key Terms and Conditions of the Employee Share Loan Plan

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.

9.13 Taxation and Financial Year

The Company is taxed in Australia as a public company. The Company's year-end is 30 June.

The acquisition and disposal of Shares will have tax consequences to the investor. The tax consequences will differ depending upon the tax status of the investor and their personal taxation affairs. All investors should obtain their own tax and financial advice before acquiring or disposing of Shares.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to the taxation consequences of subscribing for Shares.

9.14 Dividend Policy

Payment of future dividends (if any) will be at the discretion of the Directors. Any future determination as to the payment of dividends will depend upon the availability of distributable earnings, the Company's operating results, the Company's future capital requirements and financial position of the Company. No assurance can be given as to the payment of dividends or the availability of franking credits attaching to dividends.

9.15 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings.

9.16 Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a

professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- a. the formation or promotion of the Company;
- b. any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or
- c. the Offer.

Hall Chadwick Corporate (NSW) Limited has acted as the Investigating Accountant and has prepared an Investigating Accountant's Report, which has been included in Section 7 of this Prospectus and has provided an independent experts report included with the Notice of Meeting for the 13 January 2014 meeting. The Company will pay Hall Chadwick Corporate (NSW) Limited a total of \$12,500 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. In the 2 years prior to the date of this Prospectus, Hall Chadwick Corporate (NSW) Limited has received fees of \$17,500, for similar services.

Simpsons Solicitors, the Solicitors for the Offer is expected to receive a total of \$50,000 for legal services related to the preparation of this Prospectus and for services in connection with the Offer. Subsequently, fees will be charged in accordance with normal charge out rates. In the 2 years prior to the date of this Prospectus, Simpsons Solicitors has received \$65,000 as fees for legal services.

9.17 Consents

Each of the parties referred to in this section:

- a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section;
- b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section; and
- c) has given their written consent to being named in this Prospectus and for the inclusion of statement made by them as described below in the form and content in which they are included and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

Hall Chadwick Corporate (NSW) Limited have given their written consent to being named as Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 7.

Lawler Partners Audit & Assurance has given its written consent to being named as auditor to the Company in this Prospectus.

Simpsons Solicitors has given its written consent to being named as the Solicitor to the Offer in this Prospectus.

Advance Share Registry Limited has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with ASIC.

9.18 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$133,500 and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount (\$)
Accounting	12,500
ASIC fees	2,000
ASX fees	29,000
Broker commission	20,000
Legal Fees	50,000
Printing and Miscellaneous	20,000
TOTAL	133,500

10. DIRECTORS STATEMENT

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive, and that in respect to any other statements made in the Prospectus by persons other than the Directors, the Directors have made reasonable enquiries and on that basis have reasonable grounds to believe that persons making the statement or statements were competent to make such statements, those persons have given their consent to the statements being included in this Prospectus in the form and content in which they are included and have not withdrawn that consent before lodgement of the Prospectus with ASIC, or to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

The Prospectus is prepared on the basis that certain matters may be reasonably expected to be known to likely investors or their professional advisors.

Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent before lodgement of this Prospectus with ASIC or before any issue of Shares pursuant to this Prospectus.

Dated: 21 February, 2014

Signed for and on behalf of the Company



Christian Bernecker

Executive Chairman

11. GLOSSARY AND INTERPRETATION

Application Form	means the application form attached to or accompanying with this Prospectus.
ASIC	means the Australian Securities and Investments Commission.
ASX	means ASX Limited ACN 008 624 691 and the market that it operates.
Company	means Stream Group Limited ACN 010 597 672, formerly known as LongReach Group Limited
Constitution	means the constitution of the Company.
Controlling Vendors	means LBM Pty Ltd ACN 137 373 436, Nightingale Partners Pty Ltd ACN 117 659 480, Dr. Steffen Lehmann & Cie GmbH and Neiser Beteiligungs GmbH.
Corporations Act	means the Corporations Act 2001 (Cwlth)
Director	means a director of the Company.
Eligible Shareholder	means a Shareholder at the date of this Prospectus with an address on the register of members of the Company in Australia or New Zealand.
Escrow Shares	means 12,195,122 of the Shares to be issued to the Controlling Vendors for the acquisition of Stream.
Exposure Period	means 7 days from the date this Prospectus is lodged with ASIC.
Listing Rules	means the official listing rules of the ASX.
Minimum Parcel	means 9,757 Shares.
NIRS or National Insurance Replacement Services	means Melbourne Technology Group Pty Ltd ACN 078 657 637 trading as National Insurance and Replacement Services.
Normalised Profit Before Tax	means, in respect to Section 3.1.5, the unaudited profit before tax of Stream excluding costs relating to the start up expenses for the business in the United Kingdom and expenditure relating to the development, customisation and implementation of Insurtech's online platform to Cerno Ltd, any Cerno Ltd restructure costs or impairment of the investment in Cerno Ltd.
Priority Allocation	means the allocation of a Minimum Parcel to each Eligible Shareholder that applies under the Offer, subject to the terms of section 1.4.
Priority Application Form	means the personalised Application Form for use by Eligible Shareholders.
RACQ Insurance	means RACQ Insurance Limited ABN 50 009 704 152.
Restricted Securities	means shares subject to escrow conditions as imposed by the ASX in accordance with the Listing Rules.

Shareholder	means a holder of a Share in the Company recorded on the register of members of the Company.
Shares	mean ordinary fully paid shares in the capital of the Company.
Spread	means 400 Shareholders with a Minimum Parcel of Shares.
Stream	means Stream Group Holdings Pty Ltd ACN 143 860 539 and its subsidiaries.
Tower	means Tower Insurance Limited, a New Zealand incorporated company, company number 143050.