STREAM GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES

Financial Report For The Year Ended
30 June 2012

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STREAM GROUP HOLDINGS PTY LTD
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Your directors present their report on the consolidated group for the financial year ended 30 June 2012.

Directors

The names of the directors in office at any time during, or since the end of, the year are:

Donovan Gordon McKenzie appointed (25/05/2010)
Christian Robert Bernecker appointed (2/08/2010)
Jens Neiser appointed (2/08/2010)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The consolidated profit of the consolidated group for the financial year after providing for income tax amounted to $3,488,558.

A review of the operations of the consolidated group during the financial year and the results of those operations found that changes in market demand and competition have seen an increase in sales of 28% to $29,509,536. The increase in sales has contributed to an increase in the consolidated group's gross profit of 399% to $5,052,020. The increase in gross profit is significantly higher than the increase in sales.

Significant Changes in the State of Affairs

No significant changes in the consolidated group's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the consolidated group during the financial year were the provision of insurance assessing services. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

Environmental Regulation

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends were paid or declared since the start of the financial year.

Options

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 2.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director ______________________
Donovan Gordon McKenzie

Dated this 30th day of November 2012

STREAM GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF STREAM GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2012 there have been:

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

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

Ryan Harvie McEnery, Chartered Accountants
Scott McEnery (Audit Partner)
Date this 11th day of December 2012
7/621 Coronation Drive
Toowong QLD 4066

STREAM GROUP HOLDINGS PTY LTD
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012

		Consolidated Group	
		2012	2011
	Note	$	$
Sales revenue	3	29,509,536	23,060,588
Other income	3	168,951	541
Changes in inventories	4	(7,545,962)	(3,338,436)
Employee benefits expense	4(a)	(9,463,285)	(7,420,557)
Freight and cartage		-	(107)
Accountancy Expenses		(170,345)	(110,782)
Advertising Expenses		(95,013)	(64,350)
Commissions Paid		-	(9,229)
Director's Fees		(165,339)	(97,504)
Lease Expenses		(447,486)	(281,781)
Impairment of Investments		(120,219)	(434,379)
Foreign Exchange Losses		-	(65,785)
Depreciation and amortisation expense		(796,260)	(624,683)
Finance costs		(98,030)	(226,141)
Commission paid		-	-
Other expenses		(5,724,528)	(9,375,786)
Share of net profits of associates and joint venture entities		-	-
Profit before income tax		5,052,020	1,011,609
Income tax (expense)/benefit	5(a)	(1,563,462)	(233,452)
Profit for the year		3,488,558	778,157
Other comprehensive income:			
Net loss on revaluation of land and buildings	5(c	-	-
Net fair value gain on remeasurement of financial assets available for sale	5(c	-	-
Net fair value gain on disposal of financial assets available for sale, reclassified to profit or loss	5(c	-	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	5(c), 13	-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		3,488,558	778,157
Profit attributable to:			
Members of the parent entity		3,488,558	778,157
		3,488,558	778,157
Total comprehensive income attributable to:			
Members of the parent entity		3,488,558	778,157
		3,488,558	778,157

The accompanying notes form part of these financial statements.

STREAM GROUP HOLDINGS PTY LTD
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012

	Note	Consolidated Group 2012 $	2011 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	8,323,953	7,215,623
Trade and other receivables	10	4,422,484	11,709,300
Inventories	11	627,052	2,307,525
Other assets	12	54,079	80,993
TOTAL CURRENT ASSETS		13,427,568	21,313,441
NON-CURRENT ASSETS			
Trade and other receivables	10	1,813,409	-
Financial assets	14	495,186	209,904
Property, plant and equipment	16	2,734,319	1,953,439
Deferred tax assets	20	170,334	214,874
Intangible assets	17	755,374	749,305
TOTAL NON-CURRENT ASSETS		5,968,622	3,127,522
TOTAL ASSETS		19,396,190	24,440,963
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	18	11,415,932	19,879,244
Borrowings	19	158,129	188,849
Current tax liabilities	20	547,315	666,703
Provisions	21	567,240	608,349
Other Current Liabilities		169,195	167,019
TOTAL CURRENT LIABILITIES		12,857,811	21,510,164
NON-CURRENT LIABILITIES			
Trade and other payables	18	800	744
Borrowings	19	158,532	131,886
Deferred tax liabilities	20	50,758	50,105
TOTAL NON-CURRENT LIABILITIES		210,090	182,735
TOTAL LIABILITIES		13,067,901	21,692,899
NET ASSETS		6,328,289	2,748,064
EQUITY			
Issued capital	22	2,411,875	2,411,875
Reserves	29	91,667	-
Retained earnings		3,824,747	336,189
TOTAL EQUITY		6,328,289	2,748,064

The accompanying notes form part of these financial statements.

STREAM GROUP HOLDINGS PTY LTD
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012

		Share Capital			Reserves		
		Ordinary	Partly paid ordinary shares	Retained Earnings (accumulated losses)	Revaluation Surplus	Financial Assets Reserve	Total
	Note	$	$	$	$	$	$
Consolidated Group							
Balance at 1 July 2010		7,500		175,532			183,032
Retrospective adjustment upon change in accounting policy	1(w)						-
Balance at 1 July 2010 (restated)		7,500	-	175,532	-	-	183,032
Comprehensive income							
entity				778,157			778,157
Other comprehensive income for the year	5(c)						-
Shares issued during the year		2,404,375					2,404,375
Total comprehensive income for the year attributable to members of the parent entity		2,411,875	-	953,689	-	-	3,365,564
Transactions with owners, in their capacity as owners and other transfers							
Dividends paid or provided for	8			(617,500)			(617,500)
Total transactions with owners and other transfers		-	-	(617,500)	-	-	(617,500)
Balance at 30 June 2011		2,411,875	-	336,189	-	-	2,748,064
Balance at 1 July 2011		2,411,875	-	336,189	-	-	2,748,064
Comprehensive income							
entity				3,488,558			3,488,558
Other comprehensive income for the year	5(c)						-
Shares issued during the year							-
Foreign currency translation reserve				91,667			91,667
Total comprehensive income for the year attributable to members of the parent entity		2,411,875	-	3,916,414	-	-	6,328,289
Transactions with owners, in their capacity as owners and other transfers							
Shares issued during the year							-
Dividends paid or provided for	8			-			-
Total transactions with owners and other transfers		-	-	-	-	-	-
Balance at 30 June 2012		2,411,875	-	3,916,414	-	-	6,328,289

The accompanying notes form part of these financial statements.

STREAM GROUP HOLDINGS PTY LTD
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2012

	Note	Consolidated Group 2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		48,654,338	19,938,197
Interest received		548,706	18,604
Prepayments		36,207	26,127
Payments to suppliers and employees		(38,404,165)	(25,480,275)
Income tax (paid)/refunded		(1,277,711)	(264,335)
Goods and services tax		(3,222,059)	(330,669)
Net cash provided by/(used in) operating activities	24(a)	6,335,316	(6,092,351)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		54,186	-
Purchase of investments		(877,452)	(827,817)
Loan payments made to related parties		(8,743,091)	(2,626,083)
Loan repayments received from related parties		4,649,530	13,805,615
Net cash provided by/(used in) investing activities		(4,916,827)	10,351,715
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		762	2,404,375
Proceeds from borrowings		177,584	-
Repayment of borrowings		(170,483)	(91,518)
Dividends paid		(286,875)	(617,500)
Net cash provided by/(used in) financing activities		(279,012)	1,695,357
Net increase/(decrease) in cash held		1,139,477	5,954,721
Cash and cash equivalents at beginning of financial year		7,128,040	1,173,319
Cash and cash equivalents at end of financial year	9	8,267,517	7,128,040

The accompanying notes form part of these financial statements.

These consolidated financial statements and notes represent Stream Group Holdings Pty Ltd and controlled entities ('Consolidated Group' or 'Group'). The separate financial statements of the parent entity, Stream Group Holdings Pty Ltd , have not been presented within this financial report as permitted by amendments made to the Corporations Act 2001 effective as at 28 June 2010.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards (IFRS). Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 16 November 2012 by the directors of the company.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Stream Group Holdings Pty Ltd at the end of the reporting period. A controlled entity is any entity over which Stream Group Holdings Pty Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 15 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

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

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

(b) Income Tax

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

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

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

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

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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

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

(c) 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. Refer to Note 1(x) for further details relating to the change in the inventory valuation accounting policy.

(d) Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Borrowing costs, foreign currency movements and holding charges incurred after development is completed, are expensed. Profits are brought to account on the signing of an unconditional contract of sale if (a) significant risks and rewards; and (b) effective control over the land are passed on to the buyer at this point.

(e) Construction Contracts and Work in Progress

Construction work in progress is measured at cost, plus profit recognised to date, less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised at the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

(f) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

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

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

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

Depreciation

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

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

Class of Fixed Asset	Depreciation Rate
Buildings	N/A
Plant and equipment	2.5% - 80%
Leased plant and equipment	2.5% - 80%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(g) Leases

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

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

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

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

(h) Financial Instruments

Initial Recognition and Measurement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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

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

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale financial investments

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

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

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

(v) Financial Liabilities

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

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

Financial Guarantees

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

The fair value of financial guarantee contracts has been assessed using the probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting during the next reporting period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposure if the guaranteed party were to default.

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

Derecognition

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

(i) Impairment of Assets

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

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(j) Investments in Associates

Associates are companies over which the Group 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 Group's share of net assets of the associate company. In addition, the Group's share of the profit or loss of the associate company is included in the Group's profit or loss.

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

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

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

Details of the company's investments in associates are shown at Note 13.

(k) Interests in Joint Ventures

The consolidated Group's shares of the assets, liabilities, revenue and expenses of jointly controlled operations have been included in the appropriate line items of the consolidated financial statements.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting (refer to Note 1(j) for details) in the consolidated financial statements.

Where the Group contributes assets to the joint venture or if the Group purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the Group's share of the joint venture shall be recognised. The Group, however, will recognise the full amount of any loss when the contribution results in a reduction in the net realisable value of current assets or an impairment loss.

(l) Intangibles Other than Goodwill

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project 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.

(m) Foreign Currency Transactions and Balances

Functional and presentation currency

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

Transactions and balances

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

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

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

Group companies

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

— Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
— Income and expenses are translated at average exchange rates for the period.
— Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

(n) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy any vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

(o) Provisions

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

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

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits 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.

(q) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. 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 relating to construction activities is detailed at Note 1(e).

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 (GST).

(r) Trade and other receivables

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

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

(s) Trade and Other Payables

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

(t) Borrowing Costs

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

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

(u) Goods and Services Tax (GST)

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

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

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

(v) Comparative Figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

(w) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

— *AASB 9: Financial Instruments (December 2010) and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).*

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

The Group has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

— *AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (applicable for annual reporting periods commencing on or after 1 July 2013).*

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

Management believes that the Group qualifies for the reduced disclosure requirements for Tier 2 entities. However, it is yet to determine whether to adopt the reduced disclosure requirements.

— *AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (applies to periods beginning on or after 1 January 2012).*

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Group.

— *AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011–7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (applicable for annual reporting periods commencing on or after 1 January 2013).*

Consolidation – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either 'joint operations' (where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities) or 'joint ventures' (where the parties that have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a 'structured entity', replacing the 'special purpose entity' concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

To facilitate the application of AASBs 10, 11 and 12, revised versions of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

— *AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 (applicable for annual reporting periods commencing on or after 1 January 2013).*

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

These Standards are not expected to significantly impact the Group.

— *AASB 2011-9: Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income (applicable for annual reporting periods commencing on or after 1 July 2012).*

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

— *AASB 119: Employee Benefits (September 2011) and AASB 2011–10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (applicable for annual reporting periods commencing on or after 1 January 2013.*

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to:

(a) require only those benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service to be classified as short-term employee benefits. All other employee benefits are to be classified as other long-term employee benefits, post-employment benefits or termination benefits, as appropriate; and

(b) the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that may be withdrawn – when the employee accepts;

(ii) for an offer that cannot be withdrawn – when the offer is communicated to affected employees; and

(iii) where the termination is associated with a restructuring of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restructuring costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Note 2 Parent Information

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

	2012	2011
	$	$
STATEMENT OF FINANCIAL POSITION		
ASSETS		
Current Assets	807,728	619,858
Non-current Assets	4,051,605	2,433,954
TOTAL ASSETS	4,859,333	3,053,812
LIABILITIES		
Current Liabilities	696,640	611,761
Non-current Liabilities	1,483,241	-
TOTAL LIABILITIES	2,179,881	611,761
EQUITY		
Issued Capital	2,411,875	2,411,875
Retained earnings	267,577	30,176
Financial assets reserve	-	-
General reserve	-	-
TOTAL EQUITY	2,679,452	2,442,051
STATEMENT OF COMPREHENSIVE INCOME		
Total profit	237,401	647,676
Total comprehensive income	237,401	647,676

Guarantees

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

Contingent Liabilities

At 30 June 2012 Stream Group HoldingsPty Ltd did not have any known contingent liabilities.

Contractual Commitments

At 30 June 2012 Stream Group Holdings Pty Ltd had not entered into any contractual commitments for the acquisition of property, plant and equipment (2011: NIL).

Note 3 Revenue and Other Income

		Consolidated Group	
		2012	2011
	Note	$	$
Sales revenue:			
— sale of goods		-	-
— provision of services		28,961,436	23,010,883
Total sales revenue		28,961,436	23,010,883
Other revenue:			
— dividends received			
— other corporations		-	31,087
Total dividend revenue		-	31,087
For details of dividends received from related party entities refer to Note 26			
— interest received			
— other persons		548,100	18,618
Total interest revenue on financial assets not at fair value through profit or loss		548,100	18,618
Total other revenue		548,100	49,705
Total revenue		29,509,536	23,060,588
Other income:			
— gain on disposal of property, plant and equipment		(9,905)	-
— foreign currency gain on conversion		128,179	-
— other income		50,677	541
Total other Income		168,951	541

Note 4 Profit before Income Tax

	Consolidated Group	
	2012	2011
	$	$
Profit before income tax from continuing operations includes the following specific expenses:		
(a) Expenses		
Cost of sales	7,545,962	3,338,436
Interest expense on financial liabilities not at fair value through profit or loss		
— external	98,030	226,141
Total finance costs	98,030	226,141
Employee benefits expense:		
— total employee benefits expense	9,463,285	7,420,557
Other expenses:		
Impairment of non-current investments	120,218	434,279
Foreign currency translation losses	-	65,785
Bad and doubtful debts:		
— trade receivables	-	-
— wholly-owned subsidiaries	-	-
Total bad and doubtful debts	-	-
Rental expense on operating leases:		
— minimum lease payments	221,041	283,032
	221,041	283,032
Contingent rentals on finance leases	-	-
Research and development costs	-	-
(b) Significant Revenue and Expenses		
The following significant revenue and expense items are relevant in explaining the financial performance:		
— loss on disposal of property, plant and equipment	42,866	-
— loss on disposal of non-current investments	-	164,621

Note 5 Income Tax Expense

		Consolidated Group	
		2012	2011
	Note	$	$
(a) The components of tax expense comprise:			
Current tax		1,518,270	398,221
Deferred tax		45,192	(164,769)
Recoupment of prior year tax losses			
Under provision in respect of prior years			
		1,563,462	233,452

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)		
— consolidated group	1,515,606	303,483
— parent entity		
Add:		
Tax effect of:		
— under-provision for income tax in prior years	-	-
— other non-allowable items	2,664	94,738
— Deferred tax adjustment	45,192	-
	1,563,462	398,221
Less:		
Tax effect of:		
— Deferred tax adjustment	-	164,769
— Other allowable Items	-	-
Income tax attributable to entity	1,563,462	233,452
The applicable weighted average effective tax rates are as follows:	30.9%	23.1%

The increase in the weighted average effective consolidated tax rate for 2012 is a result of a significant reduction in the balance of work in progress for taxation purposes.

(c) Tax effects relating to each component of other comprehensive income:

	2012			2011		
	Before-tax amount	Tax (expense) benefit	Net-of-tax amount	Before-tax amount	Tax (expense) benefit	Net-of-tax amount
Consolidated Group	$	$	$	$	$	$
Net loss on remeasurement of land and buildings			-			-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method			-			-
Movement in revaluation surplus	-	-	-	-	-	-
Net fair value gain on remeasurement of financial assets available for sale			-			-
Net fair value gain on disposal of financial assets available for sale, reclassified to profit or loss			-			-
Movement in financial assets reserve	-	-	-	-	-	-
	-	-	-	-	-	-

Note 6 Key Management Personnel Compensation

The totals of remuneration paid to key management personnel (KMP) of the Group during the year are as follows:

	2012	2011
	$	$
Short-term employee benefits	184,304	171,895
Post-employment benefits		
Other long-term benefits		
	184,304	171,895

No remuneration was paid by the parent entity to the KMP.

Other KMP Transactions

For details of other transactions with KMP, refer to Note 26: Related Party Transactions.

Note 7 Auditors' Remuneration

	Consolidated Group 2012 $	Consolidated Group 2011 $
Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial statements	85,000	42,419
— taxation services	-	-
— due diligence services	-	-
— taxation services provided by related practice of auditor	-	-
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial statements of subsidiaries	-	-
Other services	16,100	14,051
	101,100	56,469

Note 8 Dividends

	Consolidated Group 2012 $	Consolidated Group 2011 $
Distributions paid:		
Declared fully franked ordinary dividend of Nil (2011: 25.60) cents per share franked at the tax rate of 30% (2010: 30%).	-	617,500
Balance of franking account at year end adjusted for franking credits arising from:		
— payment of provision for income tax	1,377,082	777,254
— dividends recognised as receivables, franking debits arising from payment of proposed dividends and franking credits that may be prevented from distribution in subsequent financial years		
Total dividends (cents) per share for the period	0.00	25.60

Note 9 Cash and Cash Equivalents

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT			
Cash at bank and on hand		8,323,953	7,215,623
Short-term bank deposits		-	-
		8,323,953	7,215,623

Reconciliation of cash

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

	Note	2012 $	2011 $
Cash and cash equivalents		8,323,953	7,215,623
Bank overdrafts	19	(56,436)	(87,583)
		8,267,517	7,128,040

Note 10 Trade and Other Receivables

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT			
Trade receivables		3,841,024	8,845,615
Provision for impairment		-	-
		3,841,024	8,845,615
Other receivables		425,568	635,821
Loans to directors	26(f)	5,000	5,000
Other related parties	26(f)	150,892	2,222,864
Total current trade and other receivables	10(a)	4,422,484	11,709,300
NON-CURRENT			
Other related parties	10(a)	1,813,409	-
Total non-current trade and other receivables		1,813,409	-

(a) Financial Assets classified as loans and receivables

	Note	Consolidated Group 2012 $	2011 $
Trade and other Receivables			
— Total Current		4,422,484	11,709,300
— Total Non-Current		1,813,409	-
		6,235,893	11,709,300
Less construction contracts in progress		-	-
Financial Assets	28	6,235,893	11,709,300

(b) Collateral pledged

No collateral is held over trade and other receivables.

Note 11 Inventories

	Note	Consolidated Group 2012 $	2011 $
CURRENT			
At cost			
Raw materials and stores		-	-
Work in progress		627,052	2,307,525
Finished goods		-	-
		627,052	2,307,525
At net realisable value			
Raw materials and stores		-	-
Work in progress		-	-
Finished goods		-	-
		-	-
		627,052	2,307,525

Note 12 Other Assets

	Consolidated Group 2012 $	2011 $
CURRENT		
Calls in arrears	-	-
Prepayments	27,515	80,092
Prepaid borrowing expenses	1,769	901
Financial assets	-	-
Accrued income	12,392	-
Capitalised legal expenses	11,640	-
Shareholders current account	762	-
	54,079	80,993

Note 13 Associated Companies

Interests are held in the following associated companies:

Name	Principal Activity	Country of Incorporation	Share	Ownership Interest* 2012 %	2011 %	Carrying Amount of Investment 2012 $	2011 $
Venturis Holdings Pty Ltd	Holding Entitiy	Australia	Ordinary	30%	30%	-	-
Restorite Pty Ltd	Insurance	Australia	Ordinary	100%	100%	-	-
Stream Group Aust Pty Ltd	Insurance	Australia	Ordinary	100%	100%	1,200,060	1,200,060
FNE OS Holdings Pty Ltd	Holding Entitiy	Australia	Ordinary	100%	100%	41	41
Stream Group Southern Pty Ltd	Insurance	Australia	Ordinary	100%	100%	10,000	10,000
Insurtech System Pty Ltd	Insurance	Australia	Ordinary	100%	100%	600	600
Claim Valid8 Pty Ltd	Insurance	Australia	Ordinary	100%	100%	60	60
Stream Group NZ Pty Ltd	Insurance	New Zealand	Ordinary	100%	100%	1,000	1,000
Stream Claim Services UK Ltd	Insurance	United Kingdom	Ordinary	100%	0%	-	-

* Percentage of voting power in proportion to ownership

	Note	Consolidated Group 2012 $	2011 $
(a) Movements during the year in equity accounted investments in associated companies			
Balance at beginning of the financial year		-	-
Add: New investments during the year		-	-
Share of associated company's profit after income tax	13(b)	-	-
Share of associated company's reserve increments arising during the year		-	-
Less: Dividend revenue from associated company		-	-
Disposals during the year		-	-
Balance at end of the financial year		-	-
(b) Equity accounted associate profits are broken down as follows:			
Share of associate's profit before income tax expense			
Share of associate's income tax expense			
Share of associate's profit after income tax		-	-
(c) Summarised presentation of aggregate assets, liabilities and performance of associates			
Current assets		15,912,303	21,446,610
Non-current assets		4,404,716	348,685
Total assets		20,317,019	21,795,295
Current liabilities		13,746,504	21,257,563
Non-current liabilities		2,665,683	565,782
Total liabilities		16,412,187	21,823,345
Net assets		3,904,832	(28,050)
Revenues		33,244,669	22,828,874
Profit after income tax of associates		3,358,139	(349,526)
(d) Market value of listed investment in associate		-	-

Note 14 Financial Assets

	Note	Consolidated Group 2012 $	2011 $
NON-CURRENT			
Available-for-sale financial assets	14(a)	277,686	209,904
Other Investments	14(b)	217,500	-
Total Non-Current Assets		495,186	209,904
(a) Available-for-sale financial assets			
Listed investments, at fair value:			
— shares in listed corporations		277,686	209,904
Unlisted investments, at fair value		-	-
Total available-for-sale financial assets		277,686	209,904

Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturity date attached to these investments. No intention to dispose of any unlisted available-for-sale financial assets existed at 30 June 2012.

	Note	2012 $	2011 $
(b) Other investments			
Shares in subsidiaries		-	-
Shares in other entities		217,500	-
Shares in joint venture entities		-	-
		217,500	-

Note 15 Controlled Entities

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)* 2012	2011
Subsidiaries of Stream Group Holdings Pty Ltd :			
Stream Group Aust Pty Ltd	Australia	100%	100%
Restorite Pty Ltd	Australia	100%	100%
FNE OS Holdings Pty Ltd ATF The FNE OS Holdings	Australia	100%	100%
Stream Group Southern Pty Ltd	Australia	100%	100%
Insurtech Systems Pty Ltd	Australia	100%	100%
Claim Valid8 Pty Ltd	Australia	100%	100%
Stream Group (NZ) Pty Ltd	New Zealand	100%	100%
Stream Claim Services UK Ltd	United Kingdom	100%	0%

* Percentage of voting power in proportion to ownership

Note 16 Property, Plant and Equipment

	Consolidated Group 2012 $	Consolidated Group 2011 $
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	4,517,231	3,026,503
Accumulated depreciation	(1,782,912)	(1,073,064)
Accumulated impairment losses	-	-
	2,734,319	1,953,439

(a) Movements in carrying amounts

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

	Freehold Land $	Buildings $	Plant and Equipment $	Leased Plant and Equipment $	Total $
Consolidated Group:					
Balance at 1 July 2010			1,044,751		1,044,751
Additions			1,628,309		1,628,309
Disposals - written down value		-	112,113	-	112,113
Additions through acquisition of entity					-
Revaluation increments/(decrements)					-
Impairment losses					-
Depreciation expense		-	607,508	-	607,508
Capitalised borrowing cost and depreciation					-
Carrying amount at 30 June 2011	-	-	1,953,439	-	1,953,439
Additions			1,664,579		1,664,579
Disposals - written down value		-	97,465	-	97,465
Additions through acquisition of entity					-
Revaluation increments/(decrements)					-
Impairment losses					-
Depreciation expense		-	786,408	-	786,408
Capitalised borrowing cost and depreciation					-
Carrying amount at 30 June 2012	-	-	2,734,145	-	2,734,145

	2012 $	2011 $
(b) Capitalised Finance Costs		
Borrowing costs incurred	1,304	870

Note 17 Intangible Assets

	Consolidated Group 2012 $	Consolidated Group 2011 $
Formation Expenses	2,677	8,956
Software	21,341	9,562
Borrowing costs	569	-
GOODWILL		
Cost	730,787	730,787
Accumulated impairment losses	-	-
Net carrying amount	755,374	749,305
Reconciliation of Goodwill		
Balance at the beginning of year	730,787	-
Additions	-	730,787
Disposals	-	-
Amortisation charge	-	-
Impairment losses	-	-
Closing carrying amount at 30 June 2012	730,787	730,787

Note 18 Trade and Other Payables

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT			
Unsecured liabilities			
Trade payables		3,669,877	3,443,058
Sundry payables and accrued expenses		974,624	2,666,582
Employee benefits		-	-
Amounts payable to:			
— ultimate parent entity		-	-
— other related parties		600,061	601,101
Building Work Clearing Account		6,171,370	13,168,503
	18(a)	11,415,932	19,879,244
NON-CURRENT			
Unsecured liabilities			
Trade payables		-	-
Employee benefits		-	-
Amounts payable to:			
— ultimate parent entity		-	-
— other related parties		800	744
	18(a)	800	744

(a) Financial liabilities at amortised cost classified as trade and other payables

	Note	2012 $	2011 $
Trade and other payables			
— total current		11,415,932	19,879,244
— total non-current		800	744
		11,416,732	19,879,988
Less annual leave entitlements		-	-
Financial liabilities as trade and other payables	28	11,416,732	19,879,988

Note 19 Borrowings

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT			
Bank loan secured		-	-
Bank overdraft secured		56,436	87,583
Hire Purchase Liability		101,693	101,266
Total current borrowings		158,129	188,849
NON-CURRENT			
Bank loan secured		-	-
Hire Purchase Liability		158,532	131,886
Total non-current borrowings		158,532	131,886
Total borrowings	28	316,661	320,735

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

		2012 $	2011 $
Bank overdraft		56,436	87,583
Bank loan		-	-
		56,436	87,583

	Note	Consolidated Group 2012 $	Consolidated Group 2011 $
Cash and cash equivalents	9	8,323,953	7,215,623
Trade receivables	10	3,841,024	8,845,615
Listed investments	14	277,686	209,904
Total financial assets pledged		12,442,663	16,271,142

STREAM GROUP HOLDINGS PTY LTD
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012

Note 20 Tax

	Consolidated Group 2012 $	Consolidated Group 2011 $
CURRENT		
Income tax	547,315	666,703
TOTAL	547,315	666,703

NON-CURRENT	Opening Balance	Charged to Income	Charged directly to Equity	Changes in Tax Rate	Exchange Differences	Closing Balance
Consolidated Group	$	$	$	$	$	$
Deferred tax liability						
Property, plant and equipment						
- tax allowance						-
- revaluation						-
Available-for-sale financial assets						-
Other	-		50,105			50,105
Balance at 30 June 2011	-	-	50,105	-	-	50,105
Property, plant and equipment						
- tax allowance	-					-
- revaluation	-					-
Available-for-sale financial assets	-					-
Other	50,105		653			50,758
Balance at 30 June 2012	50,105	-	653	-	-	50,758
Deferred tax assets						
Provisions - employee benefits	66,238		116,266			182,504
Property, plant and equipment						
- impairment						-
Other	25,490		6,880			32,370
Balance at 30 June 2011	91,728	-	123,146	-	-	214,874
Provisions - employee benefits	182,504		(28,792)			153,712
Property, plant and equipment						
- impairment	-					-
Other	32,370		(15,748)			16,622
Balance at 30 June 2012	214,874	-	(44,540)	-	-	170,334

Deferred tax assets not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in Note 1(b) occur:
- temporary differences NIL (2011: NIL)
- tax losses: operating losses 109,081 (2011: 48,289)

Note 21 Provisions

	Consolidated Group	
CURRENT	2012	2011
Short-term Employee Benefits	$	$
Opening balance at 1 July 2011	370,546	238,577
Additional provisions raised during year	587,290	220,095
Amounts used	(460,129)	(88,126)
Balance at 30 June 2012	497,707	370,546
Other Provisions	69,533	237,803
Total	567,240	608,349

	Consolidated Group	
	2012	2011
Analysis of Total Provisions	$	$
Current	567,240	608,349
Non-current	-	-
	567,240	608,349

Note 22 Issued Capital

	Consolidated Group	
	2012	2011
	$	$
12,448 (2011: 12,448) fully paid ordinary shares	2,411,875	2,411,875
	2,411,875	2,411,875

The company has authorised share capital amounting to 12,448 ordinary shares of no par value.

(a) Ordinary Shares

	No.	No.
At the beginning of the reporting period	12,448	7,500
Shares issued during year		
— 2 August 2010		2,500
— 27 June 2011		1,198
— 27 June 2011		1,250
At the end of the reporting period	12,448	12,448

(b) Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the group since the prior year. This strategy is to ensure that the group's gearing ratio remains between 30% and 90%. The gearing ratios for the year ended 30 June 2012 and 30 June 2011 are as follows:

		Consolidated Group	
		2012	2011
	Note	$	$
Total borrowings	19	316,661	320,735
Trade and other payables	18	11,416,732	19,879,988
Less cash and cash equivalents	9	(8,323,953)	(7,215,623)
Net debt		3,409,440	12,985,100
Total equity		6,328,289	2,748,064
Total capital		9,737,729	15,733,164
Gearing ratio		35%	83%

Note 23 Capital and Leasing Commitments

	Note	Consolidated Group 2012 $	2011 $
(a) Finance Lease Commitments			
Payable — minimum lease payments			
— not later than 12 months		118,674	123,987
— between 12 months and five years		167,673	133,968
— later than five years		-	-
Minimum lease payments		286,347	257,955
Less future finance charges		(26,122)	(24,803)
Present value of minimum lease payments	19	260,225	233,152
(b) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable — minimum lease payments			
— not later than 12 months		340,839	224,082
— between 12 months and five years		529,923	382,129
— later than five years		-	217,726
		870,762	823,937

The property lease is a non-cancellable lease with a three-year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments shall be increased by the Consumer Price Index (CPI). An option exists to renew the lease at the end of the three-year term for an additional term of two years. The lease allows for subletting of all lease areas with the permission of the landlord.

Note 24 Cash Flow Information

	Consolidated Group 2012 $	2011 $
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit after income tax	3,488,558	778,157
Non-cash flows in profit		
— depreciation	796,260	624,683
— bad and doubtful debts		
— impairment of non-current investments		
— impairment of property, plant and equipment		
— net (gain)/loss on disposal of property, plant and equipment	42,866	5,909
— revaluation of property, plant and equipment		
— foreign exchange loss		
— net (gain)/loss on disposal of investments	-	164,621
— non-cash interest	19,974	30,286
Share of joint venture entity net profit after income tax		
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
— increase/(decrease) in trade and term debtors	9,574,437	(7,329,956)
— (increase)/decrease in other assets	(6,719,562)	(216,627)
— (increase)/decrease in inventories	1,678,266	(1,583,864)
— (increase)/decrease in prepayments	36,207	26,127
— increase/(decrease) in payables	(1,931,955)	62,153
— increase/(decrease) in income taxes payable	285,751	(30,889)
— increase/(decrease) in other liabilities	(907,233)	1,097,918
— increase/(decrease) in provisions	(28,253)	279,131
Net cash provided by operating activities	6,335,316	(6,092,351)

(b) Non-cash financing and investing activities

Property, plant and equipment:

During the financial year, the consolidated group acquired plant and equipment with an aggregate fair value of $159,877 by means of hire purchase agreements. These acquisitions are not reflected in the statement of cash flows.

Note 25 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.
The value of the listed shares held in Uscom Limited as at 30 June 2012 were valued at $277,686. At the date of preparation of these reports the value of the Uscom Limited listed shares had increased to $502,199. The financial effect of this transaction has not been brought to account in the 2012 financial statements.

The consolidated group and related parties have increased their involvment overseas. In particlar, the consolidated group and related parties have continued expansion in the United Kingdom.

The consolidated group has applied for a bank bill loan facility totally $2,500,000. This was approved by the bank in October 2012. This loan has not yet been drawn down at the date of these financial statements.

There have not been any matters or circumstances, apart from the abovementioned, that have arisen since the end of the year that have significantly affected, or may significantly affect the operations of the Company, the results of those operations, or the state of affiars of the company in financial years after the 2012 financial year.

Note 26 Related Party Transactions

The Group's main related parties are as follows:

(a) Entities exercising control over the group:

The ultimate parent entity, which exercises control over the group, is Stream Group Holdings Pty Ltd.

(b) Key Management Personnel:

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

For details of disclosures relating to key management personnel, refer to Note 6: Key Management Personnel Compensation.

(c) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(f) Transactions with related parties:

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

The following transactions occurred with related parties:

	Note	Consolidated Group 2012 $	2011 $
i. Purchase of goods and services			
Other Related Parties:			
Related Parties		1,745,726	1,009,026
ii. Dividend revenue			
Associates:			
Stream Group (Aust) Pty Ltd	13	-	617,500
		-	617,500
iii. Trade and Other Receivables			
Key Management Personnel:			
— Loans to Directors			
Beginning of the year		5,000	57,590
Loans advanced			
Loan repayment received			(52,590)
Interest charged			
Interest received			
End of year	10	5,000	5,000
Other Related Parties:			
— Loans to Other Related Parties			
Beginning of the year		2,222,864	755,417
Loans advanced			1,467,447
Loan repayment received		(2,071,972)	
Interest charged			
Interest received			
End of year	10	150,892	2,222,864

Unsecured loans are made to subsidiaries and other related parties. Interest is not payable and monthly principal and interest repayments are not made.

iv. Trade and Other Payables

Ultimate Parent:

Stream Group Holdings Pty Ltd has made loans to the consolidated group. These loans are interest free, unsecured and at call.	1,460,738	1,220,409

The Group has provided loans to directors, subsidiaries and other related parties. Refer to Note 10 for details of these loans and Note 3 for details of the interest revenue received.

Note 27 Economic Dependence

The continuing provision of insurance assessing services is dependent upon current contracts being renewed with insurance companies for which the entitiy supplies services to. Therefore the entity is fully dependent upon the insurance industry and events effecting it.

Note 28 Financial Risk Management

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

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

		Consolidated Group	
		2012	2011
	Note	$	$
Financial Assets			
Cash and cash equivalents	9	8,323,953	7,215,623
Loans and receivables	10(a)	6,235,893	11,709,300
Available-for-sale financial assets:			
— at fair value			
— listed investments	14(a)	277,686	209,904
— unlisted investments	14(a)	-	-
		277,686	209,904
Total Financial Assets		14,837,533	19,134,827
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	18(a)	11,416,732	19,879,988
— Borrowings	19	316,661	320,735
Total Financial Liabilities		11,733,393	20,200,723

Financial Risk Management Policies

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

The main purpose of non-derivative financial instruments is to raise finance for company operations. The company does not have any derivative instruments at 30 June 2012.

The finance committee, consisting of senior executives of the Group, meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The finance committee's overall risk management strategy seeks to assist the Consolidated Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

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

a. Credit risk

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

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

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the board has otherwise cleared as being financially sound.

Credit Risk Exposures

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

Collateral held by the Group securing receivables are detailed in Note 10.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Details with respect to credit risk of Trade and Other Receivables are provided in Note 10.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality. Aggregates of such amounts are detailed at Note 10.

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

		Consolidated Group	
		2012	2011
	Note	$	$
Cash and cash equivalents			
— AA Rated		8,267,517	7,128,040
— A Rated			
	9	8,267,517	7,128,040

b. Liquidity risk

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

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

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Sensitivity analysis

A sensitivity analysis has not been conducted to date on the basis that the directors believe the level of interest bearing debt is so low that a variance in interest rates of 2% higher or lower would not have a material effect on the profit or equity for the 2012 financial year and does not present a risk to the entity.

Net Fair Values

Fair value estimation

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

Fair value may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

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

Consolidated Group	Note	2012 Carrying Amount $	2012 Fair Value $	2011 Carrying Amount $	2011 Fair Value $
Financial assets					
Cash and cash equivalents	(i)	8,323,953	8,323,953	7,215,623	7,215,623
Trade and other receivables	(i)	4,266,592	4,266,592	9,481,436	9,481,436
Loans and advances - related parties	(ii)				
		12,590,546	12,590,546	16,697,059	16,697,059
Available-for-sale financial assets:					
- at fair value					
- listed investments		277,686	277,686	209,904	209,904
- unlisted investments		-	-	-	-
Total available-for-sale financial assets	(iii)	277,686	277,686	209,904	209,904
Total financial assets		12,868,232	12,868,232	16,906,963	16,906,963
Financial liabilities					
Trade and other payables	(i)	11,416,732	11,416,732	19,879,988	19,879,988
Bank bills	(iv)	-	-	-	-
Lease liability	(v)	-	-	-	-
Bank debt	(v)	56,436	56,436	87,583	87,583
Total financial liabilities		11,473,168	11,473,168	19,967,571	19,967,571

The fair values disclosed in the above table have been determined based on the following methodologies:

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

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

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

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

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

Financial Instruments Measured at Fair Value

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

— quoted prices in active markets for identical assets or liabilities (Level 1);

— inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and

— inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Consolidated Group

2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:	**$**	**$**	**$**	**$**
Available-for-sale financial assets:				
— listed investments	277,686			277,686
— unlisted investments				-
	277,686	-	-	277,686

2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets:	**$**	**$**	**$**	**$**
Available-for-sale financial assets:				
— listed investments	209,904			209,904
— unlisted investments				-
	209,904	-	-	209,904

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

In valuing unlisted investments, included in Level 2 of the hierarchy, valuation techniques such as comparison to similar investments for which market observable prices are available have been adopted to determine the fair value of these investments.

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

Note 29 Reserves

a. **Foreign Currency Translation Reserve**
The foreign currency translation reserve allows for fluctuations in the value of foreign currency.

Note 30 Changes to Prior Year Comparatives

The income tax expense for the 2011 year for Insurtech Systems Pty Ltd was adjusted for a claim for the research and development tax concession that was claimed after the consolidated financial statements were completed and signed. The details of the claim were not known at the time that the consolidated financial statements were prepared.

The financial statements comparatives (2011 year) have been updated to reflect the decrease in tax expense and payable of $110,551.50 to nil.

Note 31 Segment Reporting

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The group has three operating geographical segments being Australia, New Zealand and The United Kingdom. The group services are all delivered within the three geographical segments.

The group engages in one business being domestic insurance claim assessment and rectification works in Australia, New Zealand and The United Kingdom. The results are analysed state by state by the managing director and financial controller.

Note 32 Company Details

The registered office of the company is:

Stream Group Holdings Pty Ltd
292 Water Street
Spring Hill
Queensland 4000

The principal place of business is:

Stream Group Holdings Pty Ltd
33 South Pine Road
Alderley
Queensland 4051

STREAM GROUP HOLDINGS PTY LTD
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Stream Group Holdings Pty Ltd , the directors of the company declare that:

1. The financial statements and notes, as set out on pages 3 to 28 are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with international financial reporting standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated group.

2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Donovan Gordon McKenzie

Dated this 30th day of November 2012

STREAM GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STREAM GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES

We have audited the accompanying financial report of Stream Group Holdings Pty Ltd and Controlled Entities which comprises the statement of financial position as at 30 June 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2012, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the entity.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101:Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards (IFRS) ensures that the financial report, comprising the financial statements and notes, complies with IFRS.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the director of Stream Group Holdings Pty Ltd and Controlled Entities on 30 June 2012, would be in the same terms if provided to the director as at the date of this auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF STREAM GROUP HOLDINGS PTY LTD AND CONTROLLED ENTITIES

Auditor's Opinion

In our opinion:

a. the financial report of Stream Group Holdings Pty Ltd and Controlled Entities is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's financial position as at 30 June 2012 and of their performance for the year ended on that date; and

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

b. The financial report also complies International Financial Reporting Standards as disclosed in Note 1.

Ryan Harvie McEnery
Chartered Accountants
Scott McEnery

Dated this 4th December , 2012