MAINSTREAMBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING

MainstreamBPO Limited
ACN 112 252 114

REPLACEMENT PROSPECTUS

For an Offer of up to 25 million Shares at an issue price of $0.40 per Share to raise up to $10 million (before costs)

Lead Manager
BLIGH
Capital Securities

This is a Replacement Prospectus dated 21 August 2015. It replaces the original prospectus dated 14 August 2015 in relation to the Offer of up to 25 million Shares at an issue price of $0.40 per Share to raise up to $10 million.

IMPORTANT INFORMATION
REPLACEMENT PROSPECTUS

Offer

The Offer contained in this Replacement Prospectus is an invitation to acquire fully paid ordinary shares (**Shares**) in MainstreamBPO Limited. All references to MainstreamBPO Limited in this Replacement Prospectus are to this entity (ACN 112 252 114) (**MainstreamBPO** or **Company**). All references to 'this Prospectus' issued by MainstreamBPO is a reference to this Replacement Prospectus.

Replacement Prospectus

This Replacement Prospectus dated 21 August 2015 replaces a prospectus dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 14 August 2015 (**Original Prospectus**). For the purposes of this document, this Replacement Prospectus will be referred to as either "this Replacement Prospectus" or "this Prospectus". This Replacement Prospectus has been issued to, amongst other matters:

› clarify the escrow arrangements with the Existing Shareholders;
› better identify the key risks associated with an investment in MainstreamBPO; and
› provide the source material for some of the claims made by the Company.

None of ASIC, the Australian Securities Exchange (ASX) or their respective officers take any responsibility for the contents of this Replacement Prospectus or the merits of the investment to which this Replacement Prospectus relates. MainstreamBPO has applied to ASX for Listing and quotation of the Shares on ASX.

No securities will be issued or sold on the basis of this Replacement Prospectus later than 13 months after the date of this Replacement Prospectus.

ASX Bookbuild Facility

The Company may elect to use ASX Bookbuild and make a certain percentage of the New Shares available under the General Offer available via the ASX Bookbuild Facility during the Offer Period for the General Offer. If the Company does proceed to use the ASX Bookbuild Facility, it will announce this (together with all relevant parameter information and other details as required by the ASX Settlement Operating Rules and the Corporations Act) on its website (www.mainstreambpo.com/offer). That announcement will also be issued via the ASX announcements platform.

If the Company proceeds to conduct a bookbuild using the ASX Facility, it will announce this on its website at www.mainstreambpo.com when the Offer opens. The announcement will include details of the ASX ticker under which eligible investors will be able to participate in the Company's bookbuild using the ASX Facility.

Note to Applicants

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in MainstreamBPO. In considering the prospects of MainstreamBPO, you should consider the risk factors that could affect the financial performance of MainstreamBPO. You should carefully consider these factors in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are set out in Section 5. There may be risk factors in addition to these that should be considered in light of your personal circumstances. No person named in this Prospectus, nor any other person, guarantees the performance of MainstreamBPO, the repayment of capital by MainstreamBPO or the payment of a return on the Shares.

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

Exposure Period

The Corporations Act 2001 (Cth) (**Corporations Act**) prohibits MainstreamBPO from processing applications to subscribe for Shares under this Prospectus (**Applications**) in the seven day period after the date of lodgement of this Prospectus. This period may be extended by ASIC by up to a further seven days (**Exposure Period**). The Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

Obtaining a copy of this Prospectus

This Prospectus is available to Australian investors in electronic form at www.mainstreambpo.com/offer. The Offer constituted by this Prospectus in electronic form at www.mainstreambpo.com/offer is available only to persons within Australia. It is not available to persons in other jurisdictions (including the United States). Persons having received a copy of this Prospectus in its electronic form may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the MainstreamBPO Offer Information Line on 1300 658 680. If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 2 8259 8885. Applications for Shares may only be made on an Application Form attached to or accompanying this Prospectus, or in its paper copy form which may be downloaded in its entirety from www.mainstreambpo.com/offer. Refer to Section 7.19 for further information.

Note – by making an Application, you represent and warrant that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Statements of past performance

This Prospectus includes information regarding the past performance of MainstreamBPO. Investors should be aware that past performance is not indicative of future performance of MainstreamBPO.

Financial performance

Section 4 sets out in detail the financial information referred to in this Prospectus. The basis of preparation of the financial information is set out in Section 4.2.

All references to FY2013, FY2014, FY2015 and FY2016 appearing in this Prospectus are to the financial years ended or ending 30 June (as relevant), unless otherwise indicated. All references to HY2015 appearing in this Prospectus are to the half financial year ended 31 December 2014, respectively, unless otherwise indicated.

The Financial Information has been prepared in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board (**IASB**).

The Financial Information is presented in an abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

All financial amounts contained in this Prospectus are expressed in Australian currency, unless otherwise stated. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

IMPORTANT INFORMATION
REPLACEMENT PROSPECTUS

Forward looking statements

This Prospectus contains forward looking statements which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. The Forecast Financial Information contained in this Prospectus is an example of forward looking statements. All forward looking statements are based on the best estimate assumptions of the Directors and on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus are expected to take place. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Pro Forma Historical Financial Information. The Forecast Financial Information presented in this Prospectus is unaudited.

Any forward looking statements are subject to various risk factors that could cause MainstreamBPO's actual results to differ materially from the results expressed or anticipated in these statements. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of MainstreamBPO, the Directors of MainstreamBPO and the management of MainstreamBPO. Forward looking statements should be read in conjunction with, and are qualified by reference to, risk factors as set out in Section 5, general assumptions as set out in Section 4.6.1, specific assumptions as set out in Section 4.6.2, the sensitivity analysis as set out in Section 4.7, and other information in this Prospectus.

MainstreamBPO cannot and does not give any guarantee that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. MainstreamBPO has no intention of updating or revising forward-looking statements, or publishing prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information, contained in this Prospectus, except where required by law.

This Prospectus, including the overview of MainstreamBPO in Section 2, uses market data, industry forecasts and projections. MainstreamBPO has based some of this information on market research prepared by third parties. There is no guarantee that any of the forecasts contained in the reports, surveys and any research of third parties which are referred to in this Prospectus, will be achieved. MainstreamBPO has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risk factors set out in Section 5.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. The Offer is not being extended to any investor outside Australia, other than to certain Institutional Investors as part of the Institutional Offer in certain jurisdictions. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia (including in electronic form) may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restriction may constitute a violation of applicable securities laws. For an outline of selling restrictions that apply to the Shares in certain Jurisdictions outside of Australia, refer to Section 7.15.

This Prospectus may not be distributed to, or relied upon by, any person in the United States unless accompanied by the Institutional Offering Memorandum as part of the Institutional Offer.

In particular, the Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the Shares are registered under the US Securities Act or are offered and sold in transactions exempt from, or not subject to the registration requirements of the US Securities Act and any other applicable US securities laws.

See Section 7.15 for more detail on selling restrictions that apply to the offer and sale of Shares in jurisdictions outside of Australia.

No cooling off rights

Cooling off rights do not apply to an investment in Shares offered under this Prospectus. This means that, unless you are notified by the Company to the contrary, you cannot withdraw your Application.

Photographs and diagrams

Photographs and diagrams used in this Prospectus that do not have descriptions are for illustration only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents or that the assets shown in them are owned by MainstreamBPO. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Company website

Any references to documents included on MainstreamBPO's website at www.mainstreambpo.com are for convenience only, and none of the documents or other information available on MainstreamBPO's website is incorporated herein by reference.

Defined terms and time

Defined terms and abbreviations used in this Prospectus have the meanings given in the glossary of this Prospectus. Unless otherwise stated or implied, references to times in this Prospectus are to Sydney time.

Privacy

By completing an Application Form or otherwise applying for securities, you are providing personal information to the Company and the Share Registry, which is contracted by the Company to manage applications. For information on how this information may be used, your rights to request access to it and the Company's privacy practices, refer to Section 9.10.

Report on Directors' forecasts and financial services guide

The provider of the independent review on the Forecast Financial Information is required to provide Australian retail clients with a financial services guide in relation to the review under the Corporations Act. The financial services guide is provided in Section 8.

Questions

If you have any questions about how to apply for Shares, please call your Broker. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of the Application Form.

If you have any questions in relation to the Offer, please call the MainstreamBPO Offer Information Line on 1300 658 680 (within Australia) or +61 2 8259 8885 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday. If you have any questions about whether to invest in MainstreamBPO you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

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Important Offer Information

Key Offer Statistics

Offer Price	$0.40 per Share
Total number of Shares to be offered by the Company under the Offer[1]	12.5 – 25 million
Minimum number of Shares to be offered by the Company under the Offer	12.5 million
Total number of Shares on issue at Completion of the Offer[1]	74.58 – 87.08 million
Gross proceeds of the Offer to the Company[1]	$5.0 – $10.0 million
Market capitalisation at the Offer Price[2]	$29.83 – $34.83 million
Pro forma net cash (as at 31 December 2015)	$1.76 – $6.46 million
Enterprise Value at the Offer Price[3]	$28.07 – $28.37 million
Enterprise Value at the Offer Price/Pro Forma FY2016 Forecast EBITDA[3,4]	7.5x – 7.6x
Offer Price/Pro Forma FY2016 Normalised Forecast NPAT per share[5]	12.5x – 14.6x
Forecast dividend payment ratio[6]	40% – 60%

1 Calculated based upon the minimum subscription amount of $5.0 million and the maximum subscription amount of $10.0 million and assuming successful completion of the Buy-Back (see Section 10.7.3).

2 Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price and assuming successful completion of the Buy-Back (see Section 10.7.3).

3 Enterprise Value is calculated as the Company's indicative market capitalisation, based on the Offer Price, less pro forma net cash on Completion of the Offer, of approximately $1.8 – $6.5 million.

4 The Enterprise Value/EBITDA multiple is calculated as the Enterprise Value divided by Pro Forma FY 2016 Normalised Forecast EBITDA. This multiple represents a valuation metric that may enable prospective investors to assess the valuation of comparable businesses before the impact of depreciation, amortisation and different capital and taxation structures.

5 This ratio is commonly referred to as a price to earnings ratio (**PE ratio**).

6 The payment of a dividend by the Company is at the discretion of the Board and will be a function of a number of factors, including general business conditions, the operating results and financial condition of MainstreamBPO, future funding requirements including capital expenditure, compliance with debt facilities, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Board may consider relevant. No guarantee can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. For more information on the Company's dividend policy, see Section 7.17.

The Forecast Financial Information is based on assumptions and accounting policies set out in Section 4 and Appendix A, and is subject to the key risks set out in Section 5. There is no guarantee that the forecasts will be achieved. Certain financial information in this Prospectus is described in Section 4. Forecasts have been included in this document for FY2016.

Important Offer Information

Key Offer Dates [1]

Lodgement of Original Prospectus with ASIC	14 August 2015
Lodgement of Replacement Prospectus with ASIC	21 August 2015
Offer open	26 August 2015
Offer close (Closing Date)	15 September 2015
Issue of Shares (Completion of the Offer)	18 September 2015
Expected dispatch of shareholder holding statements	18 September 2015
Expected commencement of trading of Shares on ASX	23 September 2015

How to invest

Applications for Shares can only be made by completing and lodging an Application Form.

Instructions on how to apply for Shares are set out on page 92 and on the back of the Application Form.

Questions

Please call the MainstreamBPO Offer Information Line on 1300 658 680 (within Australia) or +61 2 8259 8885 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the Company is a suitable investment for you, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in MainstreamBPO.

1 The Company by agreement with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the Official List and the commencement of quotation of the Shares are subject to confirmation from ASX.

Chairman's Letter

Dear investor,

On behalf of the Board of Directors, I am pleased to offer you the opportunity to become a shareholder in MainstreamBPO.

MainstreamBPO is one of the largest independent fund administrators in Australia. The Company provides administration services to the fast growing wealth management sector of the financial services industry. As at March 2015 the Company had Funds under Administration of approximately $50 billion.

The Company operates three businesses:

- **FundBPO:** provides fund administration services for investment managers
- **SuperBPO:** provides superannuation administration services for superannuation trustees
- **ShareBPO:** provides share registry services for listed companies and exchange-traded funds

MainstreamBPO generates predictable revenue streams based on ongoing contracts with clients for the supply of administration services. The Company has a strong competitive position and track record of providing outsourcing services.

Beyond its Australian operations, MainstreamBPO has made inroads into Asia via its offices in Hong Kong and Singapore. These operations provide access to the fast growing regional funds management industry and further diversify the Company's revenue sources.

MainstreamBPO intends to continue to grow both organically and by acquisition. The primary proceeds raised in connection with the Offer will be used to fund a number of key growth projects including potential acquisition opportunities.

The Offer will raise up to $10.0 million. Upon completion of the Offer, existing shareholders will have voluntarily escrowed approximately 69.9% (if the maximum subscription is achieved) or 81.6% (if the minimum subscription is achieved) of the issued capital of MainstreamBPO at IPO.

This Prospectus contains detailed information about the Offer, the historical and forecast position of MainstreamBPO and the material risks associated with an investment in the Company. Key risks of investing in the Company include a failure to realise forecast growth or profitability, the potential for Shares to fluctuate in price and risks associated with the majority of Shares being held under escrow. Key risks that MainstreamBPO is exposed to include a failure to meet agreed service levels or retain key clients and risks related to operating a business reliant on operational processes and technology in a highly regulated environment. Please refer to Section 5 for a more detailed understanding of the risks of investing in MainstreamBPO.

MainstreamBPO has seen exceptional growth since its inception nine years ago when we identified a gap in the fund administration market for an independent provider. Having now grown the business to around 100 staff, the founders remain committed to MainstreamBPO and are excited to take it through the next phase of growth. We lead an experienced management team who will support the transition of MainstreamBPO to a newly listed company.

As we begin this exciting chapter in MainstreamBPO's history, we look forward to welcoming you as a shareholder.

I encourage you to read this document carefully and in its entirety before making an investment decision.

Yours faithfully,

Byram Johnston OAM
Chairman

Investment Overview

1

Topic	Summary	More Information
1.1 Introduction		
Who is MainstreamBPO?	MainstreamBPO is a leading fund independent administrator for fund managers, superannuation trustees and listed companies in Asia–Pacific. The Company operates three main business units: › **FundBPO** – investment administration, fund accounting, unit registry (transfer agency) and middle office services › **SuperBPO** – superannuation administration services › **ShareBPO** – listed share registry services The Company delivers services using recognised industry specific software and proprietary processes.	Section 3.2
What industry does MainstreamBPO operate in?	MainstreamBPO operates in the financial services industry. Its clients are predominantly funds management and superannuation product providers within the wealth management sector.	Section 2.1
1.2 Key features of MainstreamBPO's business		
How does MainstreamBPO generate its revenue?	MainstreamBPO earns fees from contracts with investment managers, superannuation trustees and listed companies. The key drivers of revenue include: › number of investment managers › number of funds managed by investment managers › number of investors or members › number of transactions processed › Funds Under Administration This revenue is predominantly recurring, comprising of monthly service fees.	Section 3.4
In which geographical markets does MainstreamBPO operate?	The Company currently has offices in Sydney, Melbourne, Hong Kong and Singapore to service the wealth management sector of Asia–Pacific's financial services industry.	Section 3.3

1 Investment Overview

Topic	Summary	More Information
1.2 Key features of MainstreamBPO's business (continued)		
What differentiates MainstreamBPO from its competitors?	MainstreamBPO is differentiated from its competitors through its: › full service administration offering › sole focus on third party administration › Australian and regional operations › advanced capabilities of its experienced and stable management team › scalable technology platforms	
How does MainstreamBPO expect to fund its operations?	MainstreamBPO's principal source of funds is fee income from operations. After the Listing, MainstreamBPO will have free cash (after issue costs and Buy-Back payments) of approximately $1.8 - $6.5 million. The Company expects to generate strong cash flows from operations.	Section 3.3
1.3 Key strengths of MainstreamBPO		
What are MainstreamBPO's key strengths?	The Company believes its key strengths to be: › high quality client base with diversified geographic footprint › leading market position in independent fund administration, in terms of Funds Under Administration › established business model with largely predictable revenue base and established financial metrics › strong operational processes and technology platforms › exposure to the large and expanding wealth management sector, with its increasing need for MainstreamBPO's solutions, creating further opportunities for earnings growth › experienced and stable management team that combines industry knowledge with track record of profitable growth › strong alignment of interest between senior management team and broader shareholder base	Section 3.3
1.4 Key growth drivers for MainstreamBPO		
What is MainstreamBPO's growth strategy?	The directors believe that MainstreamBPO will grow during the forecast period in the following ways: **Organic growth** – for example through: › ongoing growth in the funds management industry › ongoing growth in the superannuation industry › acquiring clients that are outsourcing their fund administration for the first time **Acquisition** – expansion of operational footprint through acquisition of businesses that operate in the same sector as MainstreamBPO or offer operational synergies for the Company, particularly complementary fund and superannuation administration providers and share registries. **Broadening of service offering** – by continuing to offer a differentiated and competitive offering for example: › across the broader Asia-Pacific region › middle office services › ASX mFund Settlement Service › managed account services	Section 3.5

1 Investment Overview

Topic	Summary	More Information
1.5 Key risks of investing in MainstreamBPO		
Forecast growth not realised	MainstreamBPO has projected growth across each of its major business units. To meet the Prospectus forecasts set out in Section 4.6, MainstreamBPO needs to generate the forecast revenues from existing clients and successfully capture new business.	Section 5.2.1
Failure to meet agreed service levels	The Company has service level agreements in place with its clients. If the Company fails to deliver the agreed services in accordance with these requirements, then compensation may need to be paid to the impacted parties. MainstreamBPO has operating procedures and policies in place which are structured to address this risk. In addition, the Company has in place professional indemnity insurance in the event a claim is made.	Section 5.2.2
Increased competition	MainstreamBPO competes against global financial institutions, third party outsourced providers and in–house fund administration solutions. These competitors are investing in new products and features to supplement their existing offerings which compete with MainstreamBPO. An increase in competitive pressure could result in decreased revenues and profit margins and increases in expenses, including salary increases in an effort to retain staff. These factors could result in a failure of the Company to meet its revenue or profit forecasts.	Section 5.2.3
Changes in the regulatory environment in key markets	The wealth management sector is heavily regulated. As a service provider to this industry, MainstreamBPO is exposed to changes in laws and regulations. These laws and regulations affect MainstreamBPO's business and obligations may be imposed by regulators, such as ASIC, Australian Prudential Regulation Authority, Australian Transaction Reports and Analysis Centre and the Australian Taxation Office. The Company seeks to mitigate the potential impact of these risks where possible by monitoring regulatory change and implementing appropriate process or system changes as required.	Section 5.2.4
Retention of Australian Financial Services Licences	Both FundBPO and SuperBPO are Australian Financial Services Licence holders. The loss of a licence or licences or the imposition of new conditions or enforceable undertakings could limit or restrict the Group's ability to conduct its business as it currently operates. There is no guarantee that the Group will be able to maintain its Australian Financial Services Licences. The Group has established, and regularly reviews, compliance policies and practices to ensure ongoing compliance with the requirements of its Australian Financial Services Licences.	Section 5.2.5
Loss of key clients or loss of business by key clients	MainstreamBPO is exposed to the loss of key clients and/or a loss of business by its key clients, noting that the five largest clients currently account for close to half of the Group's revenue. The loss of key clients to other back office providers, through in–sourcing of services, or from closure of the relevant client's fund, could adversely affect the business and its operating results.	Section 5.2.7
Operational risk	The operations of the Company may be affected by various factors, including failures in internal controls and financial fraud. To the extent that such matters may be in the control of the Company, the Company aims to mitigate these risks through separation of duties, quality checks and supervision. While the Company currently maintains insurance within ranges of coverage consistent with industry practice, no guarantee can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.	Section 5.2.8

1 Investment Overview

Topic	Summary	More Information
1.5 Key risks of investing in MainstreamBPO (continued)		
Software, technology and system related risks	MainstreamBPO and its clients rely on the performance and availability of third party software. The ongoing performance of this software is key to the Company's service delivery to clients and therefore its ability to generate revenue. A failure or cyber attack of either the software or the technology that underpins it could result in MainstreamBPO being unable to meet contractual and service level obligations, unauthorised system use, data integrity issues or data loss, integration issues with other systems and third parties and increased costs. The Company seeks to mitigate the potential impact of technology failures or interruptions to its availability by having established business continuity and disaster recovery planning in place. However there remains a risk that a system failure may result in a loss of an existing client and/or the ability to attract new clients.	Section 5.2.9
Risks associated with acquisitions	MainstreamBPO has undertaken a number of business or corporate acquisitions and is seeking to make further acquisitions. Such acquisitions can create integration risk, pricing risk, reputational risk and a variety of other issues including disaffected clients, directors and employees of the acquired business. These issues can potentially have adverse consequences from a strategic, financial and/or operational perspective. The Company will draw on its past experience to mitigate the risks within the control of the Company, such as seeking to retain acquired staff within the combined business.	Section 5.2.10
Key person risk	MainstreamBPO's success, in part, depends upon the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel, including those employed on a contractual basis. The loss of the services of certain personnel could adversely affect the time frames and cost structures as currently envisaged for the Company's business. If one or more of the senior executives or other personnel of the Company are unable or unwilling to continue in their present positions, MainstreamBPO may not be able to replace them easily and its business may be disrupted and the financial condition and results of operations may be materially and adversely affected. The risks associated with these key executives have been mitigated, to a certain extent, through service agreements, management structures and policies in place that allow for succession planning and through key employees owning equity or participating in the ESP operated by MainstreamBPO.	Section 5.2.11
Price of Shares may fluctuate	The market value of Shares quoted on the ASX may increase or decrease for a variety of reasons, including changes in the pricing of comparable stocks, shifts in demand for listed equities and changes to general economic conditions. Given the market capitalisation of the Company, there is a risk that there will not be an active market for MainstreamBPO Shares and there may be periods where there is no liquidity.	Section 5.5.1
Liquidity risk	MainstreamBPO's Shares are currently not traded on any public market exchange so there is no guarantee that an active market will develop for the Share or that the price of Shares will increase. The Offer is for a minority stake in the Company. Upon completion of the Offer, Existing Shareholders will voluntarily escrow approximately 69.9% (if the maximum subscription is achieved) or 81.6% (if the minimum subscription is achieved) of the issued capital of MainstreamBPO at IPO for up to 24 months as outlined in Section 10.8. Accordingly, there is significant liquidity risk associated with the Offer in that upon the Shares of the Existing Shareholders being released from escrow, a significant block of Shares will be able to be sold. A significant sale of Shares by the Existing Shareholders, or the perception that such a sale has occurred or might occur, could adversely affect the price of Shares.	Section 5.4.3

Topic	Summary	More Information
1.5 Key risks of investing in MainstreamBPO (continued)		
Liquidity risk (continued)	Alternatively, the absence of any sale of Shares by the Existing Shareholders may cause or contribute to a diminution in the liquidity of the market for the Shares.	Section 5.4.3
Other key risks	A number of other key risks are included in Section 5, including other commercial operational risks and general risks.	
1.6 Key Financial Information		
What is the key financial information you need to know about MainstreamBPO's financial position, performance and prospects?	A selected summary of MainstreamBPO's statutory and pro forma forecast financial information for FY2016 is set out below. Investors should read Section 4 for full details of the Company's Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results.	Section 4.3

	Pro Forma Historical Results			Pro Forma Forecast Results	Statutory Forecast Results
$000	**FY2013**	**FY2014**	**FY2015**	**FY2016**	**FY2016**
Total revenue	**10,114**	**12,746**	**14,423**	**21,581**	**20,093**
IT expenses	1,060	1,525	1,886	3,073	3,242
Occupancy	794	1,083	1,352	1,647	1,608
Employment	6,524	8,134	9,403	12,193	12,021
Other expenses	673	835	951	948	948
Total operating expenses	**9,051**	**11,577**	**13,592**	**17,861**	**17,819**
EBITDA	**1,063**	**1,169**	**831**	**3,720**	**2,274**
Amortisation and depreciation	147	187	386	484	479
EBIT	**916**	**982**	**445**	**3,236**	**1,795**
Net interest expense (income)	801	122	107	(35)	(35)
Net Profit Before Tax	**115**	**860**	**338**	**3,271**	**1,830**
Income tax expense	34	258	101	882	450
Net Profit After Tax	**81**	**602**	**237**	**2,389**	**1,380**

The Financial Information presented in this table is intended as a summary only and should be read in conjunction with the more detailed discussion of the Financial Information disclosed in Section 4 as well as the Key Risks set out in Section 5.

A full reconciliation of the pro forma financial information to statutory information is included in Section 4.3.4.

The pro forma balance sheet, as at 31 December 2014, incorporates pro forma adjustments for the following as if they occurred as at 31 December 2014:

- capital raising and costs of this Offer;
- adjustments for completion of the Buy-Back;
- repayment of shareholder and related party loans;
- deferred tax impact of IPO costs incurred by the Company in connection with the IPO;
- adjustment of approximately $2.4 million for a transaction that the Company entered into with an Australian based fund administrator in January 2015; and
- adjustment for an additional $0.75 million contributed to MainstreamBPO by shareholders since 31 December 2014.

1 Investment Overview

Topic	Summary	More Information
1.7 MainstreamBPO's Directors and Senior Management		
Who are the Directors?	Byram Johnston OAM – Chairman and Managing Director Martin Smith – Chief Executive Officer, FundBPO Michael Houlihan – Chief Executive Officer, SuperBPO John Plummer – Non-Executive Director Lucienne Layton – Non-Executive Director	Section 6.1
Who are MainstreamBPO's senior managers?	Byram Johnston OAM – Chairman and Managing Director Martin Smith – Chief Executive Officer, FundBPO Michael Houlihan – Chief Executive Officer, SuperBPO Justin O'Donnell – Chief Financial Officer and Company Secretary	Section 6.2
1.8 Significant interests of key people and related party transactions		
What are the Directors' securities holdings in MainstreamBPO?	Following the Offer, the following Directors will hold the Shares and Performance Rights set out in the table below.	Sections 6.3 and 6.4

	Direct Shares	% of direct Shares [1]	Indirect Shares	% of indirect Shares [1]	ESP Performance Rights [2]
Byram Johnston [3]	–	–	23,680,000	31.75%	390,000
Martin Smith [4]	–	–	25,600,000	34.33%	500,000
Michael Houlihan	–	–	–	–	300,000
John Plummer	11,584,000	15.53%	–	–	–
Lucienne Layton	–	–	–	–	–

1 Assuming the Shares are issued based on the minimum subscription amount of $5.0 million.

2 Under the terms of the ESP, ESP Performance Rights granted to Directors are subject to vesting conditions, including the future performance of the Company's Share price, profitability and other KPIs (refer to Section 9.4).

3 Shares held indirectly via Johnston Bros Pty Ltd as Trustee of the Mainstream Investment Trust, of which Byram Johnston is a director, and assuming completion of the Buy-Back (see Section 10.7.3).

4 Shares held indirectly via Sodor Holdings Pty Ltd as Trustee of the Sodor Investment Trust, of which Martin Smith is a director.

Topic	Summary	More Information
Who are the substantial shareholders of MainstreamBPO and what will their interests be on completion of the Offer?	Following the Offer, the following substantial Shareholders will hold the Shares set out in the table below.	Section 6.3.2

Shareholder	Shares	% of Shares Issued at completion of the IPO [5]
Mainstream Investment Trust [6]	23,680,000	31.75%
Sodor Investment Trust [7]	25,600,000	34.33%
John Plummer	11,584,000	15.53%

5 Assuming the Shares are issued based on the minimum subscription amount of $5.0 million.

6 Byram Johnston is a director of the Mainstream Investment Trust. The number of shares assumes completion of the Buy-Back (see Section 10.7.3).

7 Martin Smith is a director of the Sodor Investment Trust.

Topic	Summary	More Information
1.8 Significant interests of key people and related party transactions (continued)		
What escrow restrictions apply to the substantial shareholders' Shares?	All of the Shares of the Escrowed Shareholders held at the date of the Listing (other than any Shares purchased by them under the Offer and except for any Performance Rights granted to Directors described in Section 9.4) following Completion of the Offer will be subject to voluntary escrow restrictions as follows:	Section 10.8

Shares to be released	Escrow release conditions
50% of Shares held by Escrowed Shareholders	The date upon which MainstreamBPO's full year financial results for FY2016 are released to ASX.
The remaining 50% of Shares held by Escrowed Shareholders	24 months from quotation of Company's Share on ASX.

After these dates, all of the relevant Escrowed Shares will be released from the voluntary escrow or other disposal restrictions.

There are a limited number of exceptions where the Escrowed Shareholders may dispose of their escrowed Shares notwithstanding those escrowed Shares are subject to voluntary escrow arrangements or other disposal restrictions.

Topic	Summary	More Information
Has the Company entered into any related party transactions?	The Company and its subsidiaries have entered into related party transactions with Messrs Johnston, Smith and Houlihan in connection with their employment as senior executives. The Company currently has approximately $2.7 million of shareholder and related party loans. It is the intention of the Company to repay this debt in full with part of the proceeds of the Offer. An arms' length service agreement exists between financial planning service provider Australian Money Planners and SuperBPO client Combined Fund. Mr Houlihan, who is a related party of the Company, is a Responsible Officer of the Combined Fund and a director and shareholder of Australian Money Planners.	Sections 10.2.1 and 10.7.2
What significant benefits and interests are payable to Directors and other persons connected with the Company or the Offer?	See table below.	Section 9.4

Director	Directors' Fees per annum	Remuneration per annum	ESP Performance Rights[1]
Byram Johnston	$120,000	$230,000	390,000
Martin Smith	$50,000	$350,000	500,000
Michael Houlihan	$50,000	$300,000	300,000
John Plummer	$50,000	Nil	Nil
Lucienne Layton	$50,000	Nil	Nil

1 Under the terms of the ESP, Performance Rights granted to Directors are subject to various vesting conditions, including the future performance of the Company's Share price, profitability and other KPIs (refer to Section 9.4).

Topic	Summary		More Information
1.9 Key Offer Statistics			
What are the key Offer statistics?[1]	Offer Price	$0.40	
	Total proceeds under the Offer	5.0 - 10.0 million	
	Total New Shares to be issued under the Offer	12.5 - 25.0 million	
	Total number of Shares on issue at Completion of the Offer	74.58 - 87.08 million[2]	
	Indicative market capitalisation	$29.83 - $34.83 million	
	Pro forma net cash (as at 31 December 2014)	$1.76 - $6.46 million	
	Enterprise value	$28.07 - $28.37 million	
What are the key investment metrics?	Pro Forma FY2016 forecast NPAT per share (cents)	3.21 – 2.75	
	Enterprise Value/Pro Forma FY2016 Normalised Forecast EBITDA	7.5x - 7.6x	
	Offer Price/Pro Forma FY2016 Normalised Forecast NPAT per Share (Price/Earnings Ratio)[3]	12.5x - 14.6x	
	Forecast dividend payout ratio[4]	40% - 60%	

1 Calculated based upon the minimum subscription amount of $5.0 million and the maximum subscription amount of $10.0 million.

2 Assuming completion of the Buy-Back (see Section 10.7.3).

3 This ratio is commonly referred to as a forward price to earnings ratio, or forward PE ratio. A forward PE ratio is a company's share price divided by its forecast annual earnings per share.

4 It is the Board's current intention to pay a final dividend in respect of earnings for the period from 1 July 2015 to 30 June 2016. However, the payment of dividends by the Company, if any, subject to law, is at the complete discretion of the Directors. The decision as to whether or not a dividend will be paid is subject to a number of considerations including the general business environment, the operating results and the financial position of MainstreamBPO capital requirements, regulatory restrictions and any other factors the Directors may consider relevant. No guarantee can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend as this dividend yield is a forecast. For more information on the Company's dividend policy, see Section 4.8.

Topic	Summary	More Information
1.10 Overview of the Offer		
Who is the issuer of the Prospectus?	MainstreamBPO Limited ACN 112 252 114.	Section 9.1
What is the Offer?	The Offer is an initial public offering with a minimum subscription of 12,500,000 Shares to raise approximately $5.0 million with a maximum subscription of 25,000,000 Shares to raise approximately $10.0 million.	Section 7.2
Is there a minimum subscription under the Offer?	Yes, the minimum subscription under the Offer is $5 million.	Section 7.3

Topic	Summary	More Information
1.10 Overview of the Offer (continued)		
Why is the Offer being conducted?	The purpose of the Offer is to: › raise funds to allow MainstreamBPO to pursue future growth opportunities › achieve Listing on the ASX to broaden the Company's Shareholder base and provide a liquid market for its Shares › provide an opportunity for the Existing Shareholders to realise a small part of their investment (via the Buy-Back) › provide MainstreamBPO with access to capital markets, which it expects will give it added financial flexibility and capacity to pursue its growth and acquisition strategy › provide the broader business with the benefits of an increased profile, transparency and credibility from being a listed entity › repay shareholder and related party loans › pay for the transaction costs associated with a listing on ASX › assist MainstreamBPO in attracting and retaining quality staff Following Completion of the Offer, the Directors believe MainstreamBPO will have sufficient working capital to carry out its stated objectives.	Section 7.6
How will the proceeds of the capital raising be used?	MainstreamBPO intends to raise up to $10.0 million with this IPO. The breakdown of the proceeds are outlined below.	Section 7.7

Purpose of Funds	Funds allocated with Minimum Subscription ($000)	Funds allocated with Maximum Subscription ($000)
Payment of amounts due on prior acquisitions and other potential acquisitions [1]	719	5,414
Repayment of debt [2]	2,700	2,700
Pro–rata Buyback [3]	768	768
IPO costs [4]	813	1,118
Total	**5,000**	**10,000**

1 $5.4 million of the capital raised has been set aside for payments of amounts due on prior acquisitions and potential other acquisitions. This will be reduced to a minimum $0.7 million based on a minimum subscription of $5.0 million under the Offer. The Company will deposit these monies into interest bearing bank deposits until they are applied to acquisitions.

2 It is the intention of the Company to repay shareholder and related party loans with IPO proceeds. The Company may enter into external bank debt arrangements following completion of the IPO in order to fund future acquisitions.

3 Represents the buyback of Shares immediately prior to lodgement of this Prospectus.

4 Specific allocations for these funds can be found in Section 7.7.

Although the proceeds of the Offer are primarily to be used as summarised above, the actual allocation of funds may change depending upon opportunities for suitable acquisitions and changes to working capital requirements.

Topic	Summary	More Information
How is the Offer structured/ who is eligible to participate?	The Offer comprises: › the Institutional Offer which consists of an offer to institutional investors in Australia and certain other jurisdictions around the world › the Broker Firm Offer which is open to Australian or New Zealand resident investors who have received a firm allocation from their broker › the Employee Gift Offer and the Employee Offer, open to Eligible Employees › the General Offer which is open to members of the general public with registered addresses in Australia or New Zealand	Section 7

Topic	Summary	More Information
1.10 Overview of the Offer (continued)		
Is the Offer underwritten?	The Offer is not underwritten.	Section 7.4
Will the Shares be listed?	MainstreamBPO will apply within seven days of the date of this Prospectus to the ASX for its admission to the Official List of the ASX and Official Quotation of its Shares. Completion of the Offer is conditional on ASX approving this application. If approval is not given within three months after such an application is made, the Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.	Section 7.16
What is the allocation policy?	The Company, in consultation with the Lead Manager, will determine the allocation of Shares in the Institutional Offer, Broker Firm Offer (except as set out below) and General Offer. For Broker Firm Offer Applicants, brokers will determine how they allocate Shares among their retail clients and they (and not the Company) will be responsible for ensuring that clients who have received a firm allocation from them receive the relevant Shares.	Sections 7.9, 7.10 and 7.11
When will I receive confirmation that my Application has been successful?	It is expected that initial holding statements will be despatched by standard post around or on 18 September 2015. Refunds to Applicants under the Employee and General Offer, who make an Application and are scaled back, will be made as soon as possible post Settlement of the IPO, which is expected to occur on or about 30 September 2015.	Section 7.1
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on Shares allotted under the Offer.	Section 7.18
Can the Offer be withdrawn?	MainstreamBPO reserves the right not to proceed with the Offer at any time before the issue or transfer of Shares to Successful Applicants. If the Offer does not proceed, Application Monies will be refunded. No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.	Section 7.13
What are the tax implications of investing in Shares?	Subject to available profits, the tax implications of an investment in MainstreamBPO will differ for individual investors. Applicants should obtain their own tax advice before making an investment in the Company.	Section 9.9
What is the Company's dividend policy?	Subject to available profits, the Directors intend to pay out between 40% and 60% of MainstreamBPO's NPAT as a dividend commencing from FY2016. In assessing the dividend payment in future periods the Directors may consider a number of factors, including the general business environment, the operating results and financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by MainstreamBPO, and any other factors the Directors may consider relevant.	Section 4.8

Topic	Summary	More Information
1.10 Overview of the Offer (continued)		
Where can I find out more information about this Prospectus or the Offer?	Call the MainstreamBPO Offer Information Line on 1300 658 680 (within Australia) or +61 2 8259 8885 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. If you are unclear in relation to any matter or are uncertain as to whether MainstreamBPO Limited is a suitable investment for you, you should seek professional guidance from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest.	Section 7.19
Contact details	For contact details, refer to the Corporate Directory.	Inside back cover
How can I apply under the Offer and when should I apply?	**Institutional Offer** The Lead Manager will provide instructions for institutional investors who wish to participate in the Offer. **Broker Firm Offer** Applicants under the Broker Firm Offer can apply by completing the Application Form accompanying this Prospectus (also available online for Australian investors from www.mainstreambpo.com/offer). You should contact your broker for instructions on how to complete the Application Form and lodge your Application Form with the broker from whom you received your firm allocation. **Employee Gift Offer and Employee Offer** Applicants under the Employee Gift Offer and Employee Offer must apply by completing and returning the Employee Gift Offer and Employee Offer Application Form provided to them with this Prospectus **General Offer** Applicants under the General Offer can apply by completing and returning the Application Form enclosed with this Prospectus (also available online for Australian investors from www.mainstreambpo.com/offer). Application forms should be accompanied by the requisite Application Monies. The key dates for the Offer are set out in the front of this Prospectus. Applications will only be accepted during the Offer Period which is open from 9.00am (Sydney time) 26 August 2015 to 5.00pm (Sydney time), 15 September 2015. All times and dates referred to in this Prospectus are subject to change and, as such, if you wish to participate in the Offer you are encouraged to submit your Application Form as soon as possible after the opening date. To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.	Sections 7.9, 7.10 and 7.11

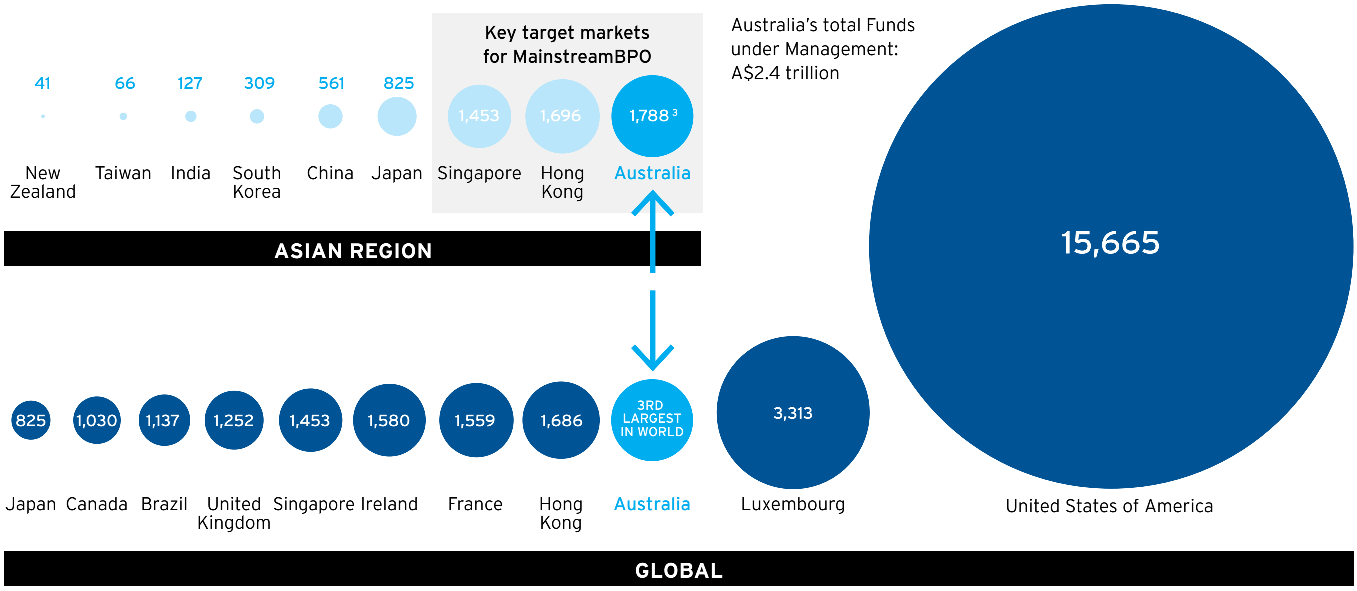
2 Industry Overview

2.1 Overview of the wealth management sector

The wealth management sector has two main components, funds management and superannuation.[1] Participants in the sector manufacture and distribute financial products and services for the purpose of assisting investors to grow and manage their wealth.

MainstreamBPO is a service provider to the wealth management sector. The Company's growth is supported by the growth of its clients and the assets they manage, which is largely aligned with continued growth in the Australian and regional wealth management sectors.

Figure 1: Global Significance of Investment Fund Asset Pools in MainstreamBPO's key markets
– Investment fund assets[2], US$ billion, June quarter, 2014



1 Financial System Inquiry – Interim report (July 2014).

2 Source: *Why Australia? Benchmark Report 2015*, Australian Trade Commission.
Note: Circles are not to scale. Data between countries is not strictly comparable.
'Investment fund assets' refers to home domiciled funds, except Hong Kong, which includes home and foreign-domiciled funds. Funds of funds are not included, except for France, Germany, Italy and Luxembourg. In this statistical release, 'investment fund' refers to a publicly offered, open-end fund investing in transferable securities and money market funds. It is equivalent to 'mutual fund' in the US and 'UCITS' (Undertakings for the Collective Investment of Transferable Securities) in the European Fund and Asset Management Association's statistics on the European investment fund industry.

3 Australia's investment funds in the ICI survey only include consolidated assets of collective investment institutions.

2 Industry Overview

2.1.1 Funds management industry

Funds management is the professional asset management of various securities or assets in order to meet investors' specified investment goals. Industry participants generate income by providing portfolio investment services and investment consultant services on a commission and fee basis.[1]

2.1.1.1 Australian market

Australia has the third largest funds management industry in the world. Its growth has been underpinned by Australia's mature and innovative financial markets, participation by leading global financial institutions, a world class regulatory environment and the compulsory superannuation system. Further strengthening the sector is Australia's sophisticated investor base and workforce and a strong and resilient economy.[2]

Funds management in Australia has grown at a compound rate of nearly twelve per cent since 1994,[3] with total funds under management (**FUM**) of approximately $2.4 trillion as at 31 December 2014.[4] Superannuation funds are the major investors in the industry, representing $1.8 trillion[5] and growing at a compound annual growth rate of 14% over the decade to 2013.[6]

Fund managers can be split into four main classes:

- Global financial institutions offering funds
- Large Australian financial institutions offering fund management
- Large domestically based fund managers
- Boutique fund managers, usually established by an individual or group of individuals[7]

In recent years the domestic market has expanded into new products, particularly in sophisticated niche areas such as infrastructure, hedge funds and emerging markets.[8]

2.1.1.2 Asian markets

Asia represents one of the world's fastest growing funds management markets.[9]

Market participation is polarised between large, branded fund managers and niche institutional investment managers, such as hedge funds. Outside of Japan, Hong Kong and Singapore dominate Asia in terms of the number of funds and fund managers.[10] Both jurisdictions offer favourable tax and regulatory regimes and ready access to emerging markets in the region.[11]

Figure 2: Types of superannuation funds in Australia

Type of fund	Description	% of total superannuation assets[12]	# of funds[13]
Industry funds	Primarily offer services to members of a specific industry, such as retail workers, hospitality workers and builders, and are run on a not-for-profit basis.	21.4%	42
Retail funds	Run by financial institutions and are open for investment to the general public.	27.4%	144
Corporate funds	Generally only open to people working for a particular corporation.	3.1%	34
Public sector funds	Provide superannuation for employees in the public sector with similar benefits to industry funds.	17.8%	38
Self–managed funds	Also known as 'do-it-yourself' or 'DIY' super funds. Generally established by an individual or a family from their own superannuation savings.	30.3%	545,334[14]

1 IBIS World – Funds Management Services in Australia: Market Research Report (March 2015).
2 Australian Trade Commission – Investment Management Industry in Australia (June 2010), page 5.
3 Ibid, page 8.
4 Australian Bureau of Statistics – Managed Funds Australia (December quarter 2014), page 5.
5 Australian Trade Commission - Data Alert "Australian Pension Funds growth the world's highest" (20 February 2014).
6 KPMG – Evolving Superannuation Industry Trends (November 2012), page 2.
7 Australian Trade Commission – Investment Management Industry in Australia (June 2010), page 10.
8 Ibid, page 8.
9 PWC – Asset Management News "Distributing funds in Asia's growth market" (21 March 2012).
10 KPMG – State of the Investment Management Industry in Asia Pacific (April 2008), page 12-13.
11 Ibid, page 4.
12 APRA Statistics: Segmentation of superannuation entities, issued 19 February 2015.
13 APRA Statistics: Segmentation of superannuation entities, issued 19 February 2015.
14 APRA Quarterly Superannuation Performance (interim edition) Dec 2014.

2 Industry Overview

Forces shaping the funds management industry in Asia include:

- Strong regional economic growth relative to global growth[1, 2]
- Growing wealth and prosperity among the middle class
- Regulatory reforms opening up previously closed markets
- Cross-border regional fund flows[3]

For example, China has slowly been opening up its markets and granting greater access to global investors. The Hong Kong-Mainland China mutual fund recognition initiatives, once approved by regulators, will permit Mainland Chinese firms to sell funds into Hong Kong and vice versa.[4] Similarly, a cross-border fund framework, launched in 2014 between Singapore, Malaysia and Thailand, permits managers to sell retail funds to investors across the three countries. There are plans to launch a similar framework, the Asia Region Funds Passport, across at least six Asian countries including Australia, South Korea and New Zealand, by 2016.[5]

Having established a presence in both Hong Kong and Singapore, the Company believes it is well placed to take advantage of the anticipated growth in the region's funds management sector.

2.1.2 Superannuation in Australia

Australia has the fourth largest pool of superannuation assets in the world and is one of only a few countries with pension assets worth more than annual Gross Domestic Product (**GDP**).[6]

At the end of FY2014, total superannuation assets were $1.84 trillion, around 116 per cent of GDP.[7] Superannuation assets are expected to continue to grow to $7.6 trillion over the next two decades as the system matures and wages grow.[8]

As well as forming an important part of household and national saving, the sector supports the stability of the Australian financial system by adding depth and a stable source of finance to financial markets.[9] Australian superannuation funds are major investors in the domestic and global investment markets.[10]

Growth in the sector is underpinned by the Commonwealth Government of Australia's mandated retirement scheme (superannuation). Under the system, employers are required to make minimum payments to a complying superannuation fund to help employees save for retirement. This rate is currently 9.5 per cent of an employee's salary.[11]

Figure 3: Motivation for outsourcing fund management operations[12]

	Not very important/Not important at all	Important/Very important
Reduce cost	5%	95%
Increase flexibility	16%	84%
Improve quality of service	22%	78%
Focus on core business	24%	76%
Avoid capital expenditures	26%	74%
Upgrade IT infrastructure and applications	30%	70%
Access to skills and expertise not available internally	32%	68%
Build capacity in new market	34%	66%
Access to technologies not available internally	41%	59%
Fill in the gap of human resources	45%	55%

1 World Bank - Press Release "Developing East Asia Pacific Growth Remains Robust in 2015" (13 April 2015).
2 PWC and the Financial Services Council – Asia Region Funds Passport "The future of the funds management industry" (July 2011), page 1.
3 KPMG – State of the Investment Management Industry in Asia Pacific (April 2008), pages 3, 10-11.
4 Asian Banking and Finance - Blog post "Trends in the Investment Management Industry for 2014" by Peter Hill (27 January 2014).
5 Financial Times – "Asian fund houses to grow at Europe's expense" (October 5, 2014).
6 KPMG – Evolving Superannuation Industry Trends (November 2012), page 6.
7 Department of the Treasury Australia – 2015 Intergenerational Report Australia in 2055 (March 2015), page xix.
8 Australian Trade Commission – Why Australia: Benchmark report (2015), page 56.
9 Reserve Bank of Australia – Submission to the Financial System Inquiry (March 2014) chapter 7.
10 Australian Trade Commission – Investment Management Industry in Australia (June 2010), page 16.
11 Superannuation Guarantee (Administration) Act 1992.
12 Accenture Capital Markets White Paper: Outsourcing opportunities and strategies – Global fund manager survey, February 2011.

2 Industry Overview

Although Australia's superannuation sector is large by international standards, it remains highly fragmented. The composition and growth rates across the five main types of superannuation funds have changed significantly in recent years.[1]

2.2 Outsourcing in the wealth management sector

2.2.1 Overview of outsourcing

The "BPO" in MainstreamBPO's name stands for "business process outsourcing", which is the shifting of a business process to a third party.

Historically, investment managers performed some or all of their back office functions in-house. Today, outsourcing is well established with 75% of fund managers and over 80% of large superannuation funds using a third party in their back office.[2]

In the Board's opinion there are two main types of outsourcing providers to the wealth management sector: independent operators, such as MainstreamBPO, and large, usually global, custodians who provide fund administration services as an additional service. In the Company's experience, administration tasks are usually performed in the same geographic location as the fund manager but are sometimes moved to a low-cost offshore location.

2.2.2 Why outsource?

Investment managers outsource their administration functions primarily to reduce cost, increase flexibility and improve the quality of their service.[3]

Industry knowledge suggests a specialist administration company usually creates economies of scale as its processes and systems can be shared across clients. This means they can often perform tasks at a lower cost than can be done in-house. Outsourcing also allows an investment manager to focus on their core competencies, namely investment performance, and transfer some of the operational risk of running a back office to a third party.

2.2.3 Outsourcing models

There are three main models for outsourcing administration functions:

- 'Lift and shift' model – where a service provider not only takes on the investment manager's administration functions but also its existing technology platform, staff and processes;
- Component based model – where only some of the investment manager's existing technology platform and processes are taken on by the service provider, for example their unit registry; and
- Entire investment operations model – where all operations are outsourced at the same time.[4]

MainstreamBPO has experience in implementing all of these models. It is the Company's estimation that the most appropriate model depends on each investment manager's existing operational platform and their objectives.

Figure 4: Funds management front, middle and back office functions

Front Office ›	Middle Office ›	Back Office ›			
Asset management **Trade execution** **Sales and marketing**	**Middle office** Trade matching bookings Performance reporting Compliance	**Investment administration** Unit pricing Valuation Custodian monitoring, instructions Corporate actions	**Fund accounting** Statutory accounts and audit support Fair value accounting integration Business Activity Statements	**Unit registry** Process applications, switches and redemptions Distributions Call centre services Investor reporting	**Custody** Hold units on behalf of investors

Services offered by FundBPO

1 KPMG – Evolving Superannuation Industry Trends (November 2012), page 9.

2 APRA – Working Paper "Australian Superannuation – the outsourcing landscape" (12 July 2010), page 3 and SWIFT Operational Challenges facing Investment Managers in 2015 (February 2015), page 8.

3 Accenture and RBC Dexia – "Outsourcing opportunities and strategies, Global Fund manager survey report" (February 2011), page 16.

4 State Street – Vision Focus (May 2009), pages.11-12.

2.2.4 Outsourcing services

2.2.4.1 Fund administration

Fund administration consists of the back office activities that support the running of a managed fund. It typically includes functions such as unit pricing and valuation, fund accounting, investor reporting and distributions.[1]

Most fund managers outsource part or all of their fund administration to a specialist third party.[2] In some cases the administration work is completed by the fund's custodian, who is the safe-keeper of the fund's assets.[3] In other cases the manager will elect to use separate providers for its fund administration and its custody. Some managers also appoint a second administration provider to 'shadow' the services provided by their primary administrator and to increase their level of oversight albeit with an increased layer of cost.[4]

An emerging area of fund administration outsourcing is middle office services.[5] Middle office generally refers to operational functions that sit between the front office – which focuses on research, portfolio management and trading – and subsequent back office administration. It includes services such as trade matching and bookings, performance reporting and pre and post-trade compliance.[6] Currently less than 20% of fund managers outsource their middle office.[7] The Company believes more managers will outsource their middle office in the future and it therefore represents one of the next frontiers in fund administration outsourcing.

2.2.4.2 Superannuation administration

Outsourcing is widespread in large Australian superannuation funds across a range of functions.[8]

The majority of large superannuation funds outsource six or more functions to specialist service providers, including their administration, asset consulting, auditing, custody, legal services, marketing and investment servicing. In many cases managing service providers is the main function of trustees and the remuneration of service providers can be the fund's largest cost.[9]

Where fund trustees outsource the fund's administration, there is a strong preference to use a single service provider.[10] In the Company's opinion, the outsourced administration market is characterised by a small number of providers who have long term client relationships and high barriers to entry.[11]

2.2.4.3 Shares administration

Australia is home to the second largest liquid stock market in the Asian region and the eighth largest in the world with total capital exceeding $1.61 trillion as at end of June 2015.[12] There are currently over 2,100 publicly listed companies on ASX.[13] Market knowledge suggests that almost all of them use a third party to update and manage their register of shareholders.

Both large and small companies indicate the primary reason for outsourcing their registry function is the expertise of a registry service provider.[14] In the Company's opinion, share registries have scale efficiencies and specialised systems that are much more cost effective than a company performing the tasks itself.

There are only a small number of share registry companies in Australia. After a period of industry consolidation, the market has been reduced to two dominant players focused on companies listed in the ASX/S&P200. The handful of other registry service providers, including ShareBPO, focus on the small end of the market which requires a more basic service offering.[15]

Most share registry contracts are typically based on a 'cost per shareholder' or 'shareholder transactions' basis and renegotiated every three to five years. Supplementary fees may be billed for additional registry services and corporate actions. Switching rates between providers is very low compared to other industries.[16]

In the Directors' opinion, the shares administration market also derives business from other listed entities including listed investment companies (**LICs**) and exchange-traded funds (**ETFs**) who require administration of their registry of investors. There are currently over 100 ETFs[17] and 70 LICs[18] listed on ASX.

1 Wikipedia – Fund Administration (http://en.wikipedia.org/wiki/Fund_administration).
2 SWIFT – Operational Challenges facing Investment Managers in 2015 (February 2015), page 8.
3 Infoinvest Consulting – "Fund Management Administration Outsourcing: a closer look at the drivers of outsourcing within Australia (November 2013)", page 2.
4 COOConnect – "Shadow fund administration debate-post Bridgewater is "passing phase"" (6 Mar 2013).
5 Ernst & Young – Managing complexity and change in a new landscape: Global survey on asset management investment operations (2014), page 14.
6 PWC – FS Viewpoint: Making the middle office top of mind (February 2014), page 8.
7 SWIFT – Operational Challenges facing Investment Managers in 2015 (February 2015), page 8.
8 S Delpatchitra and D Ralston – Will Draft Prudential Standard SPS 231 Outsourcing reduce investment outsourcing risks in superanuation funds? (2012), page 2.
9 Ibid.
10 APRA – Working Paper "Australian Superannuation – the outsourcing landscape" (12 July 2010), page 3 and SWIFT Operational Challenges facing Investment Managers in 2015 (February 2015), page 8.
11 SPP – The changing Face of Super Administration (October 2014), page 3.
12 ASX – Historical Market Statistics, End of Month Values 2015.
13 http://www.asx.com.au/prices/company-information.htm (30 June 2015).
14 J.P.Morgan – Australian Registry Service Provider Survey (2014), page 6.
15 Ibid, pages 5 and 23.
16 Ibid, pages 7, 8 and 17.
17 http://www.asx.com.au/products/etf-and-other-etp.htm (30 June 2015).
18 Morningstar – ASX Listed Investment Companies (LIC) (30 April 2015).

2.2.5 Growth drivers

Outsourcing of fund administration is expected to continue growing, with increasing incentives for investment managers to consider the use of a third party administrator.[1] The Company believes the following trends will drive further growth in the fund administration sector:

- **Increased focus on cost** – in the wake of the global financial crisis, investment managers are under increasing pressure from institutional investors to manage their costs more efficiently. This may drive fund managers that still perform their fund administration in-house to explore lower cost operational models, including use of a third party administrator, for the first time.
- **Continually evolving regulatory environment** – compliance with regulation is a major priority of investment managers around the world. The ability to pass on some of this burden to a third party, combined with the expense of modifying software and processes to accommodate regulatory changes, is likely to drive more managers to outsource their fund administration, in particular their investor reporting obligations.
- **Product innovation** – disruption in financial services by technology is causing investment managers to adapt their product offerings. As new products such as ASX's mFund Settlement Service, exchange-traded funds and managed accounts gain in popularity, the Company expects investment managers to increase their use of specialist third party administrators.
- **Shifting composition of superannuation sector** – As ageing superannuation fund members begin drawing income streams from their fund or shifting assets to a self-managed fund, large super funds are under increasing pressure to review the competitiveness of their offerings and consider alternatives to organic growth, including fund mergers. This can trigger a review of administration services where historically there has been limited switching of providers.
- **Reforms to regional markets** – the Asian funds management industry is being reshaped by reforms aimed at opening up previously closed markets and facilitating cross-border fund initiatives. New entrants moving into the region to capitalise on these growth opportunities may seek out local specialists who can support their complex fund administration needs.

MainstreamBPO, with its diversified position, believes it is well positioned to take advantage of these market trends.

1 Accenture and RBC Dexia – "Outsourcing opportunities and strategies, Global Fund manager survey report" (February 2011), pages 6 and 14.

3 Company Overview

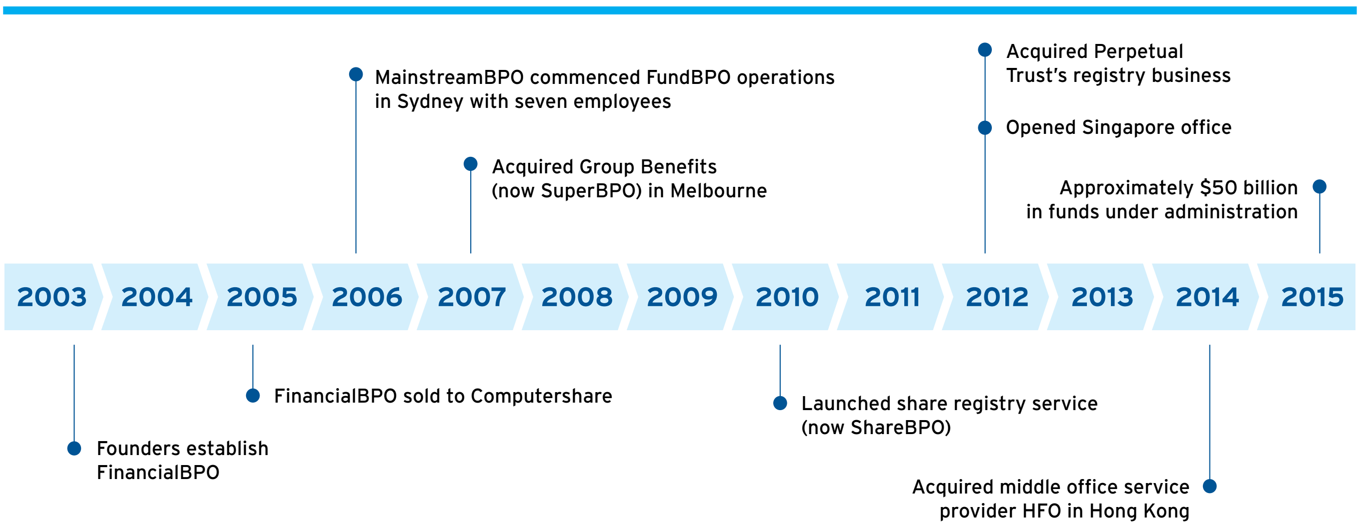
3.1 History of MainstreamBPO

After successful management consulting careers in outsourcing and shared services the Company's founders and current directors, Byram Johnston and Martin Smith established MainstreamBPO's administration services business in 2006. Their first administration venture, FinancialBPO, had already been sold to Computershare after 22 months of operation.

Following the sale of FinancialBPO, the Company's founding shareholders examined the fund administration market and observed the strong outlook for the fundamentals of the sector. They also identified a number of structural issues or impediments facing fund managers, including:

- the rapid growth of the wealth management sector, given its exposure to Australia's compulsory superannuation system
- fund managers' lack of scale to develop competitive skills and technology in their own back office
- boutique fund managers' difficulty in getting the larger securities services companies to perform their fund administration
- the potential to apply the successful 'lift and shift' outsourcing model, developed during their management consulting careers, to the funds management industry
- the opportunity to secure predominantly recurring revenue, via monthly service fees, which increases as the underlying funds grow in size

Figure 5: Timeline of key events for MainstreamBPO



3 Company Overview

As a consequence the founders identified a gap in the fund administration market which they believed could be serviced by the establishment of an independent back office service provider. They subsequently established MainstreamBPO as a boutique alternative to existing fund administrators and won the business of fund managers, some of which have gone on to grow exponentially.

Like some of its clients MainstreamBPO has also achieved significant growth, for example growing its Funds under Administration from approximately $11 billion in June 2012 to approximately $50 billion as at March 2015, while increasing and diversifying its client base.

MainstreamBPO has also expanded by widening its services to include superannuation administration and share registry services, acquired complementary businesses and opened international offices.

With its scalable business model, MainstreamBPO now holds a leading and diversified position in the independent fund administration market.

Figure 6: Growth of MainstreamBPO's Funds under Administration over the last three years

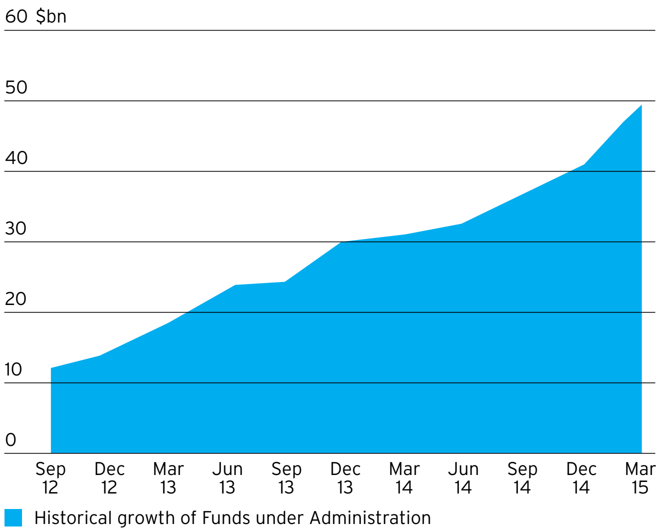
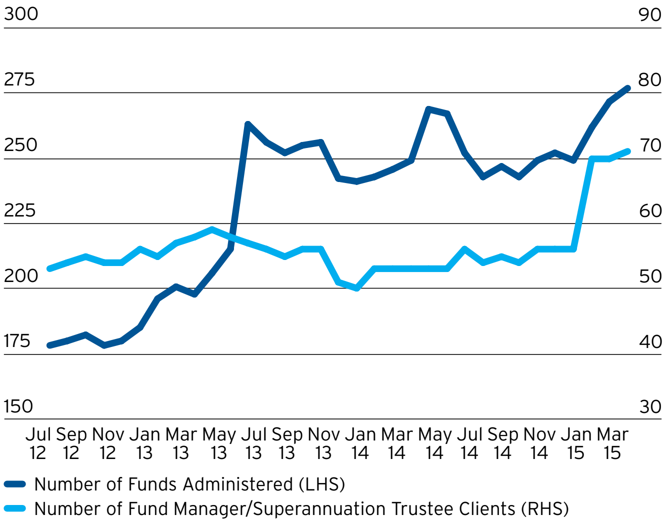


Figure 7: Growth of MainstreamBPO's clients and administered funds over the last three years



3.2 MainstreamBPO's business model

MainstreamBPO is a specialist in providing business process outsourcing (**BPO**) services to the wealth management sector. Each of its business units provide an administration service tailored to a particular part of the sector, due to the different regulatory environments of the underlying investments.

The Company has created a successful business model, focused on technology, processes and experienced staff, to deliver a consistent high quality and cost competitive service to its clients:

Technology: Rather than developing its own applications, MainstreamBPO licenses industry leading software from specialist vendors. The main software products used are HiTrust from DST, HiPortfolio from SS&C, PFS-PAXUS from Pacific Fund Systems, IRESS and Statpro (all used by FundBPO), Acurity from Financial Synergy (used by SuperBPO) and 7G Software (used by ShareBPO).

Processes: The Company's administration services are delivered in each local office to support problem solving and communication with clients. The Company believes it is known for its full service offering and its flexible and cost effective approach to administration processing.

Within Australia the Company holds Australian Financial Service Licences for its FundBPO and SuperBPO businesses.

People: MainstreamBPO focuses on hiring qualified and experienced professionals to maintain its service levels. The Company currently has approximately 100 employees across its four offices. Key management personnel have developed expertise in providing outsourced services to financial services providers, particularly in the automation of processes to drive efficiencies.

3 Company Overview

The Company has a stable management team. Senior managers have an average of nearly six years of service with the Company. The founding shareholders remain actively involved in the day-to-day running of the Company and are committed to its next phase of growth.

As well as hiring and developing experienced accountants and administrators from within the industry, MainstreamBPO has a graduate recruitment program. This provides a pipeline of early career professionals into the Company's talent pool. A number of the Company's managers and team leaders commenced as graduates within the organisation before being promoted into more senior roles.

3.3 MainstreamBPO's major service offerings

MainstreamBPO is one of Australia's largest independent fund administrators, currently administering over 270 funds and supporting more than 110,000 investors. It currently has Funds under Administration of approximately $50 billion (as at 31 March 2015).

MainstreamBPO provides outsourced fund administration services to a range of wealth management sector participants. Its clients are all manufacturers or distributers of investment products. They include investment managers, superannuation trustees, listed companies, family offices and dealer groups.

The Company's growth is supported by the growth of its clients and their assets which are largely aligned with the expansion of the domestic superannuation and Asia-Pacific funds management industries.

MainstreamBPO has a predictable revenue stream, with the vast majority of revenue based on ongoing contracts with its clients for the supply of administration services. Overall, the Company has approximately 70 clients, with the largest client making up approximately 20% of revenue and the top five clients comprising approximately 50% of total revenue in FY2015.

The Company's client base is considered relatively 'sticky' given the relatively high transition cost and business disruption risk for an investment manager to switch to another outsourcing provider. MainstreamBPO believes its diversified 'full service' offering provides some protection from competitive offerings.

MainstreamBPO currently has four offices across Asia-Pacific and employs around 100 people.

Figure 9: MainstreamBPO's office locations

Figure 8: MainstreamBPO's key business lines

MAINSTREAMBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING

Business:	FUNDBPO SPECIALISTS IN FUND ADMINISTRATION	SUPERBPO SPECIALISTS IN SUPERANNUATION ADMINISTRATION	SHAREBPO SPECIALISTS IN SHARE REGISTRY
Services:	Investment administration, fund accounting, unit registry and middle office services	Superannuation administration services	Share registry services
Target clients:	Investment managers	Superannuation trustees	Listed companies, exchange–traded funds
Markets:	Australia, Hong Kong, Singapore	Australia	Australia

3 Company Overview

MainstreamBPO has a successful track record of providing outsourced administration services to investment managers of all sizes.

The table below provides some examples of MainstreamBPO's clients, in bold type, and the different services they receive from the Company.

Figure 10: Client case studies

Leading global equities and infrastructure manager

This specialist investment manager, a FundBPO client since 2007, focuses on high net worth, retail and institutional investors. With funds under management of over $37 billion, FundBPO is the administrator to over 30 funds, institutional mandates and exchange–traded products and supports over 13,000 investors.

FundBPO provides extensive performance reporting to the manager in addition to its core unit registry, investment administration and fund accounting services.

Major industry superannuation fund

As a superannuation fund for more than 10,000 workers in education and related sectors, this fund has been in operation for over 55 years. SuperBPO has supported the fund by providing a full service model including member administration, unit pricing and accounting services for over a decade.

Offshore global asset manager

As a global investment boutique with portfolios exceeding USD $12 billion and operations in three continents, this investment manager was looking for an Asian based administrator. FundBPO Singapore was selected to provide transfer agency, unit pricing, transaction processing, compliance monitoring and fund accounting services for its global equity fund.

Australian based global financial institution

Since 2013 FundBPO has provided unit registry services to over 70 closed–end alternative funds marketed by this Australian headquartered global asset manager. Registry services provided by FundBPO for this client include a full investor contact centre, processing of client transactions, anti–money laundering and know–your–client monitoring and production of year–end investor and tax statements for almost 30,000 unitholders.

'Disruptive' wealth management specialist

This emerging cash and fixed income manager is focused on attracting retail investors and, more recently, wholesale institutions. FundBPO provides full service fund administration to the group's actively managed cash and fixed income funds including provision of investment administration, fund accounting and unit registry services, with a particular focus on online investor services.

FundBPO is also the administrator of the manager's mFunds on ASX's mFund Settlement Service.

Leading managed account provider

FundBPO has provided fund administration to this client since 2008. When they launched their managed account service they approached FundBPO and became the Company's first managed account administration client in 2012. FundBPO was appointed to record and reconcile the transactions and cash holdings in each managed account, which now number over 500, as well as processing payments, receiving income and maintaining the reporting process on behalf of the managed account provider.

Figure 11: Snapshot of some of MainstreamBPO's clients

MainstreamBPO has outsourcing arrangements with over 70 clients including some of Australia's leading fund managers and superannuation funds. The table above provides a snapshot of some of MainstreamBPO's clients.

3 Company Overview

3.3.1 Overview of FundBPO

FundBPO is MainstreamBPO's largest subsidiary. It provides investment administration, fund accounting, unit registry and middle office services to a range of fund managers. The service model differs by client, depending on each fund manager's administration needs. Services can be provided in combination or on a stand-alone basis.

FundBPO earns revenue based on long term contracts with its clients for the supply of administration services. Revenue per client generally increases as funds under management grows, as fees are calculated based on a combination of the fund's size and the number of investors or transactions.

The business has a diversified client base, currently made up of approximatly 70 fund managers. It operates across three geographies: Australia, Hong Kong and Singapore.

3.3.1.1 FundBPO in Australia

FundBPO is one of Australia's largest independent fund administrators, with Funds under Administration of approximately $50 billion as at 31 March 2015.

The business supports fund managers from around the world. Its domestic clients include some of Australia's largest fund managers, boutique equity managers, global property fund managers and hedge fund operators.

The Company believes it is well known in the market for the quality of its unit pricing and valuation related services, and increasingly as a competitive unit registry operator. It has a track record of winning new clients who are outsourcing their fund administration for the first time.

A subset of FundBPO's fund services is its administration of the fast growing managed accounts sector.

FundBPO currently administers over 3,700 managed accounts with Funds under Administration of more than $2 billion, which represents over 15% of the $13 billion plus sector. Managed accounts are an increasingly popular type of investment product that provides investors with direct ownership and control of an investment account looked after by a professional manager.[1] FundBPO is one of only a handful of providers of managed account administration services and offers a full service back office including trade matching, valuation and client reporting services. The Company believes that its market leading tax reporting and its early entry into the market provide FundBPO with a comparative advantage over its competitors in the sector.

In addition to providing fund administration services, FundBPO is an associate member of the Australian Custodial Services Association Limited and is licensed to provide "incidental" custody services. This means custodial services can be provided in a manner that is incidental to other financial services provided and allows FundBPO to offer a full service administration offering to selected clients.

FundBPO also regularly partners with larger global custodians and trustees to offer a bundled fund services solution to fund managers. Industry knowledge suggests this is an emerging trend as large global custodians start to move away from offering traditional fund administration services to focus on their custody offering.

FundBPO is a foundation member of the ASX mFund Settlement Service, which enables investors to apply for and redeem units in managed funds through an approved stockbroker using the CHESS settlement system. FundBPO is currently the administrator of 24 mFunds for seven investment managers, providing FundBPO with an additional revenue stream.

3.3.1.2 FundBPO in Asia

In 2012 FundBPO expanded into Asia from Australia by opening offices in Singapore and later in Hong Kong. These operations provide access to the fast growing regional funds management industry, including family offices, private equity funds and multi-national hedge funds which are market segments not well represented in the domestic Australian market.

To coincide with FundBPO's expansion into Asia, the business launched middle office services to expand its scope from back office to more 'high value' operations such as trade matching, performance reporting and compliance.

FundBPO is a member of the Alternative Investment Management Association in Hong Kong and the Singapore Fund Administrators Association Ltd in Singapore.

3.3.2 Overview of SuperBPO

SuperBPO provides outsourcing services for superannuation funds, including member administration and communications, unit pricing, fund accounting and client reporting. Its clients include industry funds, corporate funds and master trusts. Current Funds under Administration are in excess of $850m, covering more than 13,000 members.

SuperBPO, originally known as Group Benefits, was established in 1998. In 2007 it was acquired by MainstreamBPO and renamed SuperBPO in 2011.

SuperBPO offers a personalised, end-to end superannuation administration service to its clients. Services are tailored to each superannuation fund, whether they wish to outsource some or all of the administration requirements. The business is experienced in administering a range of superannuation products, including complex defined benefits schemes, accumulation, pension and income streams.

3.3.3 Overview of ShareBPO

The business of ShareBPO was established in 2010 as an extension of FundBPO's successful unit registry services service offering. ShareBPO provides listed share registry services to ASX and Asia Pacific Stock Exchange listed companies and exchange-traded funds.

ShareBPO focuses on niche new listing areas within the share registry market. Clients and their investors can access a full service investor relations contact centre with corporate action processing, annual general meeting support and online account access.

1 Financial Standard Guide to Managed Accounts – Guide Series 1, pages 3-5.

The business supports FundBPO's ASX market participant licence in its role as an administrator of mFunds through ASX's mFund settlement service.

ShareBPO is largely in start-up phase and currently has limited market share. Given the limited number of players in this space, this represents an attractive growth area on which MainstreamBPO plans to concentrate by building on its existing processing skills and technology, as outlined in Section 3.5.2.

3.3.4 Regulatory and compliance obligations relating to MainstreamBPO operations

3.3.4.1 Australian Financial Services Licence

Within Australia, FundBPO and SuperBPO both hold an Australian Financial Services Licence (**AFSL**). The licence requires FundBPO and SuperBPO to meet regulatory requirements set by ASIC. The Directors believe that MainstreamBPO is compliant with the obligations associated with the AFSLs held by FundBPO and SuperBPO.

The loss of an AFSL or the imposition of new conditions or enforceable undertakings could limit or restrict the Company's ability to conduct certain divisions of its business. Should MainstreamBPO extend the nature of funds administration services beyond that currently offered, then additional AFSL compliance and statutory funding obligations may apply.

Since holding the AFSLs, there have been no breaches/breach notices issued against the AFSL holder.

3.3.4.2 Anti-money laundering (AML) & counter terrorism financing (CTF)

FundBPO administers funds operating out of a number of jurisdictions and has developed AML procedures to ensure that local AML requirements are met. For the purposes of the AML/CTF legislation FundBPO is a not a reporting entity but provides information and undertakes responsibilities on behalf of reporting entities.

3.3.4.3 Other

FundBPO has also adopted a policy of compliance with GS 007, a guidance statement published by the Australian Government Auditing and Assurance Standards Board, covering the controls needed by third party investment management service organisations in Australia.

The Group holds privacy policies that set out how personal information of investors and members is handled. All personal information is managed in accordance with the law and the Australian Privacy Principles.

3.4 MainstreamBPO's revenue model

MainstreamBPO's revenues are generated by way of consulting and administration fees, typically charged in accordance with agreed rates set out in service agreements with each respective client. At the end of the contract term, a review of the service agreement is undertaken to assess service commitments and charge out rates.

Service/management fees earned by MainstreamBPO are normally levied around one or more of the following fee structures or components:

- number of investors or members in a fund
- dollar value of Funds under Management
- fixed management fee (indexed annually)
- the number of transactions processed
- annual fees based on number of individual funds administered

3.5 Growth opportunities for MainstreamBPO

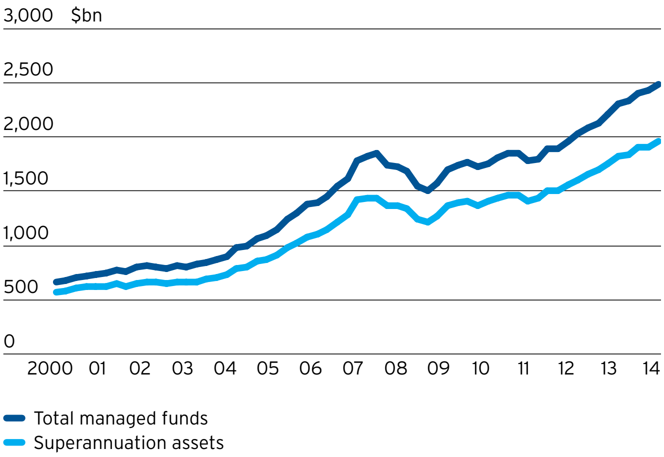
3.5.1 Organic expansion

MainstreamBPO believes its existing business lines are well positioned to leverage a number of trends in the wealth management sector.

3.5.1.1 Ongoing growth in funds management

Key drivers of growth in the domestic managed funds sector include the superannuation system and a growing high-net-worth and retail investor sector. MainstreamBPO's revenues are linked to the size and volume of its clients' underlying funds. As funds under administration increases, administration work increases.

Figure 12: Growth in Australian managed funds industry (Dec 2001 – Dec 2014)[1]



1 Australian Bureau of Statistics – Managed Funds, Australia statistics

Outside of Australia, Asian financial markets, particularly Hong Kong and Singapore are similarly experiencing significant growth in the funds management sector, particularly in the level of assets under management sitting within hedge funds (see Figures 13 and 14).

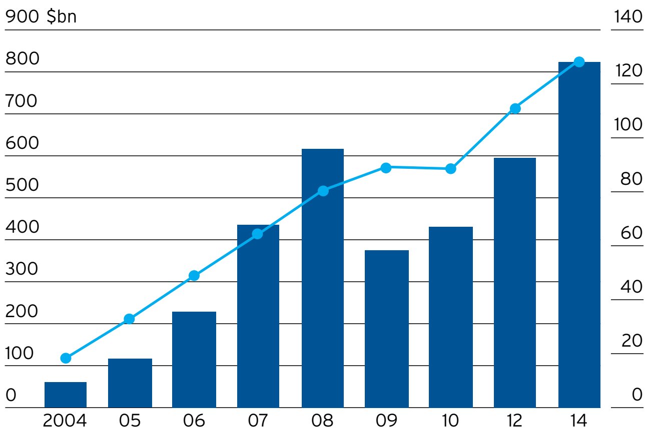
MainstreamBPO's Hong Kong and Singapore operations have seen strong demand for outsourcing of funds administration services for the hedge fund sector and anticipate significant new business opportunities for the Company in the near term.

In Singapore, as shown in Figure 14, total assets managed by Singapore-based asset managers (as at 31 December 2013) grew by 11.8% to S$1.82 trillion. In the last 3 years, the industry recorded an average AUM growth rate of 10.7% per annum, reflecting strong growth in funds sourced from the region, as well as sustained interest amongst regional and global investors to invest in Asia's growth.

Singapore's growth has been broad-based, with traditional and alternative managers registering good increases in

3 Company Overview

Figure 13: Growth in Hong Kong hedge fund industry Assets under Management (AUM) and number of hedge funds[1]



Total AUM (US$ bn) (LHS)
Number of hedge funds (RHS)

1 Hong Kong Securities and Futures Commission Report of the Survey on Hedge Fund Activities of SFC-licensed Managers/Advisers (March 2015)

assets under management. Whilst traditional asset managers continue to contribute substantively to annual growth, assets managed by hedge fund and private equity managers grew 20.9% and 33.6% respectively during 2015.

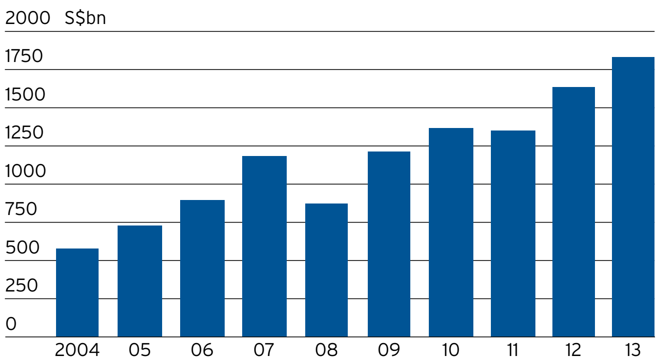
3.5.1.2 Ongoing growth in superannuation

Australia's superannuation system is the second largest part of the domestic financial sector and, according to some forecasts, could have assets that exceed those of Australia's banking system within the next 20 years.[2]

As with its other businesses, MainstreamBPO's superannuation related revenues are related to the size and volume of its clients' underlying funds, meaning it is well placed to benefit from proposed market growth.

The superannuation administration market is very concentrated, with market share dominated by a handful of administrators. In addition there is a persistent trend towards

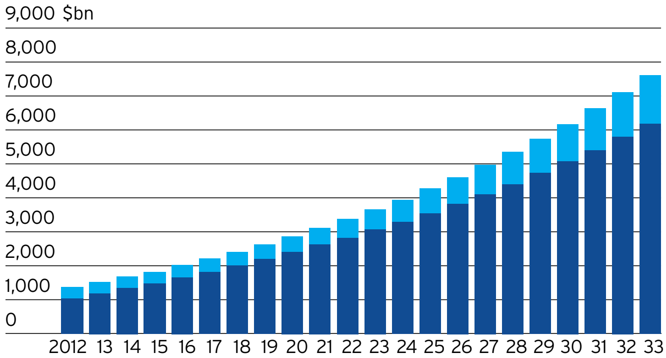
Figure 14: Singapore asset management industry Assets Under Management (AUM)[3]



Total AUM (S$ bn)

3 Monetary Authority of Singapore (MAS) 2008 and 2013 Singapore Asset Management Industry Surveys

Figure 15: Projected superannuation assets (2012 to 2033)[4]



Pre-retirement assets
Post-retirement assets

4 *Why Australia? Benchmark Report 2015*, Australian Trade Commission.

consolidation of superannuation institutions which has resulted in the average size of superannuation institutions increasing significantly during the last decade.

The Company believes it has been able to leverage its expertise in super administration (and the technology platforms supporting this) to offer a differentiated and premium service offering, when compared to its competitors.

3.5.2 Expansion of operational footprint through acquisition

MainstreamBPO has a track record of successful purchases and integrations. Use of proceeds from the Offer are, in part, to strengthen the Company's balance sheet in preparation for further acquisitions.

In order for the Company to effect this strategy, MainstreamBPO will actively explore investments in administration or outsourcing businesses that complement its existing business model.

Due diligence on the market has commenced and the Company has identified several potential acquisition targets which, if successfully concluded, may result in one or more acquisitions being announced shortly after the Offer closes.

In particular, the Board is focused on growing the Company's share registry services through acquisition of a suitable business with an established market footprint and management team.

Any acquisition or integration will be considered on the basis of its potential to add value to the MainstreamBPO business and its Shareholders. As there can be no certainty that MainstreamBPO will be successful in these discussions, or in identifying and completing acquisitions, no contribution from future acquisitions has been assumed in forecast revenue or profits.

The listing will provide MainstreamBPO with the ability to use its shares as currency to fund the purchase of any acquisition or access to capital markets to fund such acquisitions. Traditionally, listed companies attract a

2 Financial System Inquiry – Final Report, Chapter 2: Superannuation and retirement incomes (December 2014).

premium in value and this will allow MainstreamBPO to benefit from the difference in its market rating to effectively reduce the purchase price payable. The use of its Shares in this manner could result in the dilution of the ownership interests of MainstreamBPO's Shareholders.

3.5.3 Expansion of service offerings

To remain competitive, MainstreamBPO will continue to broaden its service offering in third party administration. This shall include the expansion of its hedge fund administration business, both domestically and in Asia, and seeking new revenue opportunities by expanding services further up or down the administration 'value chain', deepening client relationships in the process.

3.5.3.1 Across the broader Asia Pacific region

MainstreamBPO will seek to grow its Hong Kong and Singapore businesses in order to maximise revenue and earnings.

The business model of each office reflects the demands of local investment funds in each market. The Singapore office is primarily a centre for the Company's hedge fund administration and Hong Kong acts as a hub for middle office services. Further, Hong Kong provides access to fund administration opportunities for fund managers investing in mainland China. The tax and regulatory regime in both markets is favourable and their location provides ready access to emerging markets in the region.

There are growing opportunities for fund flows in Asia, from the opening up of the Chinese market and RMB internationalisation, to the Asia Region Funds Passport, Association of Southeast Asian Nations Collective Investment Scheme and Hong Kong-Mainland China mutual fund recognition initiatives.

The Company believes that, in order to take advantage of these opportunities, fund managers will look to outsource non-core processes to specialist fund administrators such as FundBPO.

The regional offices also provide opportunity for FundBPO to cross-sell services to existing clients in Australia. More than two-thirds of Australian fund managers see Asia as an important source of growth for their organisation,[1] whether via joint venture, business acquisition, broadening of their operational footprint or establishing offshore funds feeding into cross-border investment vehicles.

FundBPO's client base in Asia typically has funds domiciled in locations outside of Singapore, whilst operating onshore. Further, FundBPO's Asian operations give its Australian clients the opportunity for exposure to the region's investment hubs and increased distribution opportunities through local investors and family offices.

The Company believes FundBPO is well positioned to further expand in one of the world's fastest growing regions for managed funds.

3.5.3.2 Middle office services

MainstreamBPO sees the provision of middle office services – involving trade matching, shadow valuations, compliance and performance reporting to investment managers — as a significant growth opportunity.

While only a minority of investment managers currently outsource their middle office function, these services are seen as the 'next wave' of outsourcing. Specialist providers of middle-office services such as FundBPO can help investment managers lower their costs, provide stronger controls, and give them the freedom to focus on their core competencies.

Investment managers are increasingly looking to third-party middle office providers to evolve their middle office from a cost-centric function to one focused on timely and accurate information. FundBPO is working with new and existing clients to demonstrate how middle office services can be leveraged in challenging market and regulatory conditions.

3.5.3.3 ASX mFund Settlement Service

In the first half of 2014, ASX launched the mFund Settlement Service. mFunds enable investors to apply for and redeem units in managed funds through an ASX approved stockbroker using the CHESS settlement system, eliminating the need for paper-based applications and redemptions and at a significantly reduced cost than traditional investment platforms. The introduction of this new service has the potential to have a profound impact on the ASX in particular and the potential to positively affect the Australian wealth management sector in general by:

- making it easier for investors to buy managed funds directly
- creating greater efficiency for investors and administrators by increasing the automation of processes

FundBPO is a foundation member of ASX mFund Settlement Service. As at 31 March 2015, FundBPO is the administrator of 24 mFunds for seven fund managers. The Company expects further growth in administration work as both new and existing fund manager clients launch mFunds.

3.5.3.4 Managed account services

FundBPO currently administers over 15% of Australia's growing managed account sector.

The potential for managed accounts in Australia is highlighted by the exceptional growth of managed accounts in the USA, where the sector is growing faster than managed funds. In Australia they are particularly suitable for high net worth individuals and increasingly popular with self-managed superannuation funds. They offer a greater level of transparency, tax optimisation and flexibility over traditional managed funds.

MainstreamBPO believes it is well positioned to take advantage of this possible increase in managed account holders. As one of the only third party administrators in the sector, FundBPO has a 'first mover' advantage with managed account providers who do not want to run their own back office. FundBPO's revenue will increase as the Funds Under Management and volume of transactions of its managed account clients grow.

1 Financial Services Council — PWC CEO Report "Shaping the future of our industry" (July 2011), page 16.

4 Financial Information

4.1 Introduction

This Section contains a summary of the historical and forecast financial information prepared by the Directors of MainstreamBPO.

The Historical Financial Information comprises the:

› pro forma consolidated statement of profit or loss for the years ended 30 June 2013 (FY2013), 30 June 2014 (FY2014) and 30 June 2015 (FY2015); and

› pro forma consolidated statement of financial position as at 31 December 2014.

(together the **Historical Financial Information**).

The Forecast Financial Information comprises the:

› statutory forecast consolidated statement of profit or loss and other comprehensive income for FY2016 (the **Statutory Forecasts Results**); and

› pro forma forecast consolidated statement of profit or loss and other comprehensive income for FY2016 (**the Pro Forma Forecasts Results**),

(together the **Forecast Financial Information**)

The Historical Financial Information and Forecast Financial Information are collectively referred to as the **Financial Information**.

Also summarised in this Section 4 are:

› the basis of preparation and presentation of the Financial Information (Section 4.2)

› management discussion and analysis on the Historical Financial Information (Section 4.5)

› the Directors' best estimate general and specific assumptions underlying the Forecast Financial Information (Section 4.6.2) and key sensitivities in respect of the Forecast Financial information (Section 4.7)

› MainstreamBPO's proposed dividend policy (Section 4.8)

› summary of significant accounting policies (Appendix A)

All amounts disclosed in this Section are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest $1,000. Accordingly some tables may not add due to rounding.

The Financial Information has been reviewed by Moore Stephens, whose Investigating Accountant's Report is contained in Section 8.

The information in this Section 4 should also be read in conjunction with the Key Risks set out in Section 5 and other information contained in this Prospectus.

4.2 Basis of preparation of Financial Information

4.2.1 Basis of Preparation and Presentation of Financial Information

The Directors of MainstreamBPO are responsible for the preparation of the Financial Information.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles of the Australian Accounting Standards, issued by the Australian Accounting Standards Board, which are consistent with International Financial Reporting Standards issued by the International Accounting Standards Board (as modified for inclusion in the Prospectus). The Financial Information is presented in an abbreviated form insofar as it does not include all the disclosure, statements or comparative information as required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

MainstreamBPO's significant accounting policies and selected notes relevant to the Financial Information are set out in Appendix A.

4.2.2 Preparation of Historical Financial Information

The Historical Financial Information has been prepared for the purpose of inclusion in this Prospectus.

The Pro Forma Historical Financial Information has been derived from the actual audited financial results and balances of MainstreamBPO Limited and the entities it controls for FY2013 and FY2014 and from the unaudited consolidated management accounts for FY2015 (**Statutory Historical Results**) with pro forma adjustments being made for the following:

- Public company costs; and
- IPO related remuneration adjustment arising.

The Pro Forma Historical Financial Information has been derived from the statutory consolidated financial statements for FY2013 and FY2014, which were audited by Surry Partners Accountants Pty Limited in accordance with the Australian Auditing Standards, and from the unaudited consolidated management accounts for FY2015, which include the interim financial accounts of the Company for HY2015, which were reviewed, but not audited, by Ernst & Young in accordance with the Australian Auditing Standards on Review Engagements. Surry Partners Accountants Pty Limited issued unmodified audit opinions on the financial reports for FY2013 and FY2014. Ernst & Young issued an unmodified review conclusion on the interim financial accounts for HY2015.

The Historical Financial Information included in this Prospectus has been reviewed, but not audited, by Moore Stephens. Investors should note the scope and limitations of the Investigating Accountant's Report (refer Section 8).

Refer to Section 4.4 for a reconciliation between the Statutory and the Pro Forma Historical Balance Sheet.

Investors should note that past results are not a guarantee of future performance.

4.2.3 Preparation of the Forecast Financial Information

The Forecast Financial Information is presented on both a statutory and pro forma basis and has been prepared solely for inclusion in this Prospectus.

The Pro Forma Forecast Results have been derived from the Statutory Forecast Results after adjusting for pro forma transactions and other adjustments to reflect MainstreamBPO's operations following Completion of the Offer, to eliminate non-recurring items and to reflect stand alone public company costs as set out in Sections 4.3.4. The Statutory Forecast Results for FY2016 consist of the Directors' best estimate forecast for the 12 months to 30 June 2016.

The Forecast Financial Information has been prepared by the Directors with due care and attention, and consider all best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. Actual unaudited financial performance from 1 July 2014 to 30 June 2015, which includes the reviewed results for the six months to 31 December 2014, has been taken into consideration. Pro forma adjustments consistent with the adjustments made to the Historical Financial Information have been incorporated into the pro forma forecast consolidated statement of profit or loss and other comprehensive income for FY2016.

The Forecast Financial Information has been prepared by Directors based on an assessment of current economic and operating conditions and on the basis of numerous assumptions, including the general assumptions and the Directors' best estimate assumptions regarding future events and actions as set out in Section 4.6.2. The Forecast Financial Information is subject to the Key Risks set out in Section 5. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur. The Forecast Financial Information presented in this Prospectus has been reviewed by Moore Stephens but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report (refer Section 8).

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or material negative effect on MainstreamBPO's actual financial performance or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control of MainstreamBPO, the Directors and management, and are not reliably predictable. Accordingly, neither MainstreamBPO, the Directors, nor any other person can give investors any guarantee that the outcomes discussed in the Forecast Financial Information will arise. Events and outcomes might differ in amount and timing from the assumptions, with a material consequential impact on the Forecast Financial Information.

MainstreamBPO has no intention to update or revise the Forecast Financial Information or other forward looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risk factors that could cause MainstreamBPO's actual results to differ materially from the results expressed or anticipated in these statements. Such statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of MainstreamBPO, the Directors of MainstreamBPO and the management of MainstreamBPO. Forward looking statements should be read in conjunction with, and are qualified by reference to, risk factors as set out in Section 5, general assumptions as set out in Section 4.6.1, specific assumptions as set out in Section 4.6.2, the sensitivity analysis as set out in Section 4.7, and other information in this Prospectus.

4.2.4 Explanation of certain non-International Financial Reporting Standards (IFRS) measures

MainstreamBPO uses certain measures to manage and report on its business that are not recognised under Australian Accounting Standards. These are known as "non-IFRS financial measures" and the principal ones used in this Prospectus are as follows:

- EBITDA is earnings before interest, taxation, depreciation and amortisation;
- EBIT is earnings before interest and taxation; and
- NPAT is net profit after tax.

These measures are reconciled to NPAT in Section 4.3.1.

Although the Directors believe that these measures provide useful information about the financial performance of MainstreamBPO, they should be considered as supplements to the income statement measures that have been presented in accordance with the Australian Accounting Standards and not as a replacement for them. Because these non-IFRS financial measures are not based on Australian Accounting Standards, they do not have standard definitions, and the way MainstreamBPO calculated these measures may differ from similarly titled measures used by other companies. Readers should therefore not place undue reliance on these non-IFRS financial measures.

4.3 Financial Information

The Financial Information of MainstreamBPO contained in this section includes:

- pro forma historical and forecast consolidated statement of profit or loss for FY2013, FY2014, FY2015 and FY2016;
- comparison of statutory and pro forma forecast consolidated statement of profit or loss for FY2013, FY2014, FY2015 and FY2016; and
- statutory and pro forma consolidated statement of financial position as at 31 December 2014.

4.3.1 Pro Forma Historical Results, Pro Forma Forecast Results and Statutory Forecast Results

The table below sets out the Pro Forma Historical Results for FY2013 and FY2014, the Pro Forma Forecast Results for FY2015 and FY2016 together with the Statutory Forecast Results for FY2015 and FY2016.

			Pro Forma Historical Results [1]	Pro Forma Forecast Results [2]	Statutory Forecast Results
$000	**FY2013**	**FY2014**	**FY2015 [3]**	**FY2016 [5]**	**FY2016 [4]**
Total Revenue	**10,114**	**12,746**	**14,423**	**21,581**	**20,093**
IT Expenses	1,060	1,525	1,886	3,073	3,242
Occupancy	794	1,083	1,352	1,647	1,608
Employment	6,524	8,134	9,403	12,193	12,021
Other Expenses	673	835	951	948	948
Total Operating Expenses	**9,051**	**11,577**	**13,592**	**17,861**	**17,819**
EBITDA	**1,063**	**1,169**	**831**	**3,720**	**2,274**
Amortisation and Depreciation	147	187	386	484	479
EBIT	**916**	**982**	**445**	**3,236**	**1,795**
Net Interest Expense (Income)	801	122	107	(35)	(35)
Net Profit Before Tax	**115**	**860**	**338**	**3,271**	**1,830**
Income Tax Expense	34	258	101	882	450
Net Profit After Tax	**81**	**602**	**237**	**2,389**	**1,380**

Notes:

1 The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.3.4.

2 The Pro Forma Forecast Results are reconciled to the Statutory Forecast Results in Section 4.3.4.

3 The FY2015 Pro Forma Historical Results are derived from the FY2015 unaudited consolidated management accounts, having agreed to the reviewed results for the six months to 31 December 2014 and are reconciled in Section 4.3.4.

4 Statutory Forecast Results for FY2016 consist of the Directors' best estimate forecasts for the twelve months ended 30 June 2016.

5 The FY2016 Pro Forma Forecast Results and the FY2016 Statutory Forecast Results do not include the impact of acquisitions, if any, that would be completed in FY2016 with the IPO proceeds.

4.3.2 Key operating metrics

Set out below is a summary of MainstreamBPO's key historical operating metrics for FY2013, FY2014 and FY2015 derived from the Pro Forma Historical Results, and the forecast key operating metrics for FY2016 derived from the Pro Forma Forecast Results and the Statutory Forecast Results.

	Pro Forma Historical Results [1]			Pro Forma Forecast Results [2]	Statutory Forecast Results
	FY2013	FY2014	FY2015 [3]	FY2016	FY2016 [4]
Revenue growth	30.0%	26.0%	13.2%	51.9%	41.5%
EBITDA margin	10.5%	9.2%	5.8%	17.2%	11.3%
NPAT margin	0.8%	4.7%	1.6%	11.1%	6.9%

Notes:

1 The Pro Forma Historical Results are reconciled to the Statutory Historical Results in Section 4.3.4.

2 The Pro Forma Forecast Results are reconciled to the Statutory Forecast Results in Section 4.3.4.

3 The FY2015 Pro Forma Historical Results are derived from the FY2015 unaudited management accounts, having regard to the reviewed results for the six months for 31 December 2014, and are reconciled in Section 4.3.4.

4 Statutory Forecast Results for FY2016 consist of the Directors' best estimate forecasts for the twelve months ended 30 June 2016.

4.3.3 Segment revenue

The table below shows a break-up of historical and forecast revenue by segment.

	Pro Forma Historical Results			Pro Forma Forecast Results	Statutory Forecast Results
$000	FY2013	FY2014	FY2015	FY2016	FY2016
Fund Administration	7,639	10,037	11,640	16,556	16,106
Super Administration	2,348	2,469	2,610	4,849	3,811
Other	127	240	173	176	176
Total Revenue	**10,114**	**12,746**	**14,423**	**21,581**	**20,093**

MainstreamBPO has operations in Australia and Asia-Pacific (**APAC**). The FY2015 pro forma historical and FY2016 pro forma forecast revenue for each region is shown in the table below:

$000	Australia	APAC	Total
Revenue – FY2015	12,615	1,808	14,423
Revenue – FY2016	19,280	2,301	21,581

4.3.4 Pro Forma adjustments to the Statutory Historical Results and the Statutory Forecast Results

The table below sets out the pro forma adjustments to historical and forecast statutory revenue and NPAT to reflect the full period impact of the operating and capital structure that will be in place following Completion of the Offer as if it was in place as at 1 July 2015. In addition, certain other adjustments to eliminate non-recurring items have been made in the period in which they occurred and changes to remuneration arrangements and estimated stand alone public company costs have been reflected across the historical and forecast periods. These adjustments are summarised below:

		Historical adjustments			Forecast adjustments
$000	**Note**	**FY2013**	**FY2014**	**FY2015**	**FY2016**
Statutory revenue		10,114	12,746	14,423	20,093
Annualisation of proposed contract revenue	1	–	–	–	1,488
Pro forma revenue		10,114	12,746	14,423	21,581
Statutory NPAT		83	319	74	1,380
Public company costs	2	(172)	(177)	(182)	–
IPO related remuneration adjustment	3	115	253	286	–
Management IPO stock grant	3	–	–	–	200
Employee Gift Offer	3	–	–	–	98
Annualisation of proposed contract revenue	1	–	–	–	1,488
Annualisation of proposed contract expenditure	4				(711)
Adjustment for non–recurring costs on proposed contracts	5	–	–	–	370
Other		132	132	132	–
Tax effect	6	(77)	75	(73)	(436)
Total Pro Forma adjustments		2	283	163	1,009
Pro Forma NPAT		81	602	237	2,389

Notes:

1 **Annualisation of proposed contract revenues** – an adjustment has been made to the FY 2016 Statutory Forecast Results to account for proposed revenue contracts included in the FY2016 forecasts on the basis that they had been completed and in effect as of 1 July 2015.

2 **Public company costs** – an adjustment has been made to include MainstreamBPO's estimate of the incremental annual costs that it will incur as a public company. These incremental costs include Directors' and Officers' insurance premiums, additional audit and legal costs, listing fees, as well as costs associated with the annual general meeting and annual report.

3 **IPO related remuneration adjustment** – an adjustment has been made to account for remuneration adjustments in connection with the IPO, including both Executive and Non-Executives.

In addition, an adjustment has been made to the Statutory Forecast Result in FY2016 to remove the impact of:

i) a one-off issue of 500,000 ($0.2 million) Shares to managers in October 2015 of which $0.2 million is recognised as an expense during the forecast period to 30 June 2016. Refer to Section 9.4.3 for details.

ii) a one-off issue of 245,000 ($0.1 million) Shares as a consequence of the Employee Gift Offer which is recognised as an expense during the forecast period to 30 June 2016.

4. **Annualisation of proposed contract expenditure** – an adjustment has been made to the FY2016 Statutory Forecast Results to account for increased expenditure in relation to major proposed revenue contracts included in the FY 2016 forecasts on the basis that they had been incurred since 1 July 2015. This adjustment includes increases to employee benefits expense, ongoing IT costs and rental expenditure for the Company.

5 **Adjustment for non-recurring costs on proposed contracts** – an adjustment has been made to normalise the impact of non-recurring establishment costs that are included in the FY2016 forecasts as a result of the expected completion of proposed contracts during the period.

6 **Tax effect** – an adjustment has been made to the Statutory Forecast Results to reflect the taxation impact of the above adjustments.

4.4 Pro forma consolidated statement of financial position

The pro forma consolidated statement of financial position as at 31 December 2014 is based on the actual consolidated statement of financial position at 31 December 2014 as reviewed by Ernst & Young, adjusted for certain pro forma adjustments including the impact of the Offer and other transactions outlined in Section 4.4. The pro forma consolidated statement of financial position has been presented assuming that the minimum amount of $5.0 million is raised and the maximum amount of $10.0 million is raised.

$000	Note	Statutory historical amount	Other adjustments	Adjustments minimum raise	Adjustments maximum raise	Pro forma minimum raise	Pro forma maximum raise
Cash and cash equivalents	1	866	150	749	5,444	1,765	6,460
Trade and other receivables		1,483	–	–	–	1,483	1,483
Other assets		296	(150)	–	–	146	146
Total current assets		**2,645**	**–**	**749**	**5,444**	**3,394**	**8,089**
Property, plant and equipment		795	–	–	–	795	795
Intangible assets	2	4,233	2,375	–	–	6,608	6,608
Deferred tax	3	104	–	244	335	348	439
Total non current assets		**5,132**	**2,375**	**244**	**335**	**7,751**	**7,842**
Total assets		**7,777**	**2,375**	**993**	**5,779**	**11,145**	**15,931**
Trade and other payables		227	–	–	–	227	227
Trade creditors		1,140	–	–	–	1,140	1,140
Provisions		529	–	–	–	529	529
Other		1,021	–	–	–	1,021	1,021
Deferred consideration	2	–	1,750	–	–	1,750	1,750
Total current liabilities		**2,917**	**1,750**	–	–	**4,667**	**4,667**
Shareholder loans	4	670	750	(1,420)	(1,420)	–	–
Interest bearing liabilities	5	1,250	–	(1,250)	(1,250)	–	–
Other liability	6	500	–	–	–	500	500
Total non–current liabilities		**2,536**	**750**	**(2,670)**	**(2,670)**	**500**	**500**
Total liabilities		**5,361**	**2,500**	**(2,670)**	**(2,670)**	**5,167**	**5,167**
Net assets		**2,416**	**(125)**	**3,663**	**8,449**	**5,978**	**10,764**
Contributed equity	7	1,746	–	3,663	8,449	5,433	10,219
Reserves		365	–	–	–	365	365
Retained earnings		305	(125)	–	–	180	180
Total Equity		**2,416**	**(125)**	**3,663**	**8,449**	**5,978**	**10,764**

The following describe the pro forma adjustments:

1 Cash and cash equivalents are higher by an additional $0.75 million due to the assumed minimum proceeds of the Offer of $5.0 million, less:
- IPO Costs $0.8 million;
- Buyback of Shares $0.8 million;
- Repayment of shareholder loans $1.4 million; and
- Repayment of interest bearing liabilities of $1.25 million.

Cash and cash equivalents are higher by an additional $5.44 million due to the assumed maximum proceeds of the Offer of $10.0 million, less:
- IPO Costs $1.1 million;
- Buyback of Shares $0.8 million; and
- Repayment of shareholder loans $1.4 million; and
- Repayment of interest bearing liabilities of $1.25 million.

2 The $4.2 million of intangible assets as at 31 December 2014 include goodwill derived from the acquisition of SuperBPO (previously known as Group Benefits Pty Ltd) and other intangible assets that are derived from the purchase of customer relationships and contracts from SuperBPO, Perpetual Limited and HFO Limited. FundBPO (HK) Ltd was established in July 2014 following the acquisition of customer relationships and contracts from HFO Limited.

The pro forma adjustment of approximately $2.4 million relates to a transaction that the Company entered into with an Australian based fund administrator in January 2015. The transaction was completed on a deferred consideration basis with contractual amounts payable on various dates between 23 January 2015 and 30 June 2018.

3 The pro forma adjustment relates to the deferred tax impact of IPO costs incurred by the Company in connection with the Offer.

4 The other adjustment relates to an additional $0.75 million loan to MainstreamBPO by shareholders in 2015. It is the intention of the Company to repay this liability with IPO proceeds.

5 The interest bearing liabilities of $1.25 million are to a related party and are secured by way of a fixed floating charge over the assets of MainstreamBPO. Interest is payable monthly in arrears on an arm's length basis. It is the intention of the Company to repay this liability with IPO proceeds.

6 The other liability is in respect of a guarantee funded by a related party in the amount of $0.5 million for an ASX mFund bond. The guarantee finishes on 1 May 2017, bears interest at the rate of 2% calculated and payable monthly and the agreement contains usual market related terms. It is the intention of the Company to transfer the guarantee to FundBPO Pty Ltd using the proceeds of the IPO.

7 Contributed Equity is $5.4 million due to the assumed minimum proceeds of the Offer of $5.0 million, partially offset by the net impact of pro forma adjustments as described above.

Contributed Equity is $10.2 million due to the assumed maximum proceeds of the Offer of $10.0 million, partially offset by the net impact of pro forma adjustments as described above.

It is the intention of the Company to repay shareholder and related party loans with IPO proceeds under both the minimum and maximum Offer. The above pro forma consolidated statement of financial position does not include any external bank debt arrangements that the Company may enter into following completion of the IPO in order to fund future acquisitions where required.

4.5 Management Discussion and Analysis on Historical Financial Performance

4.5.1 General factors affecting the operating results of Historical Financial Information

Below is a discussion of the main factors which affected MainstreamBPO's operations and relative financial performance in FY2013, FY2014 and FY2015 which may continue to affect it in the future. The discussion of these general factors is intended to provide a brief summary only and does not detail all factors that have affected MainstreamBPO's historical operating and financial performance, nor everything that may affect the Company's operations and financial performance in the future.

4.5.2 Consolidated operating revenues

Total revenues increased by $2.3 million, or 30%, in FY2013, by $2.6 million, or 26%, in FY2014 and by $1.7 million, or 13%, in FY2015. This increase in revenue in historical periods is a result of the following:

› Organic growth including significant increase in client FUM as well as new product offerings from existing clients;

› Annual indexation of customer contracts;

› New client wins including two successful 'lift and shift' arrangements during the period as the trend of outsourcing fund administration continues; and

› The establishment and growth of fund administration operations in Singapore, with revenue from this jurisdiction increasing throughout FY2014 and FY2015.

4.5.3 Consolidated operating expenses

Key movements in operating expenses for the Company during the period include the following:

- IT expenses have increased through FY2013, FY2014 and FY2015 as a result of increased technology expenditure to facilitate MainstreamBPO revenue growth as well as general business expansion within the same period. IT expenses also increased due to the expenditure associated with the automation of key processes and operations within the fund administration division of the organisation;
- Occupancy expense has increased through FY2013, FY2014 and FY2015, primarily due to annual increases in the Company's existing lease arrangements in Sydney and Melbourne as well as due to the opening of the Singapore and Hong Kong offices;
- Staff costs have increased through FY2013, FY2014 and FY2015 primarily due to an increase in headcount across the period in order to support the corresponding revenue growth. Specifically, total headcount increased from approximately 72 in FY2013, to 87 in FY2014 and to 98 in FY2015; and
- Other costs (including audit, insurance, travel, advertising and office expenses) have increased through FY2013, FY2014 and FY2015 due to continued business expansion and growth.

4.5.4 Amortisation and Depreciation

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives which is typically 2-10 years. Significant costs associated with software are amortised on a straight-line basis over the period of their expected benefit, being their finite life which is typically 5-10 years.

Total amortisation and depreciation has increased in FY2013, FY2014 and FY2015 primarily a result of MainstreamBPO growth and business expansion.

4.5.5 Foreign exchange

The functional currency of MainstreamBPO is the Australian dollar. However, we note a portion of MainstreamBPO's revenues and expenses are denominated in various international currencies, namely United States dollars, Hong Kong dollars and Singapore dollars. Foreign exchange gains and losses recognised in the income statement arise from the translation of transactions in currencies other than the functional currencies of MainstreamBPO. The sensitivity of MainstreamBPO's pro forma forecast NPAT to changes in the exchange rate between various international currencies to the Australian dollar is not anticipated to be material in amount or nature.

4.6 Assumptions Underlying the Forecast Financial Information

The basis of preparation of the forecasts for FY2016 are included in Section 4.2.3. The general assumptions adopted in preparing the Forecast Financial Information are detailed in Section 4.6.1 and the Directors' best estimate assumptions specific to the forecast period are outlined in Section 4.6.2.

4.6.1 General assumptions

In preparing the Forecast Financial Information, the following general assumptions in relation to the Forecast Period have been adopted:

- there is no material change to the competitive and operating environments in which MainstreamBPO operates;
- there is no material change in the stability of share markets both in Australia and globally;
- there is no change in applicable Australian Accounting Standards and International Financial Reporting Standards that would have a material impact on the Company's accounting policies, financial reporting or disclosure requirements;
- there is no material change in the legislative regimes (including taxation) and regulatory environment other than as disclosed in this Prospectus in which MainstreamBPO and its' customers operate;
- there are no material losses of customers or contracts;
- there is no loss of key management personnel;
- there is no material litigation that will arise or be settled to the benefit or detriment of the Company;
- the Offer proceeds in accordance with the timetable set out on Section 7.1 of this Prospectus; and
- none of the risks set out in Section 5.2 occur.

4.6.2 Directors' best estimate assumptions

The Forecast Financial Information has regard to the current trading performance of MainstreamBPO up until 30 June 2015. The Forecast Financial Information is based on various best estimate assumptions, of which the key assumptions are set out below. These assumptions are a summary only and do not represent all factors that will affect the Company's forecast financial performance.

This information is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring and is not intended to be a representation that the assumptions will occur. It should be read in conjunction with the basis of preparing of the Forecast Financial Information set out in Section 4.2.3 and the risks in Section 5. The basis of these assumptions is explained in Sections 4.6.2.1 and 4.6.2.2.

The Company currently has several proposed contracts under negotiation which are forecast to be executed in FY2016. These proposed contracts have a material impact on the FY2016 Statutory Forecast results and the FY2016 Pro Forma results. Should these proposed contracts not be executed or should the timing or nature of these contracts vary from the forecast, then the FY2016 Statutory Forecast and FY2016 Pro Forma results would be materially impacted. Refer to the sensitivity analysis in section 4.7 for further details.

4.6.2.1 Revenue forecast

	Pro Forma Historical	Pro Forma Forecast	Statutory Forecast
$000	**FY2015**	**FY2016**	**FY2016**
Total Revenue	**14,423**	**21,581**	**20,093**

Statutory forecast revenues are forecast to increase by $5.7 million, or 39.3%, in FY2016 compared to FY2015. Pro Forma forecast revenues are forecast to increase by $7.2 million, or 49.6%, in FY2016 compared to FY2015.

The forecast growth in pro forma revenue can be explained through the following reasons:

- The Company generates predictable revenue streams based on ongoing contracts that effectively run in perpetuity, subject to normal commercial transition arrangements;
- The majority of contracts are subject to annual indexation;
- A number of existing clients who are expected to continue to experience significant growth in their funds and new product offerings;
- A number of proposed contracts with new and existing customers for which the Company is currently in sole-source contract negotiations with;
- Forecast new client wins in FY2016 based on historical success rates; and
- Continued operational expansion in both Singapore and Hong Kong from relatively modest bases.

As described in Section 4.3.4, an adjustment has been made to the FY2016 Statutory Forecast Results to account for major contracts forecast to be completed in FY2016 on the basis that they had been completed 1 July 2015.

Both the FY2016 Statutory and Pro forma forecast revenue growth do not include any potential acquisitions that the Company may complete with IPO proceeds. Acquisitions, if any, undertaken in FY2016 would increase the above forecast revenue.

4.6.2.2 Operating expenses forecast

	Pro Forma Historical	Pro Forma Forecast	Statutory Forecast
$000	**FY2015**	**FY2016**	**FY2016**
IT expenses	1,886	3,073	3,242
Occupancy	1,352	1,647	1,608
Employment	9,403	12,193	12,021
Other expenses	951	948	948
Total Operating Expenses	**13,592**	**17,861**	**17,819**

- Statutory forecast IT expenses are forecast to increase by $1.4 million, or 71.9%, in FY2016 compared to FY2015 forecast. Pro Forma forecast IT expenses are forecast to increase by $1.2 million, or 62.8%, in FY2016 compared to FY2015. Pro Forma forecast IT Expenses are forecast to increase by $1.2 million, or 61.2%, in FY2016 compared to the FY2015 forecast. The primary driver of these increases relate to increased technology expenditure to facilitate MainstreamBPO revenue growth as well as general business expansion. As described in Section 4.3.4, an adjustment has been made to the FY2016 Statutory Forecast Results to normalise the impact of non-recurring costs that are in the FY2016 forecasts as a result of the expected implementation of major new contracts during the period.
- Occupancy is forecast to increase in FY2016 compared to FY2015. The primary driver of this increase relates to increased rental expense, including the opening of one new domestic location as well as the expansion of our Hong Kong office, in order to accommodate increased headcount required to support the forecast revenue growth.
- Staff costs are forecast to increase in FY2016 compared to FY2015. The primary driver of this increase relates to an increase in headcount, from approximately 98 in FY2015 to 126 in FY2016, in order to support the forecast revenue growth and general business expansion. It is anticipated that prior period expenditures on technology will benefit MainstreamBPO in future periods as the Company realises the benefit of economies of scale. Accordingly, it is forecast that staff costs as a percentage of revenue will decrease through FY2016 due to technological and operational efficiencies within the Company as well as due to improved leveraging of corporate infrastructure throughout the organization. In addition, staff costs are forecast to increase due to the implementation of the Directors' Share Plan (Section 9.4.1) and the Senior Management Plan (Section 9.4.2) as part of the Employee Share Plan in connection with the Offer.
- Other costs (including audit, insurance, travel, advertising and office expenses) are forecast to increase in FY2016 compared to FY2015, primarily due to increased costs associated with general business expansion and public company commitments and expenditures.

4.7 Sensitivity analysis

The Forecast Financial Information is based on a number of estimates and assumptions that are subject to business, economic and competitive uncertainties and contingencies. These estimates depend upon assumptions with respect to future business developments which are subject to change. Investors should be aware that future events cannot be predicted with certainty and as a result, deviations from the figures forecast in this Prospectus can be expected.

To assist investors in assessing the impact of these assumptions on the forecast, set out below is a summary of the sensitivity of certain Forecast Financial Information to changes in a number of key variables. The changes in the key variables as set out in the sensitivity analysis are not intended to be indicative of the complete range of variations that may be experienced. For the purposes of the analysis below, the effect of the changes in key assumptions on the FY2016 pro forma forecast NPAT is presented.

Section 5 outlines the risks involved in an investment in MainstreamBPO and should be read carefully. The following is an analysis of the impact of different key assumptions on the FY2016 pro forma forecast:

	FY2016 EBITDA Impact $000	FY2016 EBITDA Impact %	FY2016 NPAT Impact $000	FY2016 NPAT Impact %
Revenue $ (+/− 5%)	1,082	29%	661	28%
Employee Costs (+/− 5%)	610	16%	523	22%
IT Expense (+/− 5%)	154	4%	204	9%
Proposed contracts under negotiation	1,821	48%	1,276	53%

As of the date of this prospectus, foreign exchange rate movements are not anticipated to have a material impact on FY2016 NPAT.

Care should be taken in interpreting each sensitivity. The estimated impact of changes in each of these assumptions has been calculated in isolation from changes in other assumptions, in order to illustrate the likely impact on the Statutory Forecast Results for FY2016. In reality the effects of movements may be offset or compounded by movements in other variables. Furthermore in the normal course of business, Management would be expected to respond to any adverse change in these key variables to minimise the net effect on financial performance.

4.8 Dividend policy

Depending on available profits, franking credits and the financial position of MainstreamBPO, it is the current intention of MainstreamBPO to pay dividends, provided it is within prudent business practices to do so.

Subject to available profits, the Directors intend to pay out between 40% and 60% of MainstreamBPO's NPAT as a dividend. The Directors anticipate that the first dividend to Shareholders will be determined in respect of the period from 1 July 2015 to 30 June 2016 with reference to available profits and the financial position of the Company and will become payable around September 2016. This is not intended to be a forecast, merely an objective of the Company. The Company may not be successful in meeting this objective.

In assessing the dividend payment in future periods the Directors may consider a number of factors, including the general business environment, the operating results and financial condition of MainstreamBPO, future funding requirements, capital management initiatives, tax considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company, and any other factors the Directors may consider relevant.

No guarantee can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. Please read the Forecast Financial Information in conjunction with the assumptions underlying its preparation as set out in Sections 4.3 and 4.6 and the risk factors set out in Section 5. Investors who are not residents of Australia and who acquire Shares may be subject to Australian withholding tax on dividends or other distributions paid in respect of the Shares. Prospective investors who are not residents of Australia should consult with their own tax advisers regarding the application of the Australian withholding or other taxes to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of the Shares.

5 Key Risks

5.1 Introduction

By investing in the Company, you will be exposed to a number of risks.

This Section outlines certain foreseeable risks associated with MainstreamBPO and its operations. If any of the risks actually occur, MainstreamBPO's business, financial condition, operating results and prospects could be materially and adversely affected. In that event, the market price of the Shares could decline, and you could lose part or all of your investment.

The selection of identified risks is based on an assessment of the probability of a risk occurring and its potential impact if it did occur. It does not list every risk associated with an investment in MainstreamBPO. These risks were identified by the Directors as at the Prospectus date. Some of these risks can be mitigated by the use of safeguards and appropriate controls within the Company's risk management framework. However, many of the risks are outside the control of the Company and cannot be mitigated.

Risks that the Directors believe are key risks are described in Section 5.2. They include people, process and technology related risks as described in the Company's risk matrix framework. Senior management and the Directors focus on these risks when managing MainstreamBPO's business as they have the potential, if they occurred, to result in significant consequences for the Company and an investment in it. General risks that are regarded by the Directors as potentially material are described in Section 5.3 and risks that are specific to the Offer and to holding Shares are described in Section 5.4 and 5.5.

There is no guarantee or assurance that the identified risks will not change or that other risks will not emerge.

No assurances can be made that MainstreamBPO will deliver on its business strategy, that the forecasts or any forward looking statement will be achieved or realised or that historic performance is any indicator of future performance.

Before an application is made for Shares, prospective investors should be satisfied that they have an adequate understanding of the risks involved in making an investment in the Company. Relevant considerations may include whether an investment is suitable based on their financial position, taxation position and investment objectives. If an investor requires clarification on any part of the Prospectus or has doubts as to whether an investment is suitable based on their personal circumstances, it is recommended that they seek professional advice and/or guidance from a solicitor, stockbroker, accountant or other independent and qualified professional adviser before making a decision to invest.

5.2 Business risks

5.2.1 Forecast growth not realised

MainstreamBPO has projected growth across all of its major business units. To meet the prospectus forecasts set out in Section 4.3.1, the Company needs to successfully retain existing business and capture new business.

There is no guarantee that MainstreamBPO will achieve its projected growth in any of its business units as the Company may lose sales pitches or existing client contracts. Revenue growth may be impacted if expansion in Funds under Administration is slower than forecast or if commencement services under new clients contracts are delayed. These risks are inherent in MainstreamBPO's business model.

MainstreamBPO is targeting to grow revenue at a greater rate than expenses. There is a risk that expenses cannot be contained to this level and will exceed the forecast.

5.2.2 Failure to meet agreed service levels

MainstreamBPO has service level agreements in place with its clients. If the Company fails to deliver the agreed services in a timely manner, makes errors, or breaches security of personal information held for its clients, then compensation may need to be paid to the impacted parties.

In mitigation of this risk, the Company has in place professional indemnity insurance. Accordingly, any claim against the Company is limited to one that either falls outside the scope of the cover or exceeds the limit on the policy.

5.2.3 Increased competition

MainstreamBPO competes against both global custodians and boutique independent administrators, amongst others. These competitors are continuously investing in new services and features to supplement their existing offerings which compete with the Company. An increase in competitive pressure could result in decreased revenues and profit margins and increased expenses, including salary increases in an effort to retain staff. These factors could result in MainstreamBPO failing to meet its revenue or profit forecasts.

5.2.4. Changes in the regulatory environment in key markets

The wealth management sector is heavily regulated. As a service provider to this sector, MainstreamBPO is exposed to changes in laws and regulation by relevant parties including the Australian Securities and Investments Commission, Australian Prudential Regulation Authority, Australian Transaction Reports and Analysis Centre and the Australian Taxation Office within Australia, the Monetary Authority of Singapore in Singapore and the Hong Kong Securities and Futures Commission in Hong Kong. Regulations give rise to risks such as:

- increased regulatory capital requirements;
- loss or denial of required licences such as AFSLs;
- increasing cost of compliance with relevant regulations (both directly and indirectly through changing business practices);
- breaches of law;
- criminal and/or civil lawsuits;
- increased client verification requirements; and
- increased cost of maintaining systems and the need for possible system upgrades in order to meet emerging requirements.

Additionally, tax rules relating to superannuation are subject to change and could potentially manifest as a change in the level or basis of taxation. Any unfavourable changes in laws and regulations, and the Company's ability to implement any required changes in a timely manner, may have the potential to adversely affect the Company's ability to offer certain services which could impact its revenues.

To minimise any such adverse effects, the Company continues to monitor these changes and to implement appropriate amendments to its processes or systems changes.

5.2.5 Australian Financial Services Licences

Both FundBPO and SuperBPO are Australian Financial Services Licence (**AFSL**) holders. The loss of a licence or licences or the imposition of new conditions or enforceable undertakings could limit or restrict the Company's ability to conduct certain divisions of its business. MainstreamBPO continuously monitors its operating policies to ensure ongoing compliance with the requirements of its AFSLs. The Company also undergoes regular compliance audits and has not been in breach of the terms of its licences.

5.2.6 Foreign market risk

MainstreamBPO currently has subsidiaries in Hong Kong and Singapore. MainstreamBPO may undertake further acquisitions of businesses operating in overseas markets. This exposes the Company to adverse movements in exchange rates. Foreign markets also have different market, licensing and regulatory requirements relative to Australia. In the event that MainstreamBPO is unable to manage its offshore operations adequately, there may be an adverse impact on its revenues and earnings.

5.2.7 Loss of key clients or loss of business by key clients

MainstreamBPO is exposed to the loss of key clients and/or a loss of business by its key clients, noting that the five largest clients currently account for approximately half of the Group's revenue. The loss of key clients to other back office providers, through insourcing of services, or from closure of the relevant client's fund, could adversely affect the business and its operating results.

5.2.8 Operational risk

The operations of the Company may be affected by various factors including failures in internal controls and financial fraud. To the extent that such matters may be in the control of the Company, the Company aims to mitigate these risks through separation of duties, quality checks and supervision. However, there is no guarantee these will always be successful. While the Company currently maintains insurance within ranges of coverage consistent with industry practice, no guarantee can be given that the Company will be able to continue to obtain such insurance coverage at reasonable rates (or at all), or that any coverage it obtains will be adequate and available to cover any such claims.

5.2.9 Software, technology and system related risks

MainstreamBPO and its clients rely on the performance and availability of third party software. The ongoing performance of this software is key to the Company's service delivery to clients and therefore its ability to generate revenue. A cyber attack or failure of either the software or the technology that underpins it could result in MainstreamBPO being unable to meet contractual and service level obligations, unauthorised system use, data integrity issues or data loss, integration issues with other systems and third parties and increased costs.

The Company seeks to mitigate the potential impact of technology failures or interruptions to its availability by having established business continuity and disaster recovery planning in place. However there remains a risk that a system failure may result in a loss of an existing client and/or the ability to attract new clients.

5.2.10 Risks associated with acquisitions

MainstreamBPO has undertaken a number of acquisitions in recent financial years and is seeking to acquire further businesses to integrate into its existing operations. Such acquisitions can create integration risk, pricing risk, reputational risk and a variety of other issues including disaffected clients, directors and employees of the acquired business.

5 Key Risks

These issues can potentially have adverse consequences from a strategic, financial and/or operational perspective. The Company will draw on its past experience to mitigate the risks within the control of the Company, such as seeking to retain key acquired staff within the combined business.

5.2.11 Key person risk

MainstreamBPO's success, in part, depends upon the continued performance, efforts, abilities and expertise of its key management personnel, as well as other management and technical personnel, including those employed on a contractual basis. The loss of the services of certain personnel could adversely affect the time frames and cost structures as currently envisaged for the Company's business.

If one or more of the senior executives or other personnel of the Company are unable or unwilling to continue in their present positions, MainstreamBPO may not be able to replace them easily and its business may be disrupted and its financial condition and results of operations may be materially and adversely affected. The risks associated with these key executives have been mitigated, to a certain extent, through service agreements, succession planning and through key employees owning or acquiring equity in MainstreamBPO.

5.2.12 Failure to retain or attract appropriately qualified employees

The Company is reliant on its ability to attract and retain appropriately skilled and qualified employees. If the labour market becomes more competitive then it may become more difficult to retain appropriately skilled employees at existing salary levels. That could in turn increase costs and have adverse implications on MainstreamBPO's pricing and profitability. The Company attempts to mitigate this risk, where possible, through its intern recruitment program which provides a 'pool' of early career professionals to progress through the organisation.

5.2.13 Contractual risks

There is a risk that the business could be disrupted where there is a disagreement or dispute in relation to a term of a key contract. Should such a disagreement or dispute occur, this may have an adverse impact on the Company's operations and performance generally. It is not possible for the Company to predict or protect itself against all such risks.

The Company and/or its subsidiaries have entered into contracts with companies which are governed by the laws of different jurisdictions. Should a contractual dispute result in court action or should the Company be in a position to require the enforcement of the security interests it holds, the procedure in courts in overseas jurisdictions may be different than in Australia.

Most of MainstreamBPO's material contracts contain termination for convenience clauses and there is also a risk that existing clients choose not to renew current contractual arrangements at the expiry of the current contract.

Any termination of contracts or failure to renew may materially impact the Company's financial performance. The Company currently mitigates some of these risks by negotiating prepayment or a transition fee on material contracts and requiring at least 90 days' written notice of termination.

5.2.14 Third party and outsourcing risk

The operations of the Company require the involvement of a number of third parties, including data suppliers, software providers, custodians, contractors and clients.

Financial failure, data inaccuracy, default or contractual non-compliance on the part of such third parties may have a material impact on the operations and performance of the Group. It is not possible for the Company to predict or protect the Group against all such risks.

5.2.15 Protection of intellectual property and know-how

MainstreamBPO is reliant on various intellectual property and know-how to maintain its competitive position in the market, particularly in relation to the application of information technology to process multiple types of transactions in a highly compliant manner. A failure to protect this intellectual property and maintain this know-how, and/or third parties claiming the Company is infringing their intellectual property rights could result in an erosion of the quality of MainstreamBPO's services, its competitive position, margins and profitability.

5.2.16 Reputational risk

MainstreamBPO relies heavily on its reputation and the quality of its services to grow and retain its clients. Any adverse customer experience, inappropriate behaviours of employees, management, Board members, or a number of other people matters, could negatively affect the Company's reputation and therefore a client's preparedness to use its services.

5.2.17 Potential future funding issues

The Company's ability to effectively implement its business strategy over time may depend in part on its ability to raise additional funds. There can be no guarantee that any such equity or debt funding will be available to the Company on favourable terms or at all. If adequate funds are not available on acceptable terms, the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

5.2.18 Financial assurances

The Company, in the ordinary course of its operations and developments, is required to issue financial assurances, particularly insurances and bond/ bank guarantee instruments to secure statutory performance undertakings and commercial arrangements. The Company's ability to provide such assurances is subject to external financial and credit market assessment and its own financial position.

5.2.19 Execution risk

There is a risk that MainstreamBPO does not achieve its growth forecasts due to inadequate execution of its business strategy. Furthermore, if the Company fails to complete the addition of new functionality to its systems and to operate those services at a standard that will retain clients and attract new clients then there is a risk that the forecast revenue will not be achieved. This risk also includes a failure to properly reflect the agreed terms of service and pricing in contracts with clients and then to perform in accordance with the terms of the contract.

5.2.20 Contractors

The Directors are unable to predict the risk of the insolvency or management failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Group for any activity.

5.2.21 Changes in MainstreamBPO's business model

Significant changes to the wealth management sector or changes to MainstreamBPO's position in the industry could result in a need for the Company to revisit its strategy and organisational structure. If such a strategic or operational realignment is needed, it could result in a wide range of potential issues for the Company. The issues that could arise may include new business lines and functionalities being more costly or difficult to implement than expected, the new strategy or structure not performing as expected or customer losses or dissatisfaction by clients and/or shareholders by the change in direction. This could result in a loss of revenue, confidence or increases in costs, which could decrease profitability.

5.2.22 Financial instability and balance sheet strength

As a consequence of both working capital requirements and customer requirements, MainstreamBPO is reliant on the strength of its balance sheet. A failure to maintain balance sheet strength could result in either a loss of existing customers, a failure to attract new customers or a loss of operational flexibility. At worst, the Company could fail to meet its financial regulatory obligations. This could result in MainstreamBPO experiencing reductions in profitability and having a reduced ability to meet its revenue or profit projections.

5.2.23 Change of control

FundBPO Pty Ltd (FundBPO), a subsidiary of the Company, has entered into a software license agreement with DST International Pty Ltd (DST) which provides that in the event of a change of control of FundBPO, it must pay to DST an amount equal to the greater of 10% of the proceeds of the sale giving rise to the change of control or $1 million. As the IPO of MainstreamBPO does not give rise to a change of control in FundBPO, the IPO does not trigger this liability. The risk remains that a change in control of FundBPO in the future will trigger the payment.

5.3 General risks

5.3.1 Impairment of intangible assets

Intangible assets created on acquisition are held on MainstreamBPO's balance sheet. Should an acquired business fail to perform as expected then this could result in a decrease in value of the intangible assets held and may thus result in write downs.

5.3.2 Litigation risk

The Company is not currently involved in any material litigation and is not aware of any facts or circumstances that may give rise to any material litigation. However, given the scope of the Company's activities and the wide range of parties with which it is likely to deal, the Company may be exposed to potential litigation from third parties such as clients, regulators, employees and business associates.

5.3.3 Fraud or theft

There is a risk of fraud and theft if the Company fails to implement sound internal controls over accounting procedures. This risk is mitigated by fully developed sets of controls that are monitored regularly and audited annually by registered external auditors. Nevertheless, fraud and theft could have an adverse impact on MainstreamBPO's operations if it led to loss of money for investors, potential regulatory sanction and/or loss of key clients.

5.3.4 Insurance risk

The Company may, where economically practicable and available, endeavour to mitigate some business risks by procuring relevant insurance cover. While the Group will undertake reasonable due diligence in assessing its insurance requirements there remains the risk that the policy provisions and exclusions may render a particular claim by the Group outside the scope of the insurance cover, leading to unforeseen costs. The Group seeks to contract with reputable insurers but does not independently verify their creditworthiness. Accordingly, the risk of default on a claim remains if an insurer fails.

5.3.5 Related party transactions

The Company has some related party transactions, being loan agreements with various of its shareholders or their family to fund growth. See Section 10.7.2 for further details.

There is a risk that the interests of a related party may influence the decision-making of Directors to the detriment of the interests of members of the entity as a whole when an entity is considering whether to enter into a transaction with a related party.

All related party loans are on an arm's length basis and are at terms no less favourable then what would be available to the Company externally and are planned to be repaid out of part of the proceeds of the Offer.

5.3.6 Requirements of a public company

The requirements of being a public company will subject MainstreamBPO to increased costs and could strain resources. As a public company, MainstreamBPO will be subject to increased reporting requirements. Compliance with these rules and regulations will increase legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and increase demand on systems and resources.

The Company has invested resources to comply with laws and regulations, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities.

5 Key Risks

5.4 Risks specific to the Offer

5.4.1 Market factors

The market environment poses risks to MainstreamBPO reaching its Prospectus forecasts. A reduction in asset prices, including local and global share prices, has a direct impact on revenue as some revenue is charged as a percentage of the value of Funds under Administration. Similarly, a reduction in the number of unit holders or members of a fund directly impacts revenue earned on a transaction or per member basis.

5.4.2 MainstreamBPO's Share price being poorly valued

The market value of Shares quoted on ASX may increase or decrease for a variety of reasons that are beyond the Company's control. These reasons may include, but are not limited to, changes in the pricing of comparable stocks, shifts in demand for listed equities, the publication of speculative press commentary or research about the Company, changes to general economic conditions, changes in interest rates, exchange rates, commodity prices, domestic or international changes to fiscal, monetary or regulatory policy, changes in legislation or regulations, shifts in industry dynamics and changes to the operating environment.

In general, factors such as terrorism, international hostilities, natural disasters such as earthquakes, fires or floods, labour strikes, civil wars, outbreaks of pandemics or other similar issues may negatively affect investor sentiment and influence the Company specifically or the stock market generally (which may have negative implications on the pricing of MainstreamBPO).

These reasons or factors, amongst others, may result in the Shares trading below the Offer Price and no guarantee can be made that the price of Shares will increase following quotation on ASX, even if MainstreamBPO's earnings forecasts are met or exceeded.

5.4.3 Liquidity risk

MainstreamBPO's Shares are currently not traded on any public market exchange. That, combined with the Company's expected status as a small-cap stock and that the offer is for a minority stake in the Company, dictates that there can be no guarantee that an active market will develop for the Shares or that the price of Shares will increase. This lack of history and size could potentially also dictate that there may be few investors who will buy or sell the Shares at any time, which could decrease liquidity and increase price volatility. This may result in shareholders receiving a price for their Shares lower than that paid.

Following the Offer's completion, the Director Related Shareholders will hold a minimum of approximately 70% of the issued capital of MainstreamBPO, which will make the Director Related Shareholders the largest Shareholders following completion of the Listing. The Director Related shareholders will have escrowed 60,864,000 Shares as a consequence of entering into escrow arrangements. The escrowed Shares will be 81.6% of Shares on issue if the minimum subscription is achieved or 69.9% if the maximum subscription is achieved. The escrow period for 30,432,000 Shares will end when the FY2016 result is released and for 30,432,000 Shares will end 24 months from quotation of the Company's Shares on ASX, with the exceptions described in Section 10.8. The absence of sales during the escrow period may contribute to limited liquidity in the market for the Company's Shares.

Following the release of the escrowed Shares and the vesting of ESP Awards, the released and newly created Shares will be able to be freely traded on ASX. Should the holders of those Shares wish to sell their interests or the market perceive that holders are divesting, it could adversely impact the trading price of MainstreamBPO's Shares.

5.4.4 Risk of shareholder dilution

MainstreamBPO may seek to issue Shares to raise capital for either working capital or to fund acquisitions within the constraints of the Listing Rules (other than where exceptions apply). This may result in the dilution of existing shareholders.

5.5 Risks associated with holding shares

5.5.1 Price of Shares may fluctuate

The trading price of MainstreamBPO's Shares could be volatile or fluctuate in response to a wide range of events, some of which are beyond the Company's control and may not be related to its operating performance. Factors which may cause the Share price to rise and fall include, but are not limited to, changes in Australian and international stock markets and investor sentiment, domestic and international economic conditions and outlook, inflation rates, interest rates, employment and changes to government policy, regulation or legislation.

MainstreamBPO is unable to forecast the market price for Shares and they may trade on the ASX at a level below that of the Offer Price.

5.5.2 Exposure to changes in tax rules or their interpretation

Tax rules relating to both equity investments and superannuation holdings are subject to change and could potentially manifest as either a change in the level or basis of taxation. An investment in Shares may also have different tax implications for each shareholder. As such, each prospective shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

5.5.3 Payment of dividends

Payment of future dividends and franking credits will depend on matters such as the future profitability and financial position of the Company, the Company having sufficient franking credits in the future and the other risk factors set out in this Section. There can be no guarantee that the Group will achieve profitability in the future and be able to pay any dividend.

6 Key Individuals, Interests and Benefits

6.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Experience and background

Byram Johnston OAM
Chairman and Managing Director

Byram co-founded MainstreamBPO's operations in 2006 as its Chief Executive Officer before assuming his current role of Executive Chairman and Managing Director in 2015.

Byram has more than 40 years of professional experience across a range of corporate and business leadership roles.

During his 30 years as a Management Consultant, he has held a number of senior roles including Managing Partner at Andersen Consulting, Managing Partner, Sydney at Arthur Andersen, Managing Partner, APAC at A.T. Kearney and Managing Partner, APAC at PA Consulting.

Over the last 14 years he has established a number of business process outsourcing operations including FinancialBPO and MainstreamBPO. He has also held the role of Chairman of ASX listed entities Greencap Ltd and Powerlan Ltd.

He is currently an independent member of ASIC's Audit Committee and has previously served on the boards of the NSW Council for Cost of Government, the Garvan Research Foundation and the Australian Motor Sport Foundation.

Byram is a Fellow and past president of the Institute of Chartered Accountants Australia. He holds a Bachelor of Economics Degree from the University of Sydney.

Byram was awarded an Order of Australia in 2004 for services to the accounting, medical research and motor sport industries.

Martin Smith
Chief Executive Officer, FundBPO

Martin co–founded MainstreamBPO's operations in 2006 and is the Chief Executive Officer of FundBPO.

Martin's professional experience includes more than 20 years of accounting, consulting and business leadership experience

He has held roles including Chief Operating Officer at FinancialBPO, manager at Andersen Business Consulting and Financial Controller at Liquorland – Coles Myer.

Martin holds a Bachelor of Business, a Masters of Commerce and is a Certified Practising Accountant.

Michael Houlihan
Chief Executive Officer, SuperBPO

Michael has worked for MainstreamBPO subsidiary SuperBPO since 2010 and joined the Board in 2015.

Michael's professional experience includes more than 20 years of senior leadership in superannuation and financial services.

He has held roles including Head of Product and Technical Services at both JBWere Investment Management and Vanguard Investments Australia, Senior Consultant and Administration Manager at Buck Consultants and Senior Administrator at Australian Eagle Insurance as well as running his own business Australian Money Planners.

Michael holds a Diploma of Superannuation Management from Macquarie University and a Graduate Certificate of Business Administration from the University of Southern Queensland.

6 Key Individuals, Interests and Benefits

John Plummer
Non-Executive Director

John joined the MainstreamBPO Board in 2015.

John's professional experience includes more than 30 years of strategy, outsourcing, investment and business leadership experience.

John has held executive and non–executive roles with Chandler Macleod Ltd, retiring as Deputy Chairman this year, following the acquisition of the company by overseas interests.

John is Director of Kinetic Super. He has previously served on the board of listed investment companies and as Chairman of AIFA Ltd (on–line education services).

John is a past National President and life member of the Recruitment and Consulting Services Association and a Fellow of the Governance Institute of Australia.

He holds a Bachelor of Commerce (Marketing) from the University of New South Wales and a Masters of Business Administration from Macquarie University.

Lucienne Layton
Non-Executive Director

Lucienne joined the MainstreamBPO Board in 2015.

Lucienne's professional experience includes more than 25 years of experience in financial services covering a range of corporate roles including Chief Risk and Compliance Officer and General Counsel. As an executive she has provided leadership for two major acquisitions and mergers and has led significant change and transformation programs.

She has held roles including Executive General Manager of Corporate Services at Superpartners, Transformation Director, Risk and Control Frameworks at Westpac, Partner of Risk Advisory at PricewaterhouseCoopers and a Senior Executive at ASIC with responsibility for consumer protection.

Lucienne is a graduate member of the Australian Institute of Company Directors and has been a Board Member and Member of Board Committees in the Industry Association and Not for Profit spaces over a number of years.

Lucienne holds a Bachelor of Commerce and a Bachelor of Laws from the University of New South Wales, a Master of Laws from the University of Sydney, and an MBA (Executive) and a Graduate Diploma in Change Management from the Australian Graduate School of Management.

6.2 Senior management

Byram Johnston
Chairman and Managing Director

Refer to Section 6.1

Martin Smith
Chief Executive Officer, FundBPO

Refer to Section 6.1

Michael Houlihan
Chief Executive Officer, SuperBPO

Refer to Section 6.1

Justin O'Donnell
Chief Financial Officer and Company Secretary

Justin commenced work at MainstreamBPO as the Chief Financial Officer in 2014.

Prior to joining MainstreamBPO, Justin held roles at NYSE listed technology company Cyan Inc and PwC.

Justin holds a Bachelor of Business from the University of Technology, Sydney. He is a Chartered Accountant in Australia and a Certified Public Accountant in the USA.

6.3 Interests and benefits

This Section 6.3 sets out the nature and extent of the interests and fees of certain persons involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- Director or proposed Director of MainstreamBPO;
- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of MainstreamBPO; or
- Lead Manager to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or in the two years before lodgement of this Prospectus with ASIC has held an interest in:

- the formation or promotion of the Company;
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion, or in connection with the Offer; or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such person for services in connection with the Offer or to any Director or proposed Director to induce them to become, or qualify as, a Director.

6.3.1 Directors' interests and remuneration

The following statements apply to all Directors of MainstreamBPO other than as stated in this Section and elsewhere in this Prospectus:

- other than Shares granted under the ESP and the compensation listed below, no amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or to qualify as, a Director of the Company.
- no Director or proposed Director of the Company holds, or has held at any time in the two years before lodgement of this Prospectus with ASIC, an interest in:
  - the formation or promotion of the Company;
  - the Offer of the Company's securities; or
  - property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer.
- no Director was paid or given, or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of the Company or the Offer.
- all Directors have confirmed they have sufficient availability of time to perform their roles.

The Constitution provides the following in relation to the remuneration of Directors:

- Directors are to be paid such aggregate Directors' fees as the Company in a general meeting determines, to be divided among them as agreed. The current aggregate Directors' fees are $320,000, capped at $500,000;
- if a Non-Executive Director performs services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director, the Company may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. Directors are also entitled to their reasonable travel, accommodation and other expenses incurred in attending Company or Board meetings, or meetings of any committee engaged in the Company's business; and
- each Executive Director is to be paid an amount of remuneration determined by the Board. The remuneration of Executive Directors is determined by the Directors after recommendations are received from the remuneration committee. Under the Listing Rules an Executive Director's remuneration may not be a commission on, or a percentage of, operating revenue.

Below is a table detailing the total compensation each Director of MainstreamBPO is entitled to receive at the date of this Prospectus in relation to their duties as a Director and their annual remuneration in relation to employment with Mainstream BPO or one of its subsidiaries as applicable:

Director	Directors' fees per annum	Remuneration per annum	ESP Performance Rights [1]
Byram Johnston	$120,000	$230,000	390,000
Martin Smith	$50,000	$350,000	500,000
Michael Houlihan	$50,000	$300,000	300,000
John Plummer	$50,000	–	–
Lucienne Layton	$50,000	–	–

1 Refer to Section 9.4 for details of the vesting conditions of ESP Performance Rights.

6.3.2 Directors' interests in the Company's Shares

The table below sets out each Director's direct and indirect shareholding in the Company following the Offer:

Directors	Direct Shares	% of direct Shares [1]	Indirect Shares	% of indirect Shares [1]
Byram Johnston [2]	–	–	23,680,000	31.75%
Martin Smith [3]	–	–	25,600,000	34.33%
Michael Houlihan	–	–	–	–
John Plummer	11,584,000	15.53%	–	–
Lucienne Layton	–	–	–	–

1 Assuming the Shares on issued based on the minimum subscription amount of $5.0 million and successful completion of the Buy-Back (see Section 10.7.3).
2 Shares held indirectly via Johnston Bros Pty Ltd as Trustee of the Mainstream Investment Trust, of which Byram Johnston is a director.
3 Shares held indirectly via Sodor Holdings Pty Ltd as Trustee of the Sodor Investment Trust, of which Martin Smith is a director.

6.3.3 Deeds of access, insurance and indemnity

The Company has entered into deeds of indemnity, insurance and access with each Director which confirm each person's right of access to certain books and records of MainstreamBPO for a period of seven years after the Director ceases to hold office. This seven year period may be extended where certain proceedings or investigations commence before the seven year period expires. The deed also requires the Company to provide an indemnity for liability incurred as an officer of the Company and its subsidiaries, to the maximum extent permitted by law.

Indemnification: Pursuant to the Constitution, the Company is required to indemnify Directors and officers, past and present, against liabilities allowed under law. Under the deeds of indemnity, insurance and access, the Company indemnifies each Director against all liabilities to another person that may arise from their position as a Director of the Company to the extent permitted by law. The deed stipulates that the indemnity will be for amounts that the Director is not otherwise indemnified for, including reasonable legal costs and expenses.

Insurance: Pursuant to the Constitution, the Company may arrange and maintain directors and officers insurance for its Directors to the extent permitted by law. Under the deed of indemnity, insurance and access, the Company must obtain such insurance during each Director's period of office and for a period of seven years after a Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven year period expires.

6.4 Executive and Employee Incentive Arrangements

The Company has put in place an employee share plan (ESP). The ESP is a plan under which Directors, senior management and employees may be allocated Awards as a means of:

- attracting, motivating and retaining Eligible Employees
- delivering rewards to Eligible Employees for individual and Company performance
- allowing Eligible Employees the opportunity to become Shareholders
- aligning the interests of Eligible Employees with those of Shareholders.

The ESP allows for the Board to invite an Eligible Employee to participate in a grant of Awards under the terms of the Plan.

The Company has currently devised four offers under the plan:

- **Directors' Share Offer (DSO)** – comprising Performance Rights, which vest subject to measures tied to the Company's future share price (refer Section 9.4.1)
- **Senior Management Offer (SMSO)** – comprising of Performance Rights granted to Executive Directors and various members of MainstreamBPO's senior management, subject to various performance measures tied to the Company's future profitability and KPIs (refer Section 9.4.2).
- **Management Share Offer (MSO)** – comprising the issue of Shares to the broader management team in lieu of cash bonuses. Shares issued pursuant to the MSO may be subject to trading restrictions (refer Section 9.4.3).
- **Employee Gift Offer (EGO)** – provides for Eligible Employees to be granted up to $1,000 worth of Shares for nil consideration.

The rules of the ESP (**Plan Rules**) provide the framework under which the Plan and individual grants will operate. The key features of the MainstreamBPO ESP are outlined in Section 9.4.4.

As at the date of the Prospectus, the following Directors have been issued with the following Performance Rights (refer to Sections 9.4.1 and 9.4.2 for further information).

Director	Director Share Offer [1]	Senior Management Share Offer [1]	Total ESP Performance Rights
Byram Johnston	240,000	150,000	390,000
Martin Smith	100,000	400,000	500,000
Michael Houlihan	100,000	200,000	300,000

1 Refer to Section 9.4.1 and 9.4.2 for details of the vesting conditions of ESP Performance Rights.

6.5 Corporate Governance

The Company's corporate governance principles are structured with reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition) with 2014 Amendments (ASX Corporate Governance Principles).

The principles recommended by the ASX Corporate Governance Council are:

Principle 1 – Lay solid foundations for management and oversight

The Board is responsible for the overall corporate governance of the Company. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy including approving the strategic goals of the Company and its corporate governance. The Board is committed to maximising performance, generating appropriate levels of shareholder value and financial return and sustaining the growth and success of the Company.

In conducting business, the Board's objective is to ensure that the Company is properly managed to protect and enhance shareholder interests, and that the Company, its Directors, officers and employees operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The role of the Board is set out in the Board Charter and Committee Charters.

Principle 2 – Structure the Board to add value

The Company has a five-member Board comprising an Executive Chairman, two Executive Directors and two Non-Executive Directors. Together, the Directors have a broad range of experience, expertise, skills, qualifications and contacts relevant to the Company and its business. The Company believes it is in its best interests to maintain a small but efficient board of Directors with at least two Non-Executive Directors. One of the Company's five Directors is independent and has significant sectorial experience.

Principle 3 – Promote ethical and responsible decision making

This principle deals with a code of conduct for the Company, including the level of integrity of its Directors and employees, the legal obligations of the Company and the responsibility of investigating and reporting unethical practices.

Consistent with the Company's principles and values, the Board has developed a code and policies governing director and employee conduct as well as dealing in the Company's securities. The Company has also adopted a policy of diversity (including gender diversity) to take into account the amendments to the Guidelines.

The purpose of these code and policies is to guide Directors and employees in the performance of their duties and to define the circumstances in which both they and management, and their respective associates, are permitted to deal in securities. The code and policies have been designed with a view to ensuring the highest ethical and professional standards, as well as compliance with legal obligations.

Principle 4 – Safeguard integrity in financial reporting

The Board has established a committee to undertake the selection and proper application of accounting policies, the integrity of financial reporting, the identification and management of risk and review of the operation of the internal control systems.

Principle 5 – Make timely and balanced disclosure

The Board has adopted a continuous disclosure policy and procedures to ensure compliance with ASX Listing Rule disclosure requirements. The Board's continuous disclosure policy is available on the Company's website at www.mainstreambpo.com.

Principle 6 – Respect the rights of shareholders

The Company is committed to providing regular communication to Shareholders about the financial performance of the Company and its business and operations. Annual reports are to be provided to Shareholders, except those who request not to receive a copy. The Board intends to communicate with Shareholders regularly and clearly by electronic means as well as by traditional methods. Shareholders are encouraged to attend and participate at general meetings. The Company's auditor will attend the annual general meeting and will be available to answer Shareholders' questions.

Principle 7 – Recognise and manage risks

The Board oversees the Group's risk profile based on a risk and compliance framework developed by the Group. The financial position of the Group and matters of risk are considered by the Board on a frequent basis. The Board is responsible for ensuring that controls and procedures are in place to identify, analyse, assess, prioritise, monitor, and manage risk and are continuously being maintained and adhered to.

Principle 8 – Remunerate fairly and responsibly

The objective of the Group's remuneration framework is to ensure reward for performance is competitive and appropriate to the results delivered. The framework aligns executive reward with the creation of value for shareholders, and conforms to market best practice.

The Board ensures that executive rewards satisfy the following key criteria for good reward governance practices:

› competitiveness and reasonableness
› acceptability to the shareholders
› performance linked
› transparency
› capital management

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

The following is a summary of policies and procedures that have been adopted by the Company further to the ASX Corporate Governance Principles:

Board Charter

The Board Charter sets out the role, structure and responsibilities of the Board. The Company has adopted the charter (which will be reviewed and amended from time to time as the Board considers appropriate) in order to promote good governance and protect the interests of the Company for the benefit of its Shareholders, employees, customers and the broader community.

Audit and Risk Committee Charter

The Audit and Risk Committee Charter details the role of the internal committee which is to oversee the processes for financial reporting and compliance, risk management, external audit and budget review.

Remuneration and Nominations Committee Charter

The Nomination and Remuneration Committee Charter outlines the role of the internal committee which is to assist the Board in decision making by reviewing and making recommendations in relation to the appointment of new Directors (both executive and non-executive), senior executives, the structure of remuneration packages to attract and motivate high performers, the design of the equity-based initiative plans and other employee benefit programs.

Code of Conduct

The Code of Conduct sets out the Company's values, guiding principles and expected standards of behavior to be observed by all employees of the Group. The Code of Conduct outlines requirements in respect of a range of issues including customer service, use of company resources and internet, protection of the Company's reputation and Intellectual Property, dealing with securities and conflict of interest and bullying, harassment and discrimination.

Share Trading Policy

The Share Trading Policy sets out the Company's policy with regard to trading in Company securities. The policy applies to all Directors, key management personnel and other employees of the Company and their associates. The policy outlines the general prohibition on insider trading, restrictions on trading, how permission to trade must be sought, what are trading windows and closed periods for trading, and how proposed trading in securities must be notified to the Company.

Diversity Policy

The Diversity Policy recognises the benefits of diversity and expresses the Company's commitment to diversity. It further provides a framework for the Company to set measurable objectives for achieving diversity and sets out the Company's strategies to achieve diversity.

Continuous Disclosure Policy

The Continuous Disclosure Policy sets out how the Company will comply with the continuous disclosure requirements of the ASX Listing Rules and how shareholders are to be informed of all material developments in respect of the Company.

Copies of these charters, codes and policies are available in full on the Company's website at www.mainstreambpo.com.

You are also able to obtain, free of charge, a copy of each of the above corporate governance policies and procedures by contacting the Company at its registered office during normal business hours during the Offer Period.

Following admission to the Official List of the ASX, the Company will report any departures from the ASX Corporate Governance Principles in its annual report.

6.6 Board committees

The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit and Risk Management Committee and a Remuneration and Nomination Committee, and other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of MainstreamBPO, relevant legislative and other requirements and the skills and experience of individual Directors.

6.6.1 Audit and Risk Management Committee

Under its charter, this committee must have at least three members, the Chair will be a Non-Executive Director. Lucienne Layton will act as chair. Bryan Johnston (as Director), John Plummer (as Director), Justin O'Donnell (as Company Secretary) and the Company's external auditor will also attend Audit Committee meetings.

In accordance with its charter, it is intended that all members of the committee should be financially literate, and at least one member should have relevant qualifications and experience. The primary role of this committee includes:

› overseeing the process of financial reporting risk management and compliance and external audit;

› encouraging effective relationships with, and communication between, the Board, management and the Company's external auditor;

› evaluating the adequacy of processes and controls established to identify and manage areas of potential risk; and

› seeking to safeguard the assets of the Company.

The Company's external auditing firm is independent. The committee will review and assess the independence of the external auditor on an annual basis. To the extent possible, the Board intends to comply with the recommendations set by the ASX Corporate Governance Council in relation to composition and operation of the Audit and Risk Management Committee.

6.6.2 Remuneration and Nomination Committee

Under its charter, this committee must have at least three members, of which the Chair must be a Non-Executive Director. John Plummer will act as chair, Lucienne Layton (as Director) and Justin O'Donnell (as Company Secretary and Chief Financial Officer) will also sit on this committee.

The main functions of the committee are to assist with establishing and maintaining a Board of effective composition, size, diversity, expertise and commitment to adequately discharge its responsibilities and duties, and conduct reviews and make recommendations in relation to attracting, selecting, recruiting, retaining, structuring the remuneration and planning the succession of directors and senior executives.

7 Details of the Offer

7.1 Key Offer dates[1]

Lodgement of Original Prospectus with ASIC	**14 August 2015**
Lodgement of Replacement Prospectus with ASIC	**21 August 2015**
Offer opens	**26 August 2015**
Offer closes (Closing Date)	**15 September 2015**
Issue of Shares (Completion of the Offer)	**18 September 2015**
Expected dispatch of shareholder holding statements	**18 September 2015**
Expected commencement of trading of Shares on ASX	**23 September 2015**

7.2 Description of the Offer

The Offer is an initial public offering at $0.40 per Share with a minimum subscription of 12,500,000 Shares to raise approximately $5.0 million and a maximum subscription of 25,000,000 Shares to raise approximately $10.0 million.

On completion of the Offer:

- total number of Shares on issue will be 74.58 – 87.08 million; and
- the Shares offered under this Prospectus will represent approximately 16.8% – 28.7%, based on the maximum subscription of the issued capital of the Company, as set out in the table in Section 7.12.

All Shares being offered under this Prospectus will be issued at the Offer Price and will rank equally with each other. The Shares are fully paid ordinary Shares in the Company and will, once issued, rank equally with all other Shares on issue as at the date of this Prospectus. A summary of the rights attached to the Shares is set out in Section 9.3.

7.3 Minimum subscription

There will be a minimum subscription of 12.5 million Shares to raise approximately $5.0 million.

7.4 No underwriting

The Offer is not underwritten.

7.5 Structure of the Offer

The Offer comprises:

- the Institutional Offer, which consists of an invitation to bid for Shares made to institutional investors in Australia, New Zealand and certain overseas jurisdictions;
- the Broker Firm Offer, which is only open to investors who have a registered address in Australia and who have received a firm allocation from their broker;
- the Employee Gift Offer and the Employee Offer, which is only open to Eligible Employees; and

1 The Company by agreement with the Lead Manager, reserves the right to vary any and all of the above dates and times without notice (including, subject to the Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Applications received under the Offer are irrevocable and may not be varied or withdrawn except as required by law. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No cooling-off rights apply to the Offer. The admission of the Company to the Official List and the commencement of quotation of the Shares are subject to confirmation from ASX.

- the General Offer made to members of the general public who have a registered address in Australia. The allocation of Shares between the Broker Firm Offer, the Institutional Offer and the General Offer will be determined by the Lead Manager in consultation with the Company, having regard to the allocation policy described in Section 7.8 to Section 7.11.

The Offer is being managed by Bligh Capital Securities Pty Limited.

7.6 Purpose of the Offer

The purpose of the Offer is to:

- raise funds to allow MainstreamBPO to pursue future growth opportunities
- achieve Listing on the ASX to broaden the Company's Shareholder base and provide a liquid market for its Shares
- provide an opportunity for the existing shareholders to realise a small part of their investment (via the Buy-Back)
- provide MainstreamBPO with access to capital markets, which it expects will give it added financial flexibility and capacity to pursue its growth and acquisition strategy
- provide the broader business with the benefits of an increased profile, transparency and credibility from being a listed entity
- repay shareholder and related party loans
- pay for the transaction costs associated with a listing on ASX
- assist MainstreamBPO in attracting and retaining quality staff

7.7 Planned Use of Offer Proceeds

The proceeds of the Offer will be applied to:

- acquisitions;
- repay shareholder loans and other interest bearing liabilities;
- provide funds for the pro-rata Buy-Back of 10% of Shares held by each Shareholder participating in the Buy-Back immediately prior to the lodgement of this Prospectus;
- working capital; and
- to pay for the associated costs of the Offer.

The Company has forecast to make a net profit in both FY2015 and FY2016. As such, the Company expects to fund its operations through operational cash flows. Following the Offer, the Company will have sufficient working capital to meet its stated objectives.

The table below sets out in detail the use of the proceeds raised from the Offer, assuming $5.0 million or $10.0 million is raised.

	Minimum Subscription		Maximum Subscription	
Purpose of Funds	$000	% of Funds allocated	($000)	% of Funds allocated
Source of Funds:				
Cash proceeds received for issue of Shares by MainstreamBPO	5,000		10,000	
Total	**5,000**		**10,000**	
Use of Funds:				
Payment of amounts due on prior acquisitions	719	14.4%	5,414	54.1%
Repayment of debt	2,700	54.0%	2,700	27.0%
Pro–rata Buy-Back	768	15.3%	768	7.7%
IPO costs	813	16.5%	1,118	11.2%
Total	**5,000**	**100.00**	**10,000**	**100.00**

Although the proceeds of the Offer are primarily to be used as summarised above, the actual allocation of funds may change depending upon opportunities for suitable acquisitions.

7.8 Institutional Offer

7.8.1 Invitations to bid

The Institutional Offer consists of an invitation prior to or after the date of this Prospectus to certain institutional investors in Australia and New Zealand to apply for Shares under this Prospectus. Application procedures for institutional investors have been, or will be, advised to the institutional investors by the Lead Manager.

7.8.2 Allocation policy under the Institutional Offer

The allocation of Shares among Applicants in the Institutional Offer is determined by the Lead Manager in consultation with the Company. The Lead Manager, in consultation with the Company, will have absolute discretion regarding the basis of allocation of Shares among institutional investors and there is no guarantee that any institutional investor will be allocated any Shares, or the number of Shares for which it has bid.

7.9 Broker Firm Offer

Who may apply?

The Broker Firm Offer is open to investors with a registered address in Australia or New Zealand who have received a firm allocation from their broker.

How to apply?

Applications may only be made on an Application Form attached to or accompanying this Prospectus. If you are an investor applying under the Broker Firm Offer, you should complete and lodge your Application Form with the broker from whom you received your firm allocation.

Application Forms must be completed in accordance with the instructions given to you by your broker and the instructions set out on the reverse of the Application Form.

Please contact your broker for further instructions.

Minimum and maximum Application amount

The minimum Application amount is at least $2,000 and in at least $500 increments thereafter. There is no maximum Application amount.

How to pay

Applicants under the Broker Firm Offer should make payments in accordance with the directions of their broker.

Acceptance of Applications

If you elect to participate in the Broker Firm Offer, your broker will act as your agent in submitting your Application Form and Application Monies to the Registry (which receives them on behalf of the Company).

It will be your broker's responsibility to ensure they are submitted to the Registry by 5.00pm (Sydney time) on the Closing Date (15 September 2015).

The Company takes no responsibility for any acts or omissions by your broker in connection with your Application, Application Form or Application Monies.

Subject to the Broker Firm allocation policy below, an Application may be accepted by the Company in respect of the full amount, or any lower amount than that specified in the Application Form, without further notice to the Applicant. Acceptance of an Application will give rise to a binding contract.

The Company together with the Lead Manager reserves the right to reject any Application under the Offer, subject to the Broker Firm Allocation policy below.

Allocation policy under the Broker Firm Offer

If the value of Applications in the Broker Firm Offer is greater than the value of Shares available in the Broker Firm Offer, Applications will be scaled back. The Company and the Lead Manager have absolute discretion regarding the allocation of Shares to Applicants in the Broker Firm Offer (except as set out below).

Applications relating to firm Shares allocated to brokers for allocation to their clients will not be scaled back by the Company. It will be a matter for the brokers as to how they make firm allocations among their clients, and they (and not the Company) will be responsible for ensuring that clients who have received a firm allocation from them receive the relevant Shares.

Announcement of Allocation Policy under Broker Firm Offer

Successful Applicants will be notified in writing of the number of Shares allocated to them as soon as possible in the form of an initial holding statement. Initial holding statements are expected to be completely dispatched on or around 18 September 2015.

Broker Firm Offer Applicants wishing to find out their allocation prior to receiving an initial holding statement should contact their broker. However, if you are an Applicant in the Broker Firm Offer and sell Shares before receiving an initial holding statement, you do so at your own risk, even if you have obtained details of your holding from your broker.

Address for return of Application forms and Application Monies

Broker Firm Offer Applicants must send their completed Application Form and Application Monies to their broker in accordance with the relevant broker's instructions and with sufficient time to enable processing by the Closing Date.

Applicants under the Broker Firm Offer must not send their Application forms to the Registry.

7.10 Employee Gift Offer and Employee Offer

7.10.1 Employee Gift Offer

What is the Employee Gift Offer?

Eligible Employees resident in Australia will be entitled to receive an allocation of $1,000 worth of Shares at no cost to the Employee. To be entitled to participate in the Employee Gift Offer, an employee must:

- be an Eligible Employee;
- must apply for $1,000 worth of Shares (2,500 Shares) in the Employee Gift Offer.

Who may apply?

All Eligible Employees are entitled to participate in the Employee Gift Offer. Eligible Employees are persons who are resident in Australia and permanent full time or permanent part-time employees of MainstreamBPO, or a subsidiary of it, as at 5.00pm (Sydney time) on 15 September 2015 (provided that they remain so employed and have not given, or been given, notice to terminate employment when the Employee Gift Offer closes, which is expected to be on or around 15 September 2015).

How to apply?

If you are an Eligible Employee, you will receive a letter of offer detailing the terms of the Employee Gift Offer, along with details of how to apply for your Employee Gift Offer Shares. If you wish to apply for Shares under the Employee Gift Offer, you should follow the instructions in your personalised invitation.

Can an Eligible Employee apply for more Shares?

Eligible Employees may apply for more Shares than their $1,000 allocation under the Employee Gift Offer. Any such application must be made pursuant to the Employee Offer.

Application Monies

The cost of Shares under the Employee Gift Offer will be funded by MainstreamBPO. No additional payment from Eligible Employees is required for the Employee Gift Offer.

Further Information about the Employee Gift Offer

Employees participating in the Employee Gift Offer will, from the date of allocation, be the registered holders of the Shares and will be entitled to vote, receive notices issued by the Company to Shareholders, and receive dividends and/or distributions in respect of the Shares. They will be restricted from dealing in their Shares for a period of 3 years from the date of grant.

Eligible Employees resident in Australia participating in the Employee Gift Offer may be eligible for concessional tax treatment if the relevant conditions are met. See Section 9.9 for an overview of the potential taxation implications for employees resident in Australia of participating in the Employee Gift Offer.

Lodgement of Application forms

Application forms under the Employee Gift Offer must be received by the Company by no later than the Closing Date.

7.10.2 Employee Offer

Who may apply?

All Eligible Employees are entitled to participate in the Employee Offer. Eligible Employees are persons who are resident in Australia and permanent full time or permanent part-time employees or a Director of MainstreamBPO, or a subsidiary of it, as at 5.00pm (Sydney time) on 15 September 2015 (provided that they remain so employed and have not given, or been given, notice to terminate employment when the Employee Offer closes, which is expected to be on or around 15 September 2015).

Minimum and maximum application amount

The minimum application under the Employee Offer is $1,000 worth of Shares (2,500 Shares) and in multiples of $500 (1,250 Shares) thereafter. The Employee Offer must be applied for in the same application as the Employee Gift Offer.

How to apply?

If you are an Eligible Employee, you will receive a letter of offer detailing the terms of the Employee Offer, along with details of how to apply for your Shares.

By making an application, you declare that you were given access to the Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Acceptance of Applications

The Company and the Lead Manager have absolute discretion regarding the allocation of Shares to applicants in the Employee Offer and may reject an application, or allocate fewer Shares than the amount applied for (subject to the guaranteed minimum allocation).

To the extent permitted by law, an application by an applicant under the Employee Offer is irrevocable. Acceptance of an application will give rise to a binding contract.

Applicants under the Employee Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for (subject to the guaranteed minimum allocation), will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing their application monies by the Offer Price. Where the Offer Price does not divide evenly into the application monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your application monies that you pay is less than the amount specified on your Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared application monies will pay or your application may be rejected.

Allocation policy under the Employee Offer

The Company will consult with the Lead Manager regarding the allocation of Shares within the Employee Offer. The Company, in consultation with the Lead Manager, will determine the allocation of Shares to applicants under the Employee Offer and may reject an application, or allocate fewer Shares than applied for, subject to the terms of the guaranteed minimum allocation described in Section 7.10.1.

How to pay

If you wish to apply under the Employee Offer you should:

› complete the Employee Gift and Employee Offer Application Form and lodge by posting to the address below;

› pay your Application Monies in full via cheque; the full amount of the Application Monies being equal to the Australian dollar value of Shares you wish to apply for; and

› ensure that your Application Form and payment of your Application Monies are received and funds cleared by no later than 5.00pm (Sydney time) on the Closing Date 15 September 2015.

Address for return of Application Forms and Application Monies

Applicants under the Employee Offer must send their completed Application Form and Application Monies to the Company at:

Mailing Address:

MainstreamBPO Share Offer
GPO Box 4968
Sydney NSW 2001

Within Australia only, you can use the reply-paid envelope which is enclosed with your Application Form.

Lodgement of Application forms

Application forms under the Employee Offer must be received by the Company by no later than the Closing Date.

7.11 General Offer

Who may apply?

The General Offer is open to members of the general public with registered addresses in Australia and New Zealand.

How to apply?

Applications may only be made on an Application Form attached to or accompanying this Prospectus.

Application Forms must be completed in accordance with the instructions set out on the reverse of the Application Form.

By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or a complete and unaltered electronic version of the Prospectus.

Minimum and maximum Application amount

The minimum Application amount is at least $2,000 and in at least $500 increments thereafter. There is no maximum Application amount.

Acceptance of Applications

The Company and the Lead Manager have absolute discretion regarding the allocation of Shares to applicants in the General Offer and may reject an application, or allocate fewer Shares than the amount applied for (subject to the guaranteed minimum allocation).

To the extent permitted by law, an application by an applicant under the General Offer is irrevocable. Acceptance of an application will give rise to a binding contract.

Applicants under the General Offer whose applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for (subject to the guaranteed minimum allocation), will receive a refund of all or part of their application monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose applications are accepted in full will receive the whole number of Shares calculated by dividing their application monies by the Offer Price. Where the Offer Price does not divide evenly into the application monies, the number of Shares to be allocated will be rounded down and any excess refunded (without interest).

If the amount of your application monies that you pay is less than the amount specified on your Application Form, you may be taken to have applied for such lower Australian dollar amount of Shares as for which your cleared application monies will pay or your application may be rejected.

Allocation policy under the General Offer

The Company will consult with the Lead Manager regarding the allocation of Shares within the General Offer. The Company, in consultation with the Lead Manager, will determine the allocation of Shares to applicants under the General Offer and may reject an application, or allocate fewer Shares than applied for.

How to pay

If you wish to apply under the General Offer you should:

› complete the Application Form found at the end of this prospectus and lodge by posting to the address below;

› pay your Application Monies in full via cheque; the full amount of the Application Monies being equal to the Australian dollar value of Shares you wish to apply for; and

› ensure that your Application Form and payment of your Application Monies are received and funds cleared by no later than 5.00pm (Sydney time) on the Closing Date (15 September 2015).

Address for return of Application Forms and Application Monies

Applicants under the General Offer must send their completed Application Form and Application Monies to the Company at:

Mailing Address:

MainstreamBPO Share Offer
GPO Box 4968
Sydney NSW 2001

Opening and Closing Date for receipt of Applications under the General Offer

Applications and Application Monies for Shares under the Offer received after 5.00pm (Sydney time) on the Closing Date (15 September 2015) may not be accepted and may be returned to potential investors.

7.12 Capital Structure

	Pre-IPO		Post IPO			
	Current Register		Minimum Subscription		MaximumSubscription	
	Shares	%	Shares	%	Shares	%
Shares on issue at the date of this Prospectus[1]	62,080,000	100.0%	62,080,000	83.2%	62,080,000	71.3%
Shares to be issued under this Prospectus	–	–	12,500,000	16.8%	25,000,000	28.7%
Total issued Shares on completion of the Offer	**62,080,000**	**100.0%**	**74,580,000**	**100.0%**	**87,080,000**	**100.0%**

1 Assumes successful completion of the Buy-Back (see Section 10.7.3).

7.13 Discretion Regarding the Offer

The Company and the Lead Manager reserve the right not to proceed with the Offer or any part of it at any time before the allocation of Shares to Applicants in the General Offer and to bidders in the Broker Firm Offer and Institutional Offer. If the Offer or any part of it is cancelled, all relevant Application Monies will be refunded (without interest).

The Company and the Lead Manager also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any Application or bid, or allocate to any Applicant or bidder fewer Shares than applied or bid for.

7.14 Return of Application Monies

Application Monies will be held on trust in a special purpose account until Shares are issued to successful Applicants.

Application Monies will be refunded (in full or in part) in Australian dollars where an Application is rejected, an Application is subject to scale-back or the Offer is withdrawn (either partially or completely) or cancelled.

No interest will be paid on any refunded amounts. The Company will retain any interest earned on Application Monies. Refund cheques will be sent following completion of the Offer or as otherwise applicable in the circumstances outlined above.

7.15 Foreign Selling Restrictions

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise permit a public offering of the Shares in any jurisdiction outside Australia or New Zealand.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction in the United States and may not be offered or sold in the United States or to, or for the account or benefit of, US persons, except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. Each Applicant will be taken to have represented, warranted and agreed as follows:

› it understands that the Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities law of any state of the United States and may not be offered, sold or resold in the United States, or to or for the account or benefit of US persons, except in a transaction exempt from, or not subject to, registration under the US Securities Act 1933 and any other applicable securities laws;
› it is not in the United States or a US person, and is not acting for the account or benefit of a US person;
› it has not and will not send the Prospectus or any other material relating to the Offer to any person in the United States or to any person that is, or is acting for the account or benefit of, a US person; and
› it will not offer or sell the Shares in the United States or to, or for the account or benefit of, any US person or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the US Securities Act 1933 and in compliance with all applicable laws in the jurisdiction in which Shares are offered or sold.

Hong Kong

No advertisement, invitation or document relating to the Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are (i) an existing holder of MainstreamBPO's Shares, (ii) an 'institutional investor' (as defined in the SFA) or (iii) a 'relevant person' (as defined in Section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

If you (or any person for whom you are acquiring the Shares) are in Singapore, by making an Application for Shares represent and warrant that you (and any such person):

› Are an 'institutional investor' or a 'relevant person' (as such terms are defined in the SFA)
› Will acquire the Shares in accordance with applicable provisions of the SFA
› Acknowledge that the offer of the Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

7.16 ASX listing, registers and holding statements

7.16.1 ASX listing and quotation

The Company will apply within seven days of the date of this Prospectus for admission to the Official List of ASX and for the quotation of its Shares on ASX. The Company's ASX code is expected to be MAI.

The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the value or merits of the Company or the Shares offered for subscription.

Official quotation of the Shares, if granted, will commence as soon as practicable after the issue of initial shareholding statements to successful Applicants. If the Company does not make such an application within seven days after the date of this Prospectus, or the Company has not been admitted to the Official List of ASX within three months after the date of this Prospectus, all Application Monies will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

7.16.2 Holding statements

The Company will apply to participate in ASX's Clearing House Electronic Sub-register System (**CHESS**), in accordance with the ASX Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Shares will be registered on the issuer sponsored sub-register.

Following Completion of the Offer, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated. This statement will also provide details of a Shareholder's Holder Identification Number (HIN) for CHESS holders or, where applicable, the Securityholder Reference Number (SRN) of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

The Company, the Registry and the Lead Manager disclaim all liability, whether in negligence or otherwise (to the maximum extent permitted by law), if you sell Shares before receiving your holding statement, even if you confirmed your firm allocation through a broker.

7.17 Dividend Policy

Subject to available profits, the Directors intend to pay out between 40% and 60% of MainstreamBPO's NPAT as a dividend. The Directors anticipate that the first dividend to Shareholders will be determined in respect of the period from 1 July 2015 to 30 June 2016 with reference to available profits and the financial position of the Company and will become payable around September 2016.

In assessing the dividend payment in future periods the Directors may consider a number of factors, including the general business environment, the operating results and financial condition of the Company, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits available), any contractual, legal or regulatory restrictions on the payment of dividends by MainstreamBPO, and any other factors the Directors may consider relevant.

No guarantees can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. Please read the Forecast Financial Information in conjunction with the assumptions underlying its preparation as set out in Sections 4.3.1 and 4.6 and the risk factors set out in Section 5. Investors who are not residents of Australia and who acquire Shares may be subject to Australian withholding tax on dividends or other distributions paid in respect of the Shares. Prospective investors who are not residents of Australia should consult with their own tax advisers regarding the application of the Australian withholding or other taxes to their particular situations as well as any additional tax consequences resulting from purchasing, holding or disposing of the Shares.

7.18 Brokerage, Commission and Stamp Duty

No brokerage, commission or stamp duty is payable by Applicants upon acquisition of the Shares under the Offer. Various fees are payable in relation to the Offer by the Company to the Lead Manager. Details are set out in Section 9.5.

7.19 Further Enquiries

If you have any queries relating to aspects of this Prospectus please call the MainstreamBPO Offer Information Line on 1300 658 680 (within Australia) or +61 2 8259 8885 (outside Australia) from 8.30am until 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Offer Period. If you have queries or uncertainties relating to any matter you should also consult your stockbroker, accountant or other financial adviser before deciding whether to invest.

8 Investigating Accountant's Report

MOORE STEPHENS

21 August 2015

The Directors
MainstreamBPO Limited
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Sydney NSW 2000

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Sydney NSW 2000

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Investigating Accountant's Report and Financial Services Guide

Part 1: Independent Limited Assurance Report on MainstreamBPO Limited Pro Forma Historical and Forecast Financial Information

Introduction

Moore Stephens Sydney Corporate Finance Pty Limited *(Moore Stephens)* has been engaged by MainstreamBPO Limited *(Company)* to prepare this report for inclusion in the Replacement Prospectus to be dated 21 August 2015 *(Prospectus)*, and to be issued by the Company, in respect of the Company's proposed initial public offering of its shares and listing on the ASX.

Expressions defined in the Prospectus have the same meaning in this report.

The nature of this report is such that it can only be issued by an entity which holds an Australian Financial Services Licence (*AFSL*) under the *Corporations Act 2001*. Moore Stephens holds the appropriate AFSL authority under the *Corporations Act 2001*. Refer to our Financial Services Guide included as Part 2 of this Report.

Scope

Moore Stephens has been requested to prepare this report covering the pro forma historical and forecast financial information described below and disclosed in the Prospectus.

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

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Review of Pro Forma Historical Financial Information

The pro forma historical financial information comprises the following unaudited historical Financial Information:

- pro forma historical consolidated income statements for the years ended 30 June 2013, 2014 and 2015; and
- pro forma historical consolidated balance sheet as at 31 December 2014.

as set out in Section 4.3 of the Prospectus (together, the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the historical financial information of the Company, after adjusting for the effects of pro forma adjustments described in Sections 4.3.4 of the Prospectus. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies applied to the historical financial information and the events or transactions to which the pro forma adjustments relate, as described in Section 4 and Appendix A of the Prospectus, as if those events or transactions had occurred as at the date of the historical financial information. Due to its nature, the Pro Forma Historical Financial Information does not represent the Company's actual or prospective financial position and financial performance.

The historical financial information has been extracted from the following actual historical financial information:

- the audited consolidated financial accounts of MainstreamBPO Limited for the years ended 30 June 2013 and 2014, by Surry Partners Accountants in accordance with Australian Auditing Standards; and
- the unaudited consolidated management accounts to 30 June 2015, which include the reviewed consolidated financial accounts of MainstreamBPO Limited for the six months ended 31 December 2014, by Ernst & Young in accordance with Australian Auditing Standards on Review Engagements.

Surry Partners Accountants issued unmodified audit opinions on the financial reports for the two financial years ended 30 June 2013 and 2014. Ernst & Young issued an unmodified review conclusion on the interim financial accounts for the six months ended 31 December 2014.

Review of Statutory Forecast Financial Information

The statutory forecast consolidated income statement for the year ending 30 June 2016 is described in Sections 4.3.1. The directors' best-estimate assumptions underlying the Statutory Forecast Financial Information are described in Section 4.6.2 of the Prospectus. The stated basis of preparation used in the preparation of the Statutory Forecast Financial Information being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

Review of Pro Forma Forecast Financial Information

The pro forma forecast consolidated income statement of the Company for the year ending 30 June 2016 are described in Section 4.3.1 of the Prospectus. The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information, after adjusting for the effects of the pro forma adjustments described in Sections 4.3.4 of the Prospectus. The stated basis of preparation used in the preparation of the Pro Forma Forecast Financial Information, being the recognition and measurement principles contained in Australian Accounting Standards applied to the forecast and the events or transactions to which the pro forma adjustments relate, as described in Section 4 and Appendix A of the Prospectus, as if those events or transactions had occurred as at the date of the forecast financial information. Due to its nature, the Pro Forma Forecast Financial Information does not represent the Company's actual prospective financial performance, and/or cash flows for the year ending 30 June 2016.

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Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of:

- the Pro Forma Historical Financial Information, including its basis of preparation and the selection and determination of pro forma adjustments made to the statutory historical financial information and included in the Pro Forma Historical Financial Information;
- the Statutory Forecast Financial Information, including its basis of preparation and the best-estimate assumptions on which the directors' forecast is based and the sensitivity of the directors' forecasts to changes in key assumption; and
- the Pro Forma Forecast Financial Information, including its basis of preparation and the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial Information.

This includes responsibility for its compliance with applicable laws and regulations and for such internal controls as the directors determine are necessary to enable the preparation of historical financial information, pro forma historical financial information, a forecast and a pro forma forecast that are free from material misstatement.

Our responsibility

Our responsibility is to express a limited assurance conclusion on the Pro Forma Historical Financial Information, the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, the best-estimate assumptions underlying the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information, and the reasonableness of the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information.*

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

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

Conclusions

Pro Forma Historical Financial Information

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

- the pro forma historical consolidated income statements of the Company for the years ended 30 June 2013, 2014 and 2015, as set out in Section 4.3.1 of the Prospectus;
- the pro forma consolidated historical balance sheet of the Company as at 31 December 2014, as set out in Section 4.4 of the Prospectus,

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 4 of the Prospectus being the recognition and measurement principles contained in Australian Accounting Standards and the Company adopted accounting policies applied to the Pro Forma Historical Financial Information and the events or transactions to which the pro forma adjustments

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relate, as described in Sections 4.3.4 and 4.3.5 and Appendix A of the Prospectus, as if those events or transactions had occurred as at the date of the Pro Forma Historical Financial Information.

Statutory Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the statutory forecast consolidated income statements of the Company for the year ending 30 June 2016 does not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions as described in Section 4.6.2 of the Prospectus; and
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that:

- the directors' best-estimate assumptions used in the preparation of the pro forma forecast consolidated income statements of the Company for the year ending 30 June 2016 do not provide reasonable grounds for the Pro Forma Forecast Financial Information;
- in all material respects, the Pro Forma Forecast Financial Information:
  - is not prepared on the basis of the directors' best-estimate assumptions, as described in Section 4.6.2 of the Prospectus;
  - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies, applied to the Statutory Forecast Financial Information and the pro forma adjustments as if those adjustments had occurred as at the date of the forecast; and
- the Pro Forma Forecast Financial Information itself is unreasonable.

Statutory Forecast Financial Information and Pro Forma Forecast Financial Information

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information have been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2016. There is a considerable degree of subjective judgment involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of the Company. Evidence may be available to support the Directors' best-estimate assumptions on which the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information are based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a

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reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in the Company, which are detailed in the Prospectus, and the inherent uncertainty relating to the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 5 of the Prospectus. The sensitivity analysis described in Section 4.7 of the Prospectus demonstrates the impact on the Pro Forma Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information will be achieved.

The Statutory Forecast Financial Information and Pro Forma Forecast Financial Information have been prepared by the Directors for the purpose of inclusion in Prospectus to provide prospective investors with a guide to the potential financial performance of the Company for the year ending 30 June 2016. We disclaim any assumption of responsibility for any reliance on this report, or on the Statutory Forecast Financial Information and Pro Forma Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared.

Restrictions on use

Without modifying our conclusions, we draw attention to Section 4.1 of the Prospectus, which describes the purpose of the Financial Information, being our inclusion in the public document. As a result, the Financial Information may not be suitable for use for another purpose.

Investors should consider the statement of investment risks set out in the Prospectus, in Section 5.

Sources of Information

We have assumed, and relied on representations from the Directors and management of the Company and other parties as considered necessary during the course of our analysis, that all material information concerning the prospects and proposed operations of the Company have been disclosed to us and the information provided to us for the purpose of the work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

Independence or Disclosure of Interest

Moore Stephens has no financial or other interest that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion on the matters that are subject of this Report for which normal professional fees will be received.

Neither Moore Stephens Sydney Corporate Finance Pty Ltd, Moore Stephens Sydney Wealth Management Pty Limited, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which normal professional fees will be received.

Liability

Moore Stephens has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report, this consent has not been withdrawn.

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The liability of Moore Stephens is limited to the inclusion of this Report in the Prospectus. Moore Stephens has not authorised the issue of the Prospectus. Accordingly, Moore Stephens makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from, the Prospectus.

General advice warning

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

Financial Services Guide

We have included our Financial Services Guide as Part 2 of this Report. The Financial Services Guide is designed to assist clients in their use of any general financial product advice in our Report.

Yours faithfully

Moore Stephens Sydney Corporate Finance Pty Ltd

Scott Whiddett
Director

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Part 2 – Financial Services Guide

1. Moore Stephens Sydney Corporate Finance Pty Ltd

Moore Stephens Sydney Corporate Finance Pty Ltd (**Moore Stephens**) is an authorised representative of Moore Stephens Sydney Wealth Management Pty Ltd (**Licence Holder**) in relation to Australian Financial Services Licence No. 336950.

Moore Stephens may provide the following financial services to wholesale and retail clients as an authorised representative of the Licence Holder:

- Financial product advice in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, deposit and payment products, life products, retirement savings accounts and superannuation (collectively **Authorised Financial Products**); and
- Applying for, varying or disposing of a financial product on behalf of another person in respect of Authorised Financial Products.

2. Financial Services Guide

The Corporations Act 2001 requires Moore Stephens to provide this Financial Services Guide (**FSG**) in connection with its provision of an Investigating Accountant's Report (**Report**) which is included in the Prospectus provided by MainstreamBPO Limited (the **Entity**).

3. General Financial Product Advice

The financial product advice provided in our Report is known as general advice because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our Report is appropriate for you, having regard to your own personal objectives, financial situation or needs. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence (**AFSL**) to assist you in this assessment.

4. Remuneration

Moore Stephens' client is the Entity to which it provides the Report. Moore Stephens receives its remuneration from the Entity. Our fee for the Report is based on a time cost or fixed fee basis. This fee has been agreed in writing with the party who engaged us. Neither Moore Stephens nor its Directors and employees, nor any related bodies corporate (including the Licence Holder) receive any commissions or other benefits in connection with the preparation of this Report, except for the fees referred to above.

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of Moore Stephens or related entities but any bonuses are not directly connected with any assignment and in particular not directly related to the engagement for which our Report was provided.

We do not pay commissions or provide any other benefits to any parties or person for referring customers to us in connections with the reports that we are licensed to provide.

5. Independence

Moore Stephens is required to be independent of the Entity. Neither Moore Stephens, Moore Stephens Sydney Wealth Management Pty Limited, any Director thereof, nor any individual involved in the preparation of the Report have any financial interest in the outcome of this Offer, other than a fee in connection with the preparation of our Report for which professional fees in the order of $95,000 (excluding GST) will be received. No pecuniary or other benefit, direct or indirect, has been received by Moore Stephens, their Directors or employees, or related bodies corporate for or in connection with the preparation of this Report.

MOORE STEPHENS

6. Complaints Resolution

Moore Stephens is only responsible for its Report and this FSG. Complaints or questions about the Prospectus should not be directed to Moore Stephens which is not responsible for that document.

Both Moore Stephens and the Licence Holder may be contacted as follows:

By phone: (02) 8236 7700

By fax: (02) 9233 4636

By mail: GPO Box 473
Sydney NSW 2001

If you have a complaint about Moore Stephens' Report or this FSG you should take the following steps:

1) Contact the Enquiries and Complaints Officer of the Licence Holder on (02) 8236 7700 or send a written complaint to the Licence Holder at Level 15, 135 King Street, Sydney NSW 2000. We will try and resolve your complaint quickly and fairly.
2) If you still do not get a satisfactory outcome, you have the right to complain to the Financial Industry Complaints Service at PO Box 579 Collins St West, Melbourne, Victoria 8007 or call on 1300 78 08 08. We are a member of this scheme.
3) The Australian Securities & Investments Commission (ASIC) also has a freecall Infoline on 1300 300 630 which you may use to make a complaint and obtain information about your rights.

The Licence Holder, as holder of the AFSL, gives authority to Moore Stephens to distribute this FSG.

Additional Information

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9.1 Incorporation

The Company was incorporated in New South Wales as a proprietary company limited by shares on 17 December 2004 under the name "MainstreamBPO Pty Ltd".

The Company converted to a public company limited by shares on 26 June 2015.

9.2 Corporate Structure

The MainstreamBPO Group comprises the following companies. Each company in the Group is 100% owned, directly or indirectly, by MainstreamBPO Limited unless otherwise indicated. The country of incorporation of each Group Member is indicated in brackets.

FundBPO Pty Ltd (Australia)	FundBPO (HK) Ltd (Hong Kong)
SuperBPO Pty Ltd (Australia)	PropertyBPO Pty Ltd (Australia)
ShareBPO Pty Ltd (Australia)	MortgageBPO Pty Ltd (Australia)
MainstreamITO Pty Ltd (Australia)	LegacyBPO Pty Ltd (Australia)
FundBPO Pte Ltd (Singapore)	AdminBPO Pty Ltd (Australia)

9.3 Constitution and Rights Attaching to Shares

Introduction

The business of the Company is to be managed by or under the direction of the Directors. The Directors may exercise all the powers of the Company except any powers that the Corporations Act, the ASX Listing Rules or the Constitution require the Company to exercise in general meeting.

The rights and liabilities attaching to ownership of Shares arise from a combination of the Constitution, statute, the ASX Listing Rules and general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the rights and liabilities of Shareholders. The summary assumes that the Company is admitted to the official list of ASX.

Issue of Shares

Subject to the Corporations Act, the ASX Listing Rules and any special rights conferred on the holders of any Shares or class of Shares, the Directors may issue, allot or grant shares or options over Shares in the Company, to persons and on such terms, as they see fit. This power allows the Directors to, among other things, grant option over unissued shares, and issue and allot shares with any preferred, deferred or other rights or restrictions whether in regard to dividend, voting, return of capital or otherwise, which are liable to be redeemed, which are bonus Shares for whose issue no consideration is payable to the Company, or which have any combination of characteristics described above.

Variation of class rights

Rights attached to Shares in a class of Shares may, unless their terms of issue state otherwise, be varied or cancelled only by special resolution of the Company, and either by special resolution passed at a meeting of the members holding shares in the class, or with the written consent of members with at least 75% of the votes in the class.

Unmarketable parcels

Subject to the Listing Rules, the Company is entitled to sell securities of a minority member on the conditions set out in the Constitution.

9 Additional Information

Transfer of Shares

Except where required or permitted by law, the ASX Listing Rules, the ASX Settlement Operating Rules or the Constitution, there is no restriction on the transfer of shares. Where the securities are quoted on ASX, the Directors may in their absolute discretion refuse to register any transfer subject to a holding lock, in any circumstances permitted by the ASX Listing Rules, or where the transfer is in breach of the ASX Listing Rules or a restriction agreement.

Share buy-backs

The Company may, in accordance with the Corporations Act, buy-back its own shares.

Meetings of Shareholders

Except as permitted by law, a general meeting, to be called the annual general meeting, must be held at least once in every calendar year, and must be held in accordance with the Corporations Act and the ASX Listing Rules. Written notice of a meeting of the Company's members must be given to each member entitled to vote at the meeting.

Voting at meetings of members

Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member has one vote and on a poll each member has one vote for each fully paid share held.

Appointment of Directors

The number of the Directors (excluding alternate Directors) must be not less than three. Directors are elected at annual general meetings of the Company. At each annual general meeting of the Company, one third of the Directors, or the number nearest to but not exceeding one third, retire from office. A Director may not hold office for a continuous period in excess of three years or past the third annual general meeting following the Director's appointment, whichever is the longer, without submitting for re-election.

The Directors may at any time appoint a person qualified to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but such additional Director holds office only until the termination of the next annual general meeting of the Company.

Remuneration of Directors

The Company will determine by resolution the total remuneration to be paid to the Directors, and the Directors will determine how the total remuneration is divided among them. The remuneration of a Director must not include a commission on, or a percentage of, profits or revenue. The aggregate Directors' Fees as determined by the Company in general meeting will not exceed $500,000. Presently, the aggregate Directors' Fees agreed to be paid by the Company is $320,000 – see Section 6.3.1 for further details.

Directors will also be eligible to participate in the Director Share Offer (see Section 6.4 and 9.4.1 for further details).

The Company may also pay the Directors' travelling and other expenses that they properly and reasonably incur in attending Directors' meetings or any meetings of committees of Directors, general meetings of the Company, and in connection with the Company's business. Subject to the Corporations Act, any Director called upon to perform extra services or undertake any executive or other work for the Company beyond his or her general duties may be remunerated either by a fixed sum or a salary as determined by the Directors.

Alternate Directors

Any Director may appoint any person approved by a majority of the other directors to act as an alternate Director in place of the appointing Director for a meeting or for a specified period. An alternate Director is not to be taken into account in determining the number of Directors under the Constitution.

Meetings of Directors

The Directors may meet together for the despatch of business and adjourn and otherwise regulate their meetings as they see fit. A resolution of the Directors must be passed by a majority of the votes cast by Directors entitled to vote on the resolution. The chair has a casting vote in the event of an equality of votes of directors.

The Directors must keep minute books in accordance with the Corporations Act and in which they record proceedings and resolutions of meetings of the Company's members, proceedings and resolutions of Directors' meetings (including meetings of a committee of Directors), resolutions passed by members without a meeting, and resolutions passed by Directors without a meeting.

Dividends and dividend reinvestment plan

The Directors may by resolution either, declare a dividend and may fix the amount, time and method for payment, or determine a dividend or interim dividend is payable and fix the amount and the time for and method of payment.

The Company has implemented a dividend reinvestment plan (**Plan**). At the Directors' discretion, Shareholders who are recorded in the Company's share register on the date for determining entitlements to dividend may participate in the Plan, except if their residential address or address on the register is outside Australia or New Zealand (unless the directors approve their participation in their absolute discretion).

Eligible Shareholders may elect to participate in the Plan in respect of all or part of their Shares which will comprise that Shareholders' Plan Shares (**Plan Shares**). The Directors may in their absolute discretion accept or refuse any application to participate. The Company will apply each dividend payable to a participant in respect of the Participant's Plan Shares to subscribe for or acquire shares on behalf of the participant at the subscription price.

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Shares will be allotted at a price which is the arithmetic average of the daily volume weighted average market price of all shares sold on ASX on each day during the period starting on the second trading day after the relevant record date and ending eleven trading days after that date (unless otherwise determined by the Directors in their sole discretion) and if no shares are traded during that period the last sale price for the shares recorded on the ASX before the start of such period.

All Shares issued under the Plan will rank equally in all respects with existing Shares from the date of allotment or transfer. The Company will promptly apply for quotation on the ASX of Shares allotted under the plan.

A participant may at any time terminate participation in the Plan or change their level of participation by giving a notice in writing to the Company.

The Directors may modify the terms of the DRP or terminate or suspend the DRP at any time by giving written notice to the Participants.

9.4 Terms of the Employee Share Plans

MainstreamBPO has put in place an Employee Share Plan (**ESP**). As outlined in Section 6.4, the ESP is a plan under which Directors, senior management and Eligible Employees may be allocated Awards as a means of retaining their service and aligning their interests with Shareholders.

9.4.1 Director Share Offer

An initial grant of Performance Rights under the Director Share Offer (**DSO**) has been made to the Executive Directors. The total number of Performance Rights issued under the initial grant is 440,000 Performance Rights and these have been allocated amongst the Directors as follows.

	Performance Rights			
Director	Tranche 1	Tranche 2	Tranche 3	Total
Byram Johnston	80,000	80,000	80,000	240,000
Martin Smith	33,333	33,333	33,334	100,000
Michael Houlihan	33,333	33,333	33,334	100,000

Each Performance Right under the initial grant of the DSP entitles the holder be issued one (1) Share at no cost based on certain vesting conditions (explained below) are met. The Company intends to implement similar arrangements to the above for Directors on an annual basis. The Board reserves the right to include Non-Executive Directors in future DSO grants.

Tranche	Vesting measurement date	Performance hurdle – MainstreamBPO share price[1] on ASX at vesting measurement date	% of Performance Rights that vest upon achieving vesting performance hurdle
Tranche 1	12 months from quotation of the Company's Shares on ASX	Less than $0.45	Nil%
		Share price equal to or greater than $0.45 and less than $0.50	50%
		Share price equal to or greater than $0.50 and less than $0.55	75%
		Share price equal to or greater than $0.55	100%
Tranche 2	24 months from quotation of the Company's Shares on ASX	Less than $0.55	Nil%
		Share price equal to or greater than $0.55 and less than $0.65	50%
		Share price equal to or greater than $0.65	100%
Tranche 3	36 months from quotation of the Company's Shares on ASX	Less than $0.65	Nil%
		Share price equal to or greater than $0.65 and less than $0.70	50%
		Share price equal to or greater than $0.70	100%

1 Measured by reference to the VWAP of MainstreamBPO's shares on ASX for the 5 trading days immediately prior to the Vesting Measurement Date.

The Company, subject to its future financial performance (and Board approval), anticipates the granting of Performance Rights similar to the above incentive arrangements on an annual basis. The vesting measures for all future grants of Performance Rights under the DSP would be reassessed based on the price of the Company's Shares at that time.

9.4.2 Senior Management Share Offer

An initial grant of Performance Rights under the Senior Management Share Offer (**SMSO**) has been made to the Company's Executive Directors. The total number of Performance Rights issued under the initial grant is 750,000 Performance Rights, with each Performance Right entitling the holder to be issued one (1) Share at no cost if certain performance conditions are met.

	Performance Rights			
Senior Management	Tranche 1	Tranche 2	Tranche 3	Total
Byram Johnston	50,000	50,000	50,000	150,000
Martin Smith	133,333	133,333	133,334	400,000
Michael Houlihan	66,667	66,667	66,666	200,000

The Board has set the following performance conditions for the initial grant of Performance Rights:

- Achievement of Company and subsidiary forecast revenue and earnings in FY2016
- Achievement of customer satisfaction and retention levels at the subsidiary level
- Successful implementation of subsidiary programs and projects including acquisitions and client transitions
- Compliance with the Company's policies and prudent management of the Company's risk profile
- Achievement of employee engagement metrics

If a holder of Performance Rights issued under the SMSO meets the performance conditions above on the date determined by the Board, intended to be 1 October 2016 but no later than 31 October 2016, one third of the Performance Rights will vest on each of the following dates.

Tranche	Vesting date
Tranche 1	1 October 2016
Tranche 2	1 October 2017
Tranche 3	1 October 2018

The Company intends to grant Performance Rights similar to the above incentive arrangements to members of the Company's senior management team on an annual basis.

9.4.3 Management Share Offer

Management Share Offer (**MSO**) Shares may be issued (at the discretion of the Directors) to the broader management team in lieu of cash bonuses. Shares issued pursuant to the MSO may be subject to trading restrictions and service conditions. As at the date of this Prospectus no MSO Shares have been issued, however the Company intends to grant Shares in October 2015 to the participants of this offer up to a pool value of $200,000. These shares will be restricted from trading for a period of 12 months from the grant date.

9.4.4 Rules of the MainstreamBPO's ESP

The rules of MainstreamBPO's ESP (**Plan Rules**) provide the framework under which the Plan and individual grants will operate.

Term	Description
Eligibility	Offers may be made at the Board's discretion to Eligible Employees of MainstreamBPO or any other person that the Board determines to be eligible to receive a grant under the Plan.
Types of securities	The Plan Rules provide flexibility for MainstreamBPO to grant one or more of the following as incentives, subject to the terms of individual offers (**Awards**): › Performance Rights › Options › Restricted Shares Performance Rights are an entitlement to receive Shares for no consideration upon satisfaction of applicable conditions. Options are an entitlement to acquire Shares upon satisfaction of applicable conditions and payment of any applicable exercise price. Restricted Shares are Shares granted to a participant which are subject to certain trading restrictions or other conditions such as service conditions.
Offers under the Plan	The Board may make offers at its discretion and any offer documents must contain the information required by the Plan Rules. The Board has the discretion to set the terms and conditions on which it will offer Awards in individual offer documents. Offers must be accepted by the employee and can be made on an opt-in or opt-out basis.
Payment for grant	Unless the Board determines otherwise, no payment is required for a grant of a Performance Right, Option or Restricted Share under the Plan.

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Term	Description
Vesting	Vesting of Awards under the Plan is subject to any vesting or performance conditions determined by the Board and specified in the offer document. Subject to the Plan Rules and the terms of the specific offer document, any unvested Award will either lapse or be forfeited if the relevant vesting and performance conditions are not satisfied by the end of the relevant performance period. In respect of vested Performance Rights and Options only, where specified in an offer document, the Board has discretion to settle the Awards in cash rather than by an allocation of Shares to the relevant participant.
Cessation of employment	Under the Plan Rules, the Board has a broad discretion in relation to the treatment of Awards on cessation of employment. If the participant's employment ceases due to resignation, fraudulent or dishonest conduct or termination for cause (including gross misconduct) unless the Board determines otherwise, any unvested Awards will automatically lapse or be forfeited (as applicable). Where a participant ceases employment for any other reason, unless the Board determines otherwise, the participant's unvested Awards will remain "on foot" until the end of the applicable vesting or performance period and vest to the extent any performance condition has been satisfied. Offer documents may provide more specific information on how the entitlements will be treated if the participating employees cease employment.
Rights associated with Awards	Performance Rights and/or Options do not carry dividends or voting rights from the grant date. Unless the Board determines otherwise, Restricted Shares will carry dividend and voting rights (and other rights of other Shares, subject to applicable trading restrictions) prior to vesting.

Term	Description
Restrictions on dealing	The participant must not sell, transfer, encumber, hedge or otherwise deal with unvested Awards prior to vesting. The participant will be free to deal with the Shares allocated on vesting of the Performance Rights and/or Options or after the applicable trading restrictions have been lifted on Restricted Shares. All dealings are subject to the requirements of MainstreamBPO's Share Trading Policy.
Clawback and preventing inappropriate benefits	The Plan Rules provide the Board with broad "clawback" powers if, amongst other things: › the participant has obtained or will obtain an unfair benefit as a result of an act which constitutes fraud, dishonesty, gross misconduct, brings MainstreamBPO, or its related bodies corporate into disrepute, breaches his/her obligations to them, or › the participant's entitlements vest as a result of the fraud, dishonesty or breach of obligations of any other person and the Board is of the opinion that the incentives would not have otherwise vested.
Change of control	Unless otherwise specified in an offer document or the Board determines otherwise, a pro-rata number of the participant's Awards will vest or cease to be subject to trading restrictions, as applicable, where there is a change of control event in accordance with the Plan Rules. Offer documents may provide more specific information on how the entitlements will be treated on a change of control.

Term	Description
Reconstructions, corporate actions, rights issues, bonus issues, etc	A participant is not entitled to participate in new issues of securities by MainstreamBPO in relation to their unvested Performance Rights and/or Options. In respect of Restricted Shares, a participant will be entitled to participate in new issues of securities by the Company on the same basis as other Shareholders, unless the Board determines otherwise or otherwise specified in an offer document. The Plan Rules include specific provisions dealing with rights issues, bonus issues, and corporate actions and other capital reconstructions. These provisions are intended to ensure that there is no material advantage or disadvantage to the participant in respect of their Awards as a result of such corporate actions, subject to compliance with applicable laws and the ASX Listing Rules.
Other Terms	The Plan Rules contain customary and usual terms for dealing with administration, variation, suspension and termination of the Plan, as well as dealing with the personal information of participants receiving offers of Awards.

Going forward the ESP may be used to make grants from time to time that form the long term incentive component of participants' remuneration packages. Such grants will be regulated by the Plan Rules that have been adopted by the Board and any other regulatory requirements, including ASX Listing Rules.

9.5 Interests of advisers

This Section 9.5 sets out the nature and extent of the interests and fees of certain advisers involved in the Offer. Other than as set out below or elsewhere in this Prospectus, no:

- person named in this Prospectus who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- promoter of MainstreamBPO; or
- Lead Manager to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer

holds as at the time of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in the Company.

Bligh Capital Securities is acting as Lead Manager to the Offer. MainstreamBPO has paid, or agreed to pay, the Lead Manager the fees described in Section 10.10 for these services.

Sekel Oshry has acted as legal adviser (other than in respect of taxation) in connection with the Offer. Approximately $200,000 (plus disbursements and GST) is payable for these services to the date of this Prospectus. Further amounts may be paid to Sekel Oshry in accordance with its normal time-based charges.

Moore Stephens has acted as the Investigating Accountant in connection with the Offer and has performed work in relation to the Investigating Accountant's Reports. Approximately $85,000 (plus disbursements and GST) is payable to Moore Stephens for these services to the date of this Prospectus. Further amounts may be paid to Moore Stephens in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer, will ultimately be borne by MainstreamBPO out of funds raised under the Offer or available cash. Further information on the use of proceeds and payment of expenses of the Offer is set out in Section 7.7.

9.6 Costs of the Offer

The total costs of the Offer (excluding GST) are estimated to be $813,201 under the Minimum Subscription and $1,117,915 under the Maximum Subscription, and are expected to be applied towards the items set out in the table below:

Item of Expenditure ($)	Minimum Subscription	Maximum Subscription
ASX Listing fees	94,101	98,815
Investigating Accountant's Report	93,500	93,500
Other Accounting and Audit	55,000	55,000
Legal	220,000	220,000
Management & Broker fees	300,000	600,000
Other Costs and contingencies	50,600	50,600
Total	**813,201**	**1,117,915**

9.7 Litigation and claims

As at the Prospectus Date, so far as the Directors are aware, there is no current or threatened civil litigation, arbitration proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature involving MainstreamBPO which is likely to have a material adverse impact on the business or financial position of MainstreamBPO.

9.8 Consents

Each of the parties referred to below (each a Consenting Party) has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named: but has not authorised or caused the issue of this Prospectus, does not make any offer of Shares and, to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, and has not made any statement that is included in this Prospectus or any statement on which a statement which is made in this Prospectus is based, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below:

- Bligh Capital Securities;
- Sekel Oshry;
- Moore Stephens; and
- ShareBPO.

Moore Stephens has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Investigating Accountant's Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

9.9 Australian taxation considerations

The following tax comments are based on the tax law in Australia in force as at the date of this Prospectus. Australian tax laws are complex. This summary is general in nature and is not intended to be an authoritative or complete statement of all potential tax implications for each investor. During the ownership of the Shares by investors, the taxation laws of Australia or their interpretation may change. The precise implications of ownership or disposal will depend upon each shareholder's specific circumstances. Shareholders should seek their own professional advice on the taxation implications of holding or disposing of the Shares, taking into account their specific circumstances.

The following information is a general summary of the Australian income tax implications for Australian resident individuals, complying superannuation entities, trusts, partnerships and corporate shareholders. These comments do not apply to shareholders that hold Shares on revenue account, shareholders who are exempt from Australian income tax or shareholders subject to the Taxation of Financial Arrangements regime in Division 230 of the Income Tax Assessment Act 1997 which have made elections for the Fair Value or Reliance on Financial Reports methodologies.

Taxation issues, such as (but not limited to) those covered by this Section are only one of the matters a shareholder needs to consider when making a decision about a financial product. Shareholders should consider taking advice from someone who holds an Australian financial services licence before making such a decision.

9.9.1 Dividends paid on Shares

Dividends may be paid to Shareholders by MainstreamBPO and will constitute assessable income of an Australian tax resident Shareholder. MainstreamBPO may attach 'franking credits' to such dividends. Franking credits broadly represent the extent to which a dividend is paid by MainstreamBPO out of profits that have been subject to Australian tax. It is possible for a dividend to be fully franked, partly franked or unfranked.

It should be noted that the concept of a dividend for Australian income tax purposes is very broad and can include payments that are made in respect of such things as off-market share buy-backs.

9.9.1.1 Australian resident individuals and complying superannuation entities

Australian tax resident shareholders who are individuals or complying superannuation entities should include the dividend in their assessable income (some superannuation funds may be exempt in relation to shares to the extent they are held to support current pension liabilities) in the year the dividend is paid, together with any franking credit attached to that dividend. Such shareholders should be entitled to a tax offset equal to the franking credit attached to the dividend. The tax offset can be applied to reduce the tax payable on the shareholder's taxable income. Where the tax offset exceeds the tax payable on the shareholder's taxable income, such shareholders should be entitled to a tax refund.

To the extent that the dividend is unfranked, the shareholder will generally be taxed at his or her prevailing marginal rate on the dividend received with no tax offset.

9.9.1.2 Corporate shareholders

Corporate shareholders are also required to include both the dividend and associated franking credit in their assessable income.

They are then allowed a tax offset up to the amount of the franking credit on the dividend.

An Australian resident corporate shareholder should be entitled to a credit in its own franking account to the extent of the franking credit on the distribution received. This will allow the corporate shareholder to pass on the benefit of the franking credits to its own shareholder(s) on the payment of dividends.

Excess franking credits received cannot give rise to a refund for a company but can be converted into carry forward tax losses.

9.9.1.3 Trusts and partnerships

Shareholders who are trustees (other than trustees of complying superannuation entities) or partnerships should include the franking credit in determining the net income of the trust or partnership. The relevant beneficiary or partner may be entitled to a tax offset equal to the beneficiary's or partner's share of the net income of the trust or partnership.

9.9.1.4 Shares held at risk

The benefit of franking credits can be denied where an shareholder is not a 'qualified person' in which case the shareholder will not need to include an amount for the franking credits in their assessable income and will not be entitled to a tax offset.

Broadly, to be a 'qualified person', two tests must be satisfied, namely the holding period rule and the related payment rule.

Under the holding period rule, an shareholder is required to hold shares "at risk" for more than 45 days continuously (which is measured as the period commencing the day after the shares were acquired and ending on the 45th day after the shares become ex-dividend) in order to qualify for franking benefits, including franking credits. This holding period rule is subject to certain exceptions, including where the total franking offsets of an individual in a year of income do not exceed $5,000.

Special rules apply to trusts and beneficiaries.

Under the related payment rule, a different testing period applies where the shareholder has made, or is under an obligation to make, a related payment in relation to the dividend. The related payment rule requires the shareholder to have held the shares at risk for the continuous 45 day period as above but within the limited period commencing on the 45th day before, and ending on the 45th day after, the day the shares become ex-dividend.

Shareholders should seek professional advice to determine if these requirements, as they apply to them, have been satisfied.

9.9.1.5 Dividend washing

On 14 May 2013, the Commonwealth Government announced measures which apply to "dividend washing" which have since been enacted with effect from 1 July 2013.

Dividend washing is a practice through which taxpayers seek to claim two sets of franking credits by selling shares held on the Australian Securities Exchange (ASX) and then effectively repurchasing the same parcel of shares on a special ASX trading market. The timing of this transaction occurs after the taxpayer becomes entitled to the dividend but before the official record date for dividend entitlements. Where applicable, no tax offset is available (nor is an amount required to be included in your assessable income) for a dividend received on the parcel of shares purchased on the special ASX trading market.

These measures do not apply to individuals who receive $5,000 or less in franking credits in the relevant income year, although general anti-avoidance rules may still apply.

Shareholders should consider the impact of these changes having regard to their own personal circumstances.

9.9.2 Disposal of Shares

Australian tax resident Shareholders who hold their Shares on capital account will be required to consider the impact of the Australian capital gains tax (CGT) provisions in respect of the disposal of their Shares.

Where the capital proceeds received on disposal of the Shares exceed the CGT cost base of those Shares, Australian tax resident Shareholders will be required to recognise a capital gain. The CGT cost base of the Shares should generally be equal to the issue price or acquisition price of the Shares plus, among other things, incidental costs associated with the acquisition and disposal of the Shares. In respect of the CGT cost base of the Shares, this amount may be reduced as a result of receiving non-assessable distributions from MainstreamBPO, such as returns of capital.

Conversely, Australian tax resident Shareholders may recognise a capital loss on the disposal of Shares where the capital proceeds received on disposal are less than the reduced CGT cost base of the Shares.

All capital gains and losses recognised by an Australian tax resident Shareholder for an income year are added together. To the extent that a net gain exists, such Shareholders should be able to reduce the gain by any amount of unapplied net capital losses carried forward from previous income years (provided certain loss recoupment tests are satisfied). Any remaining net gain (after the application of any carried forward tax losses) will then be required to be included in the Australian tax resident Shareholder's assessable income (subject to the comments below in relation to the availability of the CGT discount concession) and will be taxable at the Shareholder's applicable rate of tax. Where a net capital loss is recognised, the loss will only be deductible against future capital gains. Capital losses are capable of being carried forward indefinitely, provided the relevant loss recoupment tests are satisfied.

Non-corporate Shareholders may be entitled to a concession which discounts the amount of capital gain that is assessed. Broadly, the concession is available where the Shares have been held for at least 12 months prior to disposal. The concession results in a 50% reduction in the assessable amount of a capital gain for an individual Shareholder or trust, and a one third reduction of a capital gain for an Australian tax resident complying superannuation entity Shareholder. The concession is not available to corporate Shareholders.

In relation to trusts, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries, subject to certain requirements being satisfied.

9.9.3 Tax file numbers

A Shareholder is not obliged to quote a tax file number (TFN), or where relevant, Australian Business Number (ABN), to MainstreamBPO. However, if a TFN or ABN is not quoted and no exemption is applicable, income tax is required to be deducted by MainstreamBPO at the highest marginal rate (currently 45%, plus the temporary budget repair levy (2% for the 2015 – 2017 (inclusive) income years and the Medicare Levy (2% as of 1 July 2015) from certain dividends paid.

No withholding requirement applies in respect of fully franked dividends paid by MainstreamBPO on the Shares.

9.9.4 Stamp duty

No stamp duty should be payable by a Shareholder on the issue or acquisition of Shares pursuant to the Offer. Further, under current stamp duty legislation, stamp duty would not ordinarily be payable on any subsequent acquisition of Shares by a Shareholder provided MainstreamBPO remains listed on ASX.

9.9.5 Australian goods and services tax (GST)

Under current Australian law, GST should not be payable in respect of the issue, acquisition or transfer of Shares. However, GST may be payable on brokerage fees.

9.9.6 Taxation considerations specifically applicable to the Employee Gift Offer

9.9.6.1 Taxation considerations

The offer under the Employee Gift Offer will involve Eligible Employees in Australia being offered the opportunity to acquire as a gift Shares up to the value of $1,000 (to the nearest number of whole Shares).

The following taxation summary addresses the general tax implications of participating in the Employee Gift Offer for Eligible Employees who are, and remain, residents (but not temporary residents) of Australia for tax purposes. There are specific rules regarding temporary residents and for individuals whose residency status changes. These rules need to be considered on a case by case basis and are not considered in this summary.

This summary is confined to taxation issues and is only one of the matters that Eligible Employees need to consider when making an investment decision. This summary is general in nature and an Eligible Employee's individual circumstances may affect the taxation implications of an investment. Eligible Employees should seek appropriate independent professional advice that considers the taxation implications in respect of their own specific circumstances before making a decision about their investments. MainstreamBPO (or its subsidiaries) and its advisors disclaim all liability to any Eligible Employee or other party for all costs, loss, damage and liability that the Eligible Employee or other party may suffer or incur arising from or relating to or in any way connected with the contents of this summary, the provision of this summary to the Eligible Employee or any other party, or the reliance on this summary by the Eligible Employee or any other party.

This summary should be read in conjunction with the relevant plan documentation, including the rules of the Employee Share Plan.

This summary does not constitute financial product advice as defined in the Corporations Act.

9.9.6.2 On allocation of Shares

Eligible Employees participating in the Employee Gift Offer may be eligible for concessional tax treatment if certain criteria are met. Under the current tax laws, an Eligible Employee can acquire Shares up to the value of $1,000 tax-free in relation to the Employee Gift Offer if the following conditions are satisfied:

› the adjusted taxable income of the Eligible Employee for the tax year in which Shares under the Employee Gift Offer are acquired (expected to be the year ending 30 June 2016) does not exceed $180,000 (see below for further detail); and

› immediately after acquiring Shares under the Employee Gift Offer, the Eligible Employee does not hold a beneficial interest in more than 5% of the issued Shares of MainstreamBPO, nor will the Eligible Employee be in a position to cast, or control the casting of, more than 5% of the maximum number of votes that might be cast at a general meeting of MainstreamBPO.

If an Eligible Employee satisfies both of the conditions above, the Eligible Employee may acquire up to $1,000 of Shares income tax-free under the Employee Gift Offer.

If an Eligible Employee cannot meet both tests, the employee will be assessed on the full market value of Shares acquired under the Employee Gift Offer (at their marginal rate of tax plus the Medicare levy and Temporary Budget Repair Levy (as applicable)), determined at the allocation date.

Note, capital gains tax (CGT) may be payable on a disposal of Shares and any dividends received on Shares may be subject to income tax – further detail is provided below.

9.9.6.3 What is adjusted taxable income?

Adjusted taxable income comprises an Eligible Employee's taxable income, plus any reportable superannuation contributions, reportable fringe benefits, investment losses and the value of Shares allocated under the Employee Gift Offer. Additional detail about the components of an individual's adjusted taxable income can be found at www.ato.gov.au.

Adjusted taxable income should be calculated for the tax year in which Shares are acquired; i.e. for the Employee Gift Offer, the relevant tax year is the year ending 30 June 2016.

It is not possible for Eligible Employees to know their adjusted taxable income for the whole financial year at the time they decide whether to participate in the Employee Gift Offer. Accordingly, Eligible Employees will need to estimate their adjusted taxable income to determine the likely tax treatment.

9.9.6.4 Adjusted taxable income does not exceed $180,000

If an Eligible Employee's adjusted taxable income for FY2016 is $180,000 or less, the Eligible Employee can acquire Shares under the Employee Gift Offer free of income tax, up to a maximum of $1,000 of Shares.

9.9.6.5 On disposal of Shares

Eligible Employees will be subject to CGT on any gain realised on the subsequent sale of Shares.

The gain (or loss) assuming an arm's length disposal, such as a sale in the ordinary course of trading on ASX, is calculated as the difference between the net sale proceeds received and the cost base of the Shares. The cost base will be equal to the market value of the Shares at the date of grant (i.e., approximately $1,000), plus any costs incurred associated with disposal of the Shares.

Where Shares have been held for at least 12 months after grant (not including the dates of grant and sale), only 50% of the gain (after deducting any available capital losses) is subject to tax. Taxable gains are subject to tax at the Eligible Employee's marginal tax rate, plus the Medicare levy and Temporary Budget Repair Levy, as applicable.

If an Eligible Employee sells their Shares for less than their cost base (assuming an arm's length disposal), then they will realise a capital loss and will not need to pay CGT.

9 Additional Information

A capital loss may only be used to offset current or future year capital gains.

All capital gains or losses should be reported in the Eligible Employee's income tax return for the tax year in which the capital gain or loss was made. Tax is payable by the Eligible Employee once their income tax return has been assessed, after filing the tax return for the year in which the gain was realised.

9.9.6.6 Taxation of dividends

Eligible Employees will need to pay tax at their marginal tax rate, plus the Medicare levy and Temporary Budget Repair Levy if applicable, on the grossed up amount of any dividends received (including franking credits) on their Shares. Any franking credits attaching to dividends should be available to reduce the income tax payable, provided the Eligible Employee meets the applicable holding period requirement.

The grossed up value of dividend income received should be included in the Eligible Employee's income tax return (and the franking credit claimed as a tax credit) for the tax year in which the dividend payments are received. Tax is payable by the participant once their income tax return has been assessed for the year, after filing the tax return for the year in which the dividends were received.

9.9.6.7 Reporting and tax withholding

Eligible Employees will need to include the value of their Shares at grant in their Australian income tax return for the relevant year to enable the Australian Taxation Office (ATO) to calculate whether the participant is entitled to the $1,000 tax-free concession in relation to their Shares.

The employee will also need to ensure any applicable taxable income, dividend, and/or capital gains information (where relevant) is included in their Australian income tax return for the relevant year.

MainstreamBPO is required to provide Eligible Employees and the ATO with a statement each financial year, containing information on the market value of the Shares allocated to employees under the Employee Share Acquisition Plan.

Where an Eligible Employee does not provide their TFN to MainstreamBPO (or the Share Registry as applicable) tax may be withheld on the value of the Shares they have acquired and/or dividends received, at the top marginal tax rate of 49% (including the Medicare levy and Temporary Budget Repair Levy) to cover the estimated tax liability. No tax withholding is required provided Eligible Employees have provided their TFN.

9.9.6.8 Stamp duty

No stamp duty will be payable by Eligible Employees on the issue or transfer of Shares pursuant to the Employee Gift Offer.

9.10 Privacy

The Company (via its subsidiaries) and the Share Registry on its behalf, collect, hold and use your personal information to process your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Once you have become a Shareholder, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included in the Shareholder register. This information must continue to be included in the Shareholder register even if you cease to be a Shareholder. If you do not provide all the information requested in the Application Form, your Application Form may not be able to be processed.

The Company and the Share Registry may disclose your personal information for purposes related to your investment to their agents and service providers including the following: the Share Registry for ongoing administration of the Shareholder register; the Lead Manager in order to assess your application; printers and other companies for the purpose of preparation and administration of documents and for handling mail; market research companies for the purpose of analysing the Company's shareholder base and for product development and planning; and legal and accounting firms, auditors, management consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by the Share Registry on behalf of the Company, by contacting the Share Registry. You will generally be provided access to your personal information (subject to some exceptions permitted by law), but you may be required to pay a reasonable charge to the Share Registry for access. The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Share Registry if any of the details you have provided change. In accordance with the requirements of the Corporations Act, information on the Shareholder register will be accessible by members of the public.

If you have any concerns or queries about the way your personal information is managed by the Company, please contact the Company by phone on +61 (0) 2 9247 3326 or write to the Company Secretary, MainstreamBPO, Level 1, 51-57 Pitt Street Sydney NSW 2000. The Company's privacy policy is available on its website. The privacy policy contains information about how you can gain access to or seek correction of personal information that the Company holds about you.

9.11 Governing law

This Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in New South Wales, and each applicant and bidder submits to the exclusive jurisdiction of the courts of New South Wales.

10 Material Contract Summaries

The Directors consider that there are a number of contracts that are important to MainstreamBPO or are otherwise relevant to a shareholder's decision as to whether or not to apply for Shares. Summaries of these contracts do not purport to be complete and are qualified by the terms of the actual contracts.

10.1 Services Agreements

MainstreamBPO's wholly owned subsidiaries have entered into service agreements with clients for the provision of various services, including fund administration, custodial and unit registry services. The service agreements underpin key revenues for the Company in relation to outsourced administration services. Not all services are provided to all contracted clients.

Key service agreements have been concluded with Magellan Asset Management Limited, Hunter Hall Investment Management Limited, Macquarie Financial Products Management Limited, Combined Fund Pty Ltd, the trustee of the Combined Super Fund and Clime Investment Management Ltd.

These service and fund administration agreements contain terms which are standard for agreements of this nature. The agreements contain largely the same terms but have some variances in respect of service level, fees and periods. The agreements together underpin key revenues for the Company in relation to outsourced administration services.

A service agreement for financial planning services is in place between SuperBPO client Combined Super and Australian Money Planners. SuperBPO CEO Michael Houlihan, who is a related party of the Company, is a director and shareholder of Australian Money Planners as well as a Responsible Officer of Combined Super. The contract between SuperBPO and Combined Super is at arm's length and on market related terms and accordingly no further consents are required.

10.2 Employment Contracts

10.2.1 Executive Chairman and Executive Directors

The Company has appointed Byram Johnston as Executive Chairman and Martin Smith and Michael Houlihan as its Executive Directors. Their annual remuneration is as follows:

Fixed remuneration

	Director's fees	Executive compensation
Byram Johnston	$120,000	$230,000
Martin Smith	$50,000	$350,000
Michael Houlihan	$50,000	$300,000

At risk remuneration

In its absolute discretion, the Company may, from time to time, include Messrs Johnston, Smith and Houlihan in any long-term incentive plan implemented by the Company or award any other bonus incentive to them.

The term of employment for each Executive Director is three years. In the absence of a new contract, employment can only be terminated by either party giving to the other three months' written notice or without notice in the event of misconduct.

Each Executive Director has undertaken to be restrained from soliciting Group customers' business and being involved with a business competing with the Company or its subsidiaries for 12 months after termination of their employment with the Company.

Their employment agreements otherwise contain standard terms and conditions for agreements of this nature.

10.2.2 Non-Executive Directors

The Company has entered into Non-Executive Director agreements with John Plummer and Lucienne Layton which contain standard terms and conditions for agreements of this nature, and entitle each of them to receive an annual director fee of $50,000.

10.2.3 Other key employees

The Company has entered into an executive service contract with Justin O'Donnell as Chief Financial Officer. The contract contains standard terms and conditions for an agreement of this nature and may be terminated by either party giving the other one month's written notice.

10.3 Director Protection Deeds

The Company has entered into director protection deeds with each Director. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities to another person arising from their position as Director of the Company. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for 7 years after they cease to act as officers.

10.4 Acquisition Agreements

The Company has made (directly or via its subsidiaries) the following acquisitions in the past 3 years:

10.4.1 The Perpetual trust registry contracts acquisition

On 30 April 2012 the corporate trust registry services together with related contracts, information and software of Perpetual Pty Ltd ABN 86 000 431 827 (**Perpetual**) were acquired by FundBPO.

The purchase price was comprised of a signing payment payable on execution and additional payments conditional on the fulfilment of certain conditions. Payments due under the contract have been finalised. The contract contained terms usual in a transaction of this nature but warranties were limited to title, absence from encumbrances and authority to enter into the agreement.

10.4.2 The HFO contracts transfer

On 3 June 2014 the Company entered into an arrangement with HFO Limited (Hong Kong Certificate number 59779066-000-05-13-6) (**HFO**) to take over its client service obligations under its client agreements together with all staff required to provide such services (with effect from 1 July 2014). In consideration the company has agreed to pay to HFO an agreed percentage of all client fees and charges payable to the Company by or in respect of all HFO clients.

10.4.3 The Channel Capital contracts assignment

On 23 January 2015 the Company entered into a transaction with Channel Capital Pty Ltd (ACN 162 591 568) (**Channel**) under which Channel transferred to the Company (with effect from 1 January 2015):

a) its worldwide rights to provide services to and receive the income from specified entities; and
b) the right to be the beneficiary under any new contract to provide services entered into during the term of the contract to the Company. The term of the transaction is 5 years, renewable for another 5 years.

10.5 Operating Agreements

The Company either in its own name or via its subsidiaries has in place with all clients a services agreement that governs the terms on which the Company or the relevant Group Company provides services to that client. The agreements are on terms usual in agreements of this nature, including the duration of the agreement, renewal rights, remuneration and termination rights.

The services include business processing and information services, technology outsourcing services, administration and support services and registry monitoring and custodial management services.

The top five clients (by revenue), which together account for approximately 50% of the Group's revenues in FY2015 include contracts with Magellan, Hunter Hall, Combined Super Fund, Macquarie and Clime Asset Management.

10.6 Software related agreements

The Company has entered into what it believes are standard form software licence agreements with varying terms and renewal rights. It should be noted that a wholly owned subsidiary (FundBPO) has a licence agreement with DST International Pty Ltd which provides that, in the event of a change of control of FundBPO, the licensee (FundBPO) must pay to DST an amount equal to the greater of 10% of the proceeds of the sale giving rise to the change of control or $1 million. As the IPO of MainstreamBPO does not give rise to a change of control in FundBPO, the IPO does not trigger this liability.

10.7 Loans and Corporate Facilities

10.7.1 Financing Facility

The Company has a business overdraft facility with National Australia Bank (**NAB**) with a limit (presently) of $55,000. The facility has been granted on standard banking terms. As at the date of this Prospectus, the facility is unutilised.

NAB has also issued bank guarantees to the Group in connection with its Sydney premises lease, under which the current balance is approximately $278,000.

Both the facility and the guarantee are secured by way of a fixed and floating charge over the assets of the Company.

10.7.2 Related Party Loans

The Company has historically relied on its existing shareholders to fund growth rather than external capital. As at the date of this Prospectus, the following loans and guarantees remain outstanding:

a) A loan from Ego Pty Limited ACN 001 261 338 (**Ego**) with the amount outstanding as of the date of this prospectus being $1,250,000. The loan bears interest at the annual BBSY Bid Rate plus 2% calculated and payable monthly. The premium on the interest rate is reduced to 2% if the monthly instalment is paid within 14 days of the due date. The loan is secured under a second ranking fixed and floating charge granted by the Company to Ego in 2011. Ego is a company associated with the family of John Plummer and is regarded as a related party transaction. The loan has market related terms and is intended to be repaid from the proceeds of the IPO.

b) A loan from John Plummer in the amount of $480,000 advanced to the Company on 30 April 2012 and an additional $750,000 advanced to the Company on various dates in 2015, all of which must be repaid on or before 30 June 2016. The loan bears interest at the annual BBSY Bid Rate plus 4.5% calculated and payable monthly. The loan is secured under a security interest registered on 6 July 2012. The loan agreement contains usual market related terms. It is intended that the loan be repaid from the proceeds of the IPO.

c) A guarantee from John Plummer in the amount of $500,000 for an ASX mFunds bond. The guarantee finishes on 1 May 2017 and bears interest at the rate of 2% per annum calculated and payable monthly. It is secured under the security interest referred to above and contains usual market related terms. It is intended that the guarantee be transferred to FundBPO using proceeds of the IPO.

d) A flexible loan arrangement with Martin Smith under which Smith has advanced funds to the Company on an ad hoc basis to manage its working capital requirements from time to time. As at 31 May 2015, the aggregate amount owed by the Company to Smith is $241,573. The outstanding amount of the loan bears interest at a rate determined by the directors of the Company and is paid annually in arrears. Historically, market-based interest has been paid on an arms-length basis. The loan is unsecured and has no fixed date of repayment. It is intended that the loan be repaid from the proceeds of the IPO.

10.7.3 Buy-Back

On 29 May 2015, the Company made an offer (the Buy-Back Offer) to each of its existing shareholders to purchase up to 7.5% of each Shareholder's Shares in the Company (rounded up to the nearest Share). In doing so, the Company followed the procedure for an equal access buy-back scheme as laid down in Division 2 of Part 2J.1 of the Corporations Act.

The amount payable under the Buy-Back Offer is determined by the formula:

X=A/B x 7.5%(C-D)

Where:

X is the Buy-Back Consideration of the Buy-Back Shares of the relevant Shareholder;

A is the number of Buy-Back Shares set out in the Acceptance Form of the relevant Shareholder (being up to 7.5% of all Shares owned by that shareholder pre-IPO);

B is the aggregate number of Buy-Back Share acceptances for all Shareholders;

C is the aggregate value of all Shares at the IPO price, as disclosed in the Prospectus; and

D is the aggregate value of all Shares at the IPO price, excluding the Shares the subject of the IPO,

provided that the aggregate Buy-Back Consideration of all Buy-Back Shares accepted for buy-back does not exceed 15% of the gross proceeds of the IPO.

The Buy-Back is subject to the Company issuing the Prospectus and the occurrence of the IPO. Completion of the Buy-Back will take place immediately prior to allotment of Shares pursuant to this Prospectus.

The period for acceptances of the Buy-Back Offer closed on 29 June 2015. Mainstream Investment Trust was the only Shareholder to accept the Buy-Back Offer and did so in the amount of 1.92 million Shares representing a Buy-Back price of $768,000. Its shareholding in the Company will accordingly reduce to 38.1% of all Shares as at the date of this Prospectus, subject to completion of the IPO.

Byram Johnston is a director of Johnston Bros Pty Ltd as Trustee of the Mainstream Investment Trust and is accordingly a related party. The Buy-Back has been conducted on an equal access scheme basis on arm's length terms and as such did not require shareholder approval under the Corporations Act.

10.8 Voluntary Escrow Agreements

The Shareholders referred to below, being Shareholders who together own 98.1% of all Shares in issue as at the date of this Prospectus, have voluntarily entered into restriction agreements under which they have agreed not to sell, dispose of or encumber any of the Restricted Shares held by them for the periods referred to below:

Shares to be released	Escrow release conditions
50% of Restricted Shares held by the Escrowed Shareholders	The date on which MainstreamBPO's full year financial results for FY2016 are released to ASX.
The remaining 50% of Restricted Shares held by the Escrowed Shareholders	24 months from quotation of Company's Shares on ASX.

The relevant shareholdings of each of the Escrowed Shareholders is as set out below.

Escrowed Parties	Escrowed Shares subject to Voluntary Escrow
Mainstream Investment Trust [1]	23,680,000
Sodor Investment Trust [2]	25,600,000
John Plummer	11,584,000

1 Byram Johnston is a director of Johnston Bros Pty Ltd, as Trustee of the Mainstream Investment Trust and assumes completion of the Buy-Back (see Section 10.7.3).

2 Martin Smith is a director of Sodor Holdings Pty Ltd, as Trustee of the Sodor Investment Trust.

The above restrictions will fall away to enable the Escrowed Shareholders to accept a successful takeover bid in circumstances similar to those permitted for ASX restricted securities.

10 Material Contract Summaries

ASIC has granted MainstreamBPO a relief modifying Chapter 6 of the Corporations Act so that the voluntary escrow arrangements described in the Prospectus will not give rise to a relevant interest for the Company in respect of the escrowed Shares (including any Shares which are issued on exercise of an Option) for the purposes of the takeover provisions in Chapter 6.

10.9 Leases

The following agreements of lease are in place:

Sydney Office (level 1)	
Landlord	GE Real Estate Investments Australia Pty Ltd
Tenant	MainstreamBPO
Premises	Level 1, 51 – 57, Pitt Street, Sydney
Term	4 years terminating 31/12/2017
Rental	$286,740 per annum plus GST increasing at 4.25% per annum
Usage	Commercial offices
Bond	Bank guarantee equal to aggregate of 6 months' rent and car park licence fee

Sydney Office (level 9)	
Landlord	Mirvac Capital Pty Ltd
Tenant	MainstreamBPO
Premises	Level 9, 51 – 57, Pitt Street, Sydney
Term	4 years terminating 31/12/2017
Rental	$212,105 per annum plus GST increasing at 4% per annum
Usage	Commercial offices
Bond	Bank guarantee equal to 6 times the aggregate of the monthly rent, operating costs and GST

Melbourne Office	
Landlord	RCJ Nominees Pty Ltd
Tenant	SuperBPO
Premises	Level 9, 155 Queen Street, Melbourne
Term	5 years terminating 16/04/2017
Rental	$121,588 per annum plus GST and outgoings increasing at 4% per annum
Usage	Commercial offices
Bond	Bank guarantee equal to 3 months' rent

Singapore Office	
Landlord	Coltron Technology Pte Ltd (ROC 199004294R)
Tenant	FundBPO Pte Ltd
Premises	138 Telok Ayer Street #02–01 Singapore
Term	2 years terminating 31/03/2017
Rental	S$6,679 plus S$468 (GST) totalling S$7,147 payable monthly in advance
Usage	Commercial offices
Bond	S$20,037 equivalent to 3 months' rent

Hong Kong Office	
Landlord	Grand Faith Development Limited of 30th Floor, 248 Queen's Road East, Wanchai, Hong Kong
Tenant	FundBPO (HK) Limited
Premises	Offices 1 & 2, 17th Floor of Winsome House, No. 73 Wyndham Street, Central, Hong Kong
Term	26 months terminating 30/06/2017
Rental	HK$85,000 per month from 1st April 2015 to 15th May 2015 and HK$89,250 per month from 16th May 2015 to 30th June 2017 payable monthly in advance
Usage	Commercial offices
Management Fees	HK$4,305 per calendar month payable monthly in advance (may be increased by the landlord's written notice)
Bond	HK$535,500

10.10 Lead Management Agreement

The Offer is being managed by the Lead Manager pursuant to a Lead Management Agreement, dated 14 August 2015, between the Lead Manager and the Company (**Lead Management Agreement**). Under the Lead Management Agreement, the Lead Manager has agreed to manage the Offer.

10.10.1 Lead Management Agreement

In consideration for Bligh Capital acting as lead manager to the IPO, MainstreamBPO will provide the following consideration to Bligh Capital:

a) a management fee equal to 2% of the total Offer proceeds (plus GST); and

b) a selling fee equal to 4% of the total Offer proceeds (plus GST).

The Company has agreed to reimburse the Lead Manager for all agreed direct costs and reasonable expenses incurred by the Lead Manager in relation to the Lead Management Agreement.

10.10.2 Termination events

The Lead Manager may terminate the Lead Management Agreement, at any time after the date of the Lead Management Agreement if any of the following events occur:

a) the Company or any of its related corporations is in breach of any of its material obligations under this Agreement;

b) any warranty or representation by the Company in the Lead Management Agreement ceases to be true in any material respect;

c) any material statement in this Prospectus, any communications (whether written or electronic) that are presented or provided to prospective investors (including any roadshow and management presentations or other investor presentations) by or on behalf of the Company or any announcements, advertisements, publicity or roadshow materials relating to the Company or the Offer made by, or published by, or (with the prior approval of the Company) on behalf of, the Company or its subsidiaries (Offer Material) does not contain all information required to comply with the Corporations Act and all other applicable laws;

d) any material statement in the Offer Material is found to be or becomes misleading or deceptive or there is found to be a material omission from this Prospectus of material required by sections 710 or 711 of the Corporations Act;

e) any material contravention by the Company, a related corporation or an officer of the Company or a related corporation of any provision of the Corporations Act, or the Listing Rules or any requirement of ASX or the ASIC or any governmental agency;

f) any adverse change occurs which materially impacts or is likely to materially impact the operational or financial condition, position, performance or prospects of the Company or a related corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a related corporation);

g) the Company:

   i) converts all or any of its Shares into a larger or smaller number of Shares;

   ii) resolves to reduce its share capital in any way (other than as expressly and specifically disclosed in this Prospectus);

   iii) enters into a buy-back agreement (other than as expressly and specifically disclosed in this Prospectus);

   iv) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act (other than as expressly and specifically disclosed in this Prospectus);

   v) issues Shares, or grants an option over its Shares, or agrees to make such an issue or grant such an option;

   vi) issues, or agrees to issue, convertible notes;

   vii) disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property; or

   viii) charges, or agrees to charge, the whole, or a substantial part, of its business or property;

h) any of the following occurs:

   i) the Offer is prevented from proceeding by reason of an order (actual or threatened, interim or final) made by ASIC under section 739 of the Corporations Act;

   ii) an application is made by ASIC for an order under Part 9.5 of the Corporations Act in relation to this Prospectus or ASIC commences any investigation or hearing under Part 3 of the Australian Securities and Investments Commission Act 2001 (Cth) in relation to this Prospectus;

   iii) any person gives a notice under section 733(3) of the Corporations Act or any person who has previously consented to the inclusion of their name in this Prospectus (or any supplementary prospectus) or to be named in this Prospectus withdraws their consent; or

   iv) any person gives a notice under section 730 of the Corporations Act in relation to this Prospectus.

10.10.3 Termination subject to materiality

The Lead Manager may terminate the Lead Management Agreement if in the opinion of the Lead Manager (reached in good faith and acting reasonably), any of the following events has or could have a material adverse effect on the success of the Offer and the Company has failed to rectify any material breach after having been given 10 Business Days' notice in writing to do so:

a) the due diligence report, verification material or other due diligence results or any other information supplied by or on behalf of the Company to the Lead Manager is or becomes misleading or deceptive, including by way of omission;

b) an event of insolvency occurs in respect of the Company or a related corporation;

c) the Company issues a public statement concerning the Offer which has not been approved by the Lead Manager in breach of this agreement;

d) any circumstance arises after this Prospectus is lodged with ASIC that results in the Company doing any of the following: repaying, or offering to repay, any monies the Company receives from applicants; or offering one or more applicants an opportunity to withdraw their Application Form(s);

e) approval is refused or not granted, other than subject to customary conditions, for the admission of the Company to the official list of ASX or for the official quotation of all of the new Shares on ASX on or before the quotation approval date, or if approval is granted, such approval is subsequently withdrawn, qualified or withheld before the issue of any new Shares;

f) the S&P/ASX 200 Index is on any trading day prior to the last date on which the new Shares are allotted under the Offer more than 10% below the level of that index at the close of normal trading on the trading day before the date of signing the Lead Management Agreement;

g) any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, the United Kingdom, the United States of America or in the international financial markets or any material adverse change occurs in national or international political, financial or economic conditions, in each case the effect of which is that, in the reasonable opinion of the Lead Manager reached in good faith, it is impracticable to market the Offer or to enforce contracts to issue and allot the new Shares or that the success of the Offer is likely to be adversely affected;

h) hostilities, political or civil unrest not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities, political or civil unrest occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom, any member state of the European Union, Israel, Japan, Russia, Indonesia, Singapore, Malaysia, North Korea, South Korea or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world; or

i) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia, or any State or Territory of Australia, a new law, or the Reserve Bank of Australia, or any Commonwealth, State or Territory authority, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of the Lead Management Agreement), any of which does or is likely to have a material adverse effect on the success of the Offer;

j) a change in the board of Directors or senior management of the Company occurs without the prior written consent of the Lead Manager;

k) a director or any member of the senior management is charged with a criminal offence relating to any financial or corporate matter;

l) any director is disqualified under the Corporations Act from managing a corporation;

m) any regulatory body commences any investigation, public action or hearing against the Company, any of the directors or any member of the senior management, or publicly announces that it intends to take any such action;

n) any estimate or expression of opinion, belief, expectation or intention, or statement relating to future matters (including any forecast or prospective financial statement, information or data or the assumptions or sensitivity in relation thereto) in any Offer Material is or becomes incapable of being met or, in the reasonable opinion of the Lead Manager, unlikely to be met in the projected timeframe;

o) an event specified in the timetable (a schedule to the Lead Management Agreement) is delayed for more than three Business Days without the prior written consent of the Lead Manager.

10.10.4 Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, fraud or wilful misconduct or default by an indemnified party, the Company agrees to keep the Lead Manager and certain affiliated parties indemnified from losses suffered in connection with the Offer or the breach of the Lead Management Agreement.

10.10.5 Conditions, warranties, undertakings and other terms

The Lead Management Agreement contains certain standard representations, warranties and undertakings by the Company to the Lead Manager (as well as common conditions precedent), including the entry into voluntary escrow deeds by the owners of 98.1% of the Shares as at the date of this Prospectus in a form and substance acceptable to the Lead Manager.

The representations and warranties given by the Company include but are not limited to matters such as power and authorisations, compliance with applicable laws and ASX Listing Rules, financial information, information contained in the Prospectus, the conduct of the Offer and the due diligence process, litigation, material contracts, encumbrances, licences, dividends and distributions.

The Company provides undertakings under the Lead Management Agreement which include but are not limited to:

- notifications of breach of any obligation, representation or warranty or undertaking or non-satisfaction of any condition given by it under the Lead Management Agreement; and
- it will not issue any Shares or securities without the prior consent of the Lead Manager except:
  - as contemplated under the Lead Management Agreement or the Prospectus up to three months after the date on which the Offer closes; or
  - Under an employee share plan or option plan.

Authorisation

Each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC.

Byram Johnston
Chief Executive Officer OAM

21 August 2015

11 Appendix A: Significant Accounting Policies

The principal accounting policies adopted in the preparation of the Financial Information are set out below (as modified for the inclusion in the Prospectus). These policies have been consistently applied to all the years presented, unless otherwise stated.

11.1.1 Basis of preparation

The Financial Information has been prepared in accordance with the recognition and measurement principles described in Australian Accounting Standards (including the Australian Accounting Interpretations) and the summarised accounting policies of MainstreamBPO as set out in this Section. Compliance with Australian Accounting Standards ensures that the Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards (IFRS) as adopted by the International Accounting Standards Board.

The Financial Information is presented in abbreviated form and does not include all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

11.1.2 Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities (subsidiaries) of MainstreamBPO.

Subsidiaries are all those entities over which the consolidated entity has control, which is when the consolidated entity is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. When the consolidated entity has less than a majority of the voting or similar rights of an entity, the consolidated entity also considers the following when assessing whether it has the power of control over the entity: contractual arrangements with the other voting holders of the entity, rights arising from other contractual arrangements and the consolidated entity's voting rights and potential voting rights.

Subsidiaries are fully consolidated from the date on which control commenced and de-consolidated from the date that control ceased.

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

11.1.3 Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

11.1.4 Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

11.1.5 Deferred tax

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

11.1.6 Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives which is typically 2-10 years.

11.1.7 Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the de-recognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts and relationships acquired as part of a business combination are recognised separately from goodwill. The customer contracts and relationships are carried at their fair value at the date of acquisition less any accumulated impairment loss.

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5-10 years.

11.1.8 Impairment

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

11.1.9 Share based payments

Share based compensation benefits may be provided to employees. The fair value of the shares granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period in which employees become unconditionally entitled to the Shares.

The fair value of the shares at grant date is determined using an acceptable model that takes into account the Share price at grant date, the expected dividend yield and the risk-free interest rate for the term. The fair value of the Shares granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest. At each reporting date, the Company revises its estimate of the number of shares that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

11.1.10 Foreign currency translation

Items included in the Company's financial statements will be measured using the currency of the primary economic environment in which it operates (**functional currency**). This is the Australian dollar, which reflects the currency of the economy in which the Company competes for funds and is regulated. The Australian dollar is also the Company's presentation currency.

12 Appendix B: Glossary

General terms and abbreviations in this Prospectus have the following meaning:

Term	Definition
$	Australian dollars
Accumulation fund	A superannuation fund where the retirement benefit depends on the money put in by the individual and their employers and the investment return generated by the fund
Administration fees	As defined in Section 3.4
AFSL	See Australian Financial Services Licence
Applicant	A person applying for Shares under this Prospectus
Application	The lodgement of an Application Form
Application Form	The form of Application for Shares attached to this Prospectus
Application Monies	The Offer Price multiplied by the number of Shares applied for
APRA	Australian Prudential Regulation Authority
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
ASX	ASX Limited ACN 008 624 691 or the securities market operated by the ASX as the case may be
ASX Bookbuild or ASX Bookbuild Facility	The automated on–market bookbuild facility operated by the ASX to enable a trading participant acting on behalf of an entity to offer and allocate financial products and to enable trading participants to enter bids for those financial products (including where financial products are offered, bid for and allocated by way of the purchase and immediate exercise of rights to subscribe for those financial products)
ASX Settlement Operating Rules	The ASX Settlement Operating Rules issued by ASX Settlement Pty Limited
Australian Financial Services Licence or AFSL	A licence given by ASIC that allows people or companies to legally carry on a financial services business, including selling, advising or dealing in financial products
Award	A Performance Right, Option or Restricted Share granted under the ESP
Bligh Capital Securities	Bligh Capital Securities Pty Limited ACN 131 668 810 as Corporate Authorised Representative of AFSL No. 329340
Board	The Board of Directors of the Company
BPO	Business process outsourcing
Broker	Any ASX participating organisation selected by the Lead Manager and MainstreamBPO to act as a broker to the Offer
Broker Firm Application Form	An application form attached to or accompanying this Prospectus (including any electronic form provided by an online application facility) in respect of the Broker Firm Offer
Broker Firm Offer	The offer of Shares under this Prospectus to Australian resident retail clients of Brokers who have received an invitation to participate from their Broker
Business Day	A day on which ASX is open for trading securities, and banks are open for general banking business in Sydney
Clime Asset Management	Clime Investment Management Limited
Combined Super Fund	The Trustee responsible for managing Combined Super is Combined Fund Pty Ltd
Company	MainstreamBPO Limited ACN 112 252 114
Constitution	The Constitution of the Company
Corporations Act and Corporations Regulations	Corporations Act 2001 (Cth) and Corporations Regulations 2001 (Cth)

12 Appendix B: Glossary

Term	Definition
Custodian	As defined in Section 2.2.4.1
Defined Benefit fund	A superannuation fund where the retirement benefits are calculated by a predetermined formula. Retirement benefits are usually calculated using the individual's average salary over the last few years before retirement and the number of years worked in the company or public service
Director Related Shareholders	Refers to Johnston Bros Pty Ltd, Sodor Holdings Pty Ltd and John Plummer
Directors	The Directors of the Company
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Eligible Employee	Eligible employees as described in Sections 7.10.1 and 7.10.2
Employee Gift Offer	The offer of a gift of up to $1,000 worth of Shares under this Prospectus to Eligible Employees
Employee Offer	The offer of Shares under this Prospectus to Eligible Employees
Escrowed Shareholders	Those Shareholders referred to as such in Section 10.8
Escrowed Shares	Shares held by Escrowed Shareholders that are subject to voluntary escrow agreements with the Company restricting their sale, disposal or encumbrance
ESP	MainstreamBPO's Employee Share Plan including the Directors' Share Offer (DSO), Senior Management Offer, Management Share Offer (MSO), Employee Gift Offer (EGO) and other offers run under the rules of the ESP
ESP Shares	Shares or Performance Rights issued to Directors and/or Eligible Employees of MainstreamBPO
Exchange–traded Fund	A financial product traded on an exchange that invests in or give exposure to securities (shares) or other assets such as commodities
Existing Shareholders	Those holders of Shares on the Prospectus Date
Expiry Date	13 months after the Prospectus Date
Exposure Period	The seven day period commencing after lodgement of this Prospectus with ASIC during which no applications may be accepted
Foreign Account Tax Compliance Act (FATCA)	Legislation enacted by the United States Congress in March 2010 as part of its efforts to improve compliance with their tax laws. FATCA imposes certain due diligence and reporting obligations on foreign (non–US) financial institutions including Australian institutions.
Fund Accounting	The maintenance of proper accounting records for a fund, in accordance with local laws, regulations and accounting standards
Fund Administration	The set of operational activities that are carried out in support of the actual process of running a collective investment scheme, whether the scheme is a managed fund, hedge fund or superannuation fund
FundBPO	FundBPO Pty Limited, a wholly–owned subsidiary of MainstreamBPO
Funds Management	The professional asset management of various securities or assets in order to meet investors' specified investment goals
Funds under Administration (FUA)	The aggregate value of investor account balances for investments that MainstreamBPO administers
Funds under Management (FUM)	The aggregate value of investor account balances for investments that MainstreamBPO manages
FY201x	Financial Year ending 30 June 201x
Glossary	This glossary
Group	The Company and its subsidiaries which are outlined in Section 9.2
HK$	Hong Kong dollars

12 Appendix B: Glossary

Term	Definition
HY2015	The 6 month period ending 31 December within the financial year ended 30 June 2015
Hedge fund	An alternative investment vehicle that pools capital from a range of sophisticated investors and invests in securities and other financial instruments
Hunter Hall	Hunter Hall Investment Management Limited
Institutional Investors	Investors who are: › persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11) and 708(8) of the Corporations Act; › institutional investors in certain other jurisdictions, as agreed by MainstreamBPO and the Lead Manager, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing with, or approval by, any government agency (except one with which MainstreamBPO is willing in its discretion to comply); or › provided that in each case such investors are not in the United States or are "Eligible U.S. Fund Managers" (as defined by the Lead Manager) in transactions exempt from or not subject to the registration requirements of the US Securities Act in reliance on Regulation S thereunder.
Institutional Offer	The invitation to Institutional Investors under this Prospectus to acquire Shares, as described in Section 7.8
Investigating Accountant	Moore Stephens Sydney Corporate Finance Pty Limited (Moore Stephens)
Investigating Accountant's Report	The Limited Assurance Investigating Accountant's Report and financial services guide prepared by the Investigating Accountant and set out in Section 8
Investment Administration	The calculation of a managed fund's net asset value including the pricing of securities at current market value
Investment Manager	Professional manager of a managed or superannuation fund
IPO	The initial public offering of Shares under this Prospectus and Listing
Know-Your-Client	Regulatory obligation for a business to verify the identity of its customers and monitor their transactions to detect or prevent illegal activity
KPIs	Key Performance Indicators
Lead Management Agreement	The lead management agreement described in Section 10.10
Lead Manager	Bligh Capital Securities
Listing	Admission of the Company to the Official List quotation of its Shares
Listing Rules or ASX Listing Rules	The rules of ASX that govern the admission, quotation and removal of securities from the Official List, as amended from time to time
Magellan	Magellan Asset Management Limited
Macquarie	Macquarie Financial Products Management Limited
MainstreamBPO	MainstreamBPO Limited, the Company or Group as the context requires
Managed account	An investment product that provides investors with direct ownership and control of an investment account looked after by a professional investment manager
Maximum subscription	The maximum subscription under the Offer being $10.0 million
mFund	As defined in Section 3.5.3.3
Middle office	The operational functions that sit between the 'front office' and 'back office' of a fund manager; typical processes include trade matching and bookings, performance reporting and pre and post-trade compliance
Minimum subscription	The minimum subscription under the Offer being $5.0 million

12 Appendix B: Glossary

Term	Definition
Moore Stephens	Moore Stephens Sydney Corporate Finance Pty Ltd
NPAT	Net profit after tax
Offer	The offers of Shares under this Prospectus, being $0.40 per Share
Offer Period	The period commencing on the Opening Date and ending on the Closing Date
Offer Price	$0.40 per Share
Official List	The official list of entities that ASX has admitted and not removed
Opening Date	In relation to the Offer, the first day on which valid Application Forms may be accepted as set out in Section 7.1 of this Prospectus
Option	An entitlement to receive a share (or cash equivalent value at the discretion of the Board), granted under the ESP, subject to the satisfaction of vesting conditions and compliance with the applicable exercise procedure (including payment of any applicable exercise price).
Original Prospectus	The Prospectus for the initial public offering of up to 25 million shares, dated 14 August 2015
Other investment structures	Individuals, joint accounts, corporate, trust, estate, partnerships and any other non-superannuation investment structures
Performance Rights	A right to receive a Share, which is granted under the ESP, subject to the satisfaction of vesting conditions
Prospectus	This document (including the electronic form of this Prospectus) and any supplementary or replacement prospectus in relation to this document
Prospectus or Replacement Prospectus	This replacement prospectus dated 21 August 2015 issued by the Company
Responsible Entity	A registered Australian company that holds an AFSL with authority to operate a managed investment scheme
Restricted Share	A Share granted under ESP, that is subject to trading restrictions and/or other conditions such as service or performance related conditions
S$	Singapore dollars
Sekel Oshry	4M Law Pty Ltd ACN 139 760 857 trading as Sekel Oshry Lawyers
Share	A fully paid ordinary share in the capital of MainstreamBPO
Share Registry	An organisation who manages all changes to a company's share register. The Share Registry for this Offer is ShareBPO Pty Limited (ACN 122 708 169)
Shareholder	A holder of Shares from time to time
Shareholding	A holding of Shares
SuperBPO	SuperBPO Pty Limited, a wholly–owned subsidiary of MainstreamBPO
TFN	Tax File Number
Unit registry	An organisation who manages all changes to a managed fund's register of unit holders
Wealth Management	The combined sectors of funds management and superannuation within the financial services industry
Wholesale FUA	Funds Under Administration for investment managers

Instructions for Completing the Application Form

General Offer and Broker Firm Offer closes 5.00pm (Sydney time) on Tuesday, 15 September 2015

Broker Firm Applicants MUST contact their Broker for information on how to submit this Application Form and Application Monies.

This Application Form relates to the General Offer and Broker Offer by MainstreamBPO Limited (**MainstreamBPO**) made under the Replacement Prospectus lodged with ASIC on 21 August 2015 (Prospectus) (or any supplementary or replacement Prospectus). The Prospectus will expire 13 months after 21 August 2015.

This Prospectus does not constitute an offer to sell, or a solicitation of any offer to buy, securities in the United States. This Prospectus has been prepared for publication in Australia. The Shares to be offered under the Offer have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered or sold in the United States, or to, or for the account or benefit of a U.S. Person.

This Application Form is important. If you are in doubt as to how to deal with it, please contact your financial or other professional adviser. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus. Capitalised terms have the meaning given to them in the Prospectus.

STEP 1 Shares applied for

Insert the dollar amount of Shares you wish to apply for. The minimum Application under the General Offer and under the Broker Firm Offer is at least $2,000 (5,000 shares) and in at least $500 (1,250 shares) increments thereafter. There is no maximum Application amount. The maximum number of Shares to be issued or transferred to you will be determined by dividing the dollar amount applied for by the Offer Price. You may be issued or transferred all of the Shares applied for or a lesser number.

STEP 2 Applicant name(s) and postal address

Enter the full name you wish to appear on the confirmation statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table overleaf for the correct forms of registrable title(s). Applications using the wrong form of names may be rejected. CHESS participants should complete their name identically to that presently registered in CHESS. Enter your postal address for all correspondence. All communications to you from the Share Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered. Enter your contact name and telephone number. This information may be used to communicate other matters to you subject to MainstreamBPO's privacy statement. This is not compulsory but will assist us if we need to contact you.

STEP 3 CHESS holdings only

MainstreamBPO will apply to ASX for Shares to participate in CHESS, operated by ASX Settlement Pty Limited, a wholly owned subsidiary of ASX. In CHESS, MainstreamBPO will operate an electronic CHESS subregister of shareholdings and an electronic issuer sponsored subregister of shareholdings.

Together, the two subregisters will make up MainstreamBPO's principal register of Shares. MainstreamBPO will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS subregister, enter your CHESS HIN. Otherwise, leave the section blank and on allotment you will be sponsored by MainstreamBPO and an SRN will be allocated to you. Please note that if you supply a CHESS HIN but the name and address details on your Application Form do not correspond exactly with the registration details held at CHESS, your Application will be deemed to be made without the CHESS HIN, and any Shares issued will be held on the issuer sponsored subregister.

STEP 4 Application payment

Applicants under the Broker Firm Offer must lodge their Application Form and Application Monies with the relevant Broker in accordance with the relevant Broker's directions in order to receive their firm allocation. Applicants under the Broker Firm Offer must not return this Application Form or Application Monies to the Share Registry.

Applicants under the General Offer must send their completed Application Form and Application Monies to the Share Registry. Cheque(s) must be in Australian dollars and drawn on an Australian branch of an Australian bank, must be crossed 'Not Negotiable' and made out to "MainstreamBPO Share Offer". Complete Step 4 with your cheque details in the boxes provided. The total amount of your cheque should equal the amount shown in Step 1. Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application Form being rejected. Paperclip (do not staple) your cheque(s) to the form where indicated. Cash will not be accepted. Receipts for payment will not be forwarded.

General Offer & Broker Firm Offer Application Form

MAINSTREAMBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING

MainstreamBPO Limited
ACN 112 252 114

General Offer and Broker Firm Offer Application Form

Before completing this Application Form, you should read the Replacement Prospectus (Prospectus) dated 21 August 2015 and the instructions on the reverse of this form.

I/We apply for ______ Shares (minimum 5,000 Shares) in MainstreamBPO (**MainstreamBPO**) Limited at $0.40 (forty cents) per Share or such lesser number of Shares which may be allocated to me/us by the Directors

I/We lodge full application monies of A$ ______ . ____

Given Name(s) (PLEASE PRINT)

Surname (PLEASE PRINT)

Joint Applicant #2 or ‹designated account›

Joint Applicant #3 or ‹designated account›

Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town State Post code

Contact Name Telephone number – Business hours ( )

Contact Name Telephone number – After hours ( )

CHESS HIN (where applicable) X

Tax File Number or Exemption Applicant #2 Applicant #3

Email address

Cheque details (PLEASE PRINT) – cheques should be made payable to "MainstreamBPO Share Offer"

Drawer

Bank BSB Amount of cheque $ ______ . ____

Privacy Statement

Personal information is collected on this form by ShareBPO Pty Ltd (**ShareBPO**), as Share Registry for MainstreamBPO for the purpose of maintaining registers of Shares and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of ShareBPO, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ShareBPO, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ShareBPO. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by MainstreamBPO in addition to general corporate communications. You may elect not to receive marketing material by contacting ShareBPO. You can contact ShareBPO using the details provided on the front of this Application Form or e-mail registry@sharebpo.com.

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the Shares you hold) to be included in the public register of MainstreamBPO. Information is collected to administer your shareholding and if some or all of the information is not collected it may not be possible to administer your Shares.

General Offer & Broker Firm Offer Application Form

Lodgement instructions

The General Offer and Broker Firm Offer opens at 9.00 am (Sydney time) on Wednesday, 26 August 2015 and is expected to close at 5.00 pm (Sydney time) on Tuesday, 15 September 2015. MainstreamBPO and the Lead Manager may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions. Applicants under the General Offer must send their completed Application Form and Application Monies to the Registry at: MainstreamBPO Offer, ShareBPO Pty Limited, GPO Box 4968, Sydney NSW 2001.

Acknowledgements

By returning this Application Form with your Application Monies:

› you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;
› you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;
› you declare that all details and statements made are complete and accurate;
› you declare that if you received the Prospectus via electronic means, it was received either personally or a printout was accompanied by the Application Form before making an Application;
› you declare that each Applicant, if a natural person, is at least 18 years old;
› you declare that you are located in Australia, not acting for the account or benefit of any person in the United States;
› you were given access to the Prospectus together with the Application Form and you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;
› if you are a trustee, you are authorised under the constituent documents of the trust to apply for and hold Shares in MainstreamBPO;
› if you are a custodian, you confirm that you are authorised by your client to give undertakings on their behalf;
› you provide authorisation to be registered as the holder of Shares issued to you and agree to be bound by the Constitution and the Prospectus;
› you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none;
› you agree to become a member of MainstreamBPO and to be bound by and comply with the terms of its Constitution;
› you acknowledge that the information contained in the Prospectus (or any supplementary or replacement Prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by MainstreamBPO;
› you authorise MainstreamBPO and the Lead Manager to do anything on your behalf necessary for Shares to be issued to you, including acting on instructions received by your Broker;
› you acknowledge that an investment in MainstreamBPO does not constitute an investment in, a deposit with, or any type of liability of the Lead Manager or any of their related bodies corporate and none of the foregoing parties in any way stand behind or guarantee the repayment of capital from MainstreamBPO, the investment performance of MainstreamBPO or any portfolio rate of return;
› you acknowledge that an investment in MainstreamBPO involves a degree of risk;
› your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;
› you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise MainstreamBPO to complete or correct this Application Form;
› you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act; and
› you agree that by providing MainstreamBPO with your email address, you consent to MainstreamBPO contacting you via email unless you notify MainstreamBPO otherwise in writing.

Correct forms of registrable titles

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of Applicant	Correct form of registration	Incorrect form of registration
Individual – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Trusts – Use trustee(s) personal name(s) – Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates – Use executor(s) personal name(s) – Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships – Use partners personal name(s) – Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names – Use office bearer(s) personal name(s) – Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of trustee of the fund – Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C> John Smith Pty Ltd	Superannuation Fund

General Offer & Broker Firm Offer Application Form

MAINSTREAMBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING

MainstreamBPO Limited
ACN 112 252 114

General Offer and Broker Firm Offer Application Form

Before completing this Application Form, you should read the Replacement Prospectus (Prospectus) dated 21 August 2015 and the instructions on the reverse of this form.

I/We apply for

Shares (minimum 5,000 Shares) in MainstreamBPO (**MainstreamBPO**) Limited at $0.40 (forty cents) per Share or such lesser number of Shares which may be allocated to me/us by the Directors

I/We lodge full application monies of A$.

Given Name(s) (PLEASE PRINT)

Surname (PLEASE PRINT)

Joint Applicant #2 or <designated account>

Joint Applicant #3 or <designated account>

Postal Address (PLEASE PRINT)

Street Number Street

Suburb/Town State Post code

Contact Name Telephone number – Business hours ( )

Contact Name Telephone number – After hours ( )

CHESS HIN (where applicable)

X

Tax File Number or Exemption Applicant #2 Applicant #3

Email address

Cheque details (PLEASE PRINT) – cheques should be made payable to "MainstreamBPO Share Offer"

Drawer

Bank BSB Amount of cheque

$.

Privacy Statement

Personal information is collected on this form by ShareBPO Pty Ltd (**ShareBPO**), as Share Registry for MainstreamBPO for the purpose of maintaining registers of Shares and facilitating payments and other corporate actions and communications. Your personal information may be disclosed to related bodies corporate of ShareBPO, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by ShareBPO, or you would like to correct information that is inaccurate, incorrect or out of date, please contact ShareBPO. In accordance with the Corporations Act, you may be sent material (including marketing material) approved by MainstreamBPO in addition to general corporate communications. You may elect not to receive marketing material by contacting ShareBPO. You can contact ShareBPO using the details provided on the front of this Application Form or e-mail registry@sharebpo.com.

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of the Shares you hold) to be included in the public register of MainstreamBPO. Information is collected to administer your shareholding and if some or all of the information is not collected it may not be possible to administer your Shares.

General Offer & Broker Firm Offer Application Form

Lodgement instructions

The General Offer and Broker Firm Offer opens at 9.00 am (Sydney time) on Wednesday, 26 August 2015 and is expected to close at 5.00 pm (Sydney time) on Tuesday, 15 September 2015. MainstreamBPO and the Lead Manager may elect to extend the Offer or any part of it, or accept late Applications either generally or in particular cases. The Offer, or any part of it, may be closed at any earlier date and time, without further notice. Your Broker may also impose an earlier closing date. Applicants are therefore encouraged to submit their Applications as early as possible. Please contact your Broker for instructions. Applicants under the General Offer must send their completed Application Form and Application Monies to the Registry at: MainstreamBPO Offer, ShareBPO Pty Limited, GPO Box 4968, Sydney NSW 2001.

Acknowledgements

By returning this Application Form with your Application Monies:

› you declare that this Application is completed and lodged according to the Prospectus and the declarations/statements on this Application Form;

› you represent and warrant that you have read and understood the Prospectus and that you acknowledge the matters, and make the warranties and representations, contained in the Prospectus and this Application Form;

› you declare that all details and statements made are complete and accurate;

› you declare that if you received the Prospectus via electronic means, it was received either personally or a printout was accompanied by the Application Form before making an Application;

› you declare that each Applicant, if a natural person, is at least 18 years old;

› you declare that you are located in Australia, not acting for the account or benefit of any person in the United States;

› you were given access to the Prospectus together with the Application Form and you represent and warrant that the law of any other place does not prohibit you from being given the Prospectus and any supplementary or replacement prospectus or making an Application on this Application Form;

› if you are a trustee, you are authorised under the constituent documents of the trust to apply for and hold Shares in MainstreamBPO;

› if you are a custodian, you confirm that you are authorised by your client to give undertakings on their behalf;

› you provide authorisation to be registered as the holder of Shares issued to you and agree to be bound by the Constitution and the Prospectus;

› you apply for the number of Shares set out on or determined in accordance with this Application Form and agree to be issued or transferred such number of Shares, a lesser number or none;

› you agree to become a member of MainstreamBPO and to be bound by and comply with the terms of its Constitution;

› you acknowledge that the information contained in the Prospectus (or any supplementary or replacement Prospectus) is not investment advice or a recommendation that Shares are suitable for you, given your investment objectives, financial situation or particular needs and that the investment performance of shares is not guaranteed by MainstreamBPO;

› you authorise MainstreamBPO and the Lead Manager to do anything on your behalf necessary for Shares to be issued to you, including acting on instructions received by your Broker;

› you acknowledge that an investment in MainstreamBPO does not constitute an investment in, a deposit with, or any type of liability of the Lead Manager or any of their related bodies corporate and none of the foregoing parties in any way stand behind or guarantee the repayment of capital from MainstreamBPO, the investment performance of MainstreamBPO or any portfolio rate of return;

› you acknowledge that an investment in MainstreamBPO involves a degree of risk;

› your Application to acquire Shares is irrevocable and may not be varied or withdrawn except as allowed by law;

› you acknowledge that an Application may be rejected without giving any reason, including where this Application Form is not properly completed or where a cheque submitted with this Application Form is dishonoured or for the wrong amount and you authorise MainstreamBPO to complete or correct this Application Form;

› you acknowledge that if you are not issued any Shares or you are issued fewer Shares than the number that you applied and paid for as a result of a scale back, all or some of your Application Monies (as applicable) will be refunded to you (without interest) in accordance with the Corporations Act; and

› you agree that by providing MainstreamBPO with your email address, you consent to MainstreamBPO contacting you via email unless you notify MainstreamBPO otherwise in writing.

Correct forms of registrable titles

Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation or completed as described in the correct forms of registrable title(s) below.

Type of Applicant	Correct form of registration	Incorrect form of registration
Individual – Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint – Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company – Use company title, not abbreviations	ABC Pty Ltd	ABC P/L; ABC Co
Trusts – Use trustee(s) personal name(s) – Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates – Use executor(s) personal name(s) – Do not use the name of the deceased	Mr William Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships – Use partners personal name(s) – Do not use the name of the partnership	Mr John Smith & Mr William Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names – Use office bearer(s) personal name(s) – Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of trustee of the fund – Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C> John Smith Pty Ltd	Superannuation Fund

Corporate Directory

MainstreamBPO Registered Office

Level 1
51-57 Pitt Street
Sydney NSW 2000

Lead Manager

Bligh Capital Securities Pty Limited
Level 8, Goldfields House
1 Alfred Street
Sydney NSW 2000

Legal Adviser

Sekel Oshry Lawyers
Level 8, Currency House
23 Hunter Street
Sydney NSW 2000

Investigating Accountant

Moore Stephens Sydney Corporate Finance Pty Ltd
Level 15
135 King Street
Sydney NSW 2000

Auditor

Ernst & Young
Ernst & Young Centre
680 George St
Sydney NSW 2000

Share Registry

ShareBPO Pty Limited
GPO Box 4968
Sydney NSW 2001

MainstreamBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING