MAINSTREAMBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING

MainstreamBPO Limited and its Controlled Entities

ABN 48 112 252 114

Financial Report

For the year ended 30 June 2015

Contents

Corporate information

MainstreamBPO Registered Office
Level 1
51-57 Pitt Street
Sydney NSW 2000

Solicitors
Sekel Oshry Lawyers
Level 8, Currency House
23 Hunter 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

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of MainstreamBPO Limited (referred to hereafter as 'MainstreamBPO', the 'Company' or 'parent entity') and the entities it controlled for the year ended 30 June 2015.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Name of Directors	***Qualifications, experience and special responsibilities***
Byram Johnston **Chief Executive Officer, MainstreamBPO**	Byram is a founder and director of MainstreamBPO. Prior to establishing MainstreamBPO, Byram was the managing partner for international consulting firms and outsourcing organisations including Arthur Andersen, Andersen Consulting, AT Kearney, PA Consulting, The IQ Business Group and FinancialBPO. He has a wealth of experience in business strategy, operating models and business process solutions. This has allowed him in more recent times to focus on the design, implementation and management of business process outsource solutions. Byram holds key positions with various bodies including Chairman of an ASX listed company. He is the Chairman of the Audit Committee of ASIC. He holds a Bachelor of Economics and is CA qualified. He was President of the Institute of Chartered Accountants in 1995-96. Byram was awarded an Order of Australia Medal in 2005.
Martin Smith **Chief Executive Officer, FundBPO**	Martin is a founder and director of MainstreamBPO. Prior to MainstreamBPO Martin worked for FinancialBPO, The IQ Business Group and Andersen Consulting designing, implementing and managing outsourcing/shared services arrangements across a range of industries including Financial Services, Government, Health, Real Estate, Logistics and Information Technology. He brings to MainstreamBPO extensive process, technology and people experience. Martin gained his skills with Coles Myer as the Financial Controller of Liquorland from 1993 to 1999. Martin holds a Bachelor of Business, Masters of Commerce and is a CPA.
Michael Houlihan **Chief Executive Officer, SuperBPO**	Michael has worked for MainstreamBPO subsidiary SuperBPO since 2010 and joined the Board on the 5 May 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.

Directors (continued)

Name of Directors	*Qualifications, experience and special responsibilities*
John Plummer Non-Executive Director	John joined the MainstreamBPO Board on the 17 July 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 on the 17 July 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.

Company Secretary

Justin O'Donnell commenced work at MainstreamBPO as the Chief Financial Officer and Company Secretary 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.

Directors' Meetings

During the year, 5 board of directors' meetings were held. Byram Johnston and Martin Smith attended all 5 directors' meetings. Michael Houlihan joined the Board on the 5 May 2015 and attended 1 directors' meeting during the year.

Audit and Risk Committee

The Company appointed the Audit and Risk Committee on the 20 July 2015. Lucienne Layton will act as chair, Byram Johnston (as Director), John Plummer (as Director) and the Company's external auditor will also attend Audit and Risk Committee meetings, as and when required.

Remuneration and Nomination Committee
The Company appointed the Remuneration and Nomination Committee on the 20 July 2015. John Plummer will act as chair, Byram Johnston (as Director) and Lucienne Layton (as Director).

Principal activities
The consolidated entity 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 consolidated entity has three key business lines:

- FundBPO provides investment administration, fund accounting, unit registry and middle office services to a range of fund managers. The business has a diversified client base, currently made up of approximately 70 fund managers. It operates across three geographies: Australia, Hong Kong and Singapore;
- 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. The business is experienced in administering a range of superannuation products, including complex defined benefits schemes, accumulation, pension and income streams; and
- 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. The business supports FundBPO's ASX market participant licence in its role as an administrator of mFunds through ASX's mFund settlement service.

No significant change in the nature of these activities has taken place during the year.

Dividends
No dividends were declared and paid during the year ended 30 June 2015 (2014: $125,000 paid in September 2013 for the year ended 30 June 2013).

Review of operations
The profit for the consolidated entity after providing for income tax amounted to $376,351 (2014: $318,824).

Significant changes in the state of affairs
On the 29 June 2015, ASIC approved the Company's change in status to an Australian Public Company, limited by shares.

Other than the above, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year
On 17 July 2015, shareholders approved the resolution to subdivide the entire issued share capital of the Company represented by 1,000 ordinary shares into 64,000,000 ordinary shares. Prior to that, on the 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, of which only one shareholder elected to participate. 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 Buy-Back is subject to the successful completion of the Initial Public Offering ('IPO'). Completion of the Buy-Back will take place immediately prior to allotment of Shares pursuant to the Prospectus.

On 12 August 2015, the Board of Directors approved and adopted the Employee Share Plan.

On 15 August 2015, the Company lodged its Prospectus with ASIC in anticipation of an IPO in FY2016.

On 28 August 2015, the Company entered into a Sale Agreement, to be funded through additional shareholder loans, with an international provider of fund administration services to hedge funds, further increasing its expansion in Asia. The purchase price will be based on the historical and projected annual revenues to be derived from transitioning clients.

On 15 September 2015, the Company received confirmation that it had been successful in raising approximately $9.0 million of IPO Proceeds.

Likely developments and expected results of operations

The likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years are:

- Both FundBPO and SuperBPO have forecasted revenue growth in FY2016 due to a number of existing clients who are expected to continue to experience significant growth in their funds, new product offerings from existing customers as well as a number of proposed contracts with both new and existing customers for which the consolidated entity is currently in sole-source contract negotiations with;
- Deployment of IPO proceeds to fund potential acquisition opportunities;
- Continued operational expansion in both Singapore and Hong Kong from relatively modest bases;
- An increase in headcount from approximately 100 in FY2015 to 126 in FY2016, in order to support the forecast revenue growth and general business expansion.

Environmental regulation

The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Shares under option

No options over issued shares or interests in the company were granted during or since the end of the reporting period and there were no options outstanding at the date of this report.

Indemnity and insurance of officers

In accordance with its Constitution, and where permitted under relevant legislation or regulation, the Company indemnifies the Directors and officers against all liabilities to another person that may arise from their position as Directors or officers of the Company, except where the liability arises out of conduct involving lack of good faith, wilful misconduct, gross negligence, reckless misbehaviour or fraud.

In accordance with the provisions of the *Corporations Act 2001*, the Company has insured the Directors and officers against liabilities incurred in their role as Directors and officers of the Company. The terms of the insurance policy, including the premium are subject to confidentiality clauses and as such the Company is prohibited from disclosing the nature of the liabilities covered and the premium.

Auditor Indemnification

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Directors' report continued

Auditor's independence declaration

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

Signed in accordance with a resolution of the Directors:

Byram Johnston OAM
Director

Date: 17 September 2015

Sydney

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Auditor's Independence Declaration to the Directors of MainstreamBPO Limited

In relation to our audit of the financial report of MainstreamBPO Limited for the financial year ended 30 June 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Rita Da Silva
Partner
Sydney
17 September 2015

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue			
Fee income		11,167,596	9,467,109
Other operating income		3,467,489	3,193,425
Interest income		81,376	85,301
Total revenue	3	14,716,461	12,745,835
Expenses			
Accounting and audit fees		240,191	243,229
Amortisation and depreciation expense		400,581	205,547
Bank fees and charges		103,649	67,641
Consultant fees		336,261	336,081
Employee benefits expense		8,073,490	6,909,619
Insurance		164,400	142,913
Interest expense		111,377	121,775
IT support and expenses		1,797,459	1,568,884
Legal fees		5,543	26,494
Management expense		1,258,777	1,125,000
Occupancy and general expenses		1,353,633	1,083,089
Other expenses		458,127	262,424
Total expenses		14,303,488	12,092,696
Profit before income tax expense		**412,973**	**653,139**
Income tax expense	4	36,622	334,315
Profit after income tax expense for the year		**376,351**	**318,824**
Other comprehensive income			
Exchange difference on translation of foreign subsidiaries		(76,155)	4,906
Other comprehensive income for the year, net of tax		**(76,155)**	**4,906**
Total comprehensive income for the year attributable to the owners of MainstreamBPO Limited		**300,196**	**323,730**
Earnings per share:			
Basic, profit for the year attributable to ordinary equity holders of the Parent		$376.4	$318.8
Diluted, profit for the year attributable to ordinary equity holders of the Parent		$376.4	$318.8

The above consolidated statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 30 June 2015

	Note	2015 $	2014 $	2013 $
Assets				
Current Assets				
Cash and cash equivalents	5	713,152	421,645	708,067
Trade and other receivables	6	1,651,994	1,321,034	1,017,002
Other	7	792,385	594,747	101,388
Total Current Assets		**3,157,531**	**2,337,426**	**1,826,457**
Non-Current Assets				
Property, plant and equipment	8	740,685	668,579	630,862
Intangible assets	9	6,654,778	4,049,785	3,929,785
Deferred tax asset	4	157,883	84,569	228,241
Total Non-Current Assets		**7,553,346**	**4,802,933**	**4,788,888**
Total Assets		**10,710,877**	**7,140,359**	**6,615,345**
Liabilities				
Current Liabilities				
Provision for income tax	4	270,853	273,584	239,040
Trade creditors	10	1,040,157	444,233	373,939
Provisions	11	441,471	381,784	316,343
Accrued expenses		524,502	568,020	427,430
Shareholder loans	13	1,230,000	-	-
Interest-bearing liabilities	14	1,250,000	1,400,000	1,850,000
Deferred consideration	9	750,000	-	-
Other	12	866,090	415,428	654,793
Total Current Liabilities		**6,373,073**	**3,483,049**	**3,861,545**
Non-Current Liabilities				
Shareholder loans	13	192,533	812,235	607,455
Deferred consideration	9	1,000,000	-	-
Other non-current liabilities	15	500,000	500,000	-
Total Non-Current Liabilities		**1,692,533**	**1,312,235**	**607,455**
Total Liabilities		**8,065,606**	**4,795,284**	**4,469,000**
Net Assets		**2,645,271**	**2,345,075**	**2,146,345**
Equity				
Contributed capital	17	1,745,760	1,745,760	1,745,760
Reserves	18	345,454	421,609	416,703
Retained earnings		554,057	177,706	(16,118)
Total Equity		**2,645,271**	**2,345,075**	**2,146,345**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 30 June 2015

	Contributed Capital	Revaluation Reserve	Retained Earnings	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
Consolidated					
Balance at 1 July 2013	1,745,760	416,703	(16,118)	-	2,146,345
Profit after income tax expense for the year	-	-	318,824	-	318,824
Other comprehensive income for the year, net of tax	-	-	-	4,906	4,906
Total comprehensive income for the year, net of tax	-	-	318,824	4,906	323,730
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	-	-
Dividends paid	-	-	(125,000)	-	(125,000)
Balance at 30 June 2014	1,745,760	416,703	177,706	4,906	2,345,075
Balance at 1 July 2014	1,745,760	416,703	177,706	4,906	2,345,075
Profit after income tax expense for the year	-	-	376,351	-	376,351
Other comprehensive income for the year, net of tax	-	-	-	(76,155)	(76,155)
Total comprehensive income for the year, net of tax	-	-	376,351	(76,155)	300,196
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	-	-
Dividends paid	-	-	-	-	-
Balance at 30 June 2015	1,745,760	416,703	554,057	(71,249)	2,645,271

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash flows from operating activities			
Income received		14,304,125	12,356,502
Operating expenses paid		(13,055,235)	(11,945,299)
Interest received		81,376	85,301
Interest paid		(111,377)	(121,775)
Income tax paid		(60,000)	(52,667)
Net cash inflow from operating activities	5 (b)	**1,158,889**	**322,062**
Cash flows from investing activities			
Purchase of capitalised software & equipment		(347,687)	(243,264)
Purchase of intangible assets		(979,993)	(120,000)
Net cash outflow from investing activities		**(1,327,680)**	**(363,264)**
Cash flows from financing activities			
Repayment of interest bearing liabilities		(150,000)	(450,000)
Net proceeds on shareholder loans		610,298	204,780
Net cash inflow from financing activities		**460,298**	**(245,220)**
Net change in cash balance during the year		291,507	(286,422)
Cash at the beginning of the financial year		421,645	708,067
Cash at the end of the financial year	5 (a)	**713,152**	**421,645**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial statements

Note 1. Corporate information

The consolidated financial statements of MainstreamBPO Limited and its subsidiaries (collectively, the Group or consolidated entity) for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 17 September 2015.

MainstreamBPO Limited (the Company or the parent) is a for profit company limited by shares incorporated and domiciled in Australia. The Group's principal place of business is Level 1, 51-57 Pitt Street, Sydney NSW 2000.

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report.

Note 2. Summary of significant accounting policies

Basis of preparation
The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards (AASB) and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has also been prepared on a historical cost basis unless stated otherwise and is presented in Australian dollars.

First-time adoption of AASB and IFRS
These financial statements, for the year ended 30 June 2015, are the first the Group has prepared in accordance with Australian Accounting Standards and International Financial Reporting Standards (IFRS). For periods up to and including the year ended 30 June 2014, the Group prepared its financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements. The Group has however consistently applied all recognition and measurement requirements of all Australian Accounting Standards but not all disclosure requirements.

The Group has transitioned from Tier 2 to Tier 1 under AASB 1053 *Application of Tiers of Australian Accounting Standards* as MainstreamBPO is now "publicly accountable" given the Group is in the process of listing on the Australian Stock Exchange (ASX). As a result, the Group is required to apply the requirements of AASB 1 *First time Adoption of Australian Accounting Standards* in this general purpose financial report.

In order to comply with AASB 1, the Group has included a third balance sheet in the statement of financial position including comparatives for related statement of financial position notes. As the Group has consistently applied the recognition and measurement requirements of all the Australian Accounting Standards, a reconciliation is not required as there is no impact on the reported financial position, financial performance or cash flows. The Group also has not applied any of the exemptions under AASB 1. In complying with AASB 1, the directors are able to make an explicit and unreserved statement of compliance with IFRS as issued by the International Accounting Standards Board.

Compliance with International Financial Reporting Standards (IFRS)
The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Net current asset deficiency and use of going concern assumption
The consolidated entity recorded net current liabilities of $3,215,542 as at 30 June 2015. On 15 August 2015, the Company lodged its Prospectus with ASIC in anticipation of an IPO in FY2016. The IPO will raise proceeds of between $5 million to $10 million for the Company and the anticipated list date on the ASX is expected to be on or around 23 September 2015. Accordingly, this financial report has been prepared on the basis that the company can continue to meet its obligations as and when they fall due and can therefore continue normal activities, including the settlement of liabilities and the realisation of assets in the ordinary course of business.

Significant accounting policies
The principal accounting policies adopted in the preparation of the financial statements are set out below. The accounting policies adopted are consistent with those of the previous financial reporting period, except where otherwise stated.

New, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Standards did not have a material impact on the consolidated entity.

No new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

Accounting Standards and Interpretations issued but not yet effective
The following standards and interpretations that are relevant to the consolidated entity have been issued by the AASB but are not yet effective for the year ending 30 June 2015.

AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)
AASB 116 *Property Plant and Equipment* and AASB 138 *Intangible Assets* both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. This amendment clarifies that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. This standard will be effective to the Group 1 July 2016.

The adoption of this amendment is not expected to have any significant impact on the financial performance or position of the consolidated entity.

AASB 15 Revenue from Contracts with Customers
AASB 15 incorporates the requirements of IFRS 15 *Revenue from Contracts with Customers* issued by the International Accounting Standards Board (IASB) and developed jointly with the US Financial Accounting Standards Board (FASB). The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard will be effective 1 July 2017. The consolidated entity is still in the process of assessing the impact.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MainstreamBPO as at 30 June 2015 and the results of all subsidiaries for the year then ended. MainstreamBPO and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2015. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Foreign currency translation

The financial report is presented in Australian dollars, which is MainstreamBPO's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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.

Rendering of services
Rendering of services revenue is recognised when it is received or when the right to receive payment is established.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Government grants
Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

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.

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, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

MainstreamBPO Limited (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

The unused tax losses and unused tax credits arising from the overseas company has not been recognised as a current tax asset.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

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 as follows:
Plant and Equipment – 2 to 5 years
Office Equipment – 2 to 5 years
Computer Equipment – 2 to 5 years
Software – 2 to 10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. Loans and receivables are the main category of financial assets. Such assets are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Leases
The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

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. The assessment of the indefinite life is conducted in accordance with the criteria set forth in AASB 138. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. 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 derecognition 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
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
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. Customer contracts and relationships acquired during the year are amortised over a life of 10 years.

Software
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 3-10 years.

Impairment of non-financial assets
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.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on any bank overdrafts
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

Provisions
Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Wages and salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Issued capital
Ordinary shares are classified as equity.

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

Dividends
Dividends are recognised when declared during the financial year.

Earnings per share

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is the same as basic EPS for the year ended 30 June 2015.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Notes to the financial statements continued

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Critical accounting judgements, estimates and assumptions
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Assessment of impairment of receivables
The impairment of receivables assessment requires a degree of estimation and judgement and takes into account the recent experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations, loss of customers or some other event. The amortisation period for intangible assets with a finite life are reviewed at least annually.

Goodwill and other indefinite life intangible assets
The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Note 3. Revenue

	Consolidated	
	2015	2014
	$	$
Revenue		
Fee Income	11,167,596	9,467,109
Other operating income	3,467,489	3,193,425
Interest Income	81,376	85,301
Total revenue	14,716,461	12,745,835

Note 4. Income tax expense

	Consolidated	
	2015	2014
	$	$

a) The major components of income tax expense for the years ended 30 June 2015 and 2014 are:

Current income tax	173,544	368,553
Current tax adjustment	(63,607)	109,434
Deferred tax expense/(benefit)	(73,315)	(143,672)
Income tax expense	**36,622**	**334,315**

Deferred tax included in income tax expense comprises:

Movement in deferred tax assets	49,585	16,353
Movement in deferred tax liabilities	23,730	127,319
Deferred tax	**73,315**	**143,672**

b) Reconciliation of income tax expense and accounting profit:

Profit before income tax expense	412,973	653,139
Tax at the statutory rate of 30%	123,892	195,942
Add:		
Tax effect of:		
Sundry non-deductible items	6,234	146,222
Tax rate differential in other jurisdictions	(35,721)	(117,283)
Non-deductible items	(14,141)	-
Adjustments to prior periods	(63,607)	109,434
Other	19,965	-
Income tax expense	**36,622**	**334,315**

c) Analysis of deferred tax

	Consolidated	
	2015	2014
	$	$
Deferred tax asset relates to:		
Provisions	125,885	114,535
Accruals	88,263	99,004
Other	48,975	-
	263,123	**213,539**
Deferred tax liability relates to:		
Revaluation of fixed assets	87,740	128,970
Accrued income	17,500	-
	105,240	**128,970**
Net deferred tax asset	**157,883**	**84,569**

Note 5.(a) Current assets - cash and cash equivalents

		Consolidated	
	2015	2014	2013
	$	$	$
Cash at bank	242,400	103,898	391,326
Deposit bonds	470,752	317,747	316,741
	713,152	**421,645**	**708,067**

Note 5.(b) Reconciliation of Cash Flow from Operating Activities

	Consolidated	
	2015	2014
	$	$
Profit before tax	412,973	653,139
Adjustments for:		
Amortisation and depreciation expense	400,581	205,547
Changes in operating assets and liabilities		
Decrease/(Increase) in receivables	(330,960)	(304,032)
Increase/(Decrease) in payables	595,924	70,294
Decrease/(Increase) in other assets	(197,638)	(493,359)
Increase/(Decrease) in other liabilities	278,009	190,473
Cash inflows from operating activities	**1,158,889**	**322,062**

Note 6. Current assets - trade and other receivables

	Consolidated 2015 $	2014 $	2013 $
Trade debtors	1,651,994	1,321,034	1,017,002
	1,651,994	**1,321,034**	**1,017,002**

The Company has not impaired any trade debtors for the year ended 30 June 2015 (2014: Nil).

As at 30 June 2015, the ageing analysis of trade debtors is as follows:

	Neither past due nor impaired	30-60 days	61-90 days	90 + days	Total
2015	1,493,899	50,704	51,803	55,588	**1,651,994**
2014	1,160,373	60,127	64,053	36,481	**1,321,034**

Note 7. Current assets – other

	Consolidated 2015 $	2014 $	2013 $
Prepayments	76,389	94,747	101,388
ASX settlement bond	500,000	500,000	-
IPO offering costs	204,066	-	-
Other	11,930	-	-
	792,385	**594,747**	**101,388**

IPO offering costs include those costs capitalized with respect to the IPO. Following completion of the IPO in FY2016, these costs will be offset against IPO proceeds.

Note 8. Non-current assets - property, plant and equipment

	Consolidated 2015 $	2014 $	2013 $
a) Plant and equipment - at cost	-	20,280	-
Less: Accumulated depreciation	-	(18,286)	-
	-	**1,994**	-
b) Office Equipment – at cost	301,193	293,581	268,440
Less: Accumulated depreciation	(291,821)	(271,569)	(232,773)
	9,372	**22,012**	**35,667**
c) Computer Equipment – at cost	359,058	300,298	228,134
Less: Accumulated depreciation	(284,121)	(223,929)	(181,645)
	74,937	**76,369**	**46,489**
d) Capitalised software – at cost	1,442,711	1,160,500	1,035,362
Less: Accumulated amortisation	(786,335)	(592,296)	(486,656)
	656,376	**568,204**	**548,706**
Total property, plant and equipment	**740,685**	**668,579**	**630,862**

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant and Equipment $	Office Equipment $	Computer Equipment $	Capitalised Software $	Total $
Balance at 1 July 2013	-	35,667	46,489	548,706	630,862
Additions	20,820	25,141	72,165	125,138	243,264
Depreciation expense	(18,826)	(38,796)	(42,285)	(105,640)	(205,547)
Balance at 30 June 2014	1,994	22,012	76,369	568,204	668,579
Additions	-	7,290	58,186	282,211	347,687
Depreciation expense	(1,994)	(19,930)	(59,618)	(194,039)	(275,581)
Balance at 30 June 2015	**-**	**9,372**	**74,937**	**656,376**	**740,685**

Note 9. Non-current assets – intangibles

	Consolidated		
	2015	2014	2013
	$	$	$
Business Combinations – Goodwill	2,589,072	2,589,072	2,589,072
Other Intangible Assets	4,065,706	1,460,713	1,340,713
	6,654,778	**4,049,785**	**3,929,785**

Goodwill is derived from the acquisition of SuperBPO Pty Ltd (formerly Group Benefits Pty Ltd) and Other Intangible Assets are derived from the purchase of customer relationships and contracts by SuperBPO Pty Ltd and from Perpetual Limited, HFO Limited and a transaction with an Australian based fund administrator. FundBPO (HK) Ltd was established in July 2014 following the acquisition of customer relationships and contracts from HFO Limited. A transaction with an Australian based fund administrator was completed in January 2015 and was completed on a deferred consideration basis ($1,750,000 outstanding at 30 June 2015) with contractual amounts payable on various dates between 23 January 2015 and 30 June 2018.

The Company performed its annual impairment test for intangible assets with indefinite useful lives and for Goodwill as at 30 June 2015 and 2014. The analysis was performed taking into account a range of internal and external factors and no indicators of impairment were identified. The recoverable amount of each asset, calculated as fair value less costs to sell based on the comparable fair value of recent market transactions undertaken of a similar nature and type between knowledgeable and willing parties on an arm's length basis, was greater than its respective carrying amount and accordingly no impairment was recorded at 30 June 2015 or 2014. Key assumptions applied in assessing fair value as recoverable amount for the customer relationships and contracts attributable to Perpetual and HFO acquisitions were a 1.75x revenue multiple calculated on FY15 actual revenue. Key assumptions applied in assessing fair value as recoverable amount for goodwill and other intangible assets attributable to SuperBPO Pty Ltd were an allocation to SuperBPO Pty Ltd of enterprise value of the Group, independently assessed at 30 June 2015 as part of the IPO Prospectus.

Reconciliations
Reconciliations of the carrying amount at the beginning and end of the current financial year are set out below:

	Goodwill	Intangible assets with definite useful life	Intangible assets with indefinite useful life	Total
	$	$	$	$
Balance at 30 June 2013	2,589,072	-	1,340,713	3,929,785
Additions	-	-	120,000	120,000
Amortisation expense	-	-	-	-
Balance at 30 June 2014	**2,589,072**	**-**	**1,460,713**	**4,049,785**
Additions	-	2,500,000	229,993	2,729,993
Amortisation expense	-	(125,000)	-	(125,000)
Balance at 30 June 2015	**2,589,072**	**2,375,000**	**1,690,706**	**6,654,778**

Note 10. Current liabilities - trade creditors

	Consolidated		
	2015	2014	2013
	$	$	$
Trade payables	**1,040,157**	**444,233**	**373,939**

Note 11. Provisions

	Consolidated		
	2015	2014	2013
	$	$	$
Annual leave liability	338,462	304,746	254,453
Long service leave liability	103,009	77,038	61,890
	441,471	**381,784**	**316,343**

Reconciliations of the carrying amount at the beginning and end of the current financial year are set out below:

	Annual leave liability	Long service leave liability	Total
Balance at 30 June 2013	254,453	61,890	316,343
Additions	152,139	32,146	184,285
Utilised	(101,846)	(16,998)	(118,844)
Balance at 30 June 2014	304,746	77,038	381,784
Additions	156,240	70,194	226,434
Utilised	(122,524)	(44,223)	(166,747)
Balance at 30 June 2015	**338,462**	**103,009**	**441,471**

Note 12. Current liabilities – other

	Consolidated		
	2015	2014	2013
	$	$	$
GST liability	257,834	167,829	455,321
PAYG withholding payable	475,446	127,502	97,624
Superannuation payable	127,990	115,741	97,081
Other	4,820	4,356	4,767
	866,090	**415,428**	**654,793**

Note 13. Shareholder loans

	Consolidated		
	2015	2014	2013
	$	$	$
Shareholder loans – current	1,230,000	-	-
Shareholder loans – non-current	192,533	812,235	607,455
	1,422,533	**812,235**	**607,455**

The Company has historically been funded with shareholder loans. Interest is payable monthly in arrears on the above shareholder loans on an arm's length basis. It is the intention of the Company to repay the shareholder loans classified as current with IPO proceeds.

Notes to the financial statements continued

Note 14. Interest bearing liabilities

	Consolidated 2015 $	2014 $	2013 $
Interest bearing liabilities – related party	**1,250,000**	**1,400,000**	**1,850,000**

The interest bearing liabilities of $1,250,000 (2014: $1,400,000) have been in place since the 17th October 2011 and are secured by way of a fixed floating charge over the assets of MainstreamBPO. Interest is payable monthly in arrears on the above interest bearing liabilities on an arm's length basis. The liability is repayable within 30 days of receipt of repayment notice by the lender and hence classified as a current liability on the statement of financial position for the periods ended 30 June 2015 and 2014. No such notice has been received. There were no breaches of any debt covenants for the periods ended 30 June 2015 or 2014. It is the intention of the Company to repay interest bearing liabilities with IPO proceeds.

Note 15. Other non-current liabilities

	Consolidated 2015 $	2014 $	2013 $
Loan – related party	**500,000**	**500,000**	-

The purpose of the loan was the provision of a Settlement Bond issued by the Commonwealth Bank of Australia to ASX Settlement Pty Ltd. This loan is also interest bearing and interest is payable monthly in arrears on an arm's length basis. The repayment date is 1 May 2017.

Note 16. Operating leases

At the end of the reporting year the total of future minimum lease payment commitments under non-cancellable operating leases for office premise were as follows:

	Consolidated 2014 $	2014 $
Not later than one year	952,960	717,150
Later than one year and not later than five years	1,232,703	1,675,753

Note 17. Equity - contributed capital

	Consolidated		Consolidated	
	2015	**2014**	**2015**	**2014**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	1,000	1,000	1,745,760	1,745,760

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 18. Equity - reserves

		Consolidated	
	2015	**2014**	**2013**
	$	**$**	**$**
Revaluation reserve	416,703	416,703	416,703
Foreign currency translation reserve	(71,249)	4,906	-
	345,454	**421,609**	**416,703**

Revaluation reserve
The reserve is used to recognise increments and decrements in the fair value of software. There was no movements in this reserve during the years ended 30 June 2015 and 2014.

Foreign currency translation reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars.

Note 19. Equity – dividends

There were no dividends paid or declared during the year ended 30 June 2015.

For the year ended 30 June 2015 the Company had $289,153 of franking credits.

On 30 August 2013 the directors declared a fully franked final dividend of $125,000 for the year ended 30 June 2013 that was paid in September 2013.

Notes to the financial statements continued

Note 20. Financial risk management

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The consolidated entity's exposure to the risk of changes in market interest rates relates primarily to the Company's shareholder loans and interest bearing liabilities. The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for classes of financial assets and financial liabilities is set out below:

2015	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	5	2.50	713,152	-	713,152
Trade and other receivables	6		-	1,651,994	1,651,994
			713,152	1,651,994	2,365,146
Financial liabilities					
Trade creditors	10		-	1,040,157	1,040,157
Shareholder loans	13	4.50%	1,422,533	-	1,422,533
Interest-bearing liabilities	14	4.00%	1,250,000	-	1,250,000
Other loan	15	4.00%	500,000	-	500,000
			3,172,533	1,040,157	4,212,690

2014	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	5	2.50	421,645	-	421,645
Trade and other receivables	6		-	1, 321,034	1,321,034
			421,645	1, 321,034	1,742,679
Financial liabilities					
Trade creditors	10		-	444,233	444,233
Shareholder loans	13	4.00%	812,235	-	812,235
Interest bearing liabilities	14	4.00%	1,400,000	-	1,400,000
Other loan	15	4.00%	500,000	-	500,000
			2,712,235	444,233	3,156,468

The Group assessed that the fair values of cash and cash equivalents, receivables, payables, shareholder loans and interest bearing liabilities approximate their carrying amount largely due to the nature and maturity of these instruments.

The Group's profit before tax is affected through the sensitivity to a reasonably possible change in interest rates on that portion of shareholder loans and interest bearing liabilities affected. With all other variables held constant, a change in floating rate borrowings of fifty basis points would impact profit before tax by approximately $13,363 (2014: $11,061).

Foreign Currency Risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

The consolidated entity is not exposed to significant foreign currency risk on monetary items and hence no sensitivity analysis is provided.

Credit Risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity is exposed to credit risk from its operating activities, primarily trade receivables and deposits with banks. Deposits with banks are all with reputable large banks. The maximum exposure to credit risk at the reporting date is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity regularly monitors its outstanding customer receivables. The Company has not impaired any trade debtors for the year ended 30 June 2015 (2014: Nil).

Liquidity risk
Liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following table sets forth the contractual maturities of the respective shareholder loans and interest bearing liabilities for the year ended 30 June 2015:

		On demand	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
		$	$	$	$	$	$
2015							
Shareholder loans	13	-	-	1,230,000	-	192,533	1,422,533
Interest bearing liabilities	14	1,250,000	-	-	-	-	1,250,000
Other loan	15	-	-	-	500,000		500,000
		1,250,000	**-**	**1,230,000**	**500,000**	**192,533**	**3,172,533**

Notes to the financial statements continued

		On demand	Less than 3 months	3 to 12 months	1 to 5 years	Greater than 5 years	Total
		$	$	$	$	$	$
2014							
Shareholder loans	13	-	-	-	480,000	332,235	812,235
Interest bearing liabilities	14	1,400,000	-	-	-	-	1,400,000
Other loan	15	-	-	-	500,000		500,000
		1,400,000	**-**	-	**980,000**	**332,235**	**2,712,235**

The consolidated entity recorded net current liabilities of $3,215,542 as at 30 June 2015. On 15 August 2015, the Company lodged its Prospectus with ASIC in anticipation of an IPO in FY2016. The IPO will raise proceeds of between $5 million to $10 million for the Company and the anticipated list date on the ASX is expected to be on or around 23 September 2015. Accordingly, the Company can meet its obligations as and when they fall due and can therefore continue normal activities, including the settlement of liabilities and the realisation of assets in the ordinary course of business.

Note 21. Capital management

For the purpose of the Company's capital management, capital includes contributed capital, shareholder loans, interest bearing liabilities and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments in light of changes in market and economic conditions.

As noted above, the Company is anticipating an IPO in FY2016 to increase its contributed capital.

Note 22. Key management personnel disclosures

Compensation

The aggregate compensation made to the key management personnel including Directors of the consolidated entity is set out below:

	Consolidated	
	2015	**2014**
	$	**$**
Short-term employee benefits	1,258,777	1,125,000
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	1,258,777	**1,125,000**

Notes to the financial statements continued

Note 23. Contingent Assets and Contingent Liabilities

The Group had contingent liabilities of approximately $122,685 as at 30 June 2015 (30 June 2014: Nil). These contingent liabilities are related to future payments for the purchase of customer relationships and contracts from HFO Limited. These future payments are contingent upon the level of revenue to be received in future periods. The Group did not have any contingent assets as at 30 June 2015 or 2014.

Note 24. Related party transactions

Subsidiaries
Interests in subsidiaries are set out in note 28.

Transactions with related parties
Loans with related parties are set out in note 13, 14 and 15.

Total interest paid to related parties during the year ended 30 June 2015 was $111,377 (2014: $121,775).

Intercompany transactions
All intercompany transactions were made on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Note 25. Auditor's remuneration

The auditor of MainstreamBPO Limited is Ernst & Young Australia. Amounts received or due and receivable by Ernst & Young are as follows:

	2015	**2014**
	$	**$**
Audit and review of the financial statements of group entities	105,000	-
Other assurance services	129,000	115,000
	234,000	**115,000**

Amounts received or due and receivable by non Ernst & Young audit firms are as follows:

Audit or review of the financial statements – Surry Partners	-	20,000
Prospectus Due Diligence – Moore Stephens	100,000	-
	100,000	**20,000**

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

	Parent	
	2015	2014
	$	$
Statement of financial position		
Total current assets	954,808	299,422
Total assets	7,793,702	4,542,449
Total current liabilities	5,956,215	2,225,317
Total liabilities	7,148,749	3,037,552
Equity		
Issued capital	1,745,600	1,745,600
Retained profits	(1,100,647)	(240,703)
Total equity	**644,953**	**1,504,897**
Loss of the parent entity	(859,944)	4,640,151
Total comprehensive income of the parent entity	(859,944)	4,640,151

The group consolidated profit after income tax for the year ended 30 June 2015 was $376,351 (2014: $318,824). Please refer to the consolidated statement of profit and loss and other comprehensive income for further details.

The parent entity had no contingent liabilities as at 30 June 2015 and 30 June 2014.

The parent entity had no material capital commitments for property, plant and equipment as at 30 June 2015 and 30 June 2014.

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 27. Segment reporting

For management reporting purposes, the Group currently considers and reports on its business units operating results and financial position as one operating segment. Refer to "Principal activities" in the Directors report for further details of key business lines.

The table below shows a break-up of revenue by key business line.

	2015 $	2014 $
Fund administration	11,842,699	10,036,103
Super administration	2,594,945	2,469,296
Other	278,817	240,436
	14,716,461	**12,745,835**

MainstreamBPO has operations in Australia and Asia-Pacific (APAC). The table below shows a break-up of revenue by geography.

	2015 $	2014 $
Australia	12,908,199	11,795,234
APAC	1,808,262	950,601
	14,716,461	**12,745,835**

Note 28. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2:

		Equity holding	
Name of entity	**Country of incorporation**	**2015 %**	**2014 %**
FundBPO Pty Ltd	Australia	100.00	100.00
SuperBPO Pty Ltd	Australia	100.00	100.00
ShareBPO Pty Ltd	Australia	100.00	100.00
PropertyBPO Pty Ltd	Australia	100.00	100.00
MainstreamITO Pty Ltd	Australia	100.00	100.00
MortgageBPO Pty Ltd	Australia	100.00	100.00
LegacyBPO Pty Ltd	Australia	100.00	100.00
AdminBPO Pty Ltd	Australia	100.00	100.00
FundBPO Pte Ltd	Singapore	100.00	100.00
FundBPO (HK) Limited	Hong Kong	100.00	-

Note 29. Events after the reporting period

On 17 July 2015, shareholders approved the resolution to subdivide the entire issued share capital of the Company represented by 1,000 ordinary shares into 64,000,000 ordinary shares. Prior to that, on the 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, of which only one shareholder elected to participate. 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 Buy-Back is subject to the successful completion of the IPO. Completion of the Buy-Back will take place immediately prior to allotment of Shares pursuant to the Prospectus.

On 12 August 2015, the Board of Directors approved and adopted the Employee Share Plan.

On 15 August 2015, the Company lodged its Prospectus with ASIC in anticipation of an IPO in FY2016.

On 28 August 2015, the Company entered into a Sale Agreement with an international provider of fund administration services to hedge funds, further increasing its expansion in Asia. The purchase price will be based on the historical and projected annual revenues to be derived from transitioning clients.

On 15 September 2015, the Company received confirmation that it had been successful in raising approximately $9.0 million of IPO Proceeds.

END OF FINANCIAL STATEMENTS

Directors' declaration

In accordance with a resolution of the directors of MainstreamBPO Limited, I state that:

In the opinion of the directors:

a) the financial statements and notes of MainstreamBPO Limited for the financial year ended 30 June 2015 are in accordance with the Corporations Act 2001, including:

i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2; and

c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

Byram Johnston OAM
Director

Date: 17 September 2015
Sydney

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Independent auditor's report to the members of MainstreamBPO Limited

We have audited the accompanying financial report of MainstreamBPO Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is attached to the directors' report.

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Opinion

In our opinion:

a. the financial report of MainstreamBPO Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.

Ernst & Young

Ernst & Young

RDaSilva

Rita Da Silva
Partner
Sydney
17 September 2015