MAINSTREAMBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING

Annual Report

For the year ended 30 June 2016

MainstreamBPO Limited and its Controlled Entities
ABN 48 112 252 114

Contents

Chairman and Managing Director's Report

Dear Shareholder,

On behalf of the Board I am pleased to deliver our first Annual Report as a publicly listed company.

The last year was a period of significance for the Company. After listing on ASX on 1 October 2015 we have expanded our international presence and announced several acquisitions, growing Funds under Administration to $88 billion (as at 30 June 2016) in the process.

In March 2016 we celebrated 10 years of operations with our clients and staff. While much has changed since Martin and I founded the company, we still believe there are structural issues faced by fund managers with regard to the administration of their funds and that independent service providers such as ourselves have an important role to play in delivering efficiencies to these managers and, ultimately, their investors.

Financial Performance

Our Financial Statements show we have made satisfactory progress over the past year, with strong growth in earnings and revenue.

The Company's net profit after income tax increased by 173% to $1.0 million (compared to $0.4 million for the twelve months to 30 June 2015). Revenue was $18.9 million which was an increase of 28% compared to 2015.

Growth

With an increased profile from becoming a listed entity, we have delivered growth in Funds under Administration of 68% over the 12 month period to 30 June 2016, to a total of $88 billion.

Client numbers also increased during the period. The group now administers 434 funds for 119 clients as at 30 June 2016 (up from 265 funds for 82 clients as at 30 June 2015).

MainstreamBPO's growth strategy detailed in the Prospectus remains unchanged:

1. 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

2. Acquisition – expansion of our operational footprint through acquisition of businesses that operate in the same sector or offer operational synergies.

3. Broadening of our service offering - by continuing to offer differentiated and competitive fund services to our clients.

Operations

During the year we executed several transactions to expand our service platform and distribution capability.

In October 2015 we purchased Alter Domus' Hong Kong and Singapore hedge fund administration business, adding scale and higher operating margins to our offshore business.

In March 2016 we went live with one of the largest unit registry transitions in Australia via the 'lift and shift' of $25 billion of Funds under Administration from a major financial services provider. The transaction required automated workflow, transacting and reporting solutions that mean we now have a market-leading capability in unit registry for custodians and large scale fund managers.

At the same time considerable investment was made in our hedge fund administration software, improving the cost structure of our international businesses and establishing a common technology platform as we expand into other jurisdictions.

With the opening of our New York office in July 2016, we now have a presence in North America. This, alongside the recently announced acquisition of US hedge fund administrator *Fundadministration, Inc*, positions us to capitalise on new business opportunities in the major North American and Caribbean hedge fund markets.

At 30 June 2016 we employed 129 people across our four offices, up from 100 employees in the prior year. We made a number of key hires during the year including a Head of Fund Administration, Australia and Head of Fund Services, Hong Kong. We plan to invest further in our people and capability in the coming year as we continue to build out our business.

The Company maintains its policy of compliance with internal control requirements for investment management service organisations and remains compliant with the obligations associated with our Australian Financial Services Licences.

Dividends

Our growth in profits and cash flow has allowed the Board to declare a fully franked final dividend for 2016 of $0.01 per issued share, payable on 1 November 2016. The Board has resolved to offer all Shareholders who are recorded on the share register as at 25 October 2016 (the Record Date) and who have a residential address in Australia or New Zealand the right to participate in the Company's Dividend Reinvestment Plan (DRP) in respect to the 2016 final dividend. The DRP will operate at a 5% discount for the 2016 final dividend. A copy of the DRP is available on our website.

Chairman and Managing Director's Report

Outlook

Our performance over the past year reflects the scalability of our business model and ongoing growth in our sector.

We continue to execute our growth strategy. Further acquisitions are anticipated in FY17, following on from the integration of New York based *Fundadministration, Inc* into our hedge fund services business. We believe the outlook for the fundamentals of the sector remain strong.

Thank you, our Shareholders, for your ongoing support of MainstreamBPO. On behalf of the Board I would also like to thank and acknowledge our people for their hard work over the past year.

We look forward to another positive year for the Company and hope to see you at our Annual General Meeting on 30 September 2016.

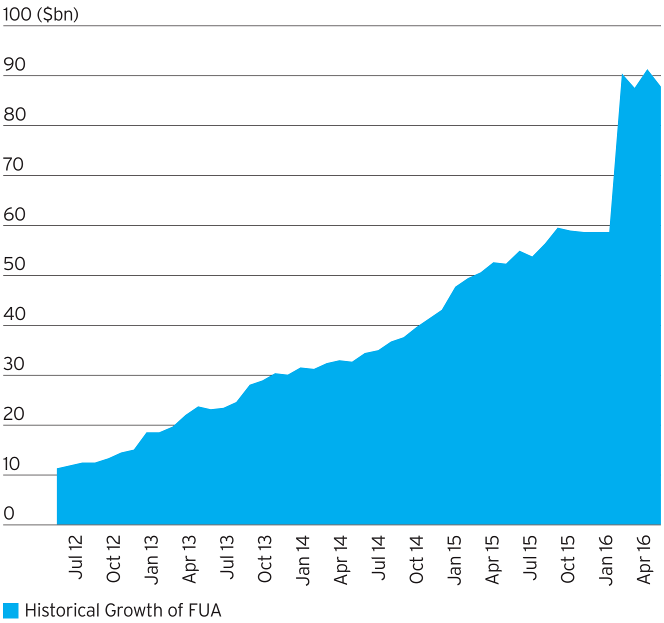
Byram Johnston OAM
Chairman and Managing Director
29 August 2016

Business Overview

Snapshot

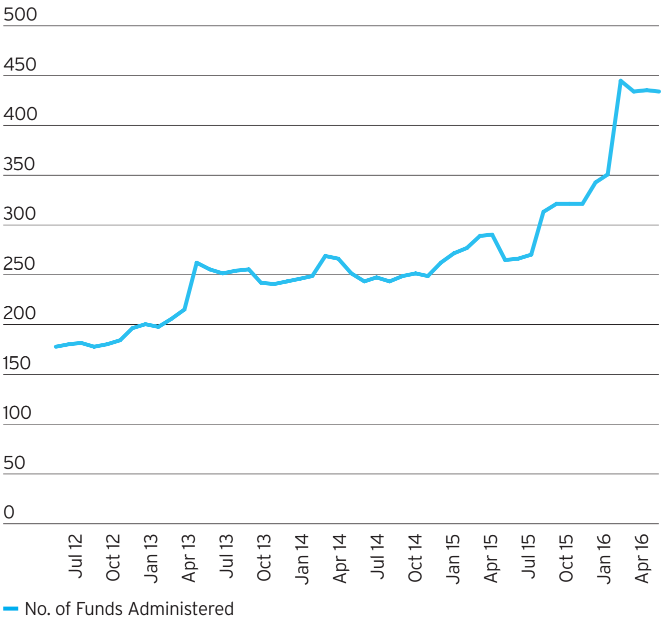
$88 billion	123,000	430+	100+
Funds under Administration (FUA)	# of unitholders supported	# funds administered	# clients

Growth in Funds under Administration



The data above is current as at 30 June 2016

Growth in Funds



Business overview

MainstreamBPO Limited (the "Company" or "MainstreamBPO") is one of Australia's leading independent fund administrators. The Company provides services for a diversified client base of fund managers and superannuation trustees.

The Company delivers services using recognised industry specific software and proprietary processes. Headquartered in Sydney, MainstreamBPO has operations in Australia, Hong Kong, Singapore and the United States, employing over 120 people.

Mainstream 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.

Since establishment in 2006, the Company now provides services to over 430 funds with funds under Administration of more than $88 billion, supporting 123,000 investors as at 30 June 2016.

The Company's operations generate predictable revenue streams based on ongoing contracts with clients for the supply of administration services. Revenue is predominantly recurring, via monthly service fees, which increase as the underlying funds grow in size.

The Company has a strong competitive position and track record of providing fund services.

The key drivers for the Company's growth are expected to continue to be:

- organic growth from new and existing clients;
- acquisition of complementary businesses with quality revenue streams; and
- broadening of the Company's service offering to support growing market segments.

Industry overview

MainstreamBPO operates in the financial services industry. Its clients are predominantly funds management and superannuation product providers within the wealth management sector.

The majority of fund managers and superannuation trustees outsource some or all of the back office activities to a specialist third party provider such as MainstreamBPO.

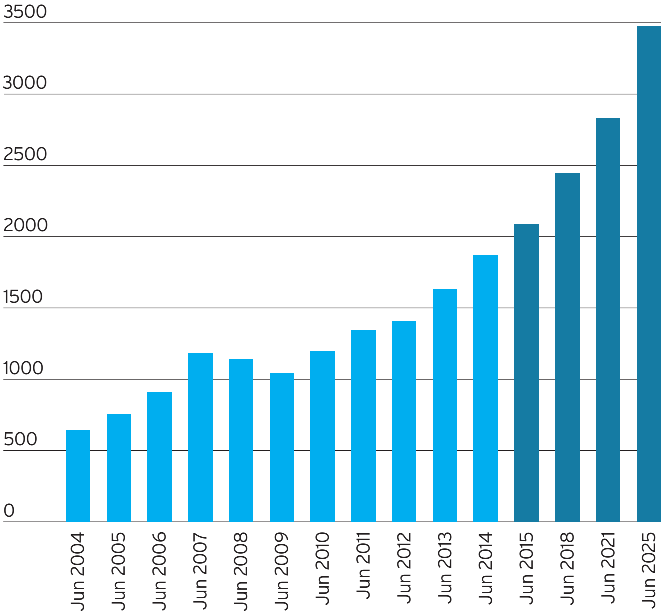
Outsourcing allows the investment manager to focus on their core competencies, namely investment performance, while potentially improving their operating margins and client service levels.

Within Australia MainstreamBPO specialises in administering retail and wholesale unit trusts, hedge funds and industry and corporate superannuation funds.

In Asia and the United States the Company focuses on servicing hedge funds, fund of funds and family office clients.

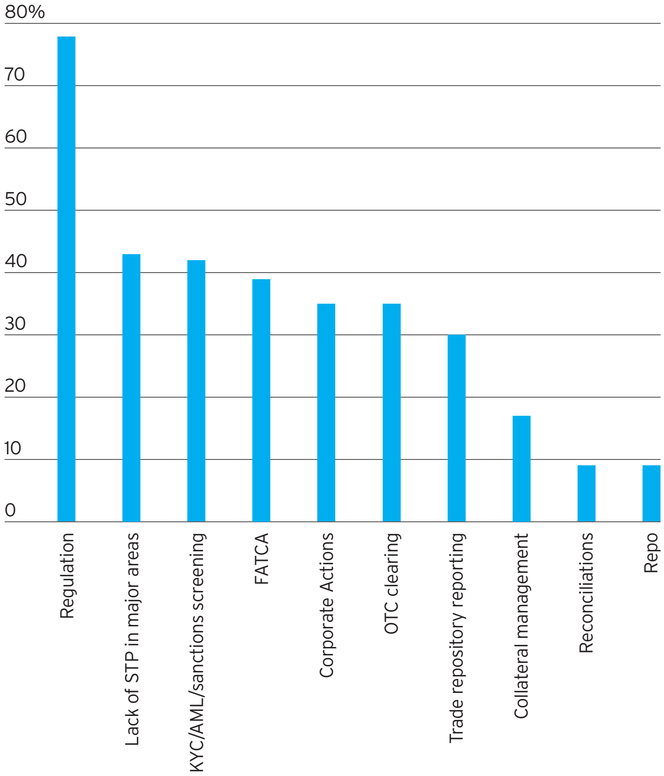
Business Overview

Total Australian Superannuation Assets



*KPMG Supertrends report, 2015

Operational Priorities of Investment Managers



*SWIFT Operational challenges facing investment managers in 2015 global survey

Industry trends

We believe the Company, as a specialist fund administrator with a diverse geographic footprint, is well positioned to benefit from the following industry trends in the years ahead:

- Continued growth in the superannuation administration market off the back of compulsory superannuation, with Australian superannuation assets forecast to grow to $3.5 trillion in 2025.
- Australia's $2.6 trillion funds management industry remaining one of the largest and fastest growing in the world.
- Continuing cost pressures for managers to outsource non-core tasks to a specialist who handles these tasks at scale.
- Pace and complexity of industry regulation putting further pressure on managers to ease their operational burden through a trusted third party.
- Banks and custodians outsourcing their anti-money laundering responsibilities to specialist providers because of heavy compliance and monitoring requirements.
- Increasing demand for specialist operational support in innovative products such as exchange-traded funds.
- Evidence of large banks and custodians, under pressure to improve their margins, dropping smaller hedge funds from their client base.
- Reforms to regional markets facilitating more cross-border fund initiatives.

Directors' Report

The Directors of MainstreamBPO Limited (the "Company" or "MainstreamBPO") present their financial report for the Company and its controlled entities which together form the consolidated entity (the "consolidated entity" or the "Group") in respect of the year ended 30 June 2016.

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 **Chairman and Managing Director, 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 was 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. Martin is responsible for the FundBPO operations in Sydney, Singapore and Hong Kong. Martin is a responsible manager on the FundBPO licence in Australia. Martin supervises a team in excess of 100 people. Martin has worked in the fund services sector for 15 years and brings a wealth of process, technology and client service experience to the company. 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. Martin holds a Bachelor of Business, Masters of Commerce, is a CPA and is RG 146 compliant.
Michael Houlihan **Chief Executive Officer, SuperBPO** 	Michael has worked for MainstreamBPO subsidiary SuperBPO since 2010 and joined the MainstreamBPO Board on 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.
John Plummer **Non-Executive Director** 	John joined the MainstreamBPO Board on 1 July 2015. John's professional experience includes more than 30 years of strategy, outsourcing, investment and business leadership experience. John held executive and non-executive roles with Chandler Macleod Ltd, retiring as Deputy Chairman, following the acquisition of the company by overseas interests. He has previously served on the board of listed investment companies and industry super funds. He sits on the boards of several private companies in recruitment, technology and investment markets. 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 13 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 PwC 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.

Audit and Risk Committee

The Company appointed the Audit and Risk Committee on 20 July 2015. Lucienne Layton (as chair), Byram Johnston (as Executive Director) and John Plummer (as Non-Executive Director) are members of the Audit and Risk Committee.

Remuneration and Nomination Committee

The Company appointed the Remuneration and Nomination Committee on 20 July 2015. John Plummer (as chair), Byram Johnston (as Executive Director) and Lucienne Layton (as Non-Executive Director) are members of the Remuneration and Nomination Committee.

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

The number of meetings of the Board and Board Committees held during the year ended 30 June 2016 and the number of those meetings attended by each Director is set out below:

Director	Board		Audit and Risk Committee		Remuneration and Nomination Committee	
	Held while a Director	Attended	Held while a member	Attended	Held while a member	Attended
Byram Johnston	10	10	3	2	1	1
Martin Smith	10	10	–	–	–	–
Michael Houlihan	10	10	–	–	–	–
John Plummer	10	10	3	3	1	1
Lucienne Layton	10	10	3	3	1	1

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of the directors in the shares of MainstreamBPO Limited were:

Director	Direct Shares	Indirect Shares [1]	Total Direct and Indirect Shares	ESP Performance Rights [2]	Total
Byram Johnston	52,323	23,687,500	23,739,823	390,000	24,129,823
Martin Smith	-	25,650,000	25,650,000	500,000	26,150,000
Michael Houlihan	-	125,000	125,000	300,000	425,000
John Plummer	11,698,822	-	11,698,822	-	11,698,822
Lucienne Layton	-	-	-	-	-
Total	**11,751,145**	**49,462,500**	**61,213,645**	**1,190,000**	**62,403,645**

1) Indirect shares include Director related entities.

2) This represents the total amount of ESP Performance Rights granted for Performance Year 2016. The number of shares expected to vest is as per the Remuneration Report.

Dividends

On 29 August 2016, the Board of Directors declared a fully franked final dividend for 2016 of $0.01 per issued share (2015: $0), payable on 1 November 2016. The Board of Directors also resolved to offer all Shareholders who are recorded on the share register as at 25 October 2016 (the Record Date) and who have a residential address in Australia or New Zealand the right to participate in the Company's Dividend Reinvestment Plan (DRP) in respect to the 2016 final dividend. The DRP will operate at a 5% discount for the 2016 final dividend. A copy of the DRP is available on the Company website.

Directors' Report

Principal activities

The consolidated entity provides outsourced fund administration services to a range of wealth management sector participants. Its clients are all manufacturers or distributors 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 investment managers. The business has a diversified client base, currently made up of approximately 100 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 and annual general meeting support. 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.

Review of financial results and operations

The profit for the consolidated entity after income tax increased 173% to $1,029,235 (2015:$376,351). Total revenue increased to $18,853,574 (2015: $14,716,461).

On 1 October 2015, MainstreamBPO Limited listed on the ASX raising capital of $8.9 million through the issuance of ordinary shares. IPO Proceeds were used consistent with business objectives during the year ended 30 June 2016.

The Group is in a strong financial position with a strong balance sheet and at 30 June 2016 reported $1,368,536 of cash and cash equivalents (2015: $242,400) and Net Assets of $10,845,634 (2015: $2,645,271).

Refer to the Chairman and Managing Director's Letter for further information, including details on the Group's strategy and future outlook.

Significant changes in the state of affairs

There were no 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 14 July 2016, MainstreamBPO announced the opening of its New York office.

On 23 August 2016, MainstreamBPO announced its acquisition of 100% of the shares in *Fundadministration, Inc.* The acquisition will be funded with a combination of cash and equity and completion is planned to occur by 30 September 2016.

On 29 August 2016, after consideration of the favourable share price movements since the listing date on 1 October 2015, the Board of Directors resolved to modify the share price hurdle for Tranches 2 and 3 under the Performance Year ("PY") 2016 Director Share Offer ("DSO") plan.

On 29 August 2016, the Board of Directors approved an invitation for Executive Directors to participate in the "DSO" and the Senior Management Share Offer ("SMSO") for PY 2017.

On 29 August 2016, the Board of Directors declared a fully franked final dividend for 2016 of $0.01 per issued share (2015: $0), payable on 1 November 2016. The Board of Directors also resolved to offer all Shareholders who are recorded on the share register as at 25 October 2016 (the Record Date) and who have a residential address in Australia or New Zealand the right to participate in the Company's Dividend Reinvestment Plan in respect to the 2016 final dividend. The DRP will operate at a 5% discount for the 2016 final dividend.

Likely developments and expected results of operations

The Group will continue to pursue its financial objectives including increasing its profitability over time by increasing the performance of its existing business lines and also through its expansion strategy. Additional comments on expected results of operations of the Group are included in this report under the review of operations section above and also in the Chairman and Managing Director's Letter.

Environmental regulation

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

Directors' Report

Shares under option

No options over issued shares or interests in the company were granted during or since the end of the current and prior reporting periods 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

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

Non-audit Services

During the year, Ernst & Young, the Group's auditor, has performed other services in addition to its statutory duties. Details of the amounts paid or payable to the auditor are set out in note 27 to the financial report.

The Directors are satisfied that the provision of those non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the provision of non-audit services by the Auditor, as set out below, did not compromise the Auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure that they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

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.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Remuneration Report

2016 Remuneration Report (Audited)

This Remuneration Report outlines the remuneration arrangements of the Group for the year ended 30 June 2016. It details the remuneration arrangements for Key Management Personnel ("KMP") of the Group who are defined as those persons having authority and responsibility for planning, directing and controlling activities of MainstreamBPO Limited.

The KMP for the Group for the year ended 30 June 2016 included the Executive Directors and the Non-Executive Directors (NEDs) as set out below:

Name	Position	Term as KMP
Executive Directors		
Byram Johnston	Chairman & Managing Director	Full Year
Martin Smith	CEO FundBPO Pty Ltd, FundBPO Pte Ltd, & FundBPO (HK) Ltd	Full Year
Michael Houlihan	CEO, SuperBPO Pty Ltd	Full Year
Non-Executive Directors		
John Plummer	Non-Executive Director	Full Year
Lucienne Layton	Non-Executive Director	13 July 2015 – 30 June 2016

The remuneration report forms part of the Directors' Report and has been prepared and audited against the disclosure requirements of Section 300A of the *Corporations Act 2001*.

1. Remuneration Philosophy

The Group structures remuneration to attract, retain and motivate employees and ensure alignment of shareholder interests and business strategy. Broadly remuneration is structured in the Group with the following components:

- fixed remuneration including superannuation which is reviewed annually against market movements, performance and peer relativity;
- a variable short term incentive (STI) which is discretionary and generally rewarded through share-based grants for individuals incumbent in key business roles and is based on achievement of performance conditions that are aligned to business outcomes;
- an offer to participate in the Company's Employee Share Plan (ESP) at nil consideration for eligible employees and directors.

2. Directors' Remuneration

The Remuneration Committee reviews Directors' remuneration annually against market information and comparable companies and may utilise the services of external advisers. The Committee's recommendations are submitted for approval by the Board.

The annual aggregate of Directors' fees in relation to their duties as a Director is currently capped at $500,000. The Board will not seek an increase to the aggregate Directors' fee pool limit at the 2016 AGM.

The current annual aggregate of Directors' fees are $320,000. The Board resolved to increase the fees within the aggregate limit to $370,000 for Chairs of Board Committees and the Chairman. The fee increases:

- recognise additional time commitment required by Chairs of Board Committees; and
- aligns the Chairman fee ratio to Non-Executive Director (NED) fees in line with market practice.

The table below summarises the Executive Director and NED fees for 2016 and planned fees for 2017:

Director	Role	2016	2017
Byram Johnston	Executive Chairman	$120,000	$150,000
Martin Smith	Executive Director	$50,000	$50,000
Michael Houlihan	Executive Director	$50,000	$50,000
John Plummer	NED; Chair Remuneration and Nominations Committee	$50,000	$60,000
Lucienne Layton	NED; Chair Audit and Risk Committee	$50,000	$60,000

3. Executive Director performance and remuneration outcomes

3.1. Director Share Offer ("DSO") overview

The Executive Directors of the Company are participants of the Company's DSO which provides Performance Rights that entitle the holder to be issued one share for each Performance Right at no cost should the agreed vesting conditions be met. The vesting conditions are based on the MainstreamBPO share price on the ASX at the vesting measurement date and are designed to align remuneration with creation of shareholders' value over the longer term.

3.2. DSO outcome for Performance Year ("PY") 2016

In accordance with the MainstreamBPO Limited Replacement Prospectus and the available information regarding the share price of MAI at close of trade on the ASX on 25 July 2016 ($0.64), it is anticipated that 100% of Performance Rights in Tranche 1 under the PY 2016 DSO will vest on 1 October 2016. This number is subject to change and will be confirmed on 1 October 2016 after measurement by reference to the volume weighted average price ("VWAP") of MainstreamBPO's shares on the ASX for the 5 trading days immediately prior to 1 October 2016.

3.3. DSO for PY 2017

The Board has approved an invitation for Executive Directors to participate in the DSO for PY 2017, as outlined in the table below.

Performance Rights Vesting Schedule for DSO for 2016 & 2017

		Performance Rights Vesting Schedule for DSO				
Director	Performance Year (PY)	1-Oct-16	1-Oct-17	1-Oct-18	1-Oct-19	Total
Byram Johnston	DSO PY 2016	80,000	80,000	80,000		240,000
	DSO PY 2017		80,000	80,000	80,000	240,000
Martin Smith	DSO PY 2016	33,333	33,333	33,334		100,000
	DSO PY 2017		33,333	33,333	33,334	100,000
Michael Houlihan	DSO PY 2016	33,333	33,333	33,334		100,000
	DSO PY 2017		33,333	33,333	33,334	100,000

3.4. Amendments to the DSO PY 2016 vesting conditions for Tranches 2 and 3

After consideration of the favourable share price movements since the listing date on 1 October 2015, the Board modified the share price hurdle for Tranches 2 and 3 under the PY 2016 DSO plan, detailed below. Tranche 1 measures remain unchanged.

Revised Vesting Conditions for Performance Rights for 2016

Tranche	Vesting Measurement Date	Performance hurdle – MBPO share price[1] on ASX at vesting measurement date	% of Performance Rights that vest upon achieving vesting performance hurdle
Tranche 1	1 October 2016	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	1 October 2017	Less than Closing Price of 1 October 2016	Nil%
		Share price equal to Closing Price of 1 October 2016 up to Closing Price plus $0.10	50%
		Share price greater than Closing Price of 1 October 2016 plus $0.10	100%
Tranche 3	1 October 2018	Less than Closing Price of 1 October 2017	Nil%
		Share price equal to Closing Price of 1 October 2017 up to Closing Price plus $0.10	50%
		Share price greater than Closing Price of 1 October 2017 plus $0.10	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.

3.5. Vesting conditions for DSO PY 2017

The Board has approved the vesting conditions for the PY 2017 DSO grant to reflect Earnings per Share (EPS) rather than the Company's share price as this measure has a greater alignment to shareholder interests and aligns to market practice for long term incentives ("LTI's").

Vesting conditions for Performance Rights for DSO PY 2017

Tranche	Vesting Measurement Date	Performance hurdle – MBPO Earnings Per Share (EPS) at vesting measurement date	% of Performance Rights that vest upon achieving vesting performance hurdle
Tranche 1	1 October 2017	Less than FY17 EPS target	Nil%
		EPS equal to or greater than FY17 target up to plus 10%	50%
		Greater than FY17 EPS target plus 10%	100%
Tranche 2	1 October 2018	Less than EPS as per FY18 EPS target	Nil%
		EPS equal to or greater than FY18 target up to plus 10%	50%
		Greater than FY18 EPS target plus 10%	100%
Tranche 3	1 October 2019	Less than EPS as per FY19 target	Nil%
		EPS equal to or greater than FY19 target up to plus 10%	50%
		Greater than FY19 EPS target plus 10%	100%

3.6. Overview of Executive Directors' remuneration

Executive Directors receive a mix of fixed remuneration and variable remuneration consisting of short term incentive ("STI") opportunities that are appropriate to their position, responsibilities and performance. Executive Directors remuneration levels are reviewed annually by the Remuneration Committee with reference to the remuneration philosophy.

3.7. Actual remuneration earned by senior management in FY16

The actual remuneration earned by Executive Directors in FY16 is set out in section 4 below.

3.8. Senior Management Share Offer ("SMSO") Performance outcomes against performance conditions

The Executive Directors participate in the SMSO which provides Performance Rights that entitle the holder to be issued one (1) share for each Performance Right at no cost should the agreed performance conditions be met. A combination of financial and non-financial measures are used to measure performance under the SMSO. The agreed performance conditions for PY 2016 for Executive Directors focused on achievement of Company and subsidiary revenue and earnings for FY16, customer satisfaction and retention, implementation of acquisitions and client transitions, prudent compliance and risk management, and employee engagement.

As the Company operates its annual performance cycle from 1 October to 30 September, the performance outcome for each Executive Director has not been finalised as at 30 June 2016. However, in the interests of shareholder transparency, the expected performance outcomes for each of the Executive Directors have been outlined in the table below. The Board assessed all available information in order to determine an appropriate performance percentage (%) against agreed performance conditions. Actual payments will be stated in the remuneration report in 2017.

Expected Performance Outcomes for 2016 SMSO Grant

	Performance Rights to be issued for 2016 Performance Year (PY 2016)			
Senior Manager	**Tranche 1 1 October 2016**	**Tranche 2 1 October 2017**	**Tranche 3 1 October 2018**	**Total**
Byram Johnston	45,000	45,000	45,000	135,000
Martin Smith	120,000	120,000	120,000	360,000
Michael Houlihan	20,000	20,000	20,000	60,000
TOTAL				**555,000**

4. Details of Remuneration paid in FY16

The total amount paid to Key Management Personnel (KMP) of the Company for year ended 30 June 2016 is detailed below:

Actual remuneration paid during the year ended 30 June 2016

	Short term benefits		Post-Employment	Long-term benefits	Share-based payments	Total Remuneration
	Salary & fees $	Other Benefits[1] $	Super-annuation $	Long Service Leave $	Incentive[2] $	$
Non-Executive Directors						
John Plummer	45,662	-	4,338	-	-	50,000
Lucienne Layton	44,491	-	4,227	-	-	48,718
Executive Directors						
Byram Johnston	331,709	-	18,291	-	-	350,000
Martin Smith	385,540	-	14,460	-	-	400,000
Michael Houlihan	322,527	-	27,473	-	-	350,000
TOTAL KMP	**1,129,929**		**68,789**	**-**	**-**	**1,198,718**

1 Other benefits may include non-cash items such as motor vehicle and mobile phone allowances.

2 No incentives have been paid as at 30 June 2016. Vested Performance Rights will be included in the Annual Report of 2017.

5. Employment agreements

The terms and conditions of employment, including remuneration arrangements, are formalised in employment agreements. The following outlines the details of contracts with senior management:

Employment provisions

Name	Position	Resignation notice period	Termination for cause	Termination without cause	Restraint on soliciting employees and clients	Restraint on non-compete	Termination Payments
Byram Johnston	Managing Director	3 months	None	3 months	12 months	12 months	Nil
Martin Smith	CEO FundBPO	3 months	None	3 months	12 months	12 months	Nil
Michael Houlihan	CEO SuperBPO	3 months	None	3 months	12 months	12 months	Nil

6. Service agreements

The terms and conditions of non-executive director ("NED") appointments, including remuneration arrangements, are formalised in service agreements. The following outlines the details of service agreements with NEDs:

Service agreements

Name	Position	Term of appointment[1]	Termination notice period
John Plummer	NED	3 years	4 weeks
Lucienne Layton	NED	3 years	4 weeks

1 Term of appointment is maximum term which could be reduced if the Director is not re-elected by shareholders of the group.

7. Directors' Shareholdings

The number of direct and indirect shares held during the year to 30 June 2016 by each KMP is set out on page 7 in the Directors' Report.

Signed in accordance with a resolution of the Directors:

Byram Johnston OAM
Director

Date: 29 August 2016
Sydney

Auditor's Independence Declaration to the Directors of MainstreamBPO Limited

Building a better working world

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Auditor's Independence Declaration to the Directors of MainstreamBPO Limited

As lead auditor for the audit of MainstreamBPO Limited for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of MainstreamBPO Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

R Da Silva

Rita Da Silva
Partner
29 August 2016

Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2016

		Consolidated	
	Note	2016 $	2015 $
Revenue			
Fee income		17,763,236	11,167,596
Other operating income		938,906	3,467,489
Interest income		151,432	81,376
Total revenue		**18,853,574**	**14,716,461**
Expenses			
Employee benefits expense		10,866,317	9,668,528
Share-based payments expense	5	411,790	-
Accounting and audit fees		419,502	240,191
Amortisation and depreciation expense		462,565	400,581
Bank fees and charges		84,313	103,649
Insurance		229,327	164,400
Interest expense		91,871	111,377
IT support and expenses		2,764,292	1,797,459
Legal fees		102,332	5,543
Occupancy and general expenses		1,580,345	1,353,633
Other expenses		474,756	458,127
Total expenses		**17,487,410**	**14,303,488**
Profit before income tax expense		**1,366,164**	**412,973**
Income tax expense	6	336,929	36,622
Profit after income tax expense		**1,029,235**	**376,351**
Other comprehensive income			
Exchange differences on translation of foreign subsidiaries		8,155	(76,155)
Other comprehensive income, net of tax		**8,155**	**(76,155)**
Total comprehensive income for the year		**1,037,390**	**300,196**
Earnings per share (EPS):			
Basic earnings per share	4	$0.01299	$0.00588
Diluted earnings per share	4	$0.01280	$0.00588

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 2016

	Note	30 June 2016 $	30 June 2015 $
Assets			
Current Assets			
Cash and cash equivalents	7(a)	1,368,536	242,400
Trade and other receivables	8	2,618,612	1,651,994
Other current assets	9	1,039,587	1,263,137
Total Current Assets		**5,026,735**	**3,157,531**
Non-Current Assets			
Property, plant and equipment	10	1,017,895	740,685
Intangible assets	11	7,471,368	6,654,778
Net deferred tax assets	6(c)	497,332	157,883
Total Non-Current Assets		**8,986,595**	**7,553,346**
Total Assets		**14,013,330**	**10,710,877**
Liabilities			
Current Liabilities			
Trade creditors and accrued expenses	12	1,820,058	1,564,659
Provision for employee benefits	13	525,530	441,471
Provision for income tax		302,618	270,853
Shareholder loans	15	-	1,230,000
Interest-bearing liabilities	16	-	1,250,000
Deferred consideration		-	750,000
Other current liabilities	14	519,490	866,090
Total Current Liabilities		**3,167,696**	**6,373,073**
Non-Current Liabilities			
Shareholder loans	15	-	192,533
Deferred consideration		-	1,000,000
Other non-current liabilities	17	-	500,000
Total Non-Current Liabilities		**-**	**1,692,533**
Total Liabilities		**3,167,696**	**8,065,606**
Net Assets		**10,845,634**	**2,645,271**
Equity			
Contributed equity	19	8,902,554	1,745,760
Reserves	20	359,788	345,454
Retained earnings		1,583,292	554,057
Total Equity		**10,845,634**	**2,645,271**

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 2016

	Contributed Equity $	Reserves $	Retained Earnings $	Total Equity $
Consolidated				
Balance at 1 July 2015	**1,745,760**	**345,454**	**554,057**	**2,645,271**
Profit after income tax expense	-	-	1,029,235	1,029,235
Other comprehensive income, net of tax	-	8,155	-	8,155
Total comprehensive income, net of tax	**-**	**8,155**	**1,029,235**	**1,037,390**
Transactions with owners in their capacity as owners:				
Shares issued under IPO	8,901,455	-	-	8,901,455
Transaction costs, net of tax	(976,661)	-	-	(976,661)
Share buy-backs	(1,254,400)	-	-	(1,254,400)
Shares issued	486,400	-	-	486,400
Share-based payments	-	6,179	-	6,179
Balance at 30 June 2016	**8,902,554**	**359,788**	**1,583,292**	**10,845,634**
Balance at 1 July 2014	**1,745,760**	**421,609**	**177,706**	**2,345,075**
Profit after income tax expense	-	-	376,351	376,351
Other comprehensive income, net of tax	-	(76,155)	-	(76,155)
Total comprehensive income, net of tax		**(76,155)**	**376,351**	**300,196**
Transactions with owners in their capacity as owners:				
Shares issued	-	-	-	-
Dividends paid	-	-	-	-
Balance at 30 June 2015	**1,745,760**	**345,454**	**554,057**	**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 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Income received		17,735,524	14,304,125
Operating expenses paid		(16,280,601)	(13,372,982)
Interest received		151,340	81,376
Interest paid		(91,871)	(111,377)
Income tax paid		(223,508)	(60,000)
Net cash inflow/(outflow) from operating activities	7(b)	**1,290,884**	**841,142**
Cash flows from investing activities			
Purchase of capitalised software & equipment		(602,275)	(347,687)
Purchase of intangible assets		(2,701,411)	(979,993)
Transfer to deposits		-	(153,005)
Net cash outflow from investing activities		**(3,303,686)**	**(1,480,685)**
Cash flows from financing activities			
Shares issued under IPO		8,901,455	-
Transaction costs		(1,266,371)	-
Employee Gift Offer		(207,000)	-
IPO share buy-backs		(1,254,400)	-
Shares issued		137,787	-
Repayment of interest bearing liabilities		(1,250,000)	(150,000)
Repayment of shareholder loans		(1,422,533)	610,298
Payment for ASX settlement bond		(500,000)	-
Net cash inflow from financing activities		**3,138,938**	**460,298**
Net increase/(decrease) in cash and cash equivalents during the year		1,126,136	(179,245)
Cash at the beginning of the year		242,400	421,645
Cash at the end of the year	7(a)	**1,368,536**	**242,400**

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

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 2016 were authorised for issue in accordance with a resolution of the Directors on 29 August 2016.

MainstreamBPO Limited ("MainstreamBPO", "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 been prepared on a historical cost basis unless stated otherwise and is presented in Australian dollars.

Compliance with International Financial Reporting Standards

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

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 amended 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.

Note 2. Summary of significant accounting policies continued

Accounting Standards and Interpretations issued but not yet effective

The Australian and International Accounting Standards issued but not yet mandatory for the 30 June 2016 reporting period have not been adopted by the Group in the preparation of this financial report. An assessment of the impact of the new standards and interpretations which may have a material impact on the Group is set out below:

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 material impact on the financial performance or position of the Group.

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 2018. The Group is still in the process of assessing the impact.

IFRS 16 Leases

During January 2016, the IASB issued IFRS 16 *Leases*, which replaces the existing leases guidance in IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Lease – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. The definition if based on the premise of control, where a lease is identified when a customer has the right to (1) obtain substantially all of the economic benefits from the use of the identified asset; and (2) direct the use of the identified asset.

Note 2. Summary of significant accounting policies continued

IFRS 16 provides a single model for accounting for leases by lessees. Leases other than low value and short-term leases must be recognised on the balance sheet of lessees. The lessee will recognise an asset, reflecting its right to use the underlying asset, and a liability, in respect of its obligation to make lease payments. Expenses in respect of leases will include amortisation of the right-of-use asset and interest expense in respect of the lease liability. Lessors will continue to account for leases as either operating or finance leases, consistent with current practice. For operating leases, the underlying asset remains on the lessor's balance sheet. For finance leases, the underlying asset is derecognised and a lease receivable is recognised.

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 *Revenue from Contracts with Customers*, has been applied, or is applied at the same date as IFRS 16. The Group is still in the process of assessing the impact.

AASB 9 Financial Instruments

This standard makes significant changes to the classification of financial instruments and hedge accounting requirements and disclosures, and introduces a new expected loss model when recognising expected credit losses on financial assets. AASB 9 is effective for annual periods beginning on or after 1 January 2018. As at 30 June 2016 the Group continues to evaluate the recognition and disclosure requirements of this standard but does not anticipate it will have a material financial 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 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MainstreamBPO as at 30 June 2016 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'.

Note 2. Summary of significant accounting policies continued

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016. 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.

Note 2. Summary of significant accounting policies continued

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 translation 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.

Fee income

Fee income arises from providing fund administration services, which are typically based on funds under management, the number of transactions processed and number of investors or members. Fee income 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.

Note 2. Summary of significant accounting policies continued

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 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.

Note 2. Summary of significant accounting policies continued

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 arrangements 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 companies have 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.

Note 2. Summary of significant accounting policies continued

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:

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.

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 2-10 years.

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.

Note 2. Summary of significant accounting policies continued

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 *Intangible Assets*. 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.

Note 2. Summary of significant accounting policies continued

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. Customer contracts and relationships with an indefinite useful life are carried at their fair value at the date of acquisition less any accumulated impairment loss. Customer contracts and relationships with a finite useful life (2 to 10 years) are measured at cost less amortisation and any impairment.

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 creditors and accrued expenses

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.

Note 2. Summary of significant accounting policies continued

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.

Note 2. Summary of significant accounting policies continued

Earnings per share
Basic earnings per share is calculated as net profit/(loss) after income tax expense for the year divided by the weighted average number of ordinary shares on issue. Diluted earnings per share is calculated by adjusting the basic earnings per share to take into account the effect of any costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Refer to Note 4 for further details.

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, the risk-free interest rate for the term and any restrictions on the shares. 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.

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.

Note 2. Summary of significant accounting policies continued

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.

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.

Note 2. Summary of significant accounting policies continued

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.

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.

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.

Non-market vesting conditions

Non-market vesting conditions are included in assumptions about the number of shares that are expected to vest for Senior Management and Director share-based payment awards. At each reporting date, the Group 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.

Note 3. Segment Reporting

Due to the nature of the Group's operations and current size of the Group, for management reporting purposes, the chief operating decision makers (being the Board of Directors) currently consider and report on the business units' operating results and financial position as one reportable operating segment – fund administration. Refer to the statement of profit or loss and other comprehensive income for the Group's results.

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

	2016 $	2015 $
Australia	15,322,121	12,908,199
Asia	3,531,453	1,808,262
	18,853,574	**14,716,461**

Note 4. Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS computations:

	2016 $	2015 $
Profit attributable to ordinary equity holders of the parent:	**1,029,235**	**376,351**
Weighted average number of ordinary shares for basic EPS*	79,208,447	64,000,000
Effects of dilution from:		
> Director Share Offer	440,000	-
> Senior Management Share Offer	750,000	-
Weighted average number of ordinary shares adjusted for the effect of dilution	80,398,447	64,000,000

*As at 30 June 2016, there were 84,333,638 ordinary shares outstanding (2015: 1,000).

The calculation of weighted average number of ordinary shares outstanding for the period ended 30 June 2016 takes into account the share split of 1,000 shares into 64,000,000 ordinary shares that occurred on 17 July 2015 and also takes into account the net issuance of 20,333,638 ordinary shares in connection with the Company's IPO that occurred on 1 October 2015.

The calculation of weighted average number of ordinary shares outstanding for the period ended 30 June 2015 takes into account the effect of the share split of 1,000 shares into 64,000,000 ordinary shares that occurred on 17 July 2015, on the basis that the share split had been in issue for the whole period, as required for comparative purposes under AASB 133 *Earnings Per Share*.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Note 5. Share based payments

In connection with the Company's IPO that was completed on 1 October 2015, the Company has established an Employee Share Plan (ESP). 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. Awards can be issued in the form of Performance Rights, Options or Restricted Shares. The four main components of the ESP are summarised as below:

Employee Gift Offer

On 1 October 2015, 517,500 MainstreamBPO Limited shares were issued to 104 staff of MainstreamBPO Limited. Each recipient received 5,000 shares for nil consideration. The shares vested immediately, however are restricted for 3 years.

Management Share Offer

On 1 October 2015, 496,532 MainstreamBPO Limited shares were issued to 13 members of the MainstreamBPO Limited management team for nil consideration. The shares vested immediately, however are restricted for 1 year.

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 and service conditions are met over a 3 year vesting period. 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.

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. The Performance Rights vest over a period of three years subject to certain share price performance hurdles being met. The fair value of share Performance Rights granted is estimated at the date of grant using a Monte-Carlo simulation model, taking into account the terms and conditions upon which the performance rights were granted.

The total expense recognised for share-based payments during the year ended 30 June 2016 is:

	Consolidated	
	2016 $	**2015 $**
Share-based payments		
Employee Gift Offer	134,550	-
Management Share Offer	158,890	-
Senior Management Share Offer	97,166	-
Director Share Offer	21,184	-
Total share-based payments expense	**411,790**	**-**

Note 6. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the consolidated statement of profit or loss for the years ended 30 June 2016 and 2015 are:

	Consolidated	
	2016 $	**2015 $**
a) Current income tax		
Current income tax	421,910	173,544
Current tax adjustment for prior periods	(58,783)	(63,607)
Deferred tax expense/(benefit)	(26,198)	(73,315)
Income tax expense/(benefit)	**336,929**	**36,622**
Deferred tax included in income tax expense comprises:		
Movement in deferred tax assets	20,226	49,585
Movement in deferred tax liabilities	(46,424)	23,730
Deferred tax expense/(benefit)	**(26,198)**	**73,315**
b) Reconciliation of income tax expense and accounting profit:		
Profit before income tax expense	**1,366,164**	**412,973**
Tax at the statutory rate of 30%	**409,849**	**123,892**
Add:		
Sundry non-deductible items	7,500	6,234
Share based payments	92,337	-
Tax rate differential in other jurisdictions	(208,561)	(35,721)
Non-deductible items	-	(14,141)
Adjustments to prior periods	(58,783)	(63,607)
Transfer of DTA on IPO costs to equity	48,975	-
Other	45,612	19,965
Income tax expense/(benefit)	**336,929**	**36,622**
c) Analysis of deferred tax		
Deferred tax asset relates to:		
Provisions	142,212	125,885
Accruals	100,685	88,263
Equity raising costs	313,251	48,975
	556,148	**263,123**
Deferred tax liability relates to:		
Revaluation of fixed assets	58,816	87,740
Accrued income	-	17,500
	58,816	**105,240**
Net deferred tax asset	**497,332**	**157,883**
d) Income tax benefit charged directly to equity		
Transaction costs associated with share issue	**418,569**	**-**

Note 7.(a) Current assets – cash and cash equivalents

	Consolidated	
	2016 $	2015 $
Cash at bank	1,368,536	242,400
	1,368,536	**242,400**

Note 7.(b) Reconciliation of Cash Flow from Operating Activities

	Consolidated	
	2016 $	2015 $
Profit before tax	1,366,164	412,973
Adjustments for:		
Amortisation and depreciation expense	462,565	400,581
Share-based payments	411,790	-
Changes in operating assets and liabilities		
Decrease/(Increase) in receivables	(966,618)	(330,960)
Increase/(Decrease) in trade creditors and accrued expenses	255,399	595,924
Decrease/(Increase) in other assets	223,550	(197,638)
Increase/(Decrease) in other liabilities	(461,966)	(39,738)
Cash inflows from operating activities	**1,290,884**	**841,142**

On 1 October 2015, MainstreamBPO Limited listed on the ASX raising capital of $8.9 million through the issuance of ordinary shares. Refer to the consolidated statement of cash flows for further details.

Note 8. Current assets – trade and other receivables

	Consolidated	
	2016 $	2015 $
Trade debtors	2,618,612	1,651,994
	2,618,612	**1,651,994**

The Company has not impaired any trade debtors for the year ended 30 June 2016 (2015: Nil).

As at 30 June 2016, the ageing analysis of trade debtors is as follows:

	Neither past due nor impaired	30-60 days	61-90 days	90 + days	Total
2016	2,411,470	115,725	55,463	35,954	**2,618,612**
2015	1,493,899	50,704	51,803	55,588	**1,651,994**

Note 9. Current assets – other

	Consolidated	
	2016 $	2015 $
Deposit bonds	962,895	970,752
Prepayments	75,644	76,389
IPO offering costs	-	204,066
Other	1,048	11,930
	1,039,587	**1,263,137**

IPO offering costs include those costs capitalised with respect to the IPO. Following completion of the IPO on 1 October 2015, these costs were offset against IPO proceeds in contributed equity.

Note 10. Non-current assets – property, plant and equipment

	Consolidated	
	2016 $	2015 $
Office Equipment – at cost	301,280	301,193
Less: Accumulated depreciation	(297,232)	(291,821)
	4,048	**9,372**
Computer Equipment – at cost	483,238	359,058
Less: Accumulated depreciation	(346,535)	(284,121)
	136,703	**74,937**
Capitalised software – at cost	1,920,719	1,442,711
Less: Accumulated amortisation	(1,043,575)	(786,335)
	877,144	**656,376**
Total property, plant and equipment	**1,017,895**	**740,685**

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 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**
Additions	-	87	124,180	478,008	602,275
Depreciation expense	-	(5,411)	(62,414)	(257,240)	(325,065)
Balance at 30 June 2016	**-**	**4,048**	**136,703**	**877,144**	**1,017,895**

Note 11. Non-current assets – intangibles

	Consolidated	
	2016 $	2015 $
Business combinations – goodwill	2,589,072	2,589,072
Other intangible assets	4,882,296	4,065,706
	7,471,368	**6,654,778**

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, a transaction with an Australian based fund administrator and Alter Domus. 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 with contractual amounts payable on various dates between 23 January 2015 and 30 June 2018. In the half year ended 31 December 2015, a deed of amendment was entered into with the Australian based fund administrator which reduced the overall purchase price by $750,000 and the remainder of the deferred consideration was subsequently paid in full.

On 28 August 2015, the Company entered into an Asset Sale Agreement with Alter Domus, an international provider of fund administration services to hedge funds, to acquire intangible assets in the form of customer contracts, to further increase its expansion in Asia. The purchase price was based on the historical and projected annual revenues derived from transitioning clients. The transaction was completed in December 2015 for a final purchase price of $1.6 million.

The Company performed its annual impairment test for intangible assets with indefinite useful lives and for Goodwill as at 30 June 2016 and 2015. The analysis was performed taking into account a range of internal and external factors and no indicators of impairment were identified during the year and as at year end. 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 2016 or 2015. Key assumptions applied in assessing fair value as recoverable amount for the customer relationships and contracts attributable to the Perpetual, HFO and Alter Domus acquisitions were a 1.75x revenue multiple calculated on FY16 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, assessed at 30 June 2016 based on MainstreamBPO Limited market capitalisation.

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 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**
Additions	–	–	1,704,090	1,704,090
Amended acquisitions	–	(750,000)	–	(750,000)
Amortisation expense	–	(137,500)	–	(137,500)
Balance at 30 June 2016	**2,589,072**	**1,487,500**	**3,394,796**	**7,471,368**

Note 12. Current liabilities – trade creditors and accrued expenses

	Consolidated	
	2016 $	2015 $
Trade creditors	1,262,144	1,040,157
Accrued expenses	557,914	524,502
	1,820,058	**1,564,659**

Note 13. Provisions for employee benefits

	Consolidated	
	2016 $	2015 $
Annual leave liability	450,936	338,462
Long service leave liability	74,594	103,009
	525,530	**441,471**

Note 14. Current liabilities – other

	Consolidated	
	2016 $	2015 $
GST liability	289,961	257,834
PAYG withholding payable	37,978	475,446
Superannuation payable	190,917	127,990
Other	634	4,820
	519,490	**866,090**

Note 15. Shareholder loans

	Consolidated	
	2016 $	2015 $
Shareholder loans – current	–	1,230,000
Shareholder loans – non-current	–	192,533
	-	**1,422,533**

The Company has historically been funded with shareholder loans. Interest was payable monthly in arrears on the above shareholder loans on an arm's length basis. All shareholder loans were repaid with IPO proceeds.

Note 16. Interest bearing liabilities

	Consolidated	
	2016 $	2015 $
Interest bearing liabilities – related party	–	1,250,000
	-	**1,250,000**

Note 16. Interest bearing liabilities continued

The interest bearing liabilities were in place since 17 October 2011 and were previously secured by way of a fixed floating charge over the assets of MainstreamBPO. Interest was payable monthly in arrears on the above interest bearing liabilities on an arm's length basis. Interest bearing liabilities were repaid with IPO proceeds.

Note 17. Other non-current liabilities

	Consolidated	
	2016 $	2015 $
Loan – related party	-	500,000
	-	**500,000**

The above represented a Settlement Bond to ASX Settlement Pty Ltd for use of the ASX mFunds platform. At 30 June 2015, the guarantee was issued by the Commonwealth Bank of Australia to ASX Settlement Pty Ltd via a related party loan. In December 2015, using a portion of IPO Proceeds, the guarantee was transferred into the name of FundBPO Pty Ltd via a $500,000 bank guarantee issued by the National Australia Bank, backed fully by a deposit bond.

Note 18. 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	
	2016 $	2015 $
Not later than one year	946,338	952,960
Later than one year and not later than five years	294,629	1,232,703
	1,240,967	**2,185,663**

Note 19. Equity – contributed equity

	Consolidated		Consolidated	
	2016 Shares	2015 Shares	2016 $	2015 $
Ordinary shares – fully paid	84,333,638	1,000	8,902,554	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.

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. A reconciliation of the number of ordinary shares outstanding is shown in the table below:

	Shares
Ordinary shares outstanding at 30 June 2015	1,000
Share split	63,999,000
Share buy-back	(1,920,000)
Issuance of IPO shares	22,253,638
Ordinary shares outstanding at 30 June 2016	**84,333,638**

Note 19. Equity – contributed equity continued

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.

On 1 October 2015, MainstreamBPO Limited listed on the ASX raising capital of $8.9 million through the issuance of ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Note 20. Reserves

	Consolidated	
	2016 $	**2015 $**
Revaluation reserve	416,703	416,703
Foreign currency translation reserve	(63,094)	(71,249)
Share-based payment reserve	6,179	–
	359,788	**345,454**

Revaluation reserve

The reserve is used to recognise increments and decrements in the fair value of software. There were no movements in this reserve during the year ended 30 June 2016 and 2015.

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.

Share-based payment reserve

The share-based payment reserve represents the cumulative expense recognised in relation to equity settled share-based payments less the cost of shares purchased and transferred to share-based payments recipients upon vesting.

Note 21. Equity – dividends

On 29 August 2016, the Board of Directors declared a fully franked final dividend for 2016 of $0.01 per issued share (2015: $0), payable on 1 November 2016. The Board of Directors also resolved to offer all Shareholders who are recorded on the share register as at 25 October 2016 (the Record Date) and who have a residential address in Australia or New Zealand the right to participate in the Company's Dividend Reinvestment Plan (DRP) in respect to the 2016 final dividend. The DRP will be operating at a 5% discount for the 2016 final dividend. A copy of the DRP is available on the Company website.

For the year ended 30 June 2016 the Company had $512,661 (2015: $289,153) of franking credits.

Note 22. Capital management

For the purpose of the Company's capital management, capital includes contributed equity, 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 undertook an IPO in the year ended 30 June 2016 to increase its contributed equity.

Note 23. Financial risk management

The Group's financial assets include cash and cash equivalents and trade and other receivables. The Group's financial liabilities comprise trade creditors and accrued expenses, shareholder loans and interest bearing liabilities. The main purpose of these financial liabilities is to finance the Group's operations.

The Group is exposed to interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group's Board of Directors monitor these risks on an on-going basis.

Note 23. Financial risk management continued

Interest Rate Risk

Interest rate risk is the risk that the fair value of 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:

2016	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	7(a)	2.50	1,368,536	-	1,368,536
Trade and other receivables	8	-	-	2,618,612	2,618,612
		-	1,368,536	2,618,612	3,987,148
Financial liabilities					
Trade creditors and accrued expenses	12	-	-	1,820,058	1,820,058
Shareholder loans	15	-	-	-	-
Interest-bearing liabilities	16	-	-	-	-
Other loan	17	-	-	-	-
		-	-	1,820,058	1,820,058

2015	Note	Weighted average interest rate %	Floating interest rate $	Non-interest bearing $	Total $
Financial assets					
Cash and cash equivalents	7(a)	2.50	242,400	-	242,400
Trade and other receivables	8	-	-	1,651,994	1,651,994
		-	242,400	1,651,994	1,894,394
Financial liabilities					
Trade creditors and accrued expenses	12	-	-	1,564,659	1,564,659
Shareholder loans	15	4.50	1,422,533	-	1,422,533
Interest bearing liabilities	16	4.00	1,250,000	-	1,250,000
Other non-current liabilities	17	4.00	500,000	-	500,000
		-	3,172,533	1,564,659	4,737,192

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. As no shareholder loans and interest bearing liabilities are recognised at 30 June 2016, the consolidated entity does not currently have a significant exposure to interest rate risk and hence no sensitivity analysis is provided.

Note 23. Financial risk management continued

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 currently 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 2016 (2015: 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 2016:

	Note	On demand $	Less than 3 months $	3 to 12 months $	1 to 5 years $	Greater than 5 years $	Total $
2016							
Trade creditors and accrued expenses	12	-	1,820,058	-	-	-	1,820,058
Shareholder loans	15	-	-	-	-	-	-
Interest bearing liabilities	16	-	-	-	-	-	-
Other non-current liabilities	17	-	-	-	-	-	-
		-	**1,820,058**	**-**	**-**	**-**	**1,820,058**

	Note	On demand $	Less than 3 months $	3 to 12 months $	1 to 5 years $	Greater than 5 years $	Total $
2015							
Trade creditors and accrued expenses	12	-	1,564,659	-	-	-	1,564,659
Shareholder loans	15	-	-	1,230,000	-	192,533	1,422,533
Interest bearing liabilities	16	1,250,000	-	-	-	-	1,250,000
Other non-current liabilities	17	-	-	-	500,000	-	500,000
		1,250,000	**1,564,659**	**1,230,000**	**500,000**	**192,533**	**4,737,192**

Note 23. Financial risk management continued

Fair Value Measurement of Financial Instruments

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.

Note 24. Key management personnel disclosures

Compensation

The aggregate compensation received by the key management personnel, including Directors of the consolidated entity as listed on page 14 of this report, is set out below:

	Consolidated	
	2016 $	**2015 $**
Short-term employee benefits	1,129,929	1,258,777
Post-employment benefits	68,789	-
Other long-term benefits	–	-
Termination benefits	–	-
Share-based payments	–	-
	1,198,718	**1,258,777**

Note 25. Contingent Assets and Contingent Liabilities

The Group had contingent liabilities of approximately $68,844 as at 30 June 2016 (30 June 2015: $122,685). 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 2016 or 30 June 2015.

Note 26. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 29.

Transactions with related parties

Loans with related parties are set out in note 15, 16 and 17.

During the year ended 30 June 2016, an interest bearing liability was entered into with a related party to fund the Alter Domus transaction. Interest was payable monthly in arrears on an arm's length basis. This interest bearing liability was repaid with IPO Proceeds and there is nil outstanding as at 30 June 2016.

Total interest paid to related parties during the year ended 30 June 2016 was $51,871 (2015: $111,377).

Total receivables due from related parties as at 30 June 2016 was $5,330 (2015: $0).

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 stated in Division 2 of Part 2J.1 of the *Corporations Act 2001*. 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. The Buy-Back has been conducted on an equal access scheme basis on arm's length terms.

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 27. Auditor's remuneration

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

	Consolidated	
	2016 $	**2015 $**
Audit services provided to the company and any other entity in the Group		
Audit or review of the financial reports	122,000	102,000
Other assurance services	167,000	147,000
Total audit services	**289,000**	**249,000**
Other non-audit services provided to the company and any other entity in the Group		
Review of remuneration arrangements	67,500	-
Other	6,000	-
Total non-audit services	**73,500**	**-**
Total audit and other services provided by Ernst & Young Australia	**362,500**	**249,000**

Note 28. Parent entity information

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

	Parent	
	2016 $	**2015 $**
Statement of financial position		
Total current assets	1,456,576	954,808
Total assets	6,880,418	7,793,702
Total current liabilities	869,956	5,956,215
Total liabilities	869,956	7,148,749
Equity		
Issued capital	8,835,653	1,745,600
Retained profits	(2,825,191)	(1,100,647)
Total equity	**6,010,462**	**644,953**
Loss of the parent entity	(1,725,645)	(859,944)
Total comprehensive loss of the parent entity	(1,725,645)	(859,944)

Note 28. Parent entity information continued

The group consolidated profit after income tax for the year ended 30 June 2016 was $1,029,235 (2015: $376,351). 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 2016 and 30 June 2015.

The parent entity had no material capital commitments for property, plant and equipment as at 30 June 2016 and 30 June 2015.

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 29. 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**	**2016 %**	**2015 %**
FundBPO Pty Ltd	Australia	100	100
SuperBPO Pty Ltd	Australia	100	100
ShareBPO Pty Ltd	Australia	100	100
PropertyBPO Pty Ltd	Australia	100	100
MainstreamITO Pty Ltd	Australia	100	100
MortgageBPO Pty Ltd	Australia	100	100
LegacyBPO Pty Ltd	Australia	100	100
AdminBPO Pty Ltd	Australia	100	100
FundBPO Pte Ltd	Singapore	100	100
FundBPO (Nominees) Pte Ltd	Singapore	100	100
FundBPO (HK) Limited	Hong Kong	100	100

Note 30. Events after the reporting period

On 14 July 2016, MainstreamBPO announced the opening of its New York office.

On 23 August 2016, MainstreamBPO announced its acquisition of 100% of the shares in Fundadministration, Inc. The acquisition will be funded with a combination of cash and equity and completion is planned to occur by 30 September 2016.

On 29 August 2016, after consideration of the favourable share price movements since the listing date on 1 October 2015, the Board of Directors resolved to modify the share price hurdle for Tranches 2 and 3 under the Performance Year (PY) 2016 DSO plan.

On 29 August 2016, the Board of Directors approved an invitation for Executive Directors to participate in the Director Share Offer ("DSO") and the Senior Management Share Offer ("SMSO") for PY 2017.

On 29 August 2016, the Board of Directors declared a fully franked final dividend for 2016 of $0.01 per issued share (2015: $0), payable on 1 November 2016. The Board of Directors also resolved to offer all Shareholders who are recorded on the share register as at 25 October 2016 (the Record Date) and who have a residential address in Australia or New Zealand the right to participate in the Company's Dividend Reinvestment Plan (DRP) in respect to the 2016 final dividend. The DRP will operate at a 5% discount for the 2016 final dividend.

Directors' Declaration

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

1. In the opinion of the directors:

   a) the financial statements and notes of MainstreamBPO Limited for the financial year ended 30 June 2016 are in accordance with the *Corporations Act 2001*, including:

      i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

      ii) complying with Australian 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.

2. This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2016.

On behalf of the Board

Byram Johnston OAM
Director

Date: 29 August 2016
Sydney

Independent Auditor's Report to the Directors of MainstreamBPO Limited

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
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Independent auditor's report to the members of MainstreamBPO Limited

Report on the financial report

We have audited the accompanying financial report of MainstreamBPO Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other 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.

Building a better working world

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 2016 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.

Report on the remuneration report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of MainstreamBPO Limited for the year ended 30 June 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

R Da Silva

Rita Da Silva
Partner
Sydney
29 August 2016

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 8 August 2016.

(a) Distribution of equity securities

Range	Shareholders	Holdings	Percentage
1 – 1000	11	7,197	0.01%
1001 – 5000	146	610,483	0.72%
5001 – 10,000	103	761,666	0.90%
10,001 – 100,000	174	6,209,238	7.36%
100,001 and above	23	76,745,054	91.00%
Total	**457**	**84,333,638**	**100%**

(b) Substantial shareholders

Position	Investor	Holdings	Percentage
1	SODOR HOLDINGS PTY LTD <SODOR INVESTMENT TRUST>	25,600,000	30.4%
2	JOHNSTON BROS PTY LTD <MAINSTREAM INVESTMENT TRUST>	23,680,000	28.1%
3	JOHN PLUMMER	11,698,822	13.9%
4	NATIONAL NOMINEES LIMITED	6,496,161	7.7%
Total		**67,474,983**	**80.1%**

(c) Twenty largest holders of quoted equity securities

Position	Investor	Holdings	Percentage
1	SODOR HOLDINGS PTY LTD <SODOR INVESTMENT TRUST>	25,600,000	30.4%
2	JOHNSTON BROS PTY LTD <MAINSTREAM INVESTMENT TRUST>	23,680,000	28.1%
3	JOHN PLUMMER	11,698,822	13.9%
4	NATIONAL NOMINEES LIMITED	6,496,161	7.7%
5	SANDHURST TRUSTEES LTD <JMFG CONSOL A/C>	1,665,273	2.0%
6	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,555,421	1.8%
7	CITICORP NOMINEES PTY LIMITED	1,249,650	1.5%
8	BOND STREET CUSTODIANS LIMITED <FORAGER WHOLESALE VALUE FD>	1,011,383	1.2%
9	KALAN SEVEN PTY LTD	900,000	1.1%
10	ANGUS COOTE PTY LTD <ANGUS COOTE SUPER FUND A/C>	431,572	0.5%
11	MR ANGUS JOHN COOTE	376,428	0.4%
12	STRATH DEE PTY LTD	250,000	0.3%
13	SYSTEMS UPDATE PTY LTD <JMT INVESTMENT A/C>	250,000	0.3%
14	MRS PATRICIA ISOBEL TREWIN	200,000	0.2%
15	MILDURA EQUITY CHAMBERS MANAGEMENT PTY LTD	200,000	0.2%
16	IVAN OSHRY	187,500	0.2%
17	HIGHGATE CAPITAL PARTNERS PTY LIMITED ATF THE CHANTILLY TRUST	187,500	0.2%
18	RAYON DE SOLEIL PTY LTD <DONALD BODEN MEMORIAL A/C>	170,360	0.2%
19	J P MORGAN NOMINEES AUSTRALIA LIMITED	150,000	0.2%
20	VIZABELLE PTY LTD <V M PETERS S/F A/C>	129,000	0.2%
Total		**76,389,070**	**90.6%**

d) Voluntary escrow

The Shareholders referred to below voluntarily entered into restriction agreements in connection with the Company's IPO on 1 October 2015, under which they agreed not to sell, dispose of or encumber any of the Escrowed Shares held by them for the periods referred to below:

Shares to be released	Escrow release conditions
50% of Escrowed 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 Escrowed 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
JOHNSTON BROS PTY LTD <MAINSTREAM INVESTMENT TRUST>	23,680,000
SODOR HOLDINGS PTY LTD <SODOR INVESTMENT TRUST>	25,600,000
JOHN PLUMMER	11,584,000

Corporate Information

Directors
Byram Johnston – Chairman and Managing Director, MainstreamBPO
Martin Smith – Chief Executive Officer, FundBPO
Michael Houlihan – Chief Executive Officer, SuperBPO
John Plummer – Non-Executive Director
Lucienne Layton – Non-Executive Director

Company Secretary
Justin O'Donnell – Chief Financial Officer, 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
200 George Street
Sydney NSW 2000

Share Registry
ShareBPO Pty Limited
GPO Box 4968
Sydney NSW 2001

Securities Exchange Listing
Australian Securities Exchange
ASX code (ordinary shares): MAI

Website
www.mainstreambpo.com

Shareholder Information
Shareholder Information for MAI can be found in the MAI Shareholder Centre:
www.mainstreambpo.com/shareholdercentre

Corporate Governance Statement
The Corporate Governance Statement can be found in the MAI Shareholder Centre:
www.mainstreambpo.com/shareholdercentre

MAINSTREAMBPO
SPECIALISTS IN BUSINESS PROCESS OUTSOURCING