



Salmat Limited Equity Raising

14 October 2016

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Important notice and disclaimer

Overview

This investor presentation and its appendices ("Presentation") is dated 14 October 2016 and has been prepared by Salmat Limited (ABN 11 002 724 638) ("Salmat").

This Presentation has been prepared in relation to an accelerated non-renounceable entitlement offer of fully paid ordinary shares ("New Shares") in Salmat under section 708AA of the Corporations Act 2001 (Cth) ("Corporations Act") as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 ("Offer"). By receiving this Presentation, you are agreeing to the following restrictions and limitations.

Summary Information

This Presentation contains summary information about Salmat and is dated as at 14 October 2016. The information is subject to change without notice and does not purport to be complete or comprehensive. It does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Salmat's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

The information in this Presentation has been obtained from or based on sources believed by Salmat to be reliable. To the maximum extent permitted by law, Salmat, Macquarie Capital (Australia) Limited ("MCAL" or the "Underwriter") the underwriter or their respective affiliates, officers, employees, agents and advisers do not make any warranty, express or implied, as to the currency, accuracy, reliability or completeness of the information in this Presentation and disclaim all responsibility and liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

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Participation in the Offer

Determination of eligibility of investors for the purposes of the institutional and retail components of the Offer will be by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Salmat and Underwriter. Each of Salmat, the Underwriter and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

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Financial Information

This presentation sets out the financial information referred to in this Presentation. This presentation includes audited historical financial information for Salmat and reviewed historical financial information for MicroSourcing International Limited that has been prepared in accordance with the recognition and measurement requirements of Australian Accounting Standards ("AAS"), including Australian equivalents to International Financial Reporting Standards ("AIFRS") as described in the Basis of Preparation.

Also presented is Pro forma Historical Financial Information which has been prepared to reflect the impact of the Offer as if it had occurred at 30 June 2016. The Pro forma Historical Financial Information has been prepared by Salmat in accordance with the recognition and measurement requirements of AAS Australian Accounting Standards ("AAS"), including AIFRS Australian equivalents to International Financial Reporting Standards ("AIFRS"). Investors should note that this information has not been audited and is based on management accounts and estimates. The Pro forma Historical Financial Information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Salmat's views on its future financial condition and/or performance.

All information is in Australian dollars unless otherwise stated. A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this presentation and totals may vary slightly due to rounding. All references to financial years ("FY") appearing in this Presentation are to the financial years ended on 30 June of the indicated year.

Important notice and disclaimer

Future Performance

This Presentation contains “forward-looking” statements. Forward-looking statements can generally be identified by the use of forward-looking words such as “anticipated”, “expected”, “projections”, “guidance”, “forecast”, “estimates”, “could”, “may”, “target”, “consider”, “will” and other similar expressions and include, but are not limited to, earnings and distributions guidance, the outcome and effects of the Offer, and the use of proceeds. Forward looking statements, opinions and estimates are based on assumptions and contingencies which are subject to certain risks, uncertainties and change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Forward-looking statements including projections, indications or guidance on future earnings or financial position and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, there can be no assurance that actual outcomes will not differ materially from these statements. To the fullest extent permitted by law, Salmat and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

An investment in the New Shares and the outcome of the matters referred to in forward-looking statements are subject to investment and other known and unknown risks, some of which are beyond the control of Salmat. Please see the key risks section of this Presentation for further details. Salmat does not guarantee any particular rate of return or the performance of Salmat nor does it guarantee the repayment of capital from Salmat or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

Past Performance

Past performance information given in this Presentation is given for illustration purposes only and should not be relied upon as (and is not) an indication of future performance. Actual results could differ materially from those referred to in this Presentation.

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Neither the underwriter, nor any of its affiliates or related bodies corporate, nor any of its directors, officers, partners, employees, agents or advisers (“Underwriter Parties”) have caused, permitted or authorised the issue, submission, dispatch or provision of this Presentation. For the avoidance of doubt, the Underwriter Parties have not made or purported to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by any of them. To the maximum extent permitted by law, the Underwriter Parties exclude and disclaim all liability for any expenses, losses, damages or costs incurred as a result of participation in the Offer and the information in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise. The Underwriter Parties make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and take no responsibility for any part of this Presentation or the Offer. The Underwriter Parties make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer.

Investment Risk

An investment in securities in Salmat is subject to investment and other known and unknown risks, some of which are beyond the control of Salmat. Salmat does not guarantee any particular rate of return or the performance of Salmat. Investors should have regard to the risk factors outlined in this Presentation when making their investment decision.

Not An Offer

This Presentation is not an offer or an invitation to acquire New Shares or any other financial products and is not a prospectus, product disclosure statement or other offering document under Australian law or any other law. It is for information purposes only.

See “International Selling Restrictions” for restrictions on participation in the Offer by residents of the United States and certain other jurisdictions outside of Australia and New Zealand.

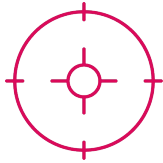
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01.

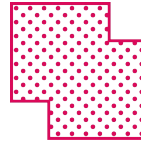
Salmat update

BUSINESS TRANSFORMATION COMMENCED JANUARY 2015



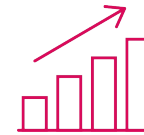
FOCUS

... energy and investment in areas where we are - or can be - the clear market leader



SIMPLIFY

...every aspect of our business so we become more agile, responsive, efficient and effective



GROW

...our business in a targeted, connected and profitable manner

Major change program to optimise the business, driving operational effectiveness, targeted growth and increased profitability

PROGRESS AND OUTLOOK

> Transformation delivering results

We are focussed on the right products and services; we have simplified the business; now it is time to grow.

> Getting the fundamentals right

Focus on effectiveness in operations, sales and marketing.

> Cost base restructured

Moving towards less capital intensive and more variable cost model through cloud adoption.

> Growth is our clear priority

Short and medium-term initiatives now in play, targeting quality, profitable sales revenue growth.

> Positive cash flow

Returned to positive operating cash flow in FY16 and targeting that to continue in FY17.

> EBITDA growth in FY17

Expect EBITDA growth in FY17.

02.

Equity Raising highlights and strategic rationale

EXECUTIVE SUMMARY

Salmat launches equity raising to fund consideration relating to the Microsourcing Acquisition

Overview

- Salmat Limited (“**Salmat**”, ASX:SLM) has completed the acquisition of the remaining 50% of MicroSourcing International Limited and its subsidiaries (“**MicroSourcing**”) for US\$24.1 million (“**Acquisition**”), as announced to the market on Wednesday, 10 August 2016
 - Deferred consideration of US\$7.1 million to be paid by August 2017
- MicroSourcing operates a Philippines-based outsourced services business capturing the growing trend in demand for offshore services
 - Service delivery model expands Salmat’s offerings
 - Established customer base across USA and Australia
 - Revenue of AU\$64.1 million and profit after tax of AU\$8.0 million for FY16
- MicroSourcing will continue to operate under the MicroSourcing name and current management

Equity raising

- 1 for 4.7 accelerated non-renounceable entitlement offer to raise approximately \$15 million at the offer price of \$0.43 per share (“**Equity Raising**”) to fund the consideration relating to the Acquisition

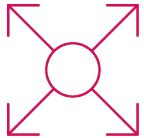
Expected financial impact

- MicroSourcing is already 100% consolidated in Salmat’s FY16 financial statements
- Elimination of non-controlling interest in MicroSourcing

STRATEGIC RATIONALE



- MicroSourcing complements and expands Salmat's outsourcing capabilities



- Enhances Salmat's scale in the Philippines



- MicroSourcing's operations have shown growth year on year

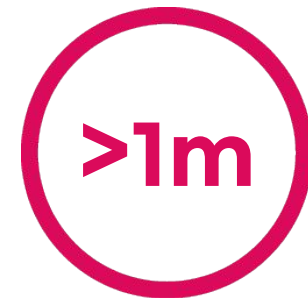
PHILIPPINES OUTSOURCING INDUSTRY



**Global call centre
outsourcing**



**IT and specialised
outsourcing**



**Employed in
outsourcing industry**

03.

Overview of MicroSourcing

OVERVIEW OF MICROSOURCING

- MicroSourcing enables foreign companies to establish and run business operations in the Philippines in an easy and effective way
- MicroSourcing has local skills in facilities sourcing and management, HR management, finance and expatriate support
- The business specialises in a wide variety of disciplines and workflow processes and offers services through a number of service delivery models, each targeted towards a specific market segment
- MicroSourcing's managed operations model offers the flexibility of outsourcing where the client chooses their preferred level of involvement and control

MICROSOURCING SERVICE DISCIPLINES

English-speaking workforce provides a wide range of skills



Contact centre services

Inbound and outbound call centre, customer support and telemarketing



Back office processes and English language services

Data entry and data processing, HR, finance and accounting, virtual assistance, medical encoding, copywriting and creative writing, proofing and editing, transcription, content moderation, game moderation and community moderation



Digital creative and development services

Web development, software development, mobile app and game development, search engine optimisation, search engine marketing, social media marketing, technical support, web design, graphic design, advertising design, print and prepress design, flash design and animation, 3D modelling, game design

Provided via a range of service delivery models

This range of services can be delivered via a number of different service delivery models, including project outsourcing, offshore staff leasing, virtual captives, joint ventures and build-operate-transfer agreement

MICROSOURCING GROWTH

Growth since establishment

2007

MicroSourcing established to meet the growing demand for offshore outsourced business solutions

Start of operations

102[#] billable full time equivalent (FTE)

2014

Salmat acquires 50% of MicroSourcing

US\$10.77 million paid *

2,068 billable FTE

2016

Salmat acquires remaining 50% of MicroSourcing

**US\$17.0 million paid **
plus US\$7.1 million
deferred consideration**

3,278 billable FTE

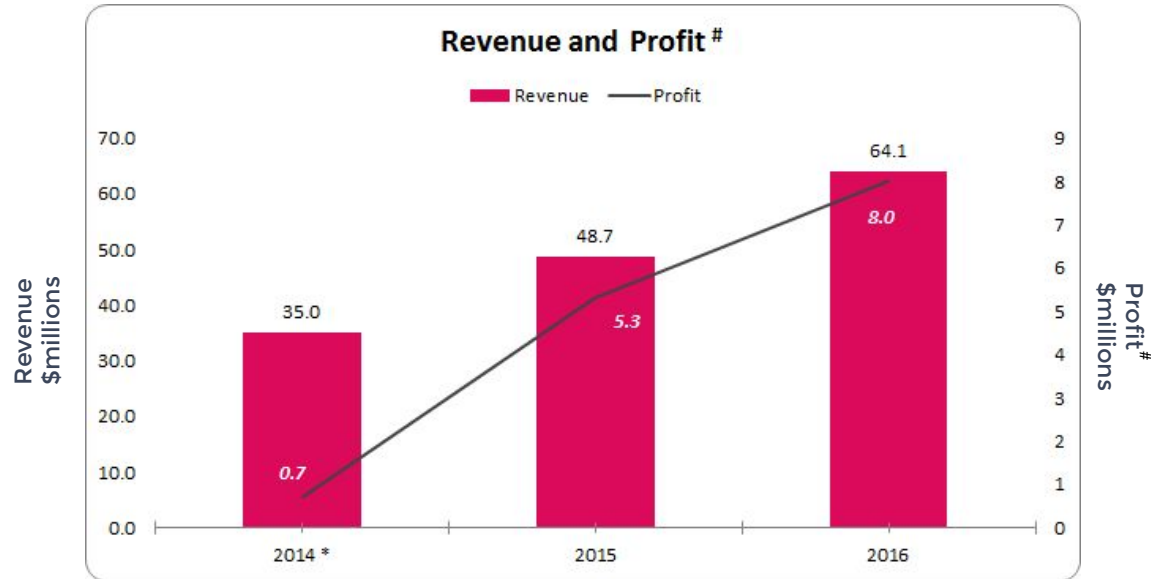
- Billable FTE noted here is at end of first reporting period - 31st March 2009.

* - Paid US\$7.75m on acquisition followed by deferred considerations totalling US\$3.02m in FY15 and FY16. Total amount paid for first 50% was US\$10.77m.

** - Paid US\$15.3m in cash, and US\$1.7m settled through the issue of shares in Salmat Ltd.

MICROSOURCING FINANCIAL PROFILE

MicroSourcing's operations have experienced continued growth year on year under Salmat's control



35% compound annual revenue growth

04.

Financial impact and outlook

OVERVIEW OF SALMAT FY16 RESULTS

Full year to 30 June 2016

\$ million	2016**	2015**	% change
Revenue	450.8	498.1	-9.5%
Underlying EBITDA [#]	19.6	13.3	+47.4%
Depreciation & Amortisation	(13.6)	(14.7)	-7.5%
Net interest	(1.8)	(1.7)	+5.9%
Underlying profit/(loss) before income tax	4.2	(3.1)	*
Significant items ^{##}	(6.8)	(91.3)	-92.6%
(Loss) before income tax	(2.6)	(94.4)	+97.2%
Income tax expense	(3.4)	(3.6)	-5.6%
Net (loss) after tax	(6.0)	(98.0)	+93.9%

* - No meaningful figure

** - Results as per FY16 financial report (no pro-forma adjustments included)

- Underlying EBITDA excludes significant items

##- Non-Recurring expenditure such as restructuring costs, impairment, adjustments to contingent considerations, profit on sale of shares in an associate and other income.

SALMAT FINANCIAL IMPACT AND OUTLOOK

- MicroSourcing is already 100% consolidated in Salmat's FY16 financial statements
- Elimination of non-controlling interest in MicroSourcing
- Salmat on track for improved performance in FY17:
 - Key agenda for FY17 is driving sales and growing profitable revenue
 - Targeting positive operating cashflow in FY17
 - Expect EBITDA growth in FY17

MICROSOURCING ACQUISITION SUMMARY

- Below is a summary of transactions relating to the Acquisition funding of US\$24.1 million equivalent to AU\$32.3 million:

		Cash A\$m	Liability A\$m	Equity A\$m
Cash payment made	Aug-16	\$(20.0)	\$(20.0)	-
Issue of new shares	Aug-16	-	\$(2.3)	\$2.3
Funds received from equity raising	Nov-16	\$15.1	-	\$15.1
Expenses paid relating to equity raising	Nov-16	\$(1.1)	-	\$(1.1)
Settlement of deferred consideration - part 1	Apr-17	*\$(5.0)	*\$(5.0)	-
Settlement of deferred consideration - part 2	Aug-17	*\$(5.0)	*\$(5.0)	-
TOTAL		\$(16.0)	\$(32.3)	\$16.3

Note: * - assumed AUD/USD rate of 1.4069

SOURCES AND USES OF FUNDS RELATING TO ACQUISITION

Sources	A\$m	Uses	A\$m
Equity raising	\$15.1	Initial cash payment to vendor	\$20.0
Issue of new shares	\$2.3	Settlement in shares to vendor	\$2.3
Cash/debt	\$16.0	Expenses relating to equity raising	\$1.1
		Payment of deferred considerations to vendor	\$10.0
Total sources	\$33.4	Total uses	\$33.4

SALMAT PRO FORMA BALANCE SHEET

\$ million	30 Jun 16 (\$m) ²	Adjustments (\$m)	Pro Forma (\$m)
Cash and cash equivalents	42.9	(16.0) ^{1,3}	26.9
Trade and other receivables	56.2		56.2
Fixed assets	13.4		13.4
Goodwill and intangibles	91.2		91.2
Other	23.2		23.2
Total assets	226.9	(16.0)	210.9
Current liabilities	91.8	(32.3) ⁵	59.5
Borrowings	28.3		28.3
Other non-current liabilities	8.9		8.9
Total liabilities	129.0	(32.3)	96.7
Equity	97.9	16.3^{1,4}	114.2

1. Cash and equity are net of \$1.1m transaction costs
2. 30 June 2016 Group numbers include 100% of MicroSourcing
3. Total net outflow agrees to the MicroSourcing acquisition summary as shown on slide 20
4. Total change in equity agrees to the MicroSourcing acquisition summary as shown on slide 20
5. Total change in current liabilities agrees to the MicroSourcing acquisition summary as shown on slide 20

05.

Details of the Equity Raising

DETAILS OF THE EQUITY RAISING

Equity Raising structure and size

- Fully underwritten 1 for 4.7 accelerated non-renounceable entitlement offer to raise approximately \$15 million
- Approximately 35 million new shares (“New Shares”) to be issued (equivalent to approximately 21.3% of existing shares on issue)

Offer price

- Equity raising will be conducted at \$0.43 per New Share (“Offer Price”)
 - 10.4% discount to the last traded price of \$0.48 on Thursday 13 October 2016
 - 8.4% discount to TERP¹ of \$0.47

Use of proceeds

- Proceeds from the Equity Raising will be used to fund the 50% Acquisition of MicroSourcing and pay equity raising costs

Ranking

- New Shares issued will rank pari passu with existing shares

1. “Theoretical ex-rights price” The theoretical ex-rights price is the theoretical price at which Salmat shares should trade immediately after the ex-date for the Equity Raising. The TERP is the theoretical calculation only and the actual price at which Salmat shares trade immediately after the ex-date for the Equity Raising may vary from TERP. TERP is calculated by reference to Salmat’s closing price of \$0.48 per share on Thursday 13 October 2016, being last trading day prior to the announcement of the Equity Raising.

DETAILS OF THE EQUITY RAISING

Underwriting

- Offer is fully underwritten by Macquarie Capital (Australia) Limited (“Underwriter”)

Major shareholder participation

- All Directors who have a shareholding in Salmat intend to participate in the Equity Raising
- Entities relating to the Co-Founders, Peter Mattick and the Salter Family, as well as certain other major shareholders (representing approximately 83% of existing shares on issue), have committed to take up their pro-rata entitlements in the Equity Raising²
- The Chairman, Mr Peter Mattick, and another major shareholder have also entered into arms length sub-underwriting agreements to sub-underwrite up to \$2.1 million of the Equity Raising at the Offer Price²

1. “Theoretical ex-rights price” The theoretical ex-rights price is the theoretical price at which Salmat shares should trade immediately after the ex-date for the Equity Raising. The TERP is the theoretical calculation only and the actual price at which Salmat shares trade immediately after the ex-date for the Equity Raising may vary from TERP. TERP is calculated by reference to Salmat’s closing price of \$0.48 per share on Thursday 13 October 2016, being last trading day prior to the announcement of the Equity Raising.

2.Existing shareholders, including Mr Peter Mattick, who have pre-committed to take up their pro rata entitlements and/or sub-underwrite the Equity Raising will be paid market based fees by the Underwriter. Mr Mattick’s proportionate holding in Salmat would increase by approximately 1.75% (from 22.45%) if required to subscribe for all his sub-underwritten securities. The sub-underwriting agreements are on terms set out above, and customary ECM Master Terms published by the Australian Financial Markets Association.

Appendix 1.

Key risks

Key risks

Investors should carefully consider the risk factors described below, in addition to the other information in this document and publicly available information of Salmat, before making an investment decision. If you require further information regarding the appropriateness or potential risks of this investment, you should seek appropriate financial advice. An investment in Salmat is subject to risks, both specific to Salmat and more general risks. Many of these risks are beyond the control of Salmat and, if they were to eventuate, may impact adversely on the performance, or value, of an investment in Salmat. This summary details some of the major risks that you should be aware of when investing in Salmat, however it is not intended to be exhaustive.

Investors should be aware that the list of risks described below may not cover all possibilities and should also consider risks specific to their situation. Additional risk factors and uncertainties that are not known to Salmat at the time of this Offer, or which are considered immaterial, may in the future materially impact Salmat's assets, financial condition or operations and may have an adverse effect on an investment in Salmat. None of Salmat nor its directors, management or any related entities, nor any party associated with the preparation of this document, is able to guarantee that any specific objectives of Salmat or any particular performance of Salmat will be achieved.

Key risks

KEY RISK RELATING TO SALMAT

Risks	Details
New business growth	Salmat's growth is dependent on its ability to win new business, and its ability to increase the volume and profitability of services provided to its clients. The rate at which Salmat is able to expand is dependent on execution of its growth strategy, which is subject to operational risks and market forces. There is no guarantee that any growth strategy will be successfully executed. To the extent Salmat is not able to execute its strategy, its business and growth prospects may be adversely impacted.
Concentrated customer base and ability to retain existing customers	Key to Salmat's business is the ongoing delivery of customer contractual commitments, meeting competitive challenges, and ensuring product offerings are market competitive. A material proportion of Salmat's revenue is dependent on a concentrated number of key customer contracts that become due for renewal from time to time. While Salmat is not aware that any significant customer does not intend to renew their contract with Salmat, two are presently in a tender scenario. There is always a risk that existing customers may terminate their contracts on notice, may choose not to renew their contracts with Salmat upon expiration, or may seek to renew such contracts on less favourable terms. Any inability to retain existing customers may adversely impact Salmat's future operating and financial performance, its cash flow and, depending on the reason for the loss, may have an adverse impact on its reputation.
Changes in retail demand and spending	Salmat's sales volumes and profitability is linked to the level of retail sales achieved by retail clients in certain parts of the business. Therefore Salmat is exposed to retail spending cycles and changes in retail demand. A reduction in retail spending and demand may lead to an adverse effect on Salmat's sales and profitability. A failure in Salmat's ability to mitigate reliance on major retailers and diversify its customer base may increase Salmat's exposure to the retail spending cycle, and lead to adverse effect on revenue, profitability and cashflow should there be a downturn.
Advertising spend	A portion of Salmat's revenues are derived from clients' direct marketing expenditures. In the event that relevant advertising spend of Salmat's clients is reduced for any reason, or the composition of that advertising spend shifts away from Salmat's product/service offering, there is a risk that Salmat's revenue, profitability and cashflow could be adversely affected.

Key risks

KEY RISK RELATING TO SALMAT

Risks	Details
Information security and operational service risk	<p>Although Salmat implements technology security policies to ensure information managed is secure from destruction, corruption, unauthorised access and breach of confidentiality whether unintentional or malicious, these policies and protections may not be entirely successful. A potential breach of such measures could reduce the attractiveness of Salmat's products and services to its clients and/or may subject Salmat to reputational damage, a loss of confidence in the services it provides, claims by clients, loss of existing and potential clients, a disruption of services to clients, legal action and/or additional regulatory scrutiny. Such circumstances could negatively impact Salmat's business and future financial performance.</p> <p>There is no guarantee that insurance cover will be available and adequate to cover all financial exposure arising from one or more of the circumstances described above. In addition, any significant claim against such a policy may lead to either or both of increased premium on renewal and additional exclusions to the terms of future policies.</p> <p>In addition, any interruption or exploitation of Salmat's systems may result in breach of contract with clients and they may terminate engaging Salmat in the provision of such services.</p>
Reliance on key personnel	<p>Execution of Salmat's growth strategy and transformation initiatives are dependent on the ongoing services of its senior management team and other key personnel. Notwithstanding the contractual agreements with respect to their tenure, the loss of the services of existing key personnel, as well as the failure to recruit additional key technical, managerial and other personnel in a timely manner could restrict the pace of Salmat's future growth, and reduce the quality of its products and services, which may have an adverse impact on Salmat's business.</p>

Key risks

KEY RISK RELATING TO SALMAT

Risks	Details
Competition risk	The industry in which Salmat operates is competitive. Salmat's performance could be adversely affected if existing or new competitors reduce Salmat's market share, margins, or its ability to expand into new market segments. Salmat's existing or new competitors may have substantially greater resources and access to more markets than Salmat. Competitors may develop new technologies or win customers with more cost effective solutions than those that have been or may be provided by Salmat. This may place pricing pressure on Salmat's service/product offering and may impact on Salmat's ability to retain existing clients, as well as Salmat's ability to attract new clients. If Salmat cannot compete successfully, Salmat's business, cashflow, operating results and financial position could be adversely impacted.
Dependence on contractors	Salmat's media business is dependent on attracting a large number of contractors across Australia to ensure it has the requisite distribution network to service its clients' needs. Salmat may not be able to attract and retain at economic rates the quantity of contracted walkers, or other contractors necessary for the continued operation and development of its business. The use of contractors also carries a risk of claims under the Independent Contractors Act and other laws. Any inability to attract or maintain contractors at economic rates may adversely impact Salmat's financial performance.
Execution of transformation initiatives	Salmat is currently in the process of implementing a major transformation program under a new management team, which commenced in January 2015. Whilst the transformation program has to date been successful in reducing Salmat's cost base, Salmat's future financial performance and position is dependent on completing the transformation program to provide the necessary platform for future growth.
Additional requirements for capital	Salmat's capital requirements depend on numerous factors. Depending on the amount of income generated from its operations, Salmat may require further financing in the form of debt or equity. Further, Salmat may issue securities to finance future acquisitions which may, under certain circumstances, dilute the value of shareholders' interests in Salmat and the proportional beneficial ownership in the underlying assets of Salmat. While Salmat is subject to the ASX Listing Rules regarding the percentage of capital that it is able to issue within a 12 month period (other than where exceptions apply), Shareholders at the time may be diluted as a result of such capital raisings and issues of Shares. If Salmat is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back development and production programs, as the case may be.

Key risks

KEY RISK RELATING TO MICROSOURCING

Risks	Details
Multijurisdictional and regulatory risk	<p>As Salmat currently conducts business in Australia, New Zealand, Philippines and other Asian countries, Salmat is also exposed to a range of multijurisdictional risks. These risks may relate to labour practices, environmental matters, difficulty in enforcing contracts, changes to or uncertainty in the relevant legal and regulatory regime (including in relation to taxation, foreign investment and practices of government and regulatory authorities) and other issues in foreign jurisdictions in which Salmat operates.</p> <p>In particular, as MicroSourcing and Salmat Services Inc is Philippines-based, the business is subject to regulations relating to repatriation of proceeds as well as different economic, financial, natural environment and weather , geopolitical, regulatory and foreign ownership conditions, to the rest of the Salmat's Australian and New Zealand business. Given MicroSourcing's contribution to Salmat's performance, any adverse change in the operating or regulatory environment of MicroSourcing may adversely impact on Salmat's financial and operating performance.</p>

Key risks

KEY RISK RELATING TO EQUITY RAISING

Risks	Details
Equity Raising and regulatory risk	Salmat has entered into an underwriting agreement under which the Underwriter has agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement between the parties. If the underwriting agreement is terminated, there is a risk that Salmat would need to issue scrip to vendors to fund deferred consideration relating to the Acquisition. Termination of the underwriting agreement could materially adversely affect Salmat's share price should vendors who have been issued scrip choose to sell their share consideration on market given the quantum of holdings relative to Salmat's low levels of trading liquidity.
Dilution Risk	Investors who do not participate in the Offer, or who do not take up all of their entitlement under the Offer, will have their investment in Salmat diluted and receive no value for their entitlement.

Key risks

GENERAL RISKS AND REGULATORY RISKS

Risks	Details
General Economic conditions	<p>Salmat may be adversely impacted by fluctuations in general economic conditions and/or consumer confidence levels. A prolonged deterioration in general economic conditions, and/or movements of international and domestic stock markets, commodity or oil prices, interest rates, exchange rates, inflation and inflationary expectations and overall economic conditions, economic cycles, investor sentiment, political events, retail sector demand, and levels of economic growth, both domestically and internationally as well as government taxation and other policy changes or changes in law may adversely affect demand for Salmat's products and services, and may have an adverse impact on the Group's business or financial condition. .</p>
Market and share price risk	<p>There are general risks associated with an investment in the share market. Some of the factors which may affect the price of shares include investor perceptions, fluctuations in the domestic and international market for listed stocks and general economic conditions (described in the risk above), inclusion in or removal from market indices, the nature of the markets in which Salmat operates and general operational and business risks.</p> <p>Other factors which may negatively affect investor sentiment and influence Salmat specifically or the stock market more generally include acts of terrorism, an outbreak of international hostilities or fires, floods, earthquakes, labour strikes, civil wars and other natural disasters. Recent turmoil in global credit markets has negatively affected economies across the globe and led to increased volatility in stock markets, including the ASX. Continued volatility in global markets could negatively impact the value of shares and Salmat's ability to issue new shares and raise capital in the future.</p>
Liquidity risk	<p>Prior to the Offer, trading in Salmat's shares was relatively illiquid. There can be no assurance that there will be an active market for shares following the offer. There may be relatively few buyers or sellers of shares on ASX at any given time. This may affect the volatility of the market price of shares. It may also affect the prevailing market price at which shareholders are able to sell their shares. This may result in shareholders receiving a market price for their [New Shares] that is less or more than the Offer price.</p>

Key risks

GENERAL RISKS AND REGULATORY RISKS

Risks	Details
Interest rate risk	<p>Salmat will be subject to the risk of rising interest rates associated with borrowing on a floating rate basis. To the extent that Salmat does not hedge effectively (or at all) against movements in interest rates, such interest rate movements may adversely affect Salmat's results.</p> <p>Further, the risk that changes in prevailing market interest rates and the strength of capital markets will influence Salmat's interest costs and its ability to refinance debt respectively.</p>
Inflation risk	<p>Lower than expected inflation rates generally or specific to the sectors in which Salmat operates could reduce the rate of increase in inflation-linked revenues. Higher than expected inflation is likely to increase operating and development costs. Such changes could adversely impact Salmat's financial performance.</p>
Tax/accounting risk	<p>The Australian Accounting Standards are set by the Australian Accounting Standards Board (AASB). Changes to accounting standards issued by AASB could materially adversely affect the financial performance and position reported in Salmat' financial statements. Refer to note 1.(a)(ii) of the 30 June 2016 Financial Report for further details.</p> <p>Future changes in taxation law in Australia, and in other jurisdictions, including changes in interpretation or application of the law by the courts or taxation authorities in Australia or other jurisdictions, may impact the future tax liabilities of Salmat or may affect taxation treatment of an investment in Salmat shares, or the holding or disposal of those shares.</p>
Sell down and controller risks	<p>There is a risk that existing substantial shareholders (including directors) may seek to sell-down their holdings in Salmat. A significant sale of shares, or a perception that a sell-down may occur, could adversely affect the price of Salmat's shares.</p>

Key risks

GENERAL RISKS AND REGULATORY RISKS

Risks	Details
Absence of dividend	Salmat does not expect to pay dividends in the near term. Salmat intends to reinvest capital back into its businesses during the transformation process rather than distribute profits in the form of dividends. The ability of Salmat to pay any dividend in the future is dependent on many factors. The Board has not given any assurance regarding the payment of dividends in the future, and reviews payments of dividends at each half and full year period.
Regulatory Matters	Salmat complies with a wide range of laws and regulations. Future changes to these laws and regulations, or a change to the interpretation of laws and regulations could adversely affect Salmat's future financial performance and position.
Litigation	Claims, disputes or legal proceedings may arise from time to time in the ordinary course of Salmat's business and may result in high legal costs, adverse monetary judgments and/or damage to Salmat's reputation which could have an adverse impact on Salmat's financial position and financial performance, prospects, and the price of its shares. There is also a risk that Salmat may be subject to claims, regulatory investigations or changes, sanctions or fines by government agencies, in the event of non-compliance with relevant statutory or regulatory requirements. Such litigation, claims, disputes or investigations, including the costs of settling claims or paying sanctions or fines, and any associated operational impacts, may be costly and damaging to Salmat's reputation and business relationships, any of which could have a material adverse effect on Salmat's financial performance, position or industry standing.
Other risks	The above risks should not be taken as a complete list of the risks associated with an investment in Salmat. The risks outlined above and other risks not specifically referred to may in the future materially adversely affect the value of Salmat shares and their performance. Accordingly, no assurance or guarantee of future performance or profitability is given by Salmat in respect of Salmat shares.

Offer timetable

Event	Date
Trading halt and announcement of Equity Raising, Institutional Entitlement Offer opens	Friday, 14 October 2016
Institutional Entitlement Offer closes	Friday, 14 October 2016
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Monday, 17 October 2016
Record Date for determining entitlement to subscribe for New Shares	7:00pm Tuesday, 18 October 2016
Retail Entitlement Offer opens	9:00am Friday, 21 October 2016
Retail Offer Booklet despatched	Friday, 21 October 2016
Settlement of Institutional Entitlement Offer	Monday, 24 October 2016
Issue and normal trading of New Shares under the Institutional Entitlement Offer	Tuesday, 25 October 2016
Retail Entitlement Offer closes	5:00pm Monday, 7 November 2016
Issue of New Shares under the Retail Entitlement Offer	Tuesday, 15 November 2016
Despatch of holding statements and normal trading of New Shares issued under the retail entitlement offer	Wednesday, 16 November 2016

Appendix 2.

Offer Jurisdictions

Offer jurisdictions

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

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

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

Offer jurisdictions

Cayman Islands

No offer or invitation to subscribe for New Shares may be made to the public in the Cayman Islands.

Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority. The New Shares in the Offer are not being offered to the public in New Zealand other than to existing shareholders of Salmat Limited with registered addresses in New Zealand to whom the offer is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). Other than in this Offer, the New Shares may be offered and sold in New Zealand only to persons who meet the criteria for being a "wholesale investor" as defined in clause 3 of Schedule 2 to the Financial Markets Conduct Act 2013 (New Zealand).

Offer jurisdictions

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

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

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

Offer jurisdictions

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Thank you