



ASX Announcement and Media Release

24 March 2016

CML Group corporate bond offering successful

CML Group Limited (ASX: CGR) (CML) is pleased to announce that it has today completed the issue of its senior secured corporate bond offering. The offer was announced to the market on 8 March 2016.

The offer was over-subscribed with \$25 million being raised at a fixed coupon rate of 8.00% per annum, payable monthly in arrears to March 2021 then steps up to 9.50% until March 2022 for a six-year term, maturing in March 2022. The offer was open to eligible professional and sophisticated investors in accordance with Part 6D.2 of the Corporations Act 2001.

The Lead Arranger for the transaction was FIIG Securities Limited.

CEO Daniel Riley said this latest debt raising, following its first in May 2015, was a great outcome for the company allowing continued growth of its loan book and facilitating the acquisition of Cashflow Advantage Pty Ltd.

FIIG Securities CEO Mark Paton said there had been strong demand for the issue reflecting continued investor appetite for credits from quality companies.

"I congratulate CML on its successful bond issue which attracted support from a wide range of investors impressed by the company's reputation and credit profile," Mr Paton said.

A copy of the Information Memorandum and Pricing Supplement follow this announcement.

- Ends -

About CML Group Ltd

CML provides cash flow and integrated business solutions, to help its clients focus on their core business.

CML's primary business is 'factoring' or 'receivables finance'. Through the factoring facility CML provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customer (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. CML will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position.

Other services are delivered via CML's Payroll & Employment divisions, which provide 'managed employment' services to clients that do not wish to engage their workforce directly, generally as they do not have the processes, systems, insurances or desire to employ directly. This division also includes labour sourcing through recruitment agency panel management, project management and a migration practice.

About FIIG Securities

FIIG Securities Limited, which is licensed by the Australian Securities and Investment Commission (ASIC), is Australia's largest specialist fixed-income broker. FIIG offers private investors access to Australia's widest range of domestic and international corporate bonds through its ground-breaking DirectBonds service. FIIG has more than \$11 billion in term deposits and corporate bonds under advice in its short-term money market and custody business. The company has offices in Sydney, Melbourne, Brisbane and Perth. For more information, see www.fiig.com.au

Information Memorandum



CML Group Limited

(ABN 88 098 952 277)

Issue of Australian Dollar Notes

The Notes have the benefit of the security described in this Information Memorandum and are unconditionally and irrevocably guaranteed on a joint and several basis by

Cashflow Finance Australia Pty. Ltd.

(ABN 97 093 756 524)

Lester Payroll Services Pty Ltd

(ABN 34 081 626 048)

CMLPayroll Pty Ltd

(ABN 66 150 688 476)

Lester Plus Pty Ltd

(ABN 32 160 025 043)

Lester Associates Business Services Pty Ltd

(ABN 11 141 942 163)

The Lester Partnership Pty Limited

(ABN 31 076 127 323)

Lester Associates Good Migration Pty Ltd

(ABN 15 141 942 181)

Zenith Management Services Group Pty Ltd

(ABN 21 002 867 254)

Lead Manager and Initial Subscriber

FIIG Securities Limited

(ABN 68 085 661 632)

21 March 2016

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Important Notice

Introduction

This Information Memorandum relates to an issue of Australian dollar notes ("**Notes**") by CML Group Limited (ABN 88 098 952 277) ("**Issuer**").

The Notes are unconditionally and irrevocably guaranteed on a joint and several basis by each entity described as a "Note Guarantor" in the section entitled "Summary of the Notes" below (together, the "**Note Guarantors**") pursuant to the guarantee ("**Guarantee**") set out in the note trust deed dated 14 May 2015 ("**Note Trust Deed**") between the Issuer, the Initial Guarantors of the Existing Notes (as defined below) and BNY Trust Company of Australia Limited (ABN 49 050 294 052) ("**Note Trustee**"). The Issuer may, from time to time, and in accordance with the terms of the Note Trust Deed appoint or procure the appointment of any subsidiary of the Issuer which is not a Note Guarantor as an additional guarantor (each such guarantor, a "**New Guarantor**" and together with the Note Guarantors, the "**Guarantors**") or, in accordance with the terms of the Note Trust Deed, obtain a release of the guarantee provided by a Guarantor (and such released entity shall no longer be a Guarantor).

The Notes will have the benefit of the Security (as described in the section entitled "Security Arrangements" below).

References to "**Group**" or "**CML Group**" are to the Issuer and its Subsidiaries (within the meaning of Part 1.2 Division 6 of the Corporations Act 2001 of Australia ("**Corporations Act**").

References to "**Information Memorandum**" are to this Information Memorandum and any other document incorporated by reference and to any of them individually.

On 18 May 2015, the Issuer issued A\$25,000,000 Floating Rate Notes due 18 May 2021 (ISIN: AU3FN0027488) ("**Existing Notes**") pursuant to the conditions set out in the information memorandum dated 14 May 2015, as supplemented by the pricing supplement dated 14 May 2015. The Notes described in this Information Memorandum will rank at least equally with the Existing Notes. The Notes and the Existing Notes are unconditionally and irrevocably guaranteed on a joint and several basis by the same Note Guarantors and will have the benefit of the same Security. The Notes will not form part of the same series as the Existing Notes. The Issuer may from time to time, issue:

- further Tranches of Notes forming part of the same series as the Notes;
- further notes having the same conditions as the Existing Notes so as to form a single series with the Existing Notes; or
- one or more new series of notes.

Prospective investors should read this Information Memorandum carefully prior to making any decision in relation to purchasing, subscribing for or investing in the Notes.

Issuer's responsibility

This Information Memorandum has been prepared and issued by the Issuer. The Issuer accepts responsibility for the information contained in this Information Memorandum other than information provided by the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents (each as defined in the section entitled "Summary of the Notes" below) in relation to their respective details in the section entitled "Directory" below.

Place of issuance

Subject to applicable laws, regulations and directives, the Issuer may issue the Notes in any country including Australia and countries in Europe and Asia but not in the United States of America unless such Notes are registered under the United States Securities Act of 1933 (as amended) ("**Securities Act**") or an exemption from the registration requirements under the Securities Act is available.

Terms and conditions of issue

The Notes will be issued in a single series under the Note Trust Deed. The series may comprise one or more tranches (each a "**Tranche**") having one or more issue dates and on conditions that are otherwise identical (other than, to the extent relevant, in respect of the issue price and date of the first payment of interest).

A pricing supplement ("**Pricing Supplement**") will be issued for each Tranche of Notes. A Pricing Supplement will contain details of the initial aggregate principal amount, issue price, issue date, maturity date, details of interest payable (if any) together with any other terms and conditions not set out in the section entitled "Conditions" below that may be applicable to that series of Notes. The terms and conditions ("**Conditions**") applicable to the series of Notes are included in this Information Memorandum and may be supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes.

A Pricing Supplement or another supplement to this Information Memorandum may also supplement, amend, modify or replace any statement or information incorporated by reference in this Information Memorandum or a supplement to this Information Memorandum.

For the purposes of ascertaining the right to attend and vote at any meeting of the holders of these Notes, the holders of the Existing Notes or the holders of any notes of a future series of notes and the exercise of any discretion, power or authority that the Note Trustee is required, expressly or impliedly, to exercise in or by reference of the holders of any series of notes shall be construed as referring to the holders of the particular series in question and not all series, and that events affecting one series shall not affect the other. Further detail with respect to the provisions regarding the holding of meetings and attendance and voting at them is set out in the Note Trust Deed.

Documents incorporated by reference

This Information Memorandum is to be read in conjunction with all documents which are deemed to be incorporated into it by reference as set out below. This Information Memorandum shall, unless otherwise expressly stated, be read and construed on the basis that such documents are so incorporated and form part of this Information Memorandum. Investors should review, amongst other things, the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether to purchase any Notes.

The following documents are incorporated in, and taken to form part of, this Information Memorandum:

- the Note Trust Deed;
- the Security Trust Deed;
- each Security;
- the most recent audited consolidated annual financial statements and unaudited consolidated semi-annual financial statements (if any) of the CML Group which are publicly available on its website at <http://cml-group.com.au>;
- all amendments and supplements to this Information Memorandum prepared by the Issuer from time to time and all documents stated herein or therein to be incorporated in this Information Memorandum;
- all other documents issued by the Issuer and stated to be incorporated by reference in this Information Memorandum by reference; and
- the Pricing Supplement and all documents stated therein to be incorporated in this Information Memorandum.

Any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum shall be modified or superseded in this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference into this Information Memorandum modifies or supersedes such statement (including whether expressly or by implication).

Copies of the Note Trust Deed, each Pricing Supplement and any documents incorporated by reference in this Information Memorandum may be obtained from the office of the Issuer, the Note Trustee, the Security Trustee or such other person specified in the Pricing Supplement.

Except as provided above, no other information, including any document incorporated by reference in any of the documents described above, is incorporated by reference into this Information Memorandum.

Any internet site addresses provided in this Information Memorandum are for reference only and the content of any such internet site is not incorporated by reference into, and does not form part of, this Information Memorandum.

No independent verification

The only role of the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents in the preparation of this Information Memorandum has been to confirm to the Issuer that their respective details in the section entitled “Directory” below are accurate as at the Preparation Date (as defined below).

Apart from the foregoing, none of the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents has independently verified the information contained in this Information Memorandum. Accordingly, no representation, warranty or undertaking, express or implied, is made, and no responsibility is accepted, by any of them, as to the accuracy or completeness of this Information Memorandum or any further information supplied by the Issuer in connection with the Notes.

The Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents expressly do not undertake to any holder of a Note to review the financial condition or affairs of the Issuer, the Guarantors or any of their affiliates at any time or to advise any holder of a Note of any information coming to their attention with respect to the Issuer or a Guarantor and make no representations as to the ability of the Issuer or a Guarantor to comply with their respective obligations under the Notes.

Forward looking statements

To the extent that any forward looking statements are made in this Information Memorandum, those statements reflect the views of the Issuer as at the Preparation Date. Such statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of the Issuer to differ materially from the results, performance or achievements expressed, implied or projected in this Information Memorandum.

None of the Issuer, the Guarantors or any of their officers make any representation or warranty (either express or implied) as to the accuracy or likelihood of any forward looking statement or any events or results expressed or implied in any forward looking statement. None of the Issuer, the Guarantors or any of their officers or any other party associated with the preparation of this Information Memorandum guarantee that any specific objective of the Issuer will be achieved.

Intending purchasers to make independent investment decision and obtain tax advice

This Information Memorandum contains only summary information concerning the Issuer, the Guarantors and the Notes and should be read in conjunction with all of the documents which are deemed to be incorporated by reference herein. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer, any Guarantor or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a representation or report of either of those things) by any of the Issuer, any Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Each investor contemplating subscribing for, purchasing or otherwise dealing in any Notes or any rights in respect of any Notes should:

- make and rely upon (and shall be taken to have made and relied upon) its own independent investigation of the financial condition and affairs of, and its own appraisal of the creditworthiness of, the Issuer, the Guarantors and the Notes;
- determine for themselves the relevance of the information contained in this Information Memorandum, and must base their investment decision solely upon their independent assessment and such investigations as they consider necessary; and
- consult their own tax advisers concerning the application of any tax (including stamp duty) laws applicable to their particular situation.

No advice is given in respect of the legal or taxation treatment of investors or purchasers in connection with an investment in any Notes or rights in respect of them and each investor should consult their own professional adviser.

This Information Memorandum does not describe the risks of an investment in any Notes. Prospective investors should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

No offer

This Information Memorandum does not, and is not intended to, constitute an offer or invitation by or on behalf of the Issuer, any Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents to any person to subscribe for, purchase or otherwise deal in any Notes.

Selling restrictions and no disclosure

EACH INVESTOR SUBSCRIBING FOR, PURCHASING OR OTHERWISE DEALING IN ANY NOTES IS DEEMED TO HAVE REPRESENTED AND WARRANTED THAT IT IS A PERSON TO WHOM IT IS LAWFUL TO MAKE ANY OFFER OF NOTES AND IT IS A PERSON TO WHOM AN OFFER OF NOTES FOR ISSUE OR SALE MAY BE MADE WITHOUT DISCLOSURE UNDER PART 6D.2 OR CHAPTER 7 OF THE CORPORATIONS ACT.

The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Notes may be restricted by law or directive in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Guarantors, the Lead Manager and Initial Subscriber or the Note Trustee or the Security Trustee or the Agents which would permit a public offering of any Notes or distribution of this Information Memorandum in any jurisdiction where action for that purpose is required.

Neither this Information Memorandum nor any other disclosure document in relation to the Notes has been lodged with the Australian Securities and Investments Commission (“ASIC”). A person may not make or invite an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia) or distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes in Australia unless the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in another currency, in each case disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Chapter 7 of the Corporations Act and such action complies with all applicable laws and directives.

This Information Memorandum is not a prospectus or other disclosure document for the purposes of the Corporations Act.

For a description of certain restrictions on offers, sales and deliveries of the Notes, and on distribution of this Information Memorandum, any Pricing Supplement or other offering material relating to the Notes, see the section entitled “Selling Restrictions” below.

A person may not (directly or indirectly) offer for subscription or purchase or issue an invitation to subscribe for or buy Notes, nor distribute or publish this Information Memorandum or any other offering material or advertisement relating to the Notes except if the offer or invitation complies with all applicable laws, regulations and directives.

No authorisation

No person has been authorised to give any information or make any representations not contained in or consistent with this Information Memorandum in connection with the Issuer, the Guarantors or the issue or sale of the Notes and, if given or made, such information or representation must not be relied on as having been authorised by the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents.

No registration in the United States

The Notes have not been, and will not be, registered under the Securities Act. The Notes may not be offered, sold, delivered or transferred, at any time, within the United States of America, its territories or possessions or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the

Securities Act (“**Regulation S**”)) except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act.

Agency and distribution arrangements

The Issuer has agreed or may agree to pay fees to the Note Trustee, the Security Trustee and the Agents for undertaking their respective roles and reimburse them for certain of their expenses properly incurred in connection with the Notes.

The Issuer may also pay a fee to the Lead Manager and Initial Subscriber in respect of the Notes subscribed by it, and may agree to reimburse the Lead Manager and Initial Subscriber for certain expenses properly incurred in connection with the Notes and may indemnify the Lead Manager and Initial Subscriber against certain liabilities in connection with the offer and sale of Notes.

The Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee and the Agents, and their respective related entities, directors, officers and employees may have pecuniary or other interests in the Notes and may also have interests pursuant to other arrangements and may receive fees, brokerage and commissions and may act as a principal in dealing in any Notes.

The distribution and use of this Information Memorandum, including any Pricing Supplement, advertisement or other offering material, and the offer or sale of Notes may be restricted by law in certain jurisdictions and intending purchasers and other investors should inform themselves about them and observe any such restrictions. In particular, no action has been taken by any of the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agents which would permit a public offering of any Notes or distribution of this Information Memorandum or any such document in any jurisdiction where action for that purpose is required.

Currency

In this Information Memorandum, references to “\$”, “A\$” or “**Australian dollars**” are to the lawful currency of the Commonwealth of Australia.

Currency of information

The information contained in this Information Memorandum is prepared as of its Preparation Date. Neither the delivery of this Information Memorandum nor any offer, issue or sale made in connection with this Information Memorandum at any time implies that the information contained in it is correct, that any other information supplied in connection with the Notes is correct or that there has not been any change (adverse or otherwise) in the financial conditions or affairs of the Issuer or any Guarantor at any time subsequent to the Preparation Date. In particular, neither the Issuer nor any Guarantor is under any obligation to any person to update this Information Memorandum at any time after an issue of Notes.

In this Information Memorandum, “**Preparation Date**” means:

- in relation to this Information Memorandum, the date indicated on its face or, if this Information Memorandum has been amended, or supplemented, the date indicated on the face of that amendment or supplement;
- in relation to any annual reports and financial statements incorporated in this Information Memorandum, the date up to, or as at, the date on which such annual reports and financial statements relate; and
- in relation to any other item of information which is to be read in conjunction with this Information Memorandum, the date indicated on its face as being its date of release or effectiveness.

Summary of the Notes

The following is a brief summary only and should be read in conjunction with the rest of this Information Memorandum and, in relation to any Notes, the Note Trust Deed, the Security Trust Deed, the applicable Conditions and any relevant Pricing Supplement. A term used below but not otherwise defined has the meaning given to it in the Conditions. A reference to a "Pricing Supplement" does not limit provisions or features which may be supplemented, amended, modified or replaced by a Pricing Supplement in relation to an issue of Notes.

Issuer:	CML Group Limited (ABN 88 098 952 277). Further information (which information is not incorporated by reference in this Information Memorandum) regarding the Issuer can be obtained from the Issuer's website at http://cml-group.com.au or from the documents specifically incorporated by reference in this Information Memorandum.
Guarantee and Note Guarantors:	(a) Cashflow Finance Australia Pty. Ltd. (ABN 97 093 756 524); (b) CMLPayroll Pty Ltd (ABN 66 150 688 476); (c) Lester Associates Business Services Pty Ltd (ABN 11 141 942 163); (d) Lester Associates Good Migration Pty Ltd (ABN 15 141 942 181); (e) Lester Payroll Services Pty Ltd (ABN 34 081 626 048); (f) Lester Plus Pty Ltd (ABN 32 160 025 043); (g) The Lester Partnership Pty Limited (ABN 31 076 127 323); and (h) Zenith Management Services Group Pty Ltd (ABN 21 002 867 254). The Notes are issued with the benefit of the Guarantee and the payment of principal and interest in respect of the Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors as more fully set out in the Note Trust Deed. As more fully described below, the Issuer may, from time to time, as required under Condition 5.2(e) ("Financial covenants") and in accordance with the terms of the Note Trust Deed appoint or procure the appointment of any Subsidiary of the Issuer which is not a Note Guarantor as an additional guarantor or obtain a release of a guarantor (each entity from time to time appointed as a guarantor which has not been released, a "Guarantor").
Lead Manager and Initial Subscriber:	FIIG Securities Limited (ABN 68 085 661 632).
Registrar:	BTA Institutional Services Australia Limited (ABN 48 002 916 396) or such other person appointed by the Issuer under an Agency Agreement to perform registry functions and establish and maintain a Register (as defined below) on the Issuer's behalf from time to time ("Registrar").
Issuing & Paying Agent:	BTA Institutional Services Australia Limited (ABN 48 002 916 396) or any other person appointed by the Issuer under an Agency Agreement to act as issuing or paying agent on the Issuer's behalf from time to time ("Issuing & Paying Agent").
Calculation Agent:	BTA Institutional Services Australia Limited (ABN 48 002 916 396) or any other person appointed by the Issuer to act as calculation agent on the Issuer's behalf from time to time ("Calculation Agent").
Agents:	Each of the Registrar, Issuing & Paying Agent, Calculation Agent and any other person appointed by the Issuer to perform other agency functions with respect to any Tranche or series of Notes (each an "Agent" and, together, the "Agents").

Note Trustee:	BNY Trust Company of Australia Limited (ABN 49 050 294 052) or such other person appointed under the Note Trust Deed as trustee of the CML Group Note Trust from time to time (" Note Trustee ").
Security Trustee:	Permanent Custodians Limited (ABN 55 001 426 384) or such other person appointed under the Security Trust Deed as trustee of the CML Group Security Trust from time to time (" Security Trustee ").
Form of Notes:	Notes will be issued in registered form and will be debt obligations of the Issuer which are constituted by, and owing under, the Note Trust Deed. Notes take the form of entries in a register ("Register") maintained by the Registrar. No certificates in respect of any Notes will be issued unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.
Negative pledge:	Notes will have the benefit of a negative pledge, as described in Condition 5.1 (" Negative pledge ").
Financial covenants:	Notes will have the benefit of certain financial covenants as described in Condition 5.2 (" Financial covenants ").
Status and ranking of the Notes:	Notes will be direct, senior, secured and unconditional obligations of the Issuer and will at all times rank equally among themselves and at least equally with all other direct, senior, secured and unconditional obligations of the Issuer, except liabilities mandatorily preferred by law.
Status and ranking of the Guarantee:	The Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors, subject to the release of such Guarantors and the addition of new entities as Guarantors as set out in the Note Trust Deed. The obligations of each Guarantor under the Guarantee will be direct, senior, secured and unconditional obligations of that Guarantor and will at all times rank equally among themselves and at least equally with all other direct, senior, secured and unconditional obligations of that Guarantor, except liabilities mandatorily preferred by law.
Security:	The Notes will have the benefit of the Security as more fully described in the section entitled "Security Arrangements" below.
Interest:	Each Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date (unless redeemed earlier) at the Interest Rate. Interest is payable in arrear on each Interest Payment Date or such other date on which a Note is redeemed, and adjusted, if necessary, in accordance with the Business Day Convention. All such information will be set out in the relevant Pricing Supplement.
Denomination:	Notes will be issued in the single denomination of A\$1,000.
Minimum parcel size on initial issue:	A\$50,000.
Clearing System:	Notes may be transacted either within or outside a clearing system. The Issuer intends to apply to Austraclear Ltd (ABN 94 002 060 773) ("Austraclear") for approval for Notes to be traded on the clearing and settlement system operated by Austraclear ("Austraclear System"). Upon approval by Austraclear, the Notes will be traded through Austraclear in accordance with the rules and regulations of the Austraclear System. Such approval by Austraclear is not a recommendation or endorsement by Austraclear of such Notes.

Transactions relating to interests in the Notes may also be carried out through the settlement system operated by Euroclear Bank S.A./N.V. ("**Euroclear**") or the settlement system operated by Clearstream Banking S.A. ("**Clearstream, Luxembourg**").

Interests in the Notes traded in the Austraclear System may be held for the benefit of Euroclear or Clearstream, Luxembourg. In these circumstances, entitlements in respect of holdings of interests in Notes in Euroclear would be held in the Austraclear System by a nominee of Euroclear (currently HSBC Custody Nominees (Australia) Limited) while entitlements in respect of holdings of interests in Notes in Clearstream, Luxembourg would be held in the Austraclear System by a nominee of J.P. Morgan Chase Bank, N.A. as custodian for Clearstream, Luxembourg.

The rights of a holder of interests in a Note held through Euroclear or Clearstream, Luxembourg are subject to the respective rules and regulations for accountholders of Euroclear and Clearstream, Luxembourg, the terms and conditions of agreements between Euroclear and Clearstream, Luxembourg and their respective nominee and the rules and regulations of the Austraclear System. In addition, any transfer of interests in a Note, which is held through Euroclear or Clearstream, Luxembourg will, to the extent such transfer will be recorded on the Austraclear System, be subject to the Corporations Act and the requirements for minimum consideration as set out in the Conditions.

None of the Issuer, any Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agent will be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

Title: Entry of the name of the person in the Register in respect of Notes in the registered form constitutes the obtaining or passing of title and is conclusive evidence that the person so entered is the registered holder of that Note subject to correction for fraud or error.

Title to Notes which are held in the Austraclear System will be determined in accordance with the rules and regulations of the Austraclear System.

Notes which are held in the Austraclear System will be registered in the name of Austraclear.

Payments: Payments to persons who hold Notes through the Austraclear System will be made in accordance with the rules and regulations of the Austraclear System.

Payment Date: A Payment Date for a Note is the Maturity Date, an Interest Payment Date or any other relevant date on which a payment in respect of that Note is due, adjusted in accordance with the applicable Business Day Convention.

Record Date: The Record Date is the close of business (in the place where the Register is maintained) on the eighth day before the Payment Date.

Maturity and redemption: Subject to compliance with all relevant laws, regulations and directives, each Note will be redeemed on its Maturity Date at its outstanding principal amount, unless the Note has been previously redeemed or purchased and cancelled.

Notes are also redeemable prior to their scheduled maturity:

- at the option of the Issuer on certain Optional Redemption Dates; and/or
- at the option of a holder of a Note following the occurrence of a Change of Control,

each as more fully set out in the Conditions and the relevant Pricing Supplement.

Notes entered in the Austraclear System will be redeemed through the

Austraclear System in a manner that is consistent with the rules and regulations of the Austraclear System.

Selling restrictions:

The offer, sale and delivery of Notes and the distribution of this Information Memorandum and other material in relation to any Notes are subject to such restrictions as may apply in any country in connection with the offer and sale of a the Notes. In particular, restrictions on the offer, sale or delivery of Notes in Australia and Singapore are set out in the section entitled "Selling Restrictions" below.

Transfer procedure:

Notes may only be transferred in whole and in accordance with the Conditions.

In particular, the Notes may only be transferred if the offer or invitation for the sale or purchase of Notes is received by a person:

- (a) in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and
- (b) if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

Transfers of Notes held in the Austraclear System will be made in accordance with the rules and regulations of the Austraclear System.

Investors to obtain independent advice with respect to investment and other risks:

Investing in the Notes entails a number of risks. Certain risks associated with CML Group's business are outlined in the section entitled "Key Risk Factors". However, this Information Memorandum does not describe all of the risks associated with CML Group's business and the risks associated with an investment in any Notes or the market generally. As such, prospective investors or purchasers should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

Taxes, withholdings, deductions and stamp duty:

All payments in respect of the Notes must be made without any withholding or deduction in respect of taxes, unless such withholding or deduction is required by law.

In the event that any such withholding or deduction is made, the Issuer will, save in certain limited circumstances, be required to pay additional amounts to cover the amounts so withheld or deducted.

Holders of Notes who do not provide their Tax File Number, (if applicable) Australian Business Number or proof of an exemption may have tax withheld or deducted from payments at the highest marginal rate plus the Medicare levy. No additional amounts will be payable by the Issuer in respect of any such withholding or deduction.

A brief overview of the Australian taxation treatment of payment of interest on Notes is set out in the section entitled "Australian Taxation" below.

Investors should obtain their own taxation and other applicable advice regarding the taxation and other fiscal status of investing in any Notes and none of the Issuer, a Guarantor, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agent makes any representation regarding the taxation treatment of the Notes for any particular investor.

FATCA:

The Foreign Account Tax Compliance Act provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 ("**FATCA**") establish a new due diligence, reporting and withholding regime. FATCA aims to detect U.S.

taxpayers who use accounts with “foreign financial institutions” (“**FFIs**”) to conceal income and assets from the U.S. Internal Revenue Service (“**IRS**”).

Under FATCA, a 30% withholding may be imposed from (i) 1 July 2014 in respect of certain U.S. source payments, (ii) 1 January 2017 in respect of gross proceeds from the sale of assets that give rise to U.S. source interest or dividends and (iii) 1 January 2017, at the earliest, in respect of “foreign passthru payments” (a term which is not yet defined under FATCA), which are, in each case, paid to or in respect of entities that fail to meet certain certification or reporting requirements (“**FATCA withholding**”).

The Issuer and other financial institutions through which payments on the Notes are made may be required to withhold on account of FATCA if (i) an investor does not provide information sufficient for the Issuer or the relevant financial institution to determine whether the investor is subject to FATCA withholding or (ii) an FFI to or through which payments on the Notes are made is a “non-participating FFI”.

FATCA withholding is however not expected to apply if the Notes are treated as debt for U.S. federal income tax purposes and the grandfathering provisions from withholding under FATCA are applicable. The grandfathering provisions require, amongst other things, that the Notes are issued on or before the date that is six months after the date on which final regulations defining the term “foreign passthru payment” are filed with the U.S. Federal Register.

Further, Australia and the United States signed an intergovernmental agreement (“**Australian IGA**”) in respect of FATCA on 28 April 2014. The Australian Government has enacted legislation amending, among other things, the Taxation Administration Act 1953 of Australia to give effect to the Australian IGA (“**Australian Amendments**”). Under the Australian Amendments, Australian FFIs will generally be able to be treated as “deemed compliant” with FATCA. Depending on the nature of the relevant FFI, FATCA withholding may not be required from payments made with respect to the Notes other than in certain prescribed circumstances. Under the Australian Amendments, an FFI may be required to provide the Australian Taxation Office with information on financial accounts (for example, the Notes) held by U.S. persons and recalcitrant account holders and on payments made to non-participating FFIs. The Australian Taxation Office is required to provide that information to the IRS.

In the event that any amount is required to be withheld or deducted from a payment on the Notes as a result of FATCA, pursuant to the terms and conditions of the Notes, no additional amounts will be paid by the Issuer as a result of the deduction or withholding.

FATCA is particularly complex legislation. The above description is based in part on U.S. Treasury regulations published on 28 January 2013 and 6 March 2014, official guidance and the Australian Amendments, all of which are subject to change. Investors should consult their own tax advisers on how these rules may apply to them under the Notes.

Listing:	It is not intended that the Notes be listed or quoted on any stock or securities exchange.
Rating:	Neither the Issuer nor the Notes have been, nor is it intended that they will be, rated by any credit ratings agency.
Governing law:	The Notes and all related documentation will be governed by the laws of New South Wales, Australia.

Use of proceeds: The Issuer will use the proceeds from the issue of the Notes for general corporate purposes, including funding the purchase of Eligible Receivables and the acquisition of all of the shares of CashFlow Advantage Pty Ltd (ABN 22 112 014 230).

It is anticipated that following the acquisition of such shares, CashFlow Advantage Pty Ltd will seek to complete the “whitewash” procedure under section 260B of the Corporations Act (which will include obtaining the approval of the shareholders of the Issuer) for the provision of financial assistance to the Issuer and to accede as a Guarantor pursuant to the Note Trust Deed and as an Additional Security Provider pursuant to the Security Trust Deed.

Security Arrangements

This section contains a summary of the Security Trust Deed dated 14 May 2015 between, among others, the Issuer and Permanent Custodians Limited (ABN 55 001 426 384) ("**Security Trustee**") ("**Security Trust Deed**") and the Securities (as defined in the Security Trust Deed) ("**Securities**"). This summary is qualified in its entirety by reference to the provisions of the Notes, the Security Trust Deed, the Securities and the other underlying documents described below.

Capitalised terms used in this section have the meaning given to them in the Security Trust Deed, unless otherwise defined.

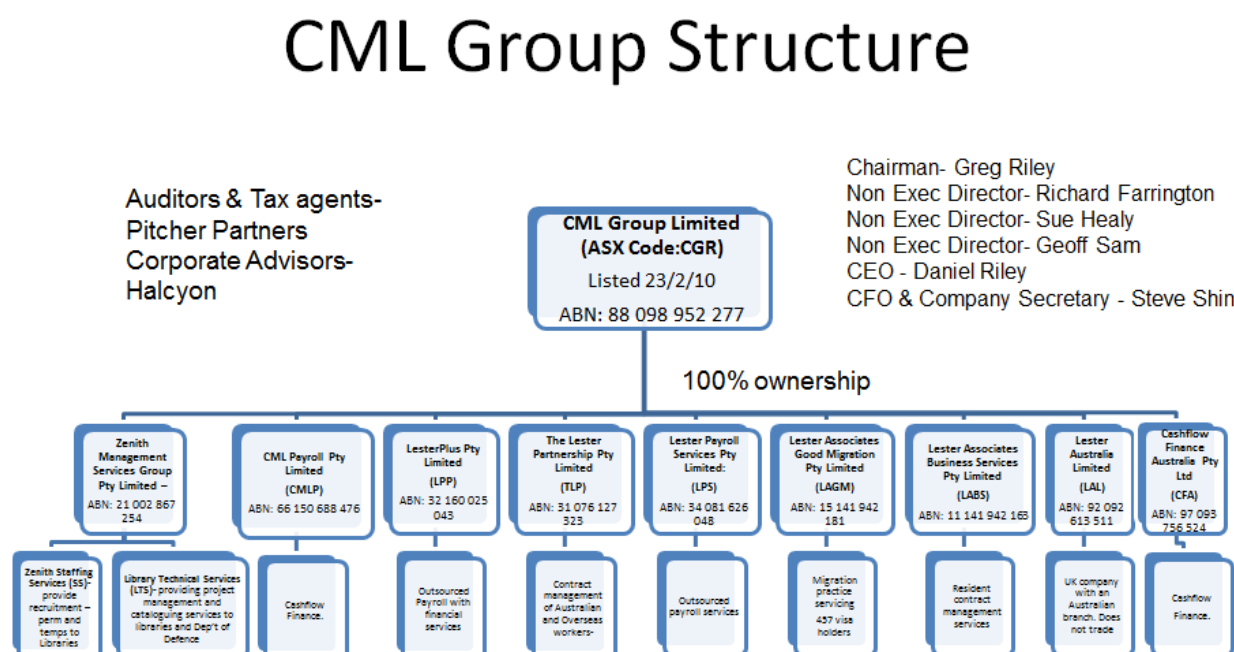
Overview

The obligations of the Issuer under the Notes will be secured by a first ranking general security agreement over all of the Issuer's present (and after-acquired) property, and includes anything in respect of which the Issuer has at any time a sufficient right, interest or power to grant a security interest, governed by the law of New South Wales, Australia.

The obligations of the Guarantors under the Guarantee will be secured by a first ranking general security agreement over all of the present (and after-acquired) property of each of the Guarantors, and includes anything in respect of which the Guarantors have at any time a sufficient right, interest or power to grant a security interest, governed by the law of New South Wales, Australia.

The securities described in this section have been granted in favour of the Security Trustee, who holds them on trust for the Beneficiaries (as defined in the Security Trust Deed) in accordance with the terms of the Security Trust Deed. The Security Trustee, the Note Trustee, the holders of the Existing Notes and the Noteholders will be Beneficiaries for the purposes of the Security Trust Deed.

The following diagram represents the structure of the CML Group.



Securities

Each of the Issuer and each Note Guarantor has granted security interests in favour of the Security Trustee over their present (and after-acquired) property, and includes anything in respect of which the Issuer or the Note Guarantor (as the case may be) has at any time a sufficient right, interest or power

to grant a security interest. These security interests secure amounts, each of which is or may become liable to pay to a Beneficiary in connection with a Transaction Document.

The securities described above are governed by the law of New South Wales, Australia.

Beneficiaries under the Security Trust Deed

The Beneficiaries will have the benefit of the Securities granted to the Security Trustee under the Security Trust Deed. As at the date of the Information Memorandum, the Beneficiaries include the Security Trustee, the Note Trustee, the holders of the Existing Notes and the Noteholders. New Beneficiaries may be added in the future, as provided for in clause 13 of the Security Trust Deed.

Beneficiaries may comprise “Lenders” and their “Representatives” (if any) and “Swap Counterparties”. Lenders will need to meet certain conditions, including that the Security Provider is not in breach of the Transaction Documents (which includes the Conditions of the Notes). As at the date of the Information Memorandum there are no Lenders or Swap Counterparties and the only Representative is the Note Trustee as trustee for the holders of the Existing Notes and the Noteholders.

At the time of issue of each new Tranche or series of Notes, if a new noteholder is entitled under the relevant Transaction Documents to become a Beneficiary in consideration for being a holder of a Note, the new noteholder (and its representative (if any)) will automatically become a New Beneficiary without a need to execute the Accession Deed (Beneficiary).

Instructions by Beneficiaries under the Security Trust Deed

The rights under the Securities are granted in favour of the Security Trustee. The Security Trust Deed provides that, in the exercise of all such rights, the Security Trustee shall act in accordance with the instructions of any Instructing Group. This is subject to the matters set out in the sections entitled “Unanimous instructions under the Security Trust Deed” below. In the absence of such instructions, the Security Trustee need not act.

Under the Security Trust Deed, an “Instructing Group” means instructions from all Beneficiaries or the Majority Beneficiaries (being those Beneficiaries whose total Exposures are at least 66⅔% of the total Exposure of all Beneficiaries).

Unanimous instructions under the Security Trust Deed

Under the Security Trust Deed, there are certain circumstances in which the Security Trustee must only act on the instructions of all Beneficiaries (with the Note Trustee acting as the representative for all holders of the Existing Notes and all Noteholders). These include:

- (a) a change to certain definitions in the Security Trust Deed;
- (b) an exercise of any discretion in distribution of moneys received or recovered by the Security Trustee;
- (c) a change to the clauses which govern the ability to instruct the Security Trustee and the order of distribution of moneys received or recovered by the Security Trustee; and
- (d) the release of (either in whole or part) any Security Interest other than to permit a transaction which complies with the Transaction Documents.

Procedures for seeking instructions

Under the Security Trust Deed, when seeking instructions from the Beneficiaries, the Security Trustee may specify in writing a period within which instructions are to be provided. The period will be not more than 10 Business Days or any longer period agreed by the Beneficiaries.

If a Beneficiary does not provide instructions in writing within the period specified it will be disregarded for the purpose only of determining whether instructions have been given by a specified majority of, or by all, Beneficiaries.

Under the Note Trust Deed, if the Security Trustee requests instructions from the Note Trustee for the taking of any action which requires a direction, approval, consent or determination of the Beneficiaries under the Security Trust Deed (or any class of them), the Note Trustee will:

- (a) notify each holder of the Existing Notes, each Noteholder and each other Beneficiary and seek directions and instructions;
- (b) calculate the aggregate Exposure of holders of the Existing Notes, Noteholders and other Beneficiaries directing in favour or and against the approval, consent, determination or direction; and
- (c) notify the Security Trustee of the aggregate Exposure of holders of the Existing Notes, Noteholders and other Beneficiaries directing in favour for and against the approval, consent, determination or direction.

Distribution of recovered moneys

Under the Security Trust Deed, the Security Trustee will apply all money received or recovered by it which is available for distribution to the Beneficiaries in the following order of priority:

- (a) **First:** to the extent it represents the proceeds of enforcement of a Secured Property, to any person with a prior ranking claim to the extent the person is entitled to those proceeds;
- (b) **Second:** to any Receiver appointed to the Secured Property for its costs and remuneration in connection with exercising, enforcing or preserving rights, powers or remedies (or considering or attempting to do so) under or in connection with the Securities;
- (c) **Third:** *pari passu* and rateably to pay each of the Note Trustee and the Security Trustee for its costs and all other amounts due to it personally in connection with performing its role as note trustee or security trustee (as the case may be) (but not on behalf of, or as trustee for, any other Beneficiary);
- (d) **Fourth:** *pari passu* and rateably to pay each Agent for any amounts due to it personally in connection with performing its role as agent;
- (e) **Fifth:** *pari passu* and rateably to pay each Beneficiary all Secured Moneys owing to it (to the extent not paid under any of the preceding paragraphs);
- (f) **Sixth:** to each other person to whom the Security Trustee is obliged to pay in priority to any Security Provider; and
- (g) **Seventh:** the balance, if any, to the relevant Security Provider,

unless otherwise agreed unanimously by the Beneficiaries.

Notwithstanding the above, amounts distributed in accordance with the Security Trust Deed to the extent payable in respect of Notes will be paid to the Note Trustee (as required by clause 5.4 of the Note Trust Deed) and distributed by it in the order described in clause 2.3 of the Note Trust Deed.

Release of security

As described above in the section entitled “Unanimous instructions under the Security Trust Deed”, the Security Trustee must not release any Security Interest existing for the benefit of a Beneficiary, without the consent of that Beneficiary (other than to permit a transaction which complies with each of the Transaction Documents).

Indemnity to Security Trustee

Under the Security Trust Deed, the Security Trustee has the benefit of an indemnity from the Issuer and each Security Provider against any liability or loss arising from, and any costs incurred as the Security Trustee.

Limitation of liability of Security Trustee

Under the Security Trust Deed, the Security Trustee and its officers, employees, agents, attorneys and Related Entities are not liable or responsible to the Beneficiaries for a broad range of matters. This includes any action taken or not taken by it or them under any Transaction Document.

Corporate Profile

The information in this section is a brief summary only of the Issuer and the Guarantors and their respective businesses and does not purport to be, nor is it, complete.

Investors should review, amongst other things, this Information Memorandum and the documents which are deemed to be incorporated in this Information Memorandum by reference when deciding whether to purchase any Notes.

This Information Memorandum contains only summary information concerning the Issuer, the Guarantors and the Notes. It should be read in conjunction with the documents which are deemed to be incorporated by reference in it, the Conditions, the Note Trust Deed and the Security Trust Deed. The information contained in this Information Memorandum is not intended to provide the basis of any credit or other evaluation in respect of the Issuer, the Guarantors or any Notes and should not be considered or relied on as a recommendation or a statement of opinion (or a representation or report of either of those things) by any of the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or the Agents that any recipient of this Information Memorandum should subscribe for, purchase or otherwise deal in any Notes or any rights in respect of any Notes.

Investing in the Notes entails a number of risks. Certain risks associated with CML Group's business are outlined in the section entitled "Key Risk Factors" below. However, this Information Memorandum does not describe all of the risks associated with CML Group's business or the risks associated with an investment in any Notes or the market generally. Prospective investors or purchasers should consult their own professional, financial, legal and tax advisers about risks associated with an investment in any Notes and the suitability of investing in the Notes in light of their particular circumstances.

Disclosure of information to Noteholders

CML Group Limited (ASX: CGR) (ABN: 88 098 952 277) ("**CML**" or the "**Company**") is a disclosing entity on the Australian Securities Exchange operated by ASX Limited ("**ASX**"). In accordance with the ASX Listing Rules, once an entity is or becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities, the entity must immediately tell ASX that information. Such information would generally include full annual reviews, financial accounts and details of the corporate activity of CML Group. CML will notify the ASX through announcements on the ASX website (<http://www.asx.com.au>). Such information is also made available on CML's website <http://cml-group.com.au/investor-relations/publications-policies/>.

In addition to complying with such continuous disclosure obligations, CML has also undertaken, pursuant to the Note Trust Deed, to provide to the Note Trustee with a monthly report that sets out various matters, including an updated commentary on the performance of the Purchased Receivables and compliance with certain covenants set out in the Conditions of the Notes. CML will also make such monthly reports available on the ASX website (<http://www.asx.com.au>) and on CML's website <http://cml-group.com.au/investor-relations/publications-policies/>. If CML is no longer listed on the ASX, it will continue to make such monthly reports available on its website.

Executive Summary

CML is an ASX-listed finance company that helps its clients focus on their core business by providing cash flow and integrated business solutions.

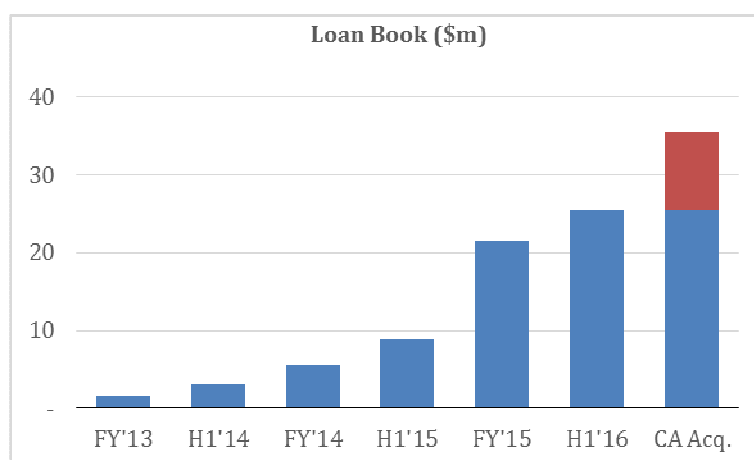
Invoice Financing (CML's Core Business)	
Refers to 'factoring' or 'invoice finance' which provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from the customer (often 30 to 60 days).	
This is a flexible line of credit that is utilised in line with sales volume.	
Integrated Solutions*	
Payroll	Employment
Includes managed employment, outsourced payroll processing and sponsorship of skilled foreign workers on 457 visas through a Labour Agreement negotiated with Department of Immigration and Border Protection (DIBP).	Includes labour sourcing through recruitment agency panel management, project management, some direct recruitment and a migration practice.

CML has a market capitalisation of \$15.9 million as at 7 March 2016, and an enterprise value of over \$27.8 million taking into account the \$10.4 million of convertible notes outstanding. CML employs 45 full-time equivalent staff across three offices in Sydney and Brisbane.

CML was established in 2002 and listed in February 2010. In recent years, the Company has experienced substantial growth after moving into invoice financing in FY'12. Growth was accelerated by the acquisition of Cashflow Finance Australia Pty. Ltd. (ABN 97 093 756 524) ("**CFA**") in late FY'15, which increased the size of CML's loan book from \$12 million to \$21.5 million at 30 June 2015. In the 6 months to 31 December 2015, CML added 51 new clients to its portfolio and increased its loan book from \$21.5 million at 30 June 2015 to a peak of \$30.4 million at 30 November 2015. Seasonality impacts volumes during the months of December and January. However, the loan book is anticipated to return to normal levels by March 2016.

CML has entered into a Binding Heads of Agreement to purchase 100% of the shares in CashFlow Advantage Pty Ltd (ABN 22 112 014 230) ("**CA**") for approximately \$3 million in cash, which includes goodwill, plus loan book funding of approximately \$10 million.

Post the acquisition of CA and forecast organic growth, the loan book will be close to \$40 million by April 2016 and will underpin continued growth in FY'16 and FY'17.



Background

CML, originally Careers Multilist, was established in 2002 as a recruitment franchisor and listed on the ASX in February 2010. This industry was exposed to fluctuations in the employment market and yielded unstable earnings. Management subsequently sought to build stability into the Company's earnings and achieve growth by diversifying its income streams. In addition to its core business, Invoice Finance, CML offers Payroll and Other services, which operate as stand-alone businesses under their own brands and represent the Company's history. These include:

1. Payroll & Other (Payroll Division)

The Payroll Division consists of:

(a) Careers Multilist

Recruitment broker offering business development support to a national network of labour-hire supply partner. The business provides marketing, work referral, IT services, procurement & back-office support functions to ~20 labour hire partners.

(b) Zenith

Acquired in 2009, Zenith is a specialist consulting agency, providing technical services, business transition services and recruitment consulting to library, records and information management clients.

(c) Lester Associates

Acquired in September 2011 when the Company identified payroll outsourcing as an opportunity for diversification based on the needs of all labour-hire firms for accurate payroll processing for their workforce. Lester Associates offers:

- 'managed employment' services to clients that do not wish to engage their workforce directly, generally as they do not have the processes, systems, insurances or desire to employ directly;
- sponsorship and 'on-hire' foreign workers on 457 visas through an Australian Government Work Agreement negotiated with the Commonwealth of Australia; and
- migration practice offering advice, case management & visa provision.

A recent addition to the service offering from the Payroll Division is an outsourced payroll and invoicing solution for small to medium enterprises, linked to the Finance Division to provide cashflow support to meet payroll demands.

The Payroll and Other division performed steadily during H1FY'16. To improve performance in this division, the sales team has recently been expanded and marketing initiatives improved with the assistance of an external firm.

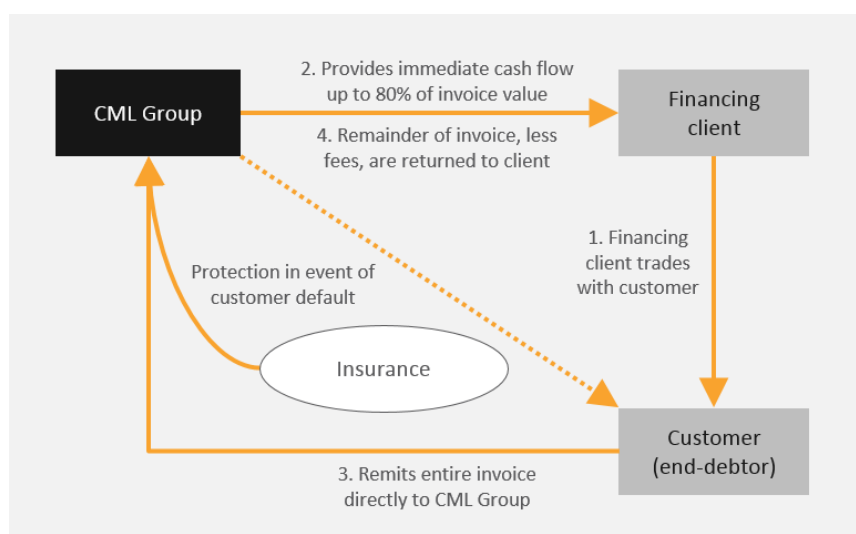
Y/E 30 Jun (\$m)	H1'15 A	FY'15 A	H1'16 A	Δ pcg
Revenue	44.2	82.1	39.1	(11)%
Underlying EBITDA	1.5	2.4	1.2	(21)%
One-Off Costs	-	(0.3)	-	
Reported EBITDA	1.5	2.1	1.2	
<i>Underlying EBITDA Margin</i>	<i>3.3%</i>	<i>2.9%</i>	<i>3.0%</i>	

Steady Operation	Simplification Program	Outlook
- Payroll Financing & Local Contractor Management performed steadily during the half - S457 visa sponsorship business impacted by decline in headcount & reduced volume - In the process of rebuilding roster of sponsored workers after reinstatement of Labour Agreement - Recently expanded sales team & improved marketing initiatives	A simplification program is being undertaken across the business to invest greater time & effort into service offerings that will integrated with the core Finance business and offer improved profit and customer benefit upside	The simplification program is anticipated to complete over the next 12 months and result in a focussed Finance business

2. Finance Division

Business Model

CML's primary business is 'factoring' or 'receivables finance'. Through the factoring facility, CML provides an advance payment of up to 80% of a client's invoice to help their business overcome the cash pressure of delivering goods or services in advance of payment from their customer (often 30 to 60 days). This is a flexible line of credit that is utilised in line with sales volume. CML will consider an additional advance to a client (above the usual 80%) on occasion, for an additional fee and when there is adequate security from the client to cover the position. Risk is mitigated through trade credit insurance placed against the client.



A key aspect of the Company's business model is that the Company takes a close position to the 'end-debtor' as a risk mitigation strategy. The aim is to shift the risk from the finance client to the end-debtor of the finance client (i.e. the finance client's customers). This involves the following:

- CML issues invoices to their client's customers ("**end debtor**") with CML's legal title to the invoice clearly disclosed, meaning that invoices to the end-debtor are payable directly to CML Group;
- 'managed service', meaning collections activity with end-debtors is managed directly by CML Group, allowing for tight credit control and the opportunity for regular debt verification. Trade credit insurance is in place against end-debtors, providing protection for CML Group and its clients against bad debts. Insurance cover, currently provided by Euler Hermes, is for 90% of the bad debt, less a \$5,000 excess, with any gap between the value of the bad debt and insurance claim being the responsibility of the client. To reduce the cost of insurance cover, which is 0.25% of invoice value under current terms, CML may explore alternative options in future insurance periods, including an increased excess or the introduction of a 'first loss' acceptance by CML; and
- funding advanced to CML's client against any end-debtor is limited to the endorsed cover provided by the insurer.

Background

CML began offering invoice finance in early 2012 as an additional service to its existing labour hire clients, with the service branded as 'earlypay'. The service, which was developed in-house, experienced rapid take-up and CML expanded the offering to the broader labour-hire industry some 12 months after the launch date.

Since then, it has expanded the offer to other sectors and integrated into its operations invoice finance company, CFA, acquired by CML in May 2015.

The Finance division is driving growth, with divisional revenue for H1FY'16 up 172% to \$4.6 million compared to the previous corresponding period (2014: \$1.7 million).

In the 6 months to 31 December 2015, CML added 51 new clients to its portfolio and increased its loan book from \$21.5 million at 30 June 2015 to a peak of \$30.4 million at 30 November 2015. Seasonality has impacted volumes during the months of December and January, however, the loan book is anticipated to return to normal levels by March 2016.

Strong top-line growth in invoices purchased drove revenue growth. This growth was driven by organic growth in the loan book and supplemented by the acquisition of CFA. Gross (revenue) margin (fees earned on invoices purchased) declined as a result of blending the lower margin CFA loan book with the existing higher margin CML loan book.

Underlying EBITDA margin grew, driven by growing revenue leveraging the largely fixed cost base that was installed during FY'15. Costs incurred by the Finance division during the first half are non-recurring and will continue to drive improvement to EBITDA margin in the second half.

Finance Division	H1'15	H2'15	H1'16
Gross (Revenue) Margin	4.4%	3.2%	2.9%
Underlying EBITDA Margin	37.2%	19.8%	42.7%

CML continues to target proven sales people, recently employing a State Manager in Victoria and an additional senior sales person in NSW. Both additions to the CML team have decades of industry experience in sales roles and will assist to further boost the volume of new business.

Integration of Cashflow Finance Australia ("CFA")

CFA has been fully integrated into CML operations and made a full 6-month contribution to earnings. CFA has proved important to CML for several reasons:

- loan book diversification - customer numbers have tripled, providing a greater risk spread and lower average advance; and
- reduced staffing costs - additional senior management was not required to be employed and, effective mid-September, operations have been combined into a single location, reducing headcount across the combined business by ~25%.

CML's current focus is to improve margins generated on legacy CFA clients, reducing the dilutive effect on Finance division gross margin. Margin improvement will be achieved by introducing CML charge methodology for new CFA clients and offering additional services to existing CFA clients for a fee. These ongoing initiatives and fee structures are expected to lift margins and over a 12 month period, is expected to yield an average margin adjustment of circa 0.5% on invoices purchased.

New Acquisition

CML has entered into a Binding Heads of Agreement to purchase 100% of the shares in CA for approximately \$3 million in cash, which includes goodwill, plus loan book funding of approximately \$10 million. The acquisition is subject to due diligence.

CA is a receivables finance company based in Sydney and achieved a turnover exceeding \$100 million in invoices funded in the 12 months to 31 December 2015. CA's loan book varies with seasonality in the range of \$9 million to \$11 million and is of comparable size to that of CFA. It is expected that this will add \$10 million to CML's loan book.

The business is being bought on an EBITDA multiple of less than 2.0x, pre-synergies. Key statistics of CA's loan book, compared to CML's existing Finance division loan book, are tabled below:

	CA	CML Finance Division	CML + CA
Book Size	\$9m – \$11m	\$25.5m*	\$35m+
Clients	65	167	232
Average Funds	\$154,000	\$152,500	\$153,000
Max Exposure	\$1.5m	\$1.7m	\$1.7m
LVR	~70%	~66%	~67%

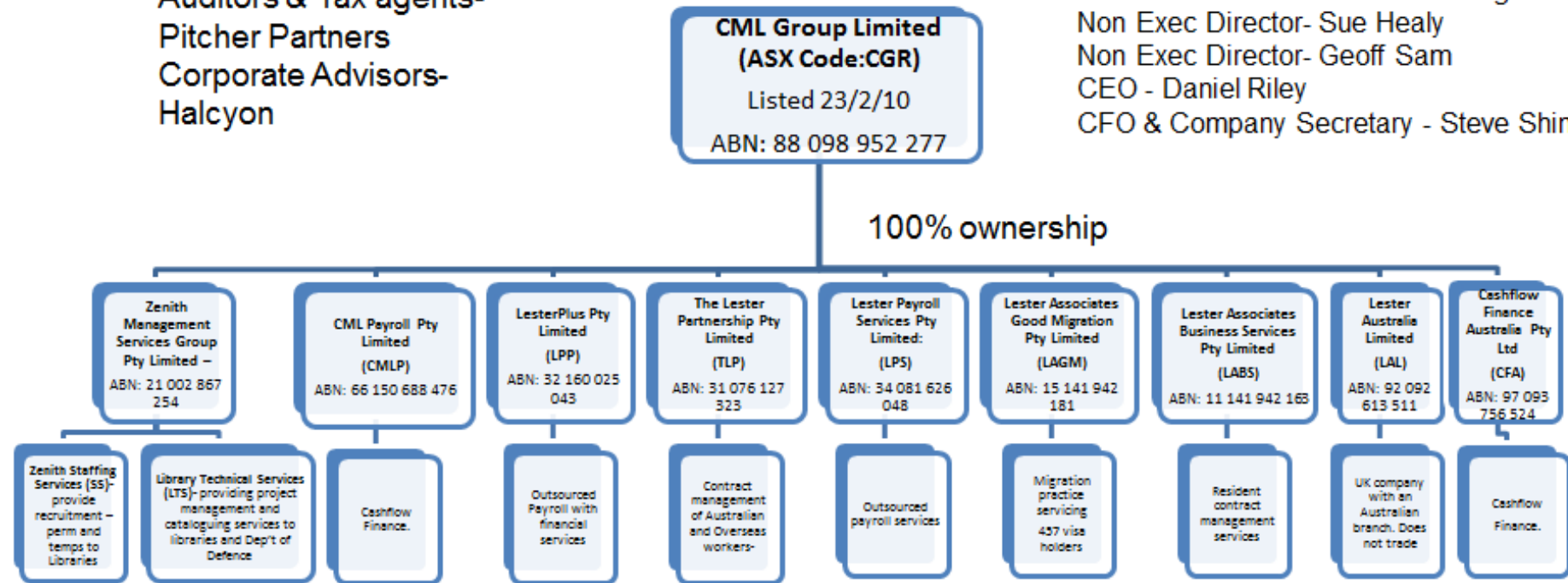
* At 31 December 2015

CA uses the same client administration and management software as CML and is expected that this will simplify the integration process. The CA identity will be maintained for the benefit of brand presence and market competition. The transaction is anticipated to complete in mid-March.

CML Group Structure

Auditors & Tax agents-
Pitcher Partners
Corporate Advisors-
Halcyon

Chairman- Greg Riley
Non Exec Director- Richard Farrington
Non Exec Director- Sue Healy
Non Exec Director- Geoff Sam
CEO - Daniel Riley
CFO & Company Secretary - Steve Shin

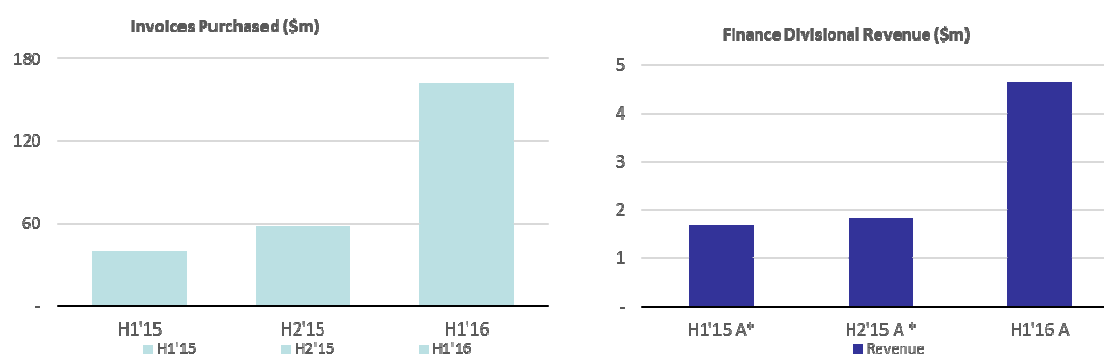


Historical Financial Performance

CML's first half FY'15 and full year FY'14 results are available at <http://cml-group.com.au> and www.asx.com.au (ASX: CGR), a summary of which is below.

Revenue & Invoice Turnover

CML's Finance division has experienced strong growth in invoices purchased and fee income, with H1FY'16 invoices purchased of \$162 million up 342% on the previous corresponding period (2014: \$39 million). Fee income (revenue) for the Finance division for H1FY'16 was up 172% to \$4.6 million compared to the previous corresponding period (2014: \$1.7 million).



Reported revenue for H1FY'16 dropped 5% to \$43.8 million compared to the previous corresponding period (2014: \$45.9 million), due to reduced volume in CML's Payroll & Other division.

Half Yearly Accounts				
\$m	H1'15	H2'15	H1'16	pcp Δ
Invoices Purchased*	39.1	57.8	162.0	314%
Finance	1.7	1.8	4.6	172%
Payroll & Other	44.2	38.0	39.1	(11%)
Total Revenue*	45.9	39.8	43.8	(5)%

Annual		
	FY'14	FY'15
Invoices Purchased*	59.6	96.9
Finance	2.7	3.5
Payroll & Other	77.0	82.2
Total Revenue*	79.7	85.7

EBITDA

EBITDA for H1FY'16 increased 49% on an underlying basis and 237% on a reported basis compared to the previous corresponding period. Growth was underpinned by CML's Finance division:

Half Yearly Accounts				
\$m	H1'15	H2'15	H1'16	pcp Δ
Invoices Purchased*	39.1	57.8	162.0	314%
Finance	1.7	1.8	4.6	172%
Payroll & Other	44.2	38.0	39.1	(11%)
Total Revenue*	45.9	39.8	43.8	(5)%
Finance	0.6	0.4	2.0	213%
Payroll & Other	1.5	0.9	1.2	(21)%
Corporate	(0.5)	(0.7)	(0.7)	

Annual		
	FY'14	FY'15
Invoices Purchased*	59.6	96.9
Finance	2.7	3.5
Payroll & Other	77.0	82.2
Total Revenue*	79.7	85.7
Finance	1.6	1.0
Payroll & Other	1.7	2.4
Corporate	(0.8)	(1.2)

Underlying EBITDA	1.6	0.6	2.4	49%	2.4	2.2
One-off Costs	(0.9)	(0.5)	-		-	(1.4)
Reported EBITDA	0.7	0.1	2.4	237%	2.4	0.8

H1'15 earnings were impacted by a one-off provision of \$900,000 (before tax) relating to a client of CML's Finance Division in the construction industry. This one-off event impacted earnings, resulting in a reported EBITDA of \$717,000.

Net Profit after Tax ("NPAT")

CML reported an increase in net profit after tax of 398% to \$533k for H1FY'16 compared to the previous corresponding period (2014: \$107k).

In May 2015 CML issued \$25m in secured notes, with funds utilised in part for the acquisition of CFA and in part reserved to provide capital for organic growth of the loan book. The funds raised from the Note issue have progressively been utilised in line with loan book growth, but until fully utilised and generating a corresponding income stream, will impact negatively on CML's NPAT. By November 2015, in line with loan book growth, unutilised funds was an immaterial impact on profit.

\$m	Half Yearly Accounts			pcp Δ	Annual	
	H1'15	H2'15	H1'16		FY'14	FY'15
Invoices Purchased*	39.1	57.8	162.0	314%	59.6	96.9
Finance	1.7	1.8	4.6	172%	2.7	3.5
Payroll & Other	44.2	38.0	39.1	(11%)	77.0	82.2
Total Revenue*	45.9	39.8	43.8	(5)%	79.7	85.7
Finance	0.6	0.4	2.0	213%	1.6	1.0
Payroll & Other	1.5	0.9	1.2	(21)%	1.7	2.4
Corporate	(0.5)	(0.7)	(0.7)		(0.8)	(1.2)
Underlying EBITDA	1.6	0.6	2.4	49%	2.4	2.2
One-off Costs	(0.9)	(0.5)	-		-	(1.4)
Reported EBITDA	0.7	0.1	2.4	237%	2.4	0.8
D&A	(0.1)	(0.1)	(0.1)	12%	(0.1)	(0.2)
Net Interest	(0.5)	(0.9)	(1.6)	224%	(0.6)	(1.3)
Tax	(0.0)	0.7	(0.2)	409%	(0.6)	0.7
NPAT	0.1	(0.1)	0.5	398%	1.1	0.0
EPS (cps)	0.12	(0.10)	0.57	375%	1.55	0.02

*Note that Finance division contribution to group revenue is now reported as fees earned on invoices purchased, instead of previously reported invoices purchased

Earnings Per Share (“EPS”) & Dividend Per Share (“DPS”)

- Since listing in 2010, CML has missed just 1 dividend payment, relating to the full year FY'15. Earnings per share for H1FY'16 rose 375% to 0.57 cents compared to the prior corresponding period (2014: 0.12 cents) and dividend payments have resumed with an interim dividend payment maintained at 0.5 cents per share.
- FY'15 full year dividends totalled 0.5 cents per share, reduced due to impact on earnings of one-off costs.
- H1'16 interim dividend of 0.5 cents per share fully franked was in line with the previous corresponding period.

Statement of Financial Position

CML's balance sheet is strong. Prior to the offering of the invoice financing, CML had low funding requirements. When the Company entered invoice financing in early 2012, it started with a \$2 million facility from Bank of Queensland, which was increased to \$8 million over the course of 2 years and replaced with a \$13 million National Australia Bank facility in late 2013. Since then, CML has sought external, unsecured \$10 million facility through Greensill and has extinguished all bank borrowings as at December 2014. In January 2015, to fund organic growth in the loan book, CML completed an ASX-listed \$10.4 million convertible note issue at 9%, unfranked and in May 2015 CML issued \$25 million in secured notes (the Existing Notes), with funds utilised in part for the acquisition of CFA and in part reserved to provide capital for organic growth of the loan book.

	Consolidated Group	
	31-Dec-15	30-Jun-15
	\$000's	\$000's
CURRENT ASSETS		
Cash and cash equivalents	11,004	14,142
Trade and other receivables	47,150	39,479
Other current assets	2,874	3,605
TOTAL CURRENT ASSETS	61,028	57,226
NON-CURRENT ASSETS		
Plant and equipment	178	218
Deferred tax assets	1,614	1,515
Intangible assets	7,393	7,428
TOTAL NON-CURRENT ASSETS	9,185	9,161
TOTAL ASSETS	70,213	66,387
CURRENT LIABILITIES		
Trade payables	20,752	19,927
Other payables	3,274	1,373
Other Current Liabilities	23	20
Borrowings	8	8
Current tax liabilities	853	624
Provisions	1,024	796
TOTAL CURRENT LIABILITIES	25,934	22,748
NON-CURRENT LIABILITIES		
Borrowings	33,763	33,657
Other Liabilities	34	46
Provisions	48	33
TOTAL NON-CURRENT LIABILITIES	33,845	33,736
TOTAL LIABILITIES	59,779	56,484
NET ASSETS	10,434	9,903
EQUITY		
Issued capital	10,979	10,979
Accumulated Losses	-984	-1,517
General reserve	439	441
TOTAL EQUITY	10,434	9,903

Outlook

CML expects the strong growth momentum achieved in H1'16 to continue in the second half and to drive a strong full year result, as a result of:

1. Revenue

Fee income (revenue) from the Finance division is expected to grow in H2FY'16 as a result of continued organic growth in customer numbers and approximately 3 months contribution from the new CA acquisition. Growth is expected to continue through FY'17 as CML benefits from a full year contribution from the CA acquisition plus continued organic growth. Invoices purchased in H2FY'16 is expected to exceed \$200 million.

CML's Payroll and Other division is expected to remain flat, with possible upside from a recently expanded sales team in this division and marketing initiatives improved with the assistance of an external firm.

2. EBITDA

In CML's Finance division, gross margin percentage declined in H1FY'16 as a result of blending lower margin CFA loan book with higher margin CML loan book, however month-on-month gross margin is improving as new fee structures are introduced to CFA clients. CML gross margin run rate was higher in Q2'16 than in Q1'16.

EBITDA growth will be driven by an increasing volume of invoices purchased and greater earnings leverage on previously installed cost base. The small incremental cost of servicing additional loan book growth will drive further margin expansion and costs removed from the Finance division during the CFA integration will drive continued improvement to EBITDA margin in H2'16.

CML's Payroll and Other division is expected to remain flat, with possible upside from a recently expanded sales team in this division and marketing initiatives improved with the assistance of an external firm.

3. Funding Position

Post the proposed secured note issue and replacement of existing CFA loan book funding, CML will have ~\$12 million of interest bearing debt that is unutilised. This will give the Company adequate headroom to grow organically and CML expects to have it full invested by December 2016, although exact timing of deployment of the funds will remain subject to the Company's strict risk analysis and seasonality. On completion of the proposed secured note, CML will have sufficient headroom to further grow the loan book to ~\$75 million without additional capital.

Sources of Funding	
Source	Quantum
Retained earnings & equity	\$5m
Convertible note	\$10m
Greensill facility	\$10m
Secured note I	\$25m
Proposed secured note II	\$25m
Total	\$75m

In summary CML expects strong growth CML expects the strong growth momentum achieved in H1'16 to continue in the second half and to drive a strong full year result, as a result of:

- **Revenue Growth** – from a full year contribution from CFA, plus the new CA acquisition and continued organic growth of the loan book;
- **Margin Improvement to continue** - after the dilutive impact of the CFA acquisition, ongoing initiatives around services & fee structures are expected to lift margins in H2'16;

- **Fixed-Cost Leverage** - growing Finance division revenue will leverage a largely fixed cost base that was put in place in H2'15; and
- **Business Efficiency** - improved earnings by generating a return on currently un-deployed interest-bearing funds.

CML Group Board Members & Key Personnel Profiles

Greg Riley – Chairman & Non-Executive Director

Qualifications: BSc, Dip ED, G Dip Ed Studies

Experience: Greg founded CML Group in 2002 as Careers MultiList, initially focusing on recruitment and labour-hire. After listing on the ASX in 2010, Greg has overseen the growth and transformation of CML to a wider services business including invoice finance in which invoice financing has become the dominant part of the business. Greg was Managing Director from 2002 until late 2010, Director until November 2014 and Chairman to the present. During his tenure as Chairman, Greg has seen the business transform from an inexperienced, new player in the invoice finance sector to a well organised, serious player, with robust systems, strong financial resources, experienced staff and strong growth.

Responsibilities: Chairperson of the Risk Management Committee, Member of the Audit Committee, Nomination and Remuneration Committee and Acquisitions Committee.

Shares: 22,514,913 ordinary shares.

Daniel Riley – Managing Director

Qualifications: BCom, CPA

Experience: Daniel joined CML Group in 2002 when the business was in its early development as a service provider to the labour-hire industry. He was appointed CEO in 2010. Leveraging its labour-hire customer base, Daniel has driven the diversification of income and clients through the introduction of invoice financing and payroll services. Under Daniel's leadership, during FY'15, the Company raised over \$35 million through a convertible note and secured note issue and completed the acquisition of a long-established invoice finance business that almost doubled the size of its loan book. With the expectation of continued growth of its loan book during FY'16 and beyond, the Company's strategy is clearly focused on continued development of the invoice financing business.

Responsibilities: Chairperson of the Acquisitions Committee and Member of the Risk Management Committee.

Shares: 3,129,761 ordinary shares

Geoffrey Sam OAM – Independent Non-Executive Director

Qualifications: BCom (UNSW) MHA (UNSW) MA (Econ&SocStudies) (Manchester UK)

Experience: Geoff has held numerous successful ASX-listed independent board positions including Chairman & Independent Director of Money 3, Independent Director of Hutchison's Childcare Services and Managing Director of Nova Health. Prior to his appointments to ASX-listed companies, Geoffrey undertook numerous Chief Executive positions at Adelaide based hospitals. He is currently the Co-Founder and Chairman of HealtheCare Australia Pty Ltd, a privately owned health care company comprising a portfolio of 17 hospitals and a community nursing and rehabilitation business.

Responsibilities: Chairperson of the Audit Committee and Member of the Acquisitions Committee.

Shares: 24,000 ordinary shares

Richard Farrington – Independent Non-Executive Director

Qualifications: Fellow AICD, Fellow AIM

Experience: Richard started his career in the corporate world spending 5 years with IBM & Rank Xerox, after which he became an entrepreneur founding, directing and selling 2 successful service companies. The former, Australian Buying Advisory Service Pty Ltd, with a staff of 100+ for 7 years and the latter, IPI Information Service Pty Ltd, with a staff of 45 for 22 years. Richard is currently the

Non-Executive Chairman of Baillie Asset Management Ltd (which holds an AFSL licence) and also its holding company Baillie Capital Pty Ltd. His core skills are sales, financial forecasting & negotiations worldwide.

Responsibilities: Member of the Risk Management Committee, the Acquisitions Committee and the Nomination and Remuneration Committee.

Shares: 1,167,800 ordinary shares.

Sue Healy – Non-Executive Director

Qualifications: Fellow RCSA, MAICD

Experience: Sue has extensive business leadership and corporate advisory experience, and holds a number of advisory and directorship roles. She was the founder and Managing Director of Staff & Exec Pty Ltd and HR Partners Pty Ltd for 20 years (a national talent and managed services business). She has also held Executive General Manager roles for The Skilled Group Ltd and Chandler MacLeod Group Ltd (Australia's 2 largest ASX listed human capital companies). She is an advisory board member of Ccentric Group Ltd and Director of a global executive search business Witt Keiffer/Ccentric.

Responsibilities: Chairperson of the Nomination and Remuneration Committee and Member of the Audit Committee.

Shares: 206,060 ordinary shares.

Steve Shin – Company Secretary

Steve has a B.Com from Macquarie University and is a member of the Institute of Chartered Accountants of Australia. His background includes six years in Chartered Accountancy including a management role in a top-ten accountancy practice. Since 2008, he has held senior financial roles in ASX listed companies and joined CML Group as CFO in April 2015.

Peter Toohey – Executive General Manager

Peter joined CML in September 2014 and has over 39 years' experience in banking and finance. For the last 20 years, Peter has specialised in invoice finance. Peter has worked at four invoice finance companies, 2 of the Big Four banks, a regional bank, and a merchant bank.

Key Risk Factors

Introduction

In evaluating the Issuer and its business, you should carefully consider the risks and uncertainties described below, along with other information and the consolidated financial statements and related notes included herein. The risks provided below may not be all the risks faced by the Issuer. If any of events described in the risks below actually occurs, our financial condition or operating results may be materially and adversely affected, the price of our common stock may decline, perhaps significantly, and you could lose all or a part of your investment.

General Risks

General risk factors outside the control of CML Group which may have a significant impact on the future performance of the Company include but are not limited to the following:

- economic conditions in Australia and internationally which may have a negative impact on capital markets;
- a slowdown in emerging markets, including China which may impact economic growth in Australia;
- changes in investor sentiment and perceptions in local and international stock markets;
- changes in interest rates, exchange rates and the rate of inflation;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- geo-political conditions such as acts or threats of terrorism, military conflicts or international hostilities.

Specific risks associated with CashFlow Advantage Pty Ltd

A portion of the proceeds of the Notes will be used for the acquisition of all of the shares of CashFlow Advantage Pty Ltd (ABN 22 112 014 230), following which, CashFlow Advantage Pty Ltd will accede as a Guarantor pursuant to the Note Trust Deed and as an Additional Security Provider pursuant to the Security Trust Deed.

Accession by CashFlow Advantage Pty Ltd as a Guarantor to the Note Trust Deed and as an Additional Security Provider is required to comply with the Conditions of the Notes and will better secure the Issuer's obligations under the Notes. However, this may also constitute the giving of financial assistance by CashFlow Advantage Pty Ltd under the Corporations Act. Financial assistance is defined very broadly and may include giving security over a company's assets and giving a guarantee and indemnity in respect of another person's liability. Section 260A of the Corporations Act specifies that a company can only give financial assistance *inter alia* if the assistance is approved by shareholders under section 260B of the Corporations Act or otherwise does not materially prejudice its shareholders and its creditors.

The provision of financial assistance requires CashFlow Advantage Pty Ltd to undertake the "whitewash" procedure under section 260B of the Corporations Act whereby both the shareholders of CashFlow Advantage Pty Ltd and the shareholders of the ultimate listed Australian holding company of CashFlow Advantage Pty Ltd immediately after acquisition, being the Issuer, must approve the financial assistance by a special resolution passed at a general meeting.

The Issuer intends to take steps to call an extraordinary general meeting of shareholders pursuant to section 260B of the Corporations Act immediately upon acquisition of CashFlow Advantage Pty Ltd, and in any event to complete all necessary steps and to cause CashFlow Advantage Pty Ltd to accede

as a Guarantor pursuant to the Note Trust Deed and as an Additional Security Provider within 60 days of the Issue Date, as required by the Conditions of the Notes.

The resolution to be considered by shareholders of the Issuer is a special resolution, which requires a resolution to be passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

If the resolution is not passed by shareholders of the Issuer at a general meeting, CashFlow Advantage Pty Ltd will not be able to complete the “whitewash” procedure under section 260B of the Corporations Act and will not be able to accede as a Guarantor pursuant to the Note Trust Deed or as an Additional Security Provider pursuant to the Security Trust Deed. As a result, the Issuer will fail to comply with its obligations in connection with the Conditions of the Notes and an Event of Default will occur.

Specific risks associated with CML Group

Cash flow financing (factoring) business risks

Cash flow financing should be viewed by investors as relatively high risk. CML Group therefore can be seen as being in the business of managing finance risk. The prevention of bad debts includes the monitoring of the health of both the Group's cash flow finance clients and the capacity of end-user debtors to repay.

CML Group has a process in place when bringing on new clients which has been designed to minimise the risk of bad debts. This process involves:

- conducting credit checks on new clients;
- verifying the new client's debtor ledger;
- requiring the client to enter into an Invoice Finance Facility Agreement (discussed further below); and
- requiring the new client to grant to CML Group a security interest over certain secured property in order to secure the payment of secured monies.

The Invoice Finance Facility Agreement provides a contractual right to CML Group to set-off against any money which is owed by CML Group to a customer against any money owed by the customer to CML Group. The Invoice Finance Facility Agreement also provides a contractual right to CML Group to withhold payment to the client in circumstances where the client owes money to CML Group (for example, a previously paid invoice has not been paid by the end debtor).

CML Group also holds a Trade Credit Insurance Policy. Under the terms of the insurance policy the insurer will pay up to 90% of the invoice value of the bad debt less GST less an excess fee. To the date of this Information Memorandum CML Group has incurred three bad debts to the value of approximately \$130,000. CML made successful claims for each of these under the trade credit insurance policy receiving total payments of approximately \$96,000. Whilst to date CML Group has incurred only three bad debts there is a risk that as the factoring business of the Company grows so too will the gross level of bad debts.

Despite the above processes, there are still risks that bad debts can eventuate.

In 1H'15, CML Group made a provision of \$900,000 relating to a client in the construction industry that has gone into administration. The exposure was ineligible for insurance as the invoice in question was set off against unsatisfactory performance. The risk of this recurring has been mitigated by an improved credit policy that excludes funding of businesses in industries that are exposed to contractual risk. CML is reviewed regularly through internal audit and external audit by PricewaterhouseCoopers to ensure compliance with the credit policy.

CML Group is relatively new to the Australian cash flow financing market, and took on its first customers in 2012. There is a risk that CML Group does not have the experience through a full economic cycle, although this risk has been mitigated during the last 12 months through employment of an experienced executive team and operational staff.

Management actions

The Directors of CML Group will, to the best of their knowledge, experience and ability (in conjunction with their management) endeavour to anticipate, identify and manage the risks inherent in the activities of CML Group, but without assuming any personal liability for same, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of CML Group and the market price of its securities.

Key personnel

The responsibility of overseeing the day to day operations of the Group depends on its management and its key personnel. CML Group has an executive team of 6, with tenure averaging 6.5 years. On 18 November 2014 the Company announced that the Chairman had resigned, Greg Riley had assumed the role of Chairman on an interim basis and Daniel Riley had subsequently agreed to remain as Managing Director and CEO for a further 3 years. Both Daniel Riley and Greg Riley have been with the Company since its commencement in 2002.

During the last 18 months, CML Group undertook a board renewal process, adding new directors with strong expertise in capital markets and invoice finance. Board appointments include Richard Farrington, appointed to the board as a non-executive director on 22 December 2014 and Geoff Sam, appointed to the board as a non-executive director on 11 March 2015.

There is a risk that CML Group may not be able to secure personnel with the relevant experience at the appropriate time which may impact on CML Group's ability to complete all of its planned growth initiatives. Furthermore, no assurance can be given that there will be no adverse effect on CML Group if one or more of the existing Directors or management personnel cease their employment or engagement with CML Group.

Contractual risk

CML Group's ability to efficiently conduct its operations relies on the terms of its existing contractual arrangements. As in any contractual relationship the ability for CML Group to ultimately receive benefits from these contracts is dependent upon the relevant third party complying with its contractual obligations. To the extent that any such third party defaults in its obligations, it may be necessary for CML Group to enforce its rights under any of the contracts and pursue legal action. Such legal action may be costly and no guarantee can be given by CML Group that a legal remedy will ultimately be granted on appropriate terms.

Regulatory risk and government policy

Changes in relevant taxation, interest rates, other legal, legislative and administrative regimes and Government policies in Australia and in other markets in which the businesses of CML Group do and will operate, may have an adverse effect on the assets, operations and ultimately the financial performance of CML Group and the market price of its securities. In particular, any changes to legislation or policy in financial services or credit lending may have an adverse effect on the assets, operations and ultimately the financial performance of CML Group and the market price of its securities.

Insurance arrangements

CML Group maintains insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. However, no assurance can be given that CML Group will be able to continue to obtain such insurance coverage at reasonable rates or that any coverage it arranges will be adequate and available to cover any such claims.

Operational risks and costs

CML Group's current business is exposed to operational risks present in the current business including risks arising from system failure, failure of security and physical protection systems, customer services, staff skills and performance, and property maintenance. Operational risk has the potential to have a material adverse effect on CML Group's financial performance and position and reputation as well as the price of its securities. CML Group will endeavour to take appropriate action or obtain appropriate insurance to mitigate these risks, however, certain residual risk will remain with CML Group.

Business risks

There are risks inherent in doing business, such as unexpected changes in regulatory requirements, trade barriers, longer payment cycles, problems in collecting accounts receivable, network and infrastructure issues and potentially adverse tax consequences, any and all of which could adversely impact on the success of CML Group's operations and the market price of its securities.

Conditions

The following are the Conditions which, as supplemented, amended, modified or replaced in relation to any Tranche of Notes by the relevant Pricing Supplement, will apply to that Tranche of Notes. References to a "Pricing Supplement" in these Conditions do not limit the provisions which may be supplemented, amended, modified or replaced by the Pricing Supplement.

The Notes are constituted by the Note Trust Deed. Each Noteholder, and any person claiming through or under any Noteholder, is entitled to the benefit of, is bound by and is deemed to have notice of, all of the provisions of the Security Trust Deed, the Note Trust Deed, these Conditions and the relevant Pricing Supplement. Each such person is also deemed to have notice of the Information Memorandum. Copies of each such document are available for inspection at the Specified Office of the Issuer and the Note Trustee.

1 Interpretation

1.1 Terms defined in Pricing Supplement

Terms which are specified in the Pricing Supplement as having a defined meaning have the same meaning when used in these Conditions.

1.2 Definitions

In these Conditions, the following meanings apply unless the contrary intention appears:

Accepted Accounting Practices means:

- (a) in relation to any Financial Statements in respect of a member of the Group that is not incorporated in Australia, the accounting practices and standards generally accepted in the jurisdiction of incorporation of that member of the Group from time to time; and
- (b) for all other purposes, the accounting practices and standards generally accepted in Australia from time to time;

Additional Amount means an additional amount payable by the Issuer under Condition 12.2 ("Withholding tax");

Additional Security Provider has the meaning given to that term in the Security Trust Deed;

Agency Agreement means:

- (a) the agreement entitled Agency and Registry Services Agreement between the Issuer, the Guarantors, the Registrar, the Issuing & Paying Agent and the Calculation Agent dated 14 May 2015;
- (b) any other agreement between the Issuer and a Registrar in relation to the establishment and maintenance of a Register (and/or the performance of any payment or other duties) for any issue of Notes; and/or
- (c) any other agency agreement entered into between the Issuer and an agent in connection with any issue of Notes;

Agent means each of the Registrar, the Issuing and Paying Agent, the Calculation Agent and any other agent appointed under an Agency Agreement, or any of them as the context requires;

Associate in relation to an entity means:

- (a) a Related Body Corporate of that entity;
- (b) an entity, or the trustee or manager of a trust, which has a Controlling Interest in that entity, or a Related Body Corporate of that entity;
- (c) a Related Body Corporate of an entity included in paragraph (b) or (e);
- (d) a director of that entity or an entity included in paragraph (a) or (c);
- (e) a corporation, or the trustee or manager of a trust, in which one or more entity or person mentioned in paragraph (a), (b), (c), (d), (f) or (g) alone or together has a Controlling Interest;
- (f) the trustee of a discretionary trust of which an entity or person included in paragraph (a), (b), (c), (d) (e) or (g) is a beneficiary (whether or not through one or more other discretionary trusts); or
- (g) an entity of which a director of that entity or a Related Body Corporate of that entity is also a director.

For the purposes of this definition:

- (i) where a person is a beneficiary of a discretionary trust, that person shall be taken to own, and control, all the assets of that trust;
- (ii) “**director**” has the meaning given in the Corporations Act; and
- (iii) a person has a “**Controlling Interest**” in a corporation or trust if:
 - (A) the corporation or its directors, or the trustee or manager of the trust or its directors, are accustomed, or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of that person or of that person in concert with others; or
 - (B) the person has a relevant interest (as defined in the Corporations Act) in aggregate in more than 20 per cent. of the issued or voting shares, units or other interests in the corporation or trust (in number, voting power or value), or would have that relevant interest if any rights were exercised to subscribe for, or acquire or convert into, shares, units or other interests which are issued or unissued. The definition of relevant interest applies as if units or other interests were shares;

Austraclear means Austraclear Ltd (ABN 94 002 060 773);

Austraclear Regulations means the regulations known as “Austraclear Regulations” together with any instructions or directions established by Austraclear to govern the use of the Austraclear System and binding on the participants in that system;

Austraclear System means the clearing and settlement system operated by Austraclear in Australia for holding securities and electronic recording and settling of transactions in those securities between participants of that system;

Australian Tax Act means the Income Tax Assessment Act 1936 of Australia or the Income Tax Assessment Act 1997 of Australia, as applicable;

BBSW Rate means, for an Interest Period, the rate for prime bank eligible securities having a tenor closest to the Interest Period which is designated as the “AVG MID” on the Reuters Screen BBSW Page at approximately 10:10am on the first day of that Interest Period. However, if such rate does not appear on the Reuters Screen BBSW Page by 10:30am on that day, or if it does appear but the Calculation Agent determines that there is an obvious error in that rate, **BBSW Rate** means the rate determined by the Calculation Agent having regard to comparable indices then available. The rate calculated or determined by the Calculation Agent will be expressed as a percentage rate per annum and will be rounded up, if necessary, to the next higher one ten-thousandth of a percentage point (0.0001 per cent.);

Business Day means a day (not being a Saturday, Sunday or public holiday in the relevant place) on which banks are open for general banking business in Sydney and, if a Note held in the Austraclear System is to be issued or payment made in respect of a Note held in the Austraclear System on that day, a day on which the Austraclear System is operating;

Business Day Convention means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following conventions, where specified in the Pricing Supplement in relation to any date applicable to any Note, have the following meanings:

- (a) **Following Business Day Convention** means that the date is postponed to the first following date that is a Business Day; and
- (b) **Modified Following Business Day Convention** means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date is brought forward to the first preceding day that is a Business Day;

Calculation Agent means BTA Institutional Services Australia Limited (ABN 48 002 916 396);

Capital Reduction has the meaning given in Condition 5.2(c) (“Financial covenants”);

Cash means cash at bank and cash deposited in a money market or term deposit account of an entity;

CashFlow Advantage means CashFlow Advantage Pty Ltd (ABN 22 112 014 230);

Conditions means, in relation to the Notes, these terms and conditions as amended, supplemented, modified or replaced by the Pricing Supplement applicable to such Note and references to a particular numbered Condition shall be construed accordingly;

Consumer Credit Legislation means:

- (a) the National Consumer Credit Protection Act 2009 of Australia;
- (b) the National Consumer Credit Protection (Fees) Act 2009 of Australia;
- (c) the National Consumer Credit Protection (Transitional and Consequential Provisions) Act 2009 of Australia (“**Transitional Act**”);
- (d) regulations made under any of the acts set out in paragraphs (a) - (c) above; and
- (e) Division 2 of Part 2 of the Australian Securities and Investment Commission Act 2001 of Australia, so far as it relates to obligations in respect of an Australian Credit Licence issued under the National Consumer Credit Protection Act 2009 of Australia or registration as a registered person under the Transitional Act;

Contract means a contract (which need not be in writing) between the Seller and any person under which the Seller sells goods and/or supplies related services to that person, and that

person is given a certain period of time in which to pay the relevant purchase price for such goods and/or supplies;

Corporations Act means the Corporations Act 2001 of Australia;

Day Count Fraction means, in respect of the calculation of interest on a Note for any period of time ("**Calculation Period**"), the day count fraction specified in the Pricing Supplement and:

- (a) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365; and
- (b) if "**RBA Bond Basis**" is so specified, means one divided by the number of Interest Payment Dates in a year (or where the Calculation Period does not constitute an Interest Period, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of:
 - (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and
 - (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365));

Debtor means a person obligated to make payments in respect of a Receivable, being customer of the Seller;

Denomination means A\$1,000, being the notional face value of a Note;

Determination Date means the date which is the last day of each calendar month;

Distribution means:

- (a) any dividend, charge, interest, fee, payment or other distribution (whether cash or assets) or redemption, repurchase, defeasance, retirement or repayment on or in respect of any marketable security (as defined in section 9 of the Corporations Act) issued by any member of the Group;
- (b) any interest payment, any repayment or prepayment of any amount of principal or any other payment in respect of any liability of any member of the Group to any shareholder of the Issuer (or to any Related Body Corporate of any shareholder of the Issuer which is not a member of the Group) at any time in connection with any Financial Indebtedness; and/or
- (c) any management, advisory or other fee payable to, or to the order of, any shareholder of the Issuer (or to any Related Body Corporate of any shareholder of the Issuer which is not a Guarantor);

EBIT means, for any Relevant Period, the consolidated profit of the Group for that Relevant Period:

- (a) before any deduction or contribution in respect of Taxes on income or gains during that period;
- (b) before any deduction or contribution in respect of Interest Expense; and
- (c) before taking into account any items treated as individually significant or extraordinary items,

including the aggregate previous 12 month earnings of any entity that any member of the Group acquires during that Relevant Period before taxation, Interest Expenses and significant items for that 12 month period, and in each case, to the extent deducted or taken into account,

as the case may be, for the purposes of determining the profits of the Group from ordinary activities before taxation, as calculated in accordance with Accepted Accounting Practices;

EBITDA means, for any Relevant Period, EBIT for that Relevant Period after adding back any amount attributable to amortisation of any intangible assets or depreciation of tangible assets, as calculated in accordance with Accepted Accounting Practices;

Eligible Receivables means, on the date of any determination which involves, or requires a calculation of, an Eligible Receivable, a Receivable:

- (a) neither the Seller nor the Debtor of which is an Associate or employee of the Issuer;
- (b) which is not subject to any Consumer Credit Legislation;
- (c) where the amount of any payment which the Debtor is required to make in respect of the Receivable may not, pursuant to any contractual right of set-off, be reduced by, or by any income derived by the Debtor on, any moneys deposited by it with any person (including, without limitation, the Seller);
- (d) where the relevant Contract has payment terms less than or equal to 60 days from the date the relevant Contract was entered into;
- (e) which is not more than 90 days in arrears;
- (f) which is, subject to Condition 5.3(e) ("Other covenants"), covered by an Insurance Policy which provides the Issuer (or its Subsidiary) with protection against loss due to non-payment in respect of a Receivable due to the insolvency of the Debtor; and
- (g) which is not the subject of an adverse audit report issued in respect of the Issuer nor the subject of an adverse quarterly review conducted by PricewaterhouseCoopers (or such suitably qualified internationally recognised audit firm);

Event of Default means the happening of any event set out in Condition 14.3 ("Events of Default");

Excluded Receivables Amount has the meaning given in Condition 5.2(b) ("Financial covenant");

FATCA means sections 1471 to 1474 of the United States Internal Revenue Code of 1986 or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements (including, without limitation, intergovernmental agreements) entered into or non-US laws enacted, with respect thereto;

Financial Indebtedness of a person means any liability or indebtedness (whether present or future, actual or contingent) of that person for or in respect of:

- (a) moneys borrowed or raised and debit balances at banks or financial institutions;
- (b) its obligations as lessee under any lease which in accordance with Accepted Accounting Practices would be treated as a finance or a capital lease;
- (c) any indemnity obligation in respect of any guarantee, indemnity, bond or letter of credit or similar instrument issued by a bank or financial institution;
- (d) any guarantee, indemnity, letter of credit or similar assurance in respect of financial loss given in connection with any Financial Indebtedness (as referred to in any other paragraph of this definition) of another person;
- (e) any amount payable in connection with the redemption of any redeemable preference share issued by that person;

- (f) any amount raised under or in connection with any bill acceptance, endorsement or discounting arrangement;
- (g) any amount raised under or in connection with any bond, debentures, note, loan stock or any similar instrument;
- (h) receivables sold or discounted (other than to the extent they are sold on a non-recourse basis);
- (i) the marked to market value of any swap, hedge, cap, collar, ceiling or floor agreement, futures contract, forward exchange or forward purchase contract or option contract, in each case, in respect of any currency, interest rate or commodity or any similar transaction;
- (j) the acquisition cost of any asset or service to the extent payable more than 90 days after the time of acquisition or possession; or
- (k) any amount raised under any other transaction or series of transaction having the commercial effect of a borrowing or raising of money,

in all cases, without double counting;

Financial Statements means:

- (a) an income statement;
- (b) a balance sheet;
- (c) a cash flow statement; and
- (d) (if for a Financial Year and required by law or directive) a statement of changes in equity for the year,

together with any notes to those documents and any accompanying reports (including any directors' and auditors reports), statements, declarations and other documents or information intended to be read with any of them, in each case as required under the Corporations Act and applicable laws and directives;

Financial Year means any 12 month period ending on 30 June;

First Optional Redemption Date means the date so specified in the Pricing Supplement;

Fixed Coupon Amount means the amount specified in, or determined in accordance with, the Pricing Supplement;

Fixed Rate Note means a Note on which interest is calculated at a fixed rate payable in arrear on a fixed date or fixed dates in each year and on redemption or on any other dates as specified in the applicable Pricing Supplement;

Floating Rate Note means a Note on which interest is calculated at a floating rate payable monthly or 2, 3, 6, or 12 monthly or in respect of any other period or on any other date specified in the applicable Pricing Supplement;

Fourth Optional Redemption Date means the date so specified in the Pricing Supplement;

Group means the Issuer and each of its Subsidiaries from time to time;

Guarantee means the guarantee of the Notes set out in the Note Trust Deed;

Guarantors means, at a particular time, the Note Guarantors and each other person who has provided a Guarantee of the Notes pursuant to the Note Trust Deed but excluding any person who has been released from such Guarantee of the Notes, at that time;

Information Memorandum means the information memorandum, disclosure document or other offering document referred to in a Pricing Supplement in each case prepared by, or on behalf of, and approved by, the Issuer in connection with the issue of Notes and all documents incorporated by reference in it;

Insolvency Event means:

- (a) a controller (as defined in section 9 of the Corporations Act), receiver, receiver and manager, administrator or similar officer is appointed in respect of that person or any asset of that person;
- (b) a liquidator, provisional liquidator or administrator is appointed in respect of that person;
- (c) except for the purpose of a solvent reconstruction or amalgamation, any application (not withdrawn or dismissed within 7 days) is made to a court for an order, an order is made, a meeting is convened or a resolution is passed, for the purpose of:
 - (i) appointing a person referred to in paragraph (a) or (b) of this definition;
 - (ii) winding up, dissolving or deregistering that person; or
 - (iii) proposing or implementing a company voluntary arrangement or a scheme of arrangement, other than with the prior approval by a Special Resolution of the Noteholders under a solvent scheme of arrangement pursuant to Part 5.1 of the Corporations Act;
- (d) any application (not withdrawn or dismissed within 7 days) is made to a court for an order, a meeting is convened, a resolution is passed or any negotiations are commenced, for the purpose of implementing or agreeing:
 - (i) a moratorium of any debts of that person;
 - (ii) any other assignment, composition or arrangement (formal or informal) with that person's creditors; or
 - (iii) any similar proceeding or arrangement by which the assets of that person are subjected conditionally or unconditionally to the control of that person's creditors or a trustee,or any agreement or other arrangement of the type referred to in this paragraph (d) is ordered, declared or agreed to;
- (e) as a result of the operation of section 459F(1) of the Corporations Act, that person is taken to have failed to comply with a statutory demand (as defined in the Corporations Act);
- (f) any writ of execution, garnishee order, mareva injunction or similar order, attachment or other process is made, levied or issued against or in relation to any asset of that person;
- (g) anything analogous to anything referred to in paragraphs (a) to (f) inclusive of this definition, or which has a substantially similar effect, occurs with respect to that person under any law; or

- (h) that person is, or admits in writing that it is, or is declared to be, or is presumed or taken under any applicable law to be (for any purpose), insolvent or unable to pay its debts as they fall due;

Insurance Policy means, in respect of a Receivable, any policy of insurance in force in respect of that Receivable;

Interest Commencement Date means, for a Note, the Issue Date of the Note or any other date so specified in, or determined in accordance with, the Pricing Supplement;

Interest Expense means, for any Relevant Period, all interest and amounts in the nature of interest, or of similar effect to interest, which would be included in the consolidated financial statements of the Group as having been paid or incurred by members of the Group and includes but is not limited to any margin, line, facility, acceptance, discount or other fees and amounts incurred on a regular or recurring basis payable in respect of any Financial Indebtedness of any member of the Group for that Relevant Period or, if not payable but relating to that Relevant Period, then accrued for that Relevant Period, but excludes mark to market items which have been notionally accounted for;

Interest Payment Date means each date so specified in the Pricing Supplement;

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Interest Commencement Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date or, if redeemed earlier, an Optional Redemption Date;

Interest Rate means, in respect of a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note specified in the Pricing Supplement or calculated or determined in accordance with these Conditions and the Pricing Supplement;

Issue Date means the date on which a Note is, or is to be issued, as specified in, or determined in accordance with, the Pricing Supplement;

Issuer means CML Group Limited (ABN 88 098 952 277);

Issuing & Paying Agent means BTA Institutional Services Australia Limited (ABN 48 002 916 396);

Margin means the margin specified in, or determined in accordance with, the Pricing Supplement;

Maturity Date means the date so specified in, or determined in accordance with, the Pricing Supplement as the date on which the Note is to be redeemed (and adjusted, if necessary, in accordance with the applicable "Business Day Convention" so specified in the Pricing Supplement);

Meeting Provisions means the provisions relating to meetings of Noteholders set out in the Note Trust Deed;

Note means a medium term debt obligation issued or to be issued by the Issuer which is constituted by, and owing under the Note Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register. References to any particular type of "Note" or "Notes" should be read and construed accordingly. All references to Notes must, unless the context otherwise requires, be read and construed as references to the Notes of a particular series;

Note Guarantors means the following persons:

- (a) Cashflow Finance Australia Pty. Ltd. (ABN 97 093 756 524);
- (b) CMLPayroll Pty Ltd (ABN 66 150 688 476);
- (c) Lester Associates Business Services Pty Ltd (ABN 11 141 942 163);
- (d) Lester Associates Good Migration Pty Ltd (ABN 15 141 942 181);
- (e) Lester Payroll Services Pty Ltd (ABN 34 081 626 048);
- (f) Lester Plus Pty Ltd (ABN 32 160 025 043);
- (g) The Lester Partnership Pty Limited (ABN 31 076 127 323); and
- (h) Zenith Management Services Group Pty Ltd (ABN 21 002 867 254);

Note Trust Deed means the document entitled “Note Trust Deed” dated 14 May 2015 and executed by, amongst others, the Issuer, the Guarantors and the Note Trustee;

Note Trustee means BNY Trust Company of Australia Limited (ABN 49 050 294 052) in its capacity as trustee of the CML Group Note Trust constituted by the Note Trust Deed or such other person appointed under the Note Trust Deed as trustee of the CML Group Note Trust;

Noteholder means, in respect of a Note, the person whose name is entered in the Register as the holder of that Note;

NPAT means, for any Relevant Period, the net profit after tax of the Group for that Relevant Period as calculated in accordance with the relevant Financial Statements;

Offshore Associate means an “associate” (within the meaning of section 128F(9) of the Australian Tax Act) of the Issuer that is either:

- (a) a non-resident of Australia that, if it acquires the Notes or an interest in the Notes, would not acquire the Notes or an interest in the Notes in carrying on a business at or through a permanent establishment of the associate in Australia; or
- (b) a resident of Australia that, if it acquires the Notes or an interest in the Notes, would acquire the Notes or an interest in the Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country;

Optional Redemption Date means the First Optional Redemption Date, the Second Optional Redemption Date, the Third Optional Redemption Date or each Interest Payment Date commencing on (and including) the Fourth Optional Redemption Date to (but excluding) the Maturity Date;

Outstanding Balance has the meaning given in Condition 5.2(b) (“Financial covenant”);

Payment Date means, as applicable, the Maturity Date, an Interest Payment Date or other relevant date on which a payment in respect of a Note is due;

a **Permitted Security Interest** means:

- (a) any Security;
- (b) any Security Interest, provided that, at all times:

- (i) the aggregate Purchase Price less the Excluded Receivables Amount plus Cash of the Group is greater than the aggregate amount of all Secured Debt of the Group plus the greater of the following:
 - (A) A\$5,000,000; or
 - (B) 10 per cent. of the aggregate Purchase Price; and
- (ii) the aggregate Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) plus Cash of the Group is greater than the aggregate amount of all Secured Debt of the Group plus the Required Reserve;
- (c) a Security Interest arising by operation of law and in the ordinary course of trading so long as the Financial Indebtedness secured by that Security Interest is paid when due or contested in good faith and appropriately provisioned;
- (d) any netting and set-off arrangements arising in the ordinary course of the Group's banking arrangements;
- (e) any Security Interest approved by the Noteholders by a Special Resolution of the Noteholders pursuant to the Meeting Provisions;
- (f) any Security Interest granted in respect of an aggregate principal amount of Financial Indebtedness that does not exceed A\$1,000,000; and
- (g) any Security Interest provided for by one of the following transactions if the transaction does not secure payment or performance of an obligation:
 - (i) a transfer of an account or chattel paper;
 - (ii) a commercial consignment; or
 - (iii) a PPS Lease,
 (as each term is defined in the PPSA);

PPSA means the Personal Properties Securities Act 2009 of Australia;

Pricing Supplement means, in respect of a Tranche, the pricing supplement prepared and issued specifying the relevant issue details of such Notes and which has been confirmed by the Issuer;

Purchase Price has the meaning given in Condition 5.2(b) ("Financial covenant");

Purchased Receivable means a Receivable purchased by the Issuer (or its Subsidiary);

Receivable means any right, title, benefit and interest (present or future) in, to and under or derived from a Contract;

Record Date means the close of business in the place where the Register is maintained on the eighth day before the Payment Date;

Register means the register of holders of Notes established and maintained by or on behalf of the Issuer under an Agency Agreement;

Registrar means BTA Institutional Services Australia Limited (ABN 48 002 916 396);

Related Body Corporate has the meaning it has in the Corporations Act;

Relevant Period means, on any date falling in a calendar month, the period of twelve months prior to and ending on the last day of the calendar month in which the relevant date falls;

Required Reserve means the meaning given in Condition 5.2(b) ("Financial covenant");

Second Optional Redemption Date means the date so specified in the Pricing Supplement;

Secured Debt means all Financial Indebtedness of the Group secured by a Security Interest;

Security has the meaning given to that term in the Security Trust Deed;

Security Interest includes any mortgage, pledge, lien or charge or any security or preferential interest or arrangement of any kind (including under sections 12(1) and (2) and (3) of the PPSA) or any other right of, or arrangement with, any creditor to have its claims satisfied in priority to other creditors with, or from the proceeds of, any asset. It includes retention of title other than in the ordinary course of day-to-day trading and a deposit of money by way of security but it excludes a charge or lien arising in favour of a government agency by operation of statute unless there is default in payment of moneys secured by that charge or lien;

Security Trustee means Permanent Custodians Limited (ABN 55 001 426 384) or any person who becomes the "Security Trustee" under the Security Trust Deed;

Seller means the seller party to a Contract;

Special Resolution has the meaning given in the Note Trust Deed;

Specified Office means, for a person, that person's office specified in the Information Memorandum or Pricing Supplement or any other address notified to Noteholders from time to time;

Subsidiary of an entity means another entity which is a subsidiary of the first within the meaning of Part 1.2 Division 6 of the Corporations Act;

Tax Authority means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official, having power to tax to which the Issuer becomes subject in respect of payments made by it of principal or interest in respect of the Notes;

Taxes means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any Tax Authority together with any related interest, penalties, fines and expenses in connection with them except if imposed on, or calculated having regard to, the net income of a Noteholder;

Test Date means each date on which:

- (a) any Security Interest has been granted by the Issuer or any other member of the Group in accordance with Condition 5.1 ("Negative pledge");
- (b) new Financial Indebtedness after the Issue Date has been incurred by the Issuer or any other member of the Group in accordance with Condition 5.2(a) ("Financial covenants");
- (c) any Distribution or Capital Reduction has been made by the Issuer or any other member of the Group in accordance with Condition 5.2(c) ("Financial covenants"); or
- (d) there is any disposal of a material part of the assets of the Issuer or any other member of the Group in accordance with Condition 5.2(d) ("Financial covenants");

Third Optional Redemption Date means the date so specified in the Pricing Supplement;

Total Tangible Assets means, in relation to any group at any time, the aggregate amount of all assets of the relevant group at that time determined by reference to the applicable Financial Statements of the relevant group in respect of that time, other than goodwill, copyright, patents, trademarks, licences, research and development, underwriting and formation expenses, future income tax benefits, and other items of a like nature which, in accordance with Accepted Accounting Practices, are regarded as intangible assets;

Tranche means an issue of Notes specified as such in the Pricing Supplement issued on the same Issue Date and on the same terms; and

Unwind Event means the happening of any event set out in Condition 14.1 (“Unwind Events”).

1.3 References to certain general terms

Unless the contrary intention appears, a reference to:

- (a) a group of persons is a reference to any two or more of them jointly and to each of them individually;
- (b) an agreement, representation or warranty in favour of two or more persons is for the benefit of them jointly and each of them individually;
- (c) a document (including these Conditions) includes any amendment, variation or replacement of it;
- (d) anything (including any amount) is a reference to the whole and each part of it;
- (e) a “**law**” includes common law, principles of equity, any decree and any statute or other law made by a parliament (and a statute or other law made by parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it);
- (f) a “**directive**” includes a treaty, official directive, request, regulation, guideline or policy (whether or not in any case having the force of law) with which responsible participants in the relevant market generally comply;
- (g) “**Australian dollars**” or “**A\$**” is a reference to the lawful currency of Australia;
- (h) a time of day is a reference to Sydney time;
- (i) a “**person**” includes an individual, a firm, a body corporate, an unincorporated association and an authority;
- (j) a particular person includes a reference to the person’s executors, administrators, successors, substitutes (including persons taking by novation) and assigns; and
- (k) the words “**including**”, “**for example**” or “**such as**” when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

1.4 Number

The singular includes the plural and vice versa.

1.5 Headings

Headings (including those in brackets at the beginning of paragraphs) are for convenience only and do not affect the interpretation of these Conditions.

1.6 Calculation of period of time

If a notice must be given within a certain period of days or a certain number of days notice must be given or any other matter must take place within a certain number of days, the day on which the notice is given or action taken, and the day on which the meeting is to be held or other action taken, are not to be counted in calculating that period and references to a “day” are to a calendar day.

2 Introduction

2.1 Pricing Supplement

- (a) The Issuer will issue the Notes on the terms set out in these Conditions as supplemented, amended, modified or replaced by the Pricing Supplement applicable to those Notes. If there is any inconsistency between these Conditions and such Pricing Supplement, the Pricing Supplement prevails.
- (b) The Notes are issued in a single series. The series may comprise one or more Tranches having one or more Issue Dates and on conditions otherwise identical (other than in respect of the issue price and date of the first payment of interest). A Tranche is the subject of a Pricing Supplement which supplements, amends, modifies or replaces these Conditions.
- (c) Copies of the Pricing Supplement and Conditions applicable to any Tranche of Notes are available for inspection or on request by a Noteholder or prospective Noteholder during normal business hours at the Specified Office of the Issuer, the Note Trustee or the Registrar or are otherwise available on reasonable request from the Issuer or the Registrar.

2.2 Types of Notes

A Note is either:

- (a) a Fixed Rate Note; or
- (b) a Floating Rate Note,

as specified in the Pricing Supplement.

2.3 Currency and denomination

The Notes are issued in Australian dollars in a single denomination of A\$1,000.

2.4 Issue restrictions and tenor

The Notes may only be offered (directly or indirectly) for issue, or applications invited for the issue of Notes, if:

- (a) where the offer or invitation is made in, or into Australia:
 - (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the offeror or its associates to the offeree or its associates) or if the offer or invitation (including any resulting issue) otherwise does not require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act;

- (ii) the offer or invitation (including any resulting issue) does not constitute an offer to a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
 - (iii) such action does not require any document to be lodged with ASIC; and
- (b) at all times, the offer or invitation (including any resulting issue) complies with all other applicable laws and directives in the jurisdiction in which the offer, invitation or issue takes place.

2.5 Clearing systems

Notes may, but need not, be held in the Austraclear System, in which case the rights of a person holding an interest in the Notes lodged in the Austraclear System are subject to the rules and regulations of the Austraclear System. Neither the Issuer nor any Guarantor is responsible for anything the Austraclear System does or omits to do.

3 Form

3.1 Constitution under the Note Trust Deed

- (a) The Notes are debt obligations of the Issuer constituted by, and owing under, the Note Trust Deed.
- (b) Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Note Trust Deed.

3.2 Form

The Notes are issued in registered form by entry in the Register.

3.3 No certificates

No certificates will be issued to Noteholders unless the Issuer determines that certificates should be available or if certificates are required by any applicable law or directive.

3.4 Effect of entries in Register

Each entry in the Register in respect of a Note constitutes:

- (a) an unconditional and irrevocable undertaking by the Issuer to the Note Trustee and the Noteholder to:
 - (i) pay principal, any interest and any other amount in accordance with these Conditions and the Note Trust Deed; and
 - (ii) comply with all other Conditions of the Note and the Note Trust Deed; and
- (b) an entitlement to the other benefits given to the Noteholder in respect of the Note under these Conditions and the Note Trust Deed.

3.5 Register conclusive as to ownership

Entries in the Register in relation to a Note constitute conclusive evidence that the person so entered is the absolute owner of the Note subject to correction for fraud or error.

3.6 Non-recognition of interests

Except as ordered by a court of competent jurisdiction or required by law or directive, the Issuer, the Note Trustee, the Security Trustee and the Registrar must treat the person whose name is entered in the Register as the Noteholder of a Note as the absolute owner of that Note. This Condition applies whether or not a Note is overdue and despite any notice of ownership, trust or interest in the Note.

3.7 Joint Noteholders

Where two or more persons are entered in the Register as the joint holder of a Note then they are taken to hold the Note as joint tenants with rights of survivorship, but the Registrar is not bound to register more than four persons as joint holders of a Note.

4 Status and Guarantee

4.1 Status of Notes

The Notes are direct, senior, secured and unconditional obligations of the Issuer.

4.2 Ranking of Notes

The Notes rank equally among themselves and at least equally with all other present and future direct, senior, secured and unconditional obligations of the Issuer, except for liabilities mandatorily preferred by law.

4.3 Guarantee

The Notes are issued with the benefit of the Guarantee. Pursuant to the Guarantee, each Guarantor unconditionally and irrevocably guarantees on a joint and several basis to the Noteholders, among other things, the due and punctual performance by the Issuer of its obligations under the Notes. The obligations of a Guarantor under the Guarantee are direct, senior, secured and unconditional obligations of that Guarantor. The Guarantee ranks at least equally with all other direct, senior, secured and unconditional obligations of that Guarantor, except for liabilities mandatorily preferred by law.

4.4 Security

Amounts due under the Notes, the Note Trust Deed and the Guarantee of the Guarantors are secured by the Security. The Security Trustee holds the Security on trust for the Beneficiaries (as defined in the Security Trust Deed, and which includes the Note Trustee and the Noteholders).

5 Negative pledge and financial and other covenants

5.1 Negative pledge

The Issuer will not (and will ensure that any member of the Group will not) create or permit to subsist any Security Interest upon the whole or any part of its (or any member of the Group's) present or future assets or revenues other than a Permitted Security Interest.

5.2 Financial covenants

- (a) The Issuer will not incur or permit to subsist any new Financial Indebtedness after the Issue Date, unless, after giving pro-forma effect to the incurrence of such Financial Indebtedness and the application of the proceeds thereof, the ratio (expressed as a percentage) of the aggregate amount of all Financial Indebtedness of the Group at that time to the Total Tangible Assets of the Group at that time is not more than 90 per cent.

- (b) The Issuer will ensure that, at all times:
- (i) the aggregate Purchase Price less the Excluded Receivables Amount plus Cash of the Group is greater than the aggregate amount of all Secured Debt of the Group plus the greater of the following:
 - (A) A\$5,000,000; or
 - (B) 10 per cent. of the aggregate Purchase Price; and
 - (ii) the aggregate Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) plus Cash of the Group is greater than the aggregate amount of all Secured Debt of the Group plus the Required Reserve.

The Issuer will prepare a statement with respect to each Determination Date substantially in the form set out in the Information Memorandum entitled “Determination Date Statement” (“**Determination Date Statement**”) and provide it to the Note Trustee on or prior to the 15th day of the month following a Determination Date (if that date is a non-Business Day, it will be provided on the next Business Day).

In this Condition 5.2(b), the Issuer will calculate the following amount, percentage or ratio (as the case may be) to be included in a Determination Date Statement:

- (i) “**Required Reserve**” means the amount equal to the aggregate of:
 - (A) the Discount;
 - (B) the Credit Reserve;
 - (C) the Dilution Reserve; and
 - (D) the total amount of Aggregate Deductible (as that term is defined in an Insurance Policy applicable to a Purchased Receivable),

calculated with reference to the most recent Determination Date Statement; and

- (ii) “**Discount**” means, on any day, the amount determined using the following formula:

$$\text{Discount} = (\text{IC} + 4\%) \times \frac{210}{365} \times \text{the aggregate amount of all Secured Debt of the Issuer}$$

where:

“**IC**” means the percentage per annum representing the weighted average of the interest cost of the Secured Debt of the Issuer.

- (iii) “**Credit Reserve**” means, on any day, the amount calculated as follows:

$$\text{Credit Reserve} = \text{Closing Balance} \times \text{Loss Ratio} \times \text{Stress Factor}$$

where:

“**Aged Ratio**” means, as at the last day of any calendar month, a percentage calculated as follows:

$$\text{Aged Ratio} = \frac{\text{the aggregate Outstanding Balance of all Aged Receivables}}{\text{Closing Balance}}$$

“**Aged Receivables**” means Purchased Receivables which are more than 90 days in arrears;

“**Closing Balance**” means the aggregate Outstanding Balance of all Purchased Receivables on the last day of the calendar month (or part thereof) ending on (and including) the Determination Date;

“**Loss Ratio**” means, on any day, the highest 3 month rolling average Aged Ratio during the 12 full calendar months preceding that date (and, where that date is the last day of the month, including that month), expressed as a percentage; and

“**Stress Factor**” means 2.25;

- (iv) “**Dilution Reserve**” means, on any day, the amount calculated in accordance with the following formula:

$$\text{Dilution Reserve} = \text{Closing Balance} \times \frac{\text{Dilution Reserve Percentage}}{\text{Percentage}} \times \text{Stress Factor}$$

where:

“**Closing Balance**” means the aggregate Outstanding Balance of all Purchased Receivables on the last day of the calendar month (or part thereof) ending on (and including) the Determination Date;

“**Dilution**” means the amount of any reduction in the original balance of a Purchased Receivable other than due to payment by a Debtor in relation to that Receivable in accordance with the terms of the related Contract;

“**Dilution Ratio**” means, on any day, the ratio (expressed as a decimal) calculated as of the most recent Determination Date by dividing the aggregate of all Dilutions for the calendar month (or part thereof) ending on (and including) the Determination Date by the Closing Balance of the preceding calendar month;

“**Dilution Reserve Percentage**” means, on any day, the highest 3 month rolling average Dilution Ratio during the 12 full calendar months preceding that date (and, where that date is the last day of the month, including that month), expressed as a percentage; and

“**Stress Factor**” means 2.25;

- (v) “**Purchase Price**” means the consideration the Issuer (or its Subsidiary) pays to the Seller for the purchase of a Purchased Receivable (which is an Eligible Receivable). The maximum Purchase Price for such a Purchased Receivable will be equal to 80 per cent. of the Outstanding Balance of that Purchased Receivable (as at the issue date of the invoice or account in respect of that Receivable);

- (vi) “**Outstanding Balance**” means, in relation to a Receivable, the amount equal to:

- (A) the amount specified in its invoice as being the amount due in respect of that Receivable; less

- (B) any amounts paid under that invoice; and
- (vii) “**Excluded Receivables Amount**” means, on any day, the amount determined using the following formula:

$$\text{Excluded Receivables Amount} = 0.8 \times \frac{\text{the aggregate Outstanding Balance of Aged Receivables on that day}}{1}$$

- (c) The Issuer will not (and the Issuer will ensure that any member of the Group will not) make a Distribution, or reduce, return, purchase, repay, cancel or redeem any of its share capital or buy back any of its shares (“**Capital Reduction**”) under Chapter 2J of the Corporations Act (or an equivalent provision under any legislation in another jurisdiction applicable to that to that member of the Group) except:
- (i) where the recipient of the proceeds of such Capital Reduction is the Issuer or another member of the Group; or
 - (ii) in the case of a Distribution, the amount of the Distribution has been fully underwritten by the amount received from a dividend reinvestment arrangement of a member of the Group; or
 - (iii) in the case of a Distribution, the amount of the Distribution is only paid out of NPAT of the Group, up to a maximum aggregate amount equal to 50 per cent. of NPAT for that Financial Year, provided that, in any case, a Distribution is no greater than an amount lawfully permitted under applicable law.

For the purposes of this paragraph (c), a Distribution in the form of a dividend shall relate to the financial year in which such dividend is declared, regardless of the financial year in which such dividend is paid.

So long as an Event of Default is subsisting, the Issuer will not declare, make or pay any Distribution or pay any interest or other amounts in respect of any debt security issued which ranks behind the Notes in priority for payment of principal or interest.

- (d) The Issuer will ensure that it will not (and the Issuer will ensure that any member of the Group will not) (whether in a single transaction or a series of related transactions) sell, assign, transfer, lease, or otherwise dispose of, or create, grant or allow to exist an interest in all or a material part of its assets or the assets of a member of the Group, other than:
- (i) as permitted under Condition 5.1 (“Negative pledge”);
 - (ii) disposals, partings with possession and interests created (including sub-leases):
 - (A) in the ordinary course of business at arm’s length and on arm’s length commercial terms;
 - (B) where the assets, in the reasonable opinion of the Issuer, are waste, obsolete and are not required for the efficient operation of its business;
 - (C) in exchange for other assets comparable or superior as to type, value and quality;
 - (D) from one member of the Group to another member of the Group; or

- (E) not otherwise permitted by sub-paragraphs (A) to (D) above, provided that the aggregate consideration of all such assets disposed of by members of the Group in the then current financial year is no more than A\$2,000,000; or
- (iii) where an amount equal to the net proceeds of the disposal is used within 180 days after such disposal to:
 - (A) purchase, acquire, develop, redevelop or construct productive assets for use by the Issuer or a member of the Group in its business(es); or
 - (B) prepay or repay any secured or unsecured Financial Indebtedness incurred by the Issuer or incurred by a member of the Group.
- (e) The Issuer undertakes:
 - (i) that, at all times, the aggregate of the:
 - (A) EBITDA generated by the Issuer and the Guarantors is at least 90 per cent. of the total EBITDA of the Group;
 - (B) Total Tangible Assets of the Issuer and the Guarantors is at least 90 per cent. of the Total Tangible Assets of the Group; and
 - (C) Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) of the Issuer and the Guarantors is equal to 100 per cent. of the aggregate of the Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) of the Group,

in each case, based on the then latest Financial Statements; or
 - (ii) to cause such of its Subsidiaries to accede as a Guarantor pursuant to the Note Trust Deed and as an Additional Security Provider pursuant to the Security Trust Deed to ensure that, at all times, the aggregate of the:
 - (A) EBITDA generated by the Issuer and the Guarantors is at least 90 per cent. of the total EBITDA of the Group;
 - (B) Total Tangible Assets of the Issuer and the Guarantors is at least 90 per cent. of the Total Tangible Assets of the Group; and
 - (C) Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) of the Issuer and the Guarantors is equal to 100 per cent. of the aggregate of the Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) of the Group,

in each case, based on the then latest Financial Statements,

subject to, and provided that:

 - (aa) in the case of a Subsidiary which has become a member of the Group (other than CashFlow Advantage), the completion of any financial assistance whitewash procedures required under Part 2J.3 of the Corporations Act (or equivalent laws in any other applicable jurisdictions) within 45 days of the first shareholders general meeting of the Issuer held after the relevant Subsidiary (which is required to become a Guarantor) becomes a member of the Group;

- (ab) in the case of Lester Australia Limited (ARBN 92 092 613 511), if it becomes an operating company of the Group, the Issuer shall promptly cause it to accede as a Guarantor pursuant to the Note Trust Deed and as an Additional Security Provider pursuant to the Security Trust Deed; and
- (ac) in the case of CashFlow Advantage, the Issuer shall effect (or cause to be completed) any financial assistance whitewash procedures required under Part 2J.3 of the Corporations Act and cause CashFlow Advantage to accede as a Guarantor pursuant to the Note Trust Deed and as an Additional Security Provider pursuant to the Security Trust Deed within 60 days of the Issue Date.

5.3 Other covenants

- (a) The Issuer will (and the Issuer will ensure that each member of the Group will) do everything necessary to maintain its corporate existence.
- (b) The Issuer will comply (and the Issuer will ensure that each member of the Group complies) with all applicable laws binding on it where a failure to comply would have a material adverse effect on the ability of the Issuer or a Guarantor (as the case may be) to comply with its obligations under the Notes or the Guarantee.
- (c) The Issuer will confirm on the Issue Date that it is not in breach of the terms and conditions of any existing notes which remain outstanding. The Issuer shall not issue the Notes if such issuance would give rise to such a breach.
- (d) The Issuer will ensure that PricewaterhouseCoopers (or such suitably qualified internationally recognised audit firm) conducts quarterly review of the relevant policies and procedures of the Group, and the records of the Group relating to the Purchased Receivables, for a period of 12 months from the Issue Date and will continue to do, until such time that:
 - (i) the percentage calculated as the Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) which are more than 60 days in arrears divided by the Closing Balance is less than 6 per cent.; or
 - (ii) the Closing Balance is greater than A\$50,000,000;
- (e) The Issuer will ensure that, within 90 days of the acquisition of the shares of CashFlow Advantage, the business and assets of CashFlow Advantage will be covered by an appropriate insurance policy and a trade credit insurance policy, in each case, from an insurer rated at least A- (or equivalent rating) based on the lowest rating of an external rating agency, with protection against any losses which may arise from the non-performance of a Purchased Receivable. During the period from the acquisition of the shares of CashFlow Advantage to the date such insurance policy takes effect, the Issuer will ensure that the Group maintains an amount of Cash which is the greater of the following:
 - (i) A\$3,000,000; or
 - (ii) 30 per cent. of the aggregate consideration CashFlow Advantage pays for the purchase of the Receivables which are not covered by an Insurance Policy.
- (f) The Issuer will ensure (and the Issuer will procure that its Subsidiary which is a purchaser of Receivables will ensure) that its business and assets are covered by an appropriate insurance policy and a trade credit insurance policy, in each case, from an insurer rated at least A- (or equivalent rating) based on the lowest rating of an external rating agency, with protection against any losses which may arise from the non-

performance of a Purchased Receivable and will ensure that the Issuer (or such Subsidiary) is noted as an additional insured on each Insurance Policy in respect of that Purchased Receivable.

- (g) The Issuer will ensure that, at all times, the aggregate Outstanding Balance of all Purchased Receivables (which are Eligible Receivables) plus Cash of the Group is greater than A\$40,000,000.
- (h) The Issuer will establish, prior to the Issue Date, and maintain a bank account in its name and ensure the balance of such bank account is, for so long as any of the Notes remain outstanding, greater than the Minimum Required Cash Amount. Such bank account may only be operated by the chief executive officer and the chief financial officer of the Issuer as signatories to the bank account.

In this Condition 5.3(h), the Issuer will calculate the following amount to be included in a Determination Date Statement:

“Minimum Required Cash Amount” means the amount equal to the greater of:

- (i) the aggregate amount of all Secured Debt of the Group plus the Excluded Receivables Amount less the aggregate Purchase Price plus the greater of the following:
 - (A) A\$5,000,000; or
 - (B) 10 per cent. of the aggregate Purchase Price; and
 - (ii) the aggregate amount of all Secured Debt of the Group plus the Required Reserve less the aggregate Outstanding Balance of all Purchased Receivables (which are Eligible Receivables).
- (i) The Issuer will provide the following to the Note Trustee not later than 45 days after each applicable Test Date a certificate signed by either two directors or a director and the chief executive officer or a director and the chief financial officer or a director and the company secretary of the Issuer which certifies whether, in the opinion of the directors, the chief executive officer, the chief financial officer and/or the company secretary of the Issuer (as appropriate) and after having made all reasonable enquiries, the Group has complied with each of the covenants set out in Conditions 5.1 (“Negative pledge”), 5.2 (“Financial covenants”), 5.3(a) and 5.3(b) (“Other covenants”) above immediately following the relevant granting of a Security Interest, the incurring of new Financial Indebtedness, the making of a Distribution or Capital Reduction, the disposal of assets or material acquisition of a business on that Test Date (as the case may be). In the event the Group is not in compliance with any such covenant, such certificate will give reasonable detail of such non-compliance (including any relevant figures and calculations) and the steps being taken to remedy the same.
 - (j) At the request of the Note Trustee (acting either on its own discretion or upon receipt of a written request of a Noteholder) the Issuer will provide (at its own cost), any document or other information that the Note Trustee may reasonably request that is necessary or desirable to allow the Note Trustee or a Noteholder to determine whether or not the Issuer is in compliance with each of the covenants set out in Conditions 5.2 (“Financial covenants”), 5.3(a), 5.3(b), 5.3(c), 5.2(d), 5.3(e), 5.3(f), 5.3(g) and 5.3(h) (“Other covenants”) above.

6 Title and transfer of Notes

6.1 Title

Title to Notes passes when details of the transfer are entered in the Register.

6.2 Transfer

Notes may only be transferred in accordance with these Conditions and the Note Trust Deed.

6.3 Transfers in whole

Notes may only be transferred in whole and not in part.

6.4 Estates

A person becoming entitled to a Note as a consequence of the death or bankruptcy of a Noteholder or of a vesting order or a person administering the estate of a Noteholder may, upon producing such evidence as to that entitlement or status as the Registrar considers sufficient, transfer the Note or, if so entitled, become registered as the holder of the Note.

6.5 Unincorporated associations

A transfer of a Note to an unincorporated association is not permitted.

6.6 Transfer of unidentified Notes

Where the transferor executes a transfer of less than all Notes registered in its name, and the specific Notes to be transferred are not identified, the Registrar may register the transfer in respect of such of the Notes registered in the name of the transferor as the Registrar thinks fit, provided the aggregate principal amount of all the Notes registered as having been transferred equals the aggregate principal amount of all the Notes expressed to be transferred in the transfer.

6.7 Compliance with law

Notes may only be transferred if the offer or invitation for the sale or purchase of the Notes is received by a person:

- (a) in Australia, only if the minimum aggregate consideration payable at the time of the transfer is at least A\$500,000 (or its equivalent in an alternative currency and, in each case, disregarding moneys lent by the transferor or its associates to the transferee) or the Notes are transferred in circumstances that do not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act and the transfer complies with all applicable laws and directives; and
- (b) if, in a jurisdiction outside Australia, the transfer complies with all other applicable laws and directives in the jurisdiction in which the transfer takes place.

6.8 Restrictions on transfer

- (a) Transfers of Notes which are not lodged in the Austraclear System cannot be made between a Record Date and the relevant following Payment Date if a redemption of such Note is to occur during, or at the end of, that period in accordance with these Conditions.
- (b) Transfers of Notes will not be registered later than the close of business in the place where the Register is maintained on the eighth day prior to the Maturity Date of the Notes.

7 Fixed Rate Notes

This Condition 7 applies to the Notes only if the Pricing Supplement states that it applies.

7.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date or, if redeemed earlier, the Optional Redemption Date, at the Interest Rate. Interest is payable in arrear on each Interest Payment Date or such other date on which a Note is redeemed.

7.2 Fixed Coupon Amount

The amount of interest payable on each Note on each scheduled Interest Payment Date in respect of the preceding Interest Period is the Fixed Coupon Amount unless interest is due on a date that is otherwise than a scheduled Interest Payment Date, in which case Condition 7.3 ("Calculation of interest payable") shall apply to calculate the amount of interest payable for that period.

7.3 Calculation of interest payable

The amount of interest payable in respect of a Fixed Rate Note for any period which does not end on a scheduled Interest Payment Date shall be calculated by the Calculation Agent by multiplying the Interest Rate, the outstanding principal amount of the Fixed Rate Note and the applicable Day Count Fraction.

8 Floating Rate Notes

This Condition 8 applies to the Notes only if the Pricing Supplement states that it applies.

8.1 Interest on Floating Rate Notes

Each Floating Rate Note bears interest on its outstanding principal amount from (and including) its Interest Commencement Date to (but excluding) its Maturity Date at the Interest Rate.

Interest is payable in arrear on each Interest Payment Date.

8.2 Interest Rate determination

The Interest Rate payable in respect of a Floating Rate Note must be determined by the Calculation Agent in accordance with these Conditions.

8.3 Fallback Interest Rate

Unless otherwise specified in the Pricing Supplement, if, in respect of an Interest Period, the Calculation Agent is unable to determine a rate in accordance with Condition 8.2 ("Interest Rate determination"), the Interest Rate for the Interest Period is the Interest Rate applicable to the Floating Rate Notes during the immediately preceding Interest Period.

8.4 BBSW Rate Determination

The Interest Rate applicable to the Floating Rate Notes for each Interest Period is the sum of the Margin and the BBSW Rate.

8.5 Interpolation

- (a) If the Pricing Supplement states that "Linear Interpolation" applies to an Interest Period, the Interest Rate for that Interest Period is determined through the use of

straight line interpolation by reference to two BBSW Rates or other floating rates specified in the Pricing Supplement.

- (b) The first rate must be determined as if the Interest Period were the period of time for which rates are available next shorter than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).
- (c) The second rate must be determined as if the Interest Period were the period of time for which rates are available next longer than the length of the Interest Period (or any alternative Interest Period specified in the Pricing Supplement).

9 General provisions applicable to interest

9.1 Calculation of Interest Rate and interest payable

- (a) The Calculation Agent must, in relation to each Interest Period for each Floating Rate Note:
 - (i) calculate the Interest Rate in accordance with these Conditions and the Pricing Supplement; and
 - (ii) as soon as practicable after determining the Interest Rate, calculate the amount of interest payable for the Interest Period in respect of the outstanding principal amount of that Note.
- (b) Unless otherwise specified in the Pricing Supplement, the amount of interest payable is calculated by multiplying the product of the Interest Rate for the Interest Period and the outstanding principal amount of the Note by the applicable Day Count Fraction.
- (c) The rate determined by the Calculation Agent must be expressed as a percentage rate per annum.

9.2 Calculation of other amounts

If the Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent must, as soon as practicable after the time at which that amount is to be determined, calculate the amount in the manner specified in the Pricing Supplement.

9.3 Notification of Interest Rate, interest payable and other items

- (a) The Calculation Agent must notify the Issuer, the Registrar, the Noteholders, the Note Trustee and each other Agent of each Interest Rate, the amount of interest payable and each other amount, item or date calculated or determined by it together with the Interest Payment Date.
- (b) The Calculation Agent must give notice under this Condition as soon as practicable after making its determination.
- (c) The Calculation Agent may amend its determination of any amount, item or date (or make appropriate alternative arrangements by way of adjustment) as a result of the extension or reduction of the Interest Period or calculation period without prior notice but must promptly notify the Issuer, the Registrar, the Noteholders, the Note Trustee and each other Agent of any such amendment.

9.4 Determination final

The determination by the Calculation Agent of all amounts, rates and dates falling to be determined by it under these Conditions is, in the absence of fraud or manifest error, final and binding on the Issuer, the Guarantors, the Registrar, each Noteholder, the Note Trustee, the Security Trustee and each other Agent.

9.5 Rounding

For the purposes of any calculations required under these Conditions (unless otherwise specified in these Conditions or the Pricing Supplement):

- (a) all percentages resulting from the calculations must be rounded to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.);
- (b) all figures must be rounded to five decimal places (with halves being rounded up); and
- (c) all amounts that are due and payable must be rounded (with halves being rounded up) to one cent.

10 Redemption

10.1 Redemption on maturity

The Issuer agrees to redeem each Note on its Maturity Date at its outstanding principal amount unless:

- (a) the Note has been previously redeemed; or
- (b) the Note has been purchased and cancelled.

10.2 Early redemption at the option of Noteholders (Noteholder put)

Upon the occurrence of a Change of Control, each Noteholder will have the right to require the Issuer to redeem all or any part of such Notes at a redemption price equal to 101 per cent. of the outstanding principal amount of each Note being redeemed (together with any accrued interest, if any, to the date of redemption) (the “**Change of Control Redemption Price**”). Within 30 days after a Change of Control, the Issuer shall deliver a notice to the Registrar and the Note Trustee requesting that the Note Trustee promptly notifies Noteholders stating that:

- (a) a Change of Control has occurred and that such Noteholder has the right to require the Issuer to redeem such Notes at the Change of Control Redemption Price;
- (b) the redemption date (which shall be no earlier than 30 days nor later than 50 days from the date of such notice is delivered); and
- (c) the procedures determined by the Issuer, consistent with terms and conditions of the Notes, that a Noteholder must follow in order to have its Notes redeemed.

In this Condition, “**Change of Control**” means, on any date, an event where a party which held 50 per cent. or less of the issued shares of the Issuer as at the Issue Date subsequently holds more than 50 per cent. of the issued shares of the Issuer on that date.

10.3 Early redemption at the option of the Issuer (Issuer call)

The Issuer may redeem all or some of the Notes before their Maturity Date as follows:

- (a) on a First Optional Redemption Date by payment of 104 per cent. of the outstanding principal amount of each Note being redeemed;
- (b) on a Second Optional Redemption Date by payment of 103 per cent. of the outstanding principal amount of each Note being redeemed;
- (c) on a Third Optional Redemption Date by payment of 102 per cent. of the outstanding principal amount of each Note being redeemed; and

- (d) on each Interest Payment Date commencing on (and including) the Fourth Optional Redemption Date to (but excluding) the Maturity Date by payment of 100 per cent. of the outstanding principal amount of each Note being redeemed,

in each case, together with any accrued interest, if any, to the date of redemption.

However, the Issuer may only do so if:

- (i) the amount of Notes to be redeemed is a whole multiple of their Denomination; and
- (ii) the Issuer has given at least 30 days (and not more than 60 days) notice to the Registrar, the Note Trustee, the Noteholders and each other Agent.

10.4 Partial redemptions

If only some of the Notes are to be redeemed under Condition 10.3 (“Early redemption at the option of the Issuer (Issuer call)”), the Notes to be redeemed will be specified in the notice and selected:

- (a) in a fair and reasonable manner; and
- (b) in compliance with any applicable law, directive or requirement of any stock exchange or other relevant authority on which the Notes are listed.

10.5 Effect of notice of redemption

Any notice of redemption given under this Condition 10 (“Redemption”) is irrevocable.

10.6 Late payment

If an amount payable is not paid under this Condition 10 (“Redemption”) when due, then interest continues to accrue on the unpaid amount (both before and after any demand or judgment) at the default rate specified in the Pricing Supplement (or, if no default rate is specified, the last applicable Interest Rate) until the date on which payment is made to the Noteholder.

10.7 Purchase

The Issuer and any of its Related Bodies Corporate may at any time purchase Notes in the open market or otherwise and at any price. Notes purchased under this Condition 10.7 may be held, resold or cancelled at the discretion of the purchaser and (if the Notes are to be cancelled, the Issuer), subject to compliance with any applicable law or directive.

11 Payments

11.1 Payments to Noteholders

- (a) Payments of principal will be made to each person registered in the Register at 10.00 am on the applicable Payment Date as the holder of a Note.
- (b) Payment of interest shall be made to each person registered in the Register at close of business on the applicable Record Date as the holder of a Note.

11.2 Payments to accounts

Payments in respect of a Note will be made:

- (a) if the Note is held in the Austraclear System, by crediting on the Payment Date, the amount due to:
 - (i) the account of Austraclear (as the Noteholder) previously notified to the Issuer and the Registrar; or
 - (ii) if requested by Austraclear, the accounts of the persons in Australia in whose Security Record (as defined in the Austraclear Regulations) a Note is recorded as previously notified by Austraclear to the Issuer and the Registrar in accordance with the Austraclear Regulations; and
- (b) if the Notes are not held in the Austraclear System, by crediting on the Payment Date, the amount then due under each Note to an account in Australia previously notified by the Noteholder to the Issuer and the Registrar.

11.3 Payments by cheque

If a Noteholder has not notified the Registrar of an account to which payments to it must be made by close of business on the Record Date or it has notified the Registrar that it wishes to be paid by cheque, payments in respect of the Note will be made by cheque sent by prepaid post on the Payment Date, at the risk of the registered Noteholder, to the Noteholder (or if two or more persons are entered in the Register as joint Noteholders, to the first named joint Noteholder of the Note) at its address appearing in the Register at close of business on the Record Date. Cheques sent to the nominated address of a Noteholder will be taken to have been received by the Noteholder on the Payment Date and no further amount will be payable by the Issuer in respect of the Notes as a result of the Noteholder not receiving payment on the due date.

11.4 Payments subject to law

All payments are subject to applicable law but without prejudice to the provisions of Condition 12 ("Taxation").

11.5 Payments on Business Days

If a payment:

- (a) is due on a Note on a day which is not a Business Day then the due date for payment will be adjusted in accordance with the applicable Business Day Convention; or
- (b) is to be made to an account on a Business Day on which banks are not open for general banking business in the place in which the account is located, then the due date for payment will be the first following day on which banks are open for general banking business in that place,

and in either case, a Noteholder is not entitled to any additional payment in respect of that delay.

11.6 Unsuccessful attempts to pay

Subject to applicable law, where the Issuer:

- (a) decides that an amount is to be paid to a Noteholder by a method of direct credit and the Noteholder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Noteholder by direct credit, electronic transfer of funds, cheque or any other means and the transfer is unsuccessful;
- (c) has made reasonable efforts to locate a Noteholder but is unable to do so; or

- (d) has issued a cheque which has not been presented within six months of its date, then the Issuer may cancel such cheque and if the Issuer has so cancelled,

then, in each case and subject to Condition 13 ("Time limit for claims"), the amount is to be held by the Issuer for the Noteholder in a non-interest bearing deposit with a bank selected by the Issuer until the Noteholder or any legal personal representative of the Noteholder claims the amount or the amount is paid by the Issuer according to the legislation relating to unclaimed moneys.

11.7 Payment to joint Noteholders

A payment to any one of joint Noteholders will discharge the Issuer's liability in respect of the payment.

12 Taxation

12.1 No set-off, counterclaim or deductions

All payments in respect of the Notes must be made in full without set-off or counterclaim, and without any withholding or deduction in respect of Taxes, unless such withholding or deduction is required by law.

12.2 Withholding tax

If a law requires the Issuer (or an Agent) to withhold or deduct an amount in respect of Taxes from a payment in respect of a Note such that the Noteholder would not actually receive on the due date the full amount provided for under the Notes, then:

- (a) the Issuer (or an Agent) agrees to withhold or deduct the amount for the Taxes; and
- (b) an additional amount is payable by the Issuer so that, after making the withholding or deduction and further withholdings or deductions applicable to any additional amounts payable under this Condition, the Noteholder is entitled to receive (at the time the payment is due) total amounts equal to what it would have received if no withholdings or deductions had been required to be made from a payment in respect of a Note.

12.3 Gross-up exceptions

No Additional Amounts are payable under Condition 12.2 ("Withholding tax") in respect of any Note:

- (a) to, or to a third party on behalf of, a Noteholder, if that person has not supplied an appropriate Australian tax file number (if applicable), or an Australian Business Number or details of an applicable exemption from these requirements;
- (b) to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of having some connection with Australia other than the mere holding of the Note;
- (c) to, or to a third party on behalf of, a Noteholder who is liable to the Taxes in respect of a Note by reason of the Noteholder being an Offshore Associate of the Issuer not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act;
- (d) in respect of any estate, inheritance, gift, sales, transfer, personal property, or any similar tax, assessment or governmental charge;
- (e) in circumstances where such a withholding or deduction would not be required if the Noteholder, or any person acting on the Noteholder's behalf, had satisfied any statutory requirements or obtained and/or presented any form or certificate or had

made a declaration of non-residence or similar claim for exemption to any Tax Authority upon the presentation or making of which the Noteholder would have been able to avoid or partially avoid (as the case may be) such withholding or deduction;

- (f) where such withholding or deduction is required to be made pursuant to a notice or direction issued by the Commissioner of Taxation under section 255 of the Australian Tax Act or section 260-5 of Schedule 1 to the Taxation Administration Act 1953 of Australia or any similar law;
- (g) in such other circumstances as may be specified in the Pricing Supplement; or
- (h) in respect of any combination of any or all of paragraphs (a) to (g) above.

Notwithstanding any other provision of these Conditions, if the Issuer, any Agent, or any other person through whom payments on the Notes are made, is required to withhold or deduct amounts under or in connection with, or in order to ensure compliance with FATCA, the Issuer or that other person shall be permitted to make such withholding or deduction, and Noteholders and beneficial owners of Notes will not be entitled to receive any gross up, Additional Amount or other amount for such withholding or deduction.

13 Time limit for claims

A claim against the Issuer for a payment under a Note is void unless made within 10 years (in the case of principal) or 5 years (in the case of interest and other amounts) from the date on which payment first became due.

14 Unwind Events and Events of Default

14.1 Unwind Events

Each of the following is an Unwind Event in respect of the Notes:

- (a) **(other non-compliance)** the Issuer or a Guarantor fails to comply with any of its obligations in connection with a Note (other than in relation to the payment of money referred to in Conditions 14.3(a) and 14.3(b) ("Events of Default") and the event of default referred to in Condition 14.3(k) ("Events of Default")); and
- (b) **(verification of Purchased Receivables)** the Issuer or an agent acting its behalf (or its Subsidiary which is a purchaser of Receivables or an agent acting on its behalf) fails to conduct a random verification of the relevant Contracts representing at least 20 per cent. of the Outstanding Balance of the Purchased Receivables (which are Eligible Receivables) to verify the existence and ownership of the Receivable, in accordance with and on such frequent basis as set out in its credit and collection procedures.

14.2 Consequences of an Unwind Event

If an Unwind Event occurs and is subsisting for at least 30 days after notice of such event shall have been given to the Issuer by the Note Trustee or any Noteholder, then the Issuer must not purchase any further Eligible Receivables and will ensure that any amount of payment received in respect of a purchased Eligible Receivable will be used *pari passu* and rateably to repay amounts then outstanding on the Notes and any other senior, secured Financial Indebtedness of the Issuer then owing which ranks equally with the Notes.

14.3 Events of Default

Each of the following is an Event of Default in respect of the Notes:

- (a) **(non-payment of principal)** the Issuer fails to pay any principal in respect of the Notes when due or, if the failure to pay on time is caused by an administrative or

technical error beyond the control of the Issuer, within 2 Business Days after the due date;

- (b) **(non-payment of interest)** the Issuer fails to pay any interest in respect of the Notes of the relevant series when due and the failure to pay continues for a period of 2 Business Days;
- (c) **(cross default)** any Financial Indebtedness of the Issuer, a Guarantor or any of its other Subsidiaries for amounts totalling more than A\$5,000,000 (or its equivalent in any other currency):
 - (i) is not satisfied on the later of their due date or the end of any applicable grace period; or
 - (ii) has become (or becomes capable of being declared) due and payable before its scheduled maturity by reasons of a default, event of default or potential event of default (howsoever described). For the purposes of this subparagraph (ii), and except in relation to an amount becoming capable of being declared due and payable as a consequence of a breach of a payment obligation or a breach of a material obligation (howsoever described), an amount will only be deemed to have become capable of being declared due and payable on the date that falls 7 days after the expiration of any applicable grace period in relation to the event giving rise to the amount becoming capable of being declared due and payable;
- (d) **(enforcement against assets)** any expropriation, attachment, sequestration, distress or execution affects any asset or assets of the Issuer or a Guarantor;
- (e) **(insolvency)** an Insolvency Event occurs in relation to the Issuer or a Guarantor;
- (f) **(no arrangement with creditors)** the Issuer or any Guarantor makes a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against the Issuer or a Guarantor (which, in the case of a proceeding instituted against the Issuer or a Guarantor, is not set aside or withdrawn within 10 days after the date that the application was made for such proceeding to be instituted) seeking to adjudicate it insolvent, or seeking liquidation, winding up, reorganisation, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganisation or relief of debtors, seeking the entry of any order for relief or the appointment of a receiver, trustee, administrator or other similar official over the Issuer or Guarantor, its activities or any substantial part of its property;
- (g) **(obligations unenforceable)** any Note or the Note Trust Deed (including, for the avoidance of doubt, the Guarantee) is or becomes (or is claimed to be by the Issuer, a Guarantor or anyone on their behalf) wholly or any part of a material provision of it void, voidable or unenforceable or any Note, the Note Trust Deed or the Guarantee ceases to wholly or in relation to any part of a material provision of it have full force and effect or the whole or any part of a material provision of it is declared by any court of competent jurisdiction to be void or unenforceable;
- (h) **(Unwind Event)** an Unwind Event:
 - (i) has occurred; and
 - (ii) if the non-compliance is capable of remedy, it is not remedied within 90 days after notice of such event shall have been given to the Issuer by the Note Trustee or any Noteholder;
- (i) **(no litigation)** a judgement or award in an amount exceeding A\$5,000,000 (or its equivalent in any other currency) is obtained against the Issuer or a Guarantor or any

of their assets and is not set aside or satisfied within 30 days unless the Issuer or the Guarantor is diligently and in good faith pursuing an appeal;

- (j) **(cessation of business)** the Issuer or any Guarantor ceases to carry on business generally and no other body corporate assumes the business of that person; and
- (k) **(CashFlow Advantage)** the Issuer fails to comply with its obligations under Condition 5.2(e)(ii)(ac) ("Financial covenants") and such failure is not remedied within 5 days of the expiration of the applicable 60 day period specified in that Condition.

14.4 Consequences of an Event of Default

If an Event of Default occurs and continues unremedied in relation to the Notes, then a Noteholder or the Note Trustee (if requested in writing by a Noteholder) may declare by notice to the Issuer (with a copy to the Registrar and the Note Trustee (if notice is given by a Noteholder)) that each Note held by it is (or, if the Note Trustee has given the declaration, all Notes are) to be redeemed by the Issuer paying to the Noteholder the applicable redemption amount for the Note (together with any accrued interest) in which case those amounts become immediately due and payable.

14.5 Notification

If an Unwind Event or an Event of Default occurs (or, in the case of Condition 14.3(a) or Condition 14.3(b) ("Events of Default"), an Event of Default would occur with the lapse of time if notice were to be given to the Issuer), the Issuer must promptly (and in any event within 5 days) after becoming aware of it notify the Note Trustee, the Security Trustee, the Registrar and the Noteholders of the occurrence of the Unwind Event or the Event of Default (as the case may be and specifying details of it).

14.6 Enforcement

- (a) Subject to Condition 14.6(c), at any time after the occurrence of an Event of Default, the Note Trustee may, either at its discretion or pursuant to a direction of Noteholders in accordance with paragraph (c)(i) below and, in either case, without further notice, institute such proceedings and/or take such other action as it may think fit against or in relation to the Issuer to enforce the Issuer's obligations under the Notes. The Issuer shall, as a result of the bringing of any such proceedings, be obliged to pay any sums representing or measured by reference to principal or interest on the Notes sooner than the same would otherwise have been payable by it.
- (b) Without prejudice to Condition 14.6(a) but subject to Condition 14.6(c), if the Issuer breaches any of its obligations under the Note Trust Deed, the Note Trustee may, either at its discretion or pursuant to a direction of Noteholders in accordance with paragraph (c)(i) below and, in either case, without further notice, bring such proceedings as it may think fit to enforce such obligations.
- (c) The Note Trustee must not take any of the actions referred to in paragraphs (a) or (b) above to enforce the obligations of the Issuer in respect of the Notes or take any other enforcement action pursuant to or in connection with the Note Trust Deed or the Notes unless:
 - (i) it shall have been so requested in writing by Noteholders who hold in aggregate 25 per cent. or more of the outstanding principal amount of all Notes then outstanding; and
 - (ii) it shall have been indemnified to its satisfaction in accordance with the terms of the Note Trust Deed.

If, prior to acting on a direction received pursuant to paragraph (a), the Note Trustee receives further directions to take any action pursuant to this paragraph (c)(i) that are,

in its reasonable opinion, materially inconsistent or conflicting in any material respect with the initial directions, the Note Trustee must call a meeting of Noteholders in accordance with the terms of these Conditions, the Note Trust Deed and the Meeting Provisions in order to resolve the inconsistency or conflict and shall act in accordance with any resolutions passed at that meeting or in accordance with any direction by Noteholders who hold in aggregate 50 per cent. or more of the outstanding principal amount of all Notes then outstanding.

- (d) No Noteholder is entitled to proceed directly against the Issuer to enforce any right or remedy under or in respect of any Note, the Note Trust Deed or the Security Trust Deed unless expressly entitled to do so under these Conditions or the Note Trust Deed or the Security Trust Deed or the Note Trustee or the Security Trustee, having become bound to proceed, fails to do so within five days from the date that the Note Trustee is notified by a Noteholder of the failure, and such failure is continuing.

15 Agents

15.1 Role of Agents

In acting under an Agency Agreement, each Agent acts solely as agent of the Issuer and does not assume any obligations towards or relationship of agency or trust with any Noteholder.

15.2 Appointment and replacement of Agents

Each initial Agent for a series of Notes is specified in the Pricing Supplement. Subject to Condition 15.4 ("Required Agents"), the Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint a successor.

15.3 Change of Agent

The Issuer (or the Agent on its behalf) must notify the Note Trustee and the Noteholders if there is any change in the identity of any Agent or any Agent's Specified Office.

15.4 Required Agents

The Issuer must at all times maintain a Registrar, an Issuing & Paying Agent and a Calculation Agent.

16 Meetings of Noteholders

The Meeting Provisions contain provisions for convening meetings of the Noteholders of any series to consider any matter affecting their interests, including any variation of these Conditions. Any resolution duly passed by the Noteholders of that series pursuant to the Meeting Provisions shall be binding on all Noteholders of that series (whether or not they were present at the meeting at which such resolution was passed).

17 Variation

17.1 Variation with consent

Unless Condition 17.2 ("Variation without consent") applies, any Note may be varied by the Noteholders of the series in accordance with the Meeting Provisions.

17.2 Variation without consent

Any Condition may be amended by the Issuer with the consent of the Note Trustee (not to be unreasonably withheld or delayed) but without the consent of the Noteholders if the amendment:

- (a) is of a formal, minor or technical nature;
- (b) is made to correct a manifest error; or
- (c) is made to cure any ambiguity or correct or supplement any defective or inconsistent provision,

provided that, in all cases, in the reasonable opinion of the Issuer and the Note Trustee, such amendment is not materially prejudicial to the interests of the Noteholders.

18 Further issues of Notes

The Issuer may from time to time, without the consent of the Noteholders, issue further Notes having the same conditions as the Notes of any series in all respects (or in all respects except for the first payment of interest, if any, on them) so as to form a single series with the Notes of that series.

19 Notices

19.1 Notices to Noteholders

All notices and other communications to Noteholders must be in writing and must be sent by prepaid post (airmail, if appropriate) to or left at the address of the Noteholder (as shown in the Register at close of on the day which is 3 Business Days before the date of the notice or communication) and may also be given by an advertisement published in *The Australian Financial Review* or *The Australian*.

19.2 Notices to the Issuer, the Note Trustee, the Security Trustee and the Agents

All notices and other communications to the Issuer, the Note Trustee, the Security Trustee or an Agent must be in writing and may sent by prepaid post (airmail, if appropriate) to or left at the Specified Office of the Issuer, the Note Trustee, the Security Trustee or the Agent.

19.3 Receipt - publication in newspaper

If published in a newspaper, a notice or other communication is taken to be received on the first date that publication has been made in all the required newspapers.

19.4 Deemed receipt - postal

If sent by post, notices or other communications are taken to be received three days after posting (or seven days after posting if sent to or from a place outside Australia).

19.5 Deemed receipt - general

Despite Condition 19.4 ("Deemed receipt - postal"), if notices or other communications are received after 5.00 pm in the place of receipt or on a non-Business Day, they are taken to be received at 9.00 am on the next Business Day.

20 Governing law

20.1 Governing law

These Conditions are governed by the law in force in New South Wales, Australia.

20.2 Jurisdiction

The Issuer irrevocably and unconditionally submits and each Noteholder is taken to have submitted, to the non-exclusive jurisdiction of the courts of New South Wales and courts of

appeal from them. The Issuer waives any right it has to object to any actions or proceedings (“**Proceedings**”) being brought in those courts including, without limitation, by claiming that the Proceedings have been brought in an inconvenient forum or that those courts do not have jurisdiction.

20.3 Serving documents

Without preventing any other method of service, any document in any Proceedings (including, without limitation any writ of summons or other originating process or any third or other party notice) may be served on the Issuer by being delivered or left at the Specified Office of the Issuer or otherwise at the Issuer’s registered office or principal place of business.

Form of Determination Date Statement

To: [BNY Trust Company of Australia Limited (ABN 49 050 294 052) as Note Trustee]
From: CML Group Limited (ABN 88 098 952 277)
Dated: 15th [insert month] [insert year]

Dear Sirs

**CML Group Limited – A\$[●] [[●]% Fixed/Floating] Rate Notes due [●]
("Notes")**

1. We refer to the Conditions of the Notes. This is the Determination Date Statement as referred to in Condition 5.2(b) ("Financial covenants") and Condition 5.3(h) ("Other covenants"). Terms used in the Conditions shall have the same meaning in this Determination Date Statement unless given a different meaning in this statement.
2. We confirm that for the period from, and including, [●] to, but excluding, [●], we are in compliance with the requirements set out in Condition 5.2(b) ("Financial covenants") and Condition 5.3(h) ("Other covenants").
3. We confirm that:
 - (a) Required Reserve = [●]
 - (b) Discount = [●]
 - (c) RR = [●]
 - (d) Credit Reserve = [●]
 - (e) Cash = [●]
 - (f) Closing Balance = [●]
 - (g) Loss Ratio = [●]
 - (h) Aged Ratio = [●]
 - (i) the aggregate Outstanding Balance of all Aged Receivables = [●]
 - (j) Dilution Reserve = [●]
 - (k) Dilution Reserve Percentage = [●]
 - (l) Dilution Ratio = [●]
 - (m) the aggregate of all Dilutions = [●]
 - (n) the total amount of Aggregate Deductible = [●]
 - (o) the aggregate Purchase Price = [●]
 - (p) Excluded Receivables Amount = [●]

(q) Minimum Required Cash Amount = [●]

For and on behalf of
CML GROUP LIMITED

By:

By:

Name:

Name:

Title:

Title:

Form of Pricing Supplement

The Pricing Supplement to be issued in respect of the Notes will be substantially in the form set out below.

Series No.: [●]

Tranche No.: [●]



CML Group Limited
(ABN 88 098 952 277)
("Issuer")

Issue of
A\$[●] [[●]% Fixed/Floating] Rate Notes due [●]
("Notes")

irrevocably and unconditionally guaranteed on a joint and several basis by
certain subsidiaries of the Issuer
(together, the "Note Guarantors")

The date of this Pricing Supplement is [●].

This Pricing Supplement (as referred to in the Information Memorandum dated [●] ("**Information Memorandum**")) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with (i) the terms and conditions of the Notes ("**Conditions**") contained in the Information Memorandum and (ii) the Note Trust Deed dated [●] and made by the Issuer, the Initial Guarantors (as defined therein) and the Note Trustee.

Unless otherwise indicated, terms defined in the Conditions have the same meaning when used in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

- | | | |
|---|-----------------|---|
| 1 | Issuer | : CML Group Limited (ABN 88 098 952 277) |
| 2 | Note Guarantors | : Cashflow Finance Australia Pty. Ltd. (ABN 97 093 756 524);
CMLPayroll Pty Limited (ABN 66 150 688 476);
Lester Associates Business Services Pty Ltd (ABN 11 |

141 942 163);

Lester Associates Good Migration Pty Ltd (ABN 15 141 942 181);

Lester Payroll Services Pty Ltd (ABN 34 081 626 048);

Lester Plus Pty Ltd (ABN 32 160 025 043);

The Lester Partnership Pty Limited (ABN 31 076 127 323); and

Zenith Management Services Group Pty Ltd (ABN 21 002 867 254).

3	Type of Notes	:	[Fixed Rate Notes / Floating Rate Notes]
4	Lead Manager and Initial Subscriber	:	FIIG Securities Limited (ABN 68 085 661 632)
5	Registrar	:	BTA Institutional Services Australia Limited (ABN 48 002 916 396)
6	Issuing & Paying Agent	:	BTA Institutional Services Australia Limited (ABN 48 002 916 396)
7	Calculation Agent	:	BTA Institutional Services Australia Limited (ABN 48 002 916 396)
8	Note Trustee	:	BNY Trust Company of Australia Limited (ABN 49 050 294 052)
9	Security Trustee	:	Permanent Custodians Limited (ABN 55 001 426 384)
10	Aggregate principal amount of Tranche	:	A\$[●]
11	Issue Date	:	[●] 2016
12	Issue Price	:	100%
13	Denomination	:	A\$1,000
14	Minimum parcel size on initial issue	:	A\$50,000
15	Maturity Date	:	[●] 2022
16	Record Date	:	As per the Conditions
17	Condition 7 (Fixed Rate Notes) applies	:	[Yes/No]
			<i>[If "No", delete the following Fixed Rate provisions]</i>
	Fixed Coupon Amount	:	A\$[●] per A\$1,000 denomination, payable semi-annually in arrear
	Interest Rate	:	[●]% per annum.

	Interest Commencement Date	:	Issue Date
	Interest Payment Dates	:	[●] and [●] of each year, commencing on [●] up to, and including, the Maturity Date or, if redeemed earlier, an Optional Redemption Date
	Business Day Convention	:	[Following Business Day Convention]
	Day Count Fraction	:	[RBA Bond Basis]
18	Condition 8 (Floating Rate Notes) applies	:	[Yes/No] <i>[If “No”, delete the following Floating Rate provisions]</i>
	Interest Commencement Date	:	Issue Date
	Interest Rate	:	The aggregate of 30 day BBSW Rate and the Margin specified below, payable quarterly in arrear.
	Interest Payment Dates	:	[●] th day of each month, commencing on [●] up to, and including, the Maturity Date or, if redeemed earlier, an Optional Redemption Date
	Business Day Convention	:	[Modified Following Business Day Convention]
	Margin	:	(e) +[5.40] per cent. per annum for each Interest Period commencing on (and including) the Interest Commencement Date to (but excluding) [Issue Date + 5 years]; and (f) +[7.00] per cent. per annum for each Interest Period commencing on (and including) [Issue Date + 5 years] to (but excluding) [Maturity Date].
	Day Count Fraction	:	[Actual/365 (Fixed)]
	Fallback Interest Rate	:	[As per Condition 8.3]
	Interest Rate Determination	:	[BBSW Rate Determination]
	BBSW Rate	:	[As per Condition 8.4]
	Rounding	:	[As per Condition 9.5]
	Linear Interpolation	:	[Not applicable]
19	Noteholder put	:	Yes, the Notes may be redeemable before their Maturity Date at the option of the Noteholders on a Change of Control as set out in Condition 10.2 (“Early redemption at the option of Noteholders (Noteholder put)”)
20	Issuer call	:	Yes, the Notes may be redeemable before their Maturity Date at the option of the Issuer as set out in Condition 10.3 (“Early redemption at the option of the Issuer (Issuer call)”) and: (a) First Optional Redemption Date means [●] 2018; (b) Second Optional Redemption Date means [●]

2019;

- (c) Third Optional Redemption Date means [●] 2020; and
- (d) each Interest Payment Date commencing on (and including) the Fourth Optional Redemption Date to (but excluding) the Maturity Date where “**Fourth Optional Redemption Date**” means [●] 2021.

21 Clearing system : Austraclear System.

Interests in the Notes may also be traded through Euroclear and Clearstream, Luxembourg as set out on page [●] of the Information Memorandum.

22 ISIN : [●]

23 Austraclear I.D. : [●]

24 Australian interest withholding tax : It is the Issuer’s intention that the Notes will be issued in a manner which will comply with the public offer test under section 128F of the Australian Tax Act.

25 Listing : Not applicable

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Date: [●]

CONFIRMED

For and on behalf of
CML GROUP LIMITED

By:

By:

Name:

Name:

Title:

Title:

Selling Restrictions

*Under the Subscription Agreement dated 21 March 2016 between the Issuer, the Note Guarantors and the Lead Manager and Initial Subscriber ("**Subscription Agreement**") and subject to the Conditions contained in the Information Memorandum, the Notes will be offered by the Issuer through the Lead Manager and Initial Subscriber. The Issuer will have the sole right to accept any offers to purchase Notes and may reject any such offer in whole or (subject to the terms of such offer) in part.*

None of the Issuer, the Guarantors or the Lead Manager and Initial Subscriber has represented that any Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or in accordance with any available exemption, or assumes any responsibility for facilitating that sale.

Persons into whose hands this Information Memorandum comes are required by the Issuer, the Guarantors, the Lead Manager and Initial Subscriber to comply with all applicable laws, regulations and directives in each country or jurisdiction in which they purchase, offer, sell, resell, reoffer or deliver Notes or have in their possession or distribute or publish the Information Memorandum or other offering material and to obtain any authorisation, consent, approval or permission required by them for the purchase, offer, sale, reoffer, resale or delivery by them of any Notes under any applicable law, regulation or directive in force in any jurisdiction to which they are subject or in which they make such purchases, offers, sales, reoffers, resales or deliveries, in all cases at their own expense, and none of the Issuer, the Guarantors or the Lead Manager and Initial Subscriber has responsibility for such matters. In accordance with the above, any Notes purchased by any person which it wishes to offer for sale or resale may not be offered in any jurisdiction in circumstances which would result in the Issuer being obliged to register any further prospectus or corresponding document relating to the Notes in such jurisdiction.

The following selling restrictions apply to Notes.

Australia

The Lead Manager and Initial Subscriber has acknowledged that:

- (a) no "prospectus" or other "disclosure document" (each as defined in the Corporations Act) in relation to the Notes has been or will be lodged with ASIC or any other government agency or authority; and
- (b) no action has been taken, or will be taken, by it in any jurisdiction which would permit a public offering of the Notes, or possession or distribution of the Information Memorandum or any other offering material in relation to Notes, in any jurisdiction where action for that in connection with the primary distribution of the Notes.

The Lead Manager and Initial Subscriber has represented and agreed that it:

- (i) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (ii) has not distributed or published, and will not distribute or publish, any Information Memorandum or other offering material or advertisement relating to any Notes in Australia,

unless:

- (A) the offer or invitation falls within the exemption for offers to sophisticated investors set out in section 708(8) of the Corporations Act or the offer or invitation does not otherwise require disclosure to investors under Part 6D.2 or Chapter 7 of the Corporations Act;
- (B) such action does not require any document to be lodged with ASIC or ASX Limited;

- (C) the offer or invitation is not made to a person who is a “retail client” as defined for the purposes of section 761G of the Corporations Act; and
- (D) the offer or invitation and all conduct in connection with it complies with all applicable laws and directives.

In addition, the Lead Manager and Initial Subscriber has agreed, that, in connection with the primary distribution of the Notes, it will not offer or sell Notes to any person if, at the time of such sale, the officers and employees of the Lead Manager and Initial Subscriber aware of, or involved in, the sale, knew or had reasonable grounds to suspect that, as a result of such sale, any Notes or an interest in any Notes were being, or would later be, acquired (directly or indirectly) by an associate of the Issuer for the purpose of section 128F(9) of the Income Tax Assessment Act 1936 of Australia (“**Australian Tax Act**”) and associated regulations except as permitted by section 128F(5) of the Australian Tax Act.

Singapore

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, as amended (“**Securities and Futures Act**”).

The Lead Manager and Initial Subscriber has represented and agreed that the Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes has not been and will not be circulated or distributed by it nor have the Notes been, nor will the Notes be, offered or sold by it, or be subject to an invitation for subscription or purchase by it, whether directly or indirectly, to persons in Singapore other than:

- (a) to an institutional investor under Section 274 of the Securities and Futures Act;
- (b) to a relevant person pursuant to Section 275(1) of the Securities and Futures Act, or any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or
- (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (1) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (2) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

that securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor (under Section 274 of the Securities and Futures Act) or to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) and in accordance with the conditions specified in Section 275 of the Securities and Futures Act;
- (ii) (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the Securities and Futures Act or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the Securities and Futures Act;
- (iii) where no consideration is, or will be, given for the transfer;

- (iv) where the transfer is by operation of law;
- (v) as specified in Section 276(7) of the Securities and Futures Act; or
- (vi) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Australian Taxation

The following is a summary of the material Australian tax consequences of the purchase, ownership and disposition of the Notes to holders who purchase securities on original issuance at the stated offering price and hold the Notes as capital assets.

This summary is based on Australian law as in effect on the date of this Information Memorandum, which is subject to change, possibly with retrospective effect and should be treated with appropriate caution.

The following summary is general in nature and is not, and is not intended to, constitute a complete analysis of all potential tax consequences relating to the ownership of Notes and does not deal with the position of all classes of holders (including, dealers in securities, custodians or other third parties who hold Notes on behalf of any holders, and holders that are subject to the Taxation of Financial Arrangements (“TOFA”) rules).

None of the Issuer, the Guarantors, the Lead Manager and Initial Subscriber, the Note Trustee, the Security Trustee or any Agents (nor their respective shareholders, subsidiaries, related bodies corporate, officers, employees, representatives or advisers) accepts any responsibility or makes any representation as to the tax consequences of investing in the Notes.

In particular, an Australian resident in receipt of interest through a permanent establishment outside Australia or a non-Australian resident (other than a non-Australian resident in receipt of interest through a permanent establishment in Australia) who holds Notes may be subject to restrictions on transfer of Notes and other constraints, risks or liabilities.

Such persons into whose possession this Information Memorandum comes are required to inform themselves about, and observe, all such restrictions.

All prospective investors should consult their own professional tax advisers concerning the consequences, in their particular circumstances under Australian tax laws and the laws of any other taxing jurisdiction, of their ownership of, or any dealing in, the Notes.

All prospective holders should also be aware that the particular terms of issue of such Notes may affect the tax treatment of such Notes.

Australian Tax on Payments under the Notes

Nature of the Notes

It is expected that each Note issued by the Issuer should constitute a debenture, and a “debt interest” for Australian tax purposes. Accordingly, the interest payments under each Note should be classified as interest for Australian tax purposes.

Resident holders

This part of the summary applies to holders of Notes that are residents of Australia for tax purposes that do not hold their Notes in carrying on a business at or through a permanent establishment outside of Australia, and non-residents of Australia for tax purposes that acquire their Notes in carrying on a business at or through a permanent establishment in Australia (“**Resident Holders**”).

Under Australian laws as presently in effect:

- (a) *income tax* – Resident Holders will be assessable for Australian income tax purposes on income either received or accrued to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular Resident Holder and the terms and conditions of the Notes. For example, if, having regard to the redemption premium payable on early redemption, the Notes were “qualifying

securities”, they may be taxed on an accruals basis in respect of the redemption premium. Investors should obtain their own advice in this regard;

- (b) *gains on disposal of Notes* - Resident Holders will be required to include any gain or loss on disposal or redemption of the Notes in their taxable income. This may include any maturity or redemption premium;
- (c) *interest withholding tax* - payments of interest in respect of the Notes to Resident Holders will not be subject to Australian interest withholding tax; and
- (d) *deemed interest* - there are specific rules that can apply to treat a portion of the purchase price of Notes as interest for interest withholding tax purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to a Resident Holder, or where the sale occurs in connection with a "washing arrangement" as defined in section 128A(1AB) of the Australian Tax Act. These rules do not apply in circumstances, such as the Notes, where the deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident.

Non-resident holders

This part of the summary applies to non-residents of Australia for tax purposes that do not acquire their Notes in carrying on a business at or through a permanent establishment in Australia, and residents of Australia for tax purposes that acquire their Notes in carrying on a business at or through a permanent establishment outside of Australia ("**Non-resident Holders**").

Payment of Interest

Under existing Australian tax law, Non-resident Holders are not subject to Australian income tax on payments of interest or amounts in the nature of interest where the exemption for interest withholding tax discussed below applies.

If the exemption is not available and another exemption is not available (e.g. under a tax treaty - see below), interest withholding tax will be levied at a rate of 10% on the gross amount of interest, or amounts in the nature of interest, paid on each Note (in that regard, please refer to our comments below in relation to the payment of additional amounts).

Exemption from Australian Withholding Tax

The Issuer proposes to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act. The Issuer has been advised that assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to an issue of Notes, payment of principal and interest to a Non-resident Holder will not be subject to Australian income taxes.

Broadly, pursuant to section 128F of the Australian Tax Act, an exemption from Australian interest withholding tax is available in respect of interest paid to a Non-resident Holder for tax purposes under any Notes, if the following conditions are met:

- (a) the Issuer is a company and a resident of Australia when it issues the relevant Notes and when interest (as defined in section 128A(1AB)) is paid;
- (b) the relevant Notes are issued in a manner which satisfies the public offer test. There are five principal methods of satisfying the public offer test. These are:
 - (i) offers of the relevant Notes to 10 or more persons, each of whom is carrying on a business of providing finance, or investing or dealing in securities, in the course of operating in financial markets and was not known, or suspected by the Issuer, to be an associate of each other;

- (ii) offers of the relevant Notes to 100 or more potential investors whom it was reasonable for the Issuer to have regarded as either having acquired debentures or debt interests in the past, or being likely to be interested in acquiring debentures or debt interests;
 - (iii) offers of the relevant Notes as a result of being accepted for listing on a stock exchange, where the Issuer had previously entered into an agreement with a dealer, manager or underwriter in relation to the placement of debentures or debt interests, requiring the Issuer to seek such listing;
 - (iv) offers of the relevant Notes as a result of negotiations being initiated publicly in electronic form, or in another form, that was used by financial markets for dealing in debentures or debt interests; and
 - (v) offers of the relevant Notes to a dealer, manager or underwriter, who, under an agreement, offered to sell such Notes within 30 days by one of the preceding methods.
- (c) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that the Notes or interests in the relevant Notes were being, or would later be, acquired, directly or indirectly, by an Offshore Associate of the Issuer (other than in the capacity of a dealer, manager or underwriter in relation to the placement of the relevant Notes, or a clearing house, custodian, funds manager or responsible entity of a registered scheme); and
- (d) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an Offshore Associate of the Issuer (other than an Offshore Associate who receives the payment in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme).

For these purposes, an **"Offshore Associate"** means an "associate" (within the meaning of section 128F(9) of the Australian Tax Act) of the Issuer that is either:

- (e) a non-resident of Australia that, if it acquires Notes or an interest in Notes, would not acquire the Notes or an interest in the Notes in carrying on a business at or through a permanent establishment of the associate in Australia; or
- (f) a resident of Australia that, if it acquires the Notes or an interest in the Notes, would acquire Notes or an interest in Notes in carrying on a business in a country outside Australia at or through a permanent establishment of the associate in that country.

Under section 128F(9), "associate" is defined broadly to include (i) any entities that "sufficiently influence", or hold the majority voting interests in, the Issuer (i.e. controlling or parent companies of the Issuer); (ii) entities that are "sufficiently influenced by", or whose majority voting interests are held by, the Issuer (or any controlling or parent companies of the Issuer); (iii) any trusts under which the Issuer or any of these aforementioned entities may benefit, and (iv) a person or entity who is an "associate" of another person or company which is an "associate" of the Issuer under (i) above.

Holders in Specified Countries

Should the exemption under section 128F not apply, reliance may be placed on certain new or amended double tax conventions ("**New Treaties**") entered into by the Australian government. These New Treaties have been signed with certain countries including the United States of America, the United Kingdom, Norway, Finland, the Republic of France, Japan, the Republic of South Africa, New Zealand and Chile ("**Specified Countries**"). The New Treaties may apply to interest derived by a resident of a Specified Country in relation to a Note issued by the Issuer.

The New Treaties with the United States of America, the United Kingdom, Norway, Finland, the Republic of France, Japan, the Republic of South Africa and New Zealand effectively prevent withholding tax applying to interest derived by:

- (a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; and

- (b) certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance, which are resident in the Specified Country,

by reducing the interest withholding tax rate to zero.

Under the New Treaty with Chile, interest withholding tax applying to interest derived by certain unrelated banks, and financial institutions which substantially derive their profits by carrying on a business of raising and providing finance is reduced to the rate of 5%.

Under the New Treaties, back-to-back loans and economically equivalent arrangements will not obtain the benefit of the reduction in interest withholding tax and the anti-avoidance provisions in the Australian Tax Act can apply. Additionally, under the New Treaty with the United States of America, interest determined by reference to the profits of the Issuer or one of its associated enterprises may not obtain the benefit of the reduction in interest withholding tax.

Further, under the New Treaty with Japan, interest derived by the Japan Bank for International Cooperation or the Nippon Export and Investment Insurance will have a nil rate of withholding tax.

Payment of additional amounts

Despite the fact that any Notes are intended to be issued in a manner which will satisfy the requirements of section 128F of the Income Tax Assessment Act 1936 and payments of interest in respect of those Notes are not expected to be subject to interest withholding tax, if the Issuer is at any time required to withhold interest withholding tax from payments of interest on any of those Notes, the amount payable by the Issuer will pay an additional amount so that, after making the withholding or deduction and further withholdings or deductions applicable to any additional amounts so payable, the relevant holder is entitled to receive (at the time the payment is due) the amount it would have received if no withholdings or deductions had been required to be made (subject to the conditions and exceptions contained in Condition 12.3 ("Gross-up exceptions")).

Quotation of Australian Business Numbers or Tax File Numbers

If a holder of a Note issued by the Issuer is an Australian resident or a non-resident that holds a Note at or through a permanent establishment in Australia, withholding for tax (see below for rate of withholding tax) must be deducted, unless the holder of that Note supplies the Issuer of that Note with its Australian Business Number (if applicable) or Tax File Number or proof of an appropriate exemption from quoting such numbers. An Australian resident that holds a Note may also be subject to Australian income tax in respect of interest derived from the relevant Notes.

The rate of withholding tax for failure to provide a Tax File Number or Australian Business Number is 49% for the 2014-15, 2015-16 and 2016-17 income years and, under current law, will be reduced to 47% following the 2016-17 income year.

Withholding Tax on Payments under the Guarantee

The Australian Taxation Office has published a Taxation Determination stating that payments by a Guarantor in respect of debentures (such as the Notes issued by the Issuer) are entitled to the benefit of the exemption contained in section 128F of the Australian Tax Act if payments of interest in respect of those debentures by the Issuer are exempt from interest withholding tax.

As set out in more detail in the Guarantees, if a Guarantor is at any time prohibited by law from making payments under the Guarantees free of deductions or withholdings, then such additional amounts shall be paid to the holder as may be necessary in order that the actual amount received after all applicable deductions and withholdings shall equal the amount that would have been received if such deductions or withholdings were not made.

Other Australian Taxes

Goods and Services Tax ("GST")

Neither the issue nor the receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of the Notes will either be a financial supply that is input taxed or in the case Notes issued to a non-resident offshore subscriber, GST-free. Furthermore, neither the payment of principal or interest by the Issuer, nor the redemption or disposal of the Notes, should give rise to a liability for GST in Australia.

Where the acquisition or transfer of the Notes results in the holder making an input taxed financial supply, the holder may be restricted in claiming input tax credits for any GST they have incurred on costs related to the acquisition or transfer of Notes. Holders should seek their own advice in this regard.

Neither the grant of the Guarantee nor the payment of any amount under the Guarantee would give rise to any liability for GST in Australia.

Death duties

No Notes will be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

Stamp duty

No ad valorem, stamp duty, issue, registration or similar taxes are payable in Australia on the issue of any Notes or redemption of any Notes or the transfer of any Notes provided that the Notes are not held on a register located in South Australia.

Directory

Issuer

CML Group Limited

(ABN 88 098 952 277)

Level 4
61 Lavender Street
Milsons Point NSW 2061

Telephone: + 61 2 9267 1567
Facsimile: + 61 2 9267 4222
Attention: Daniel Riley, Managing Director

Lead Manager and Initial Subscriber

FIIG Securities Limited

(ABN 68 085 661 632 and AFSL No. 224659)

Level 31
Waterfront Place
1 Eagle Street
Brisbane QLD 4000

Telephone: + 61 7 3231 6666
Facsimile: + 61 7 3231 6699
Attention: Legal and Compliance

Registrar, Issuing & Paying Agent and Calculation Agent

BTA Institutional Services Australia Limited

(ABN 48 002 916 396)

Level 2
1 Bligh Street
Sydney NSW 2000

Telephone: +61 2 9260 6000
Facsimile: +61 2 9260 6001
Attention: Global Client Services

Note Trustee

BNY Trust Company of Australia Limited

(ABN 49 050 294 052)

Level 2
1 Bligh Street
Sydney NSW 2000

Telephone: + 61 2 9260 6000
Facsimile: + 61 2 9260 6001
Attention: Global Client Services

Security Trustee

Permanent Custodians Limited
(ABN 55 001 426 384)

Level 2
1 Bligh Street
Sydney NSW 2000

Telephone: + 61 2 9260 6000
Facsimile: + 61 2 9260 6001
Attention: Global Client Services

Series No.: 2

Tranche No.: 1

CML Group

CML Group Limited
(ABN 88 098 952 277)
("Issuer")

Issue of
A\$25,000,000 8.00% Fixed Rate Notes due 18 March 2022
("Notes")

irrevocably and unconditionally guaranteed on a joint and several basis by
certain subsidiaries of the Issuer
(together, the "Note Guarantors")

The date of this Pricing Supplement is 21 March 2016.

This Pricing Supplement (as referred to in the Information Memorandum dated 21 March 2016 ("**Information Memorandum**")) relates to the Tranche of Notes referred to above. It is supplementary to, and should be read in conjunction with (i) the terms and conditions of the Notes ("**Conditions**") contained in the Information Memorandum and (ii) the Note Trust Deed dated 14 May 2015 and made by the Issuer, the Initial Guarantors (as defined therein) and the Note Trustee.

Unless otherwise indicated, terms defined in the Conditions have the same meaning when used in this Pricing Supplement.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. No action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

The particulars to be specified in relation to the Tranche of Notes referred to above are as follows:

- | | | |
|---|-----------------|---|
| 1 | Issuer | : CML Group Limited (ABN 88 098 952 277) |
| 2 | Note Guarantors | : Cashflow Finance Australia Pty. Ltd. (ABN 97 093 756 524);

CMLPayroll Pty Limited (ABN 66 150 688 476);

Lester Associates Business Services Pty Ltd (ABN 11 141 942 163);

Lester Associates Good Migration Pty Ltd (ABN 15 141 942 181); |

Lester Payroll Services Pty Ltd (ABN 34 081 626 048);

Lester Plus Pty Ltd (ABN 32 160 025 043);

The Lester Partnership Pty Limited (ABN 31 076 127 323); and

Zenith Management Services Group Pty Ltd (ABN 21 002 867 254).

3	Type of Notes	:	Fixed Rate Notes
4	Lead Manager and Initial Subscriber	:	FIIG Securities Limited (ABN 68 085 661 632)
5	Registrar	:	BTA Institutional Services Australia Limited (ABN 48 002 916 396)
6	Issuing & Paying Agent	:	BTA Institutional Services Australia Limited (ABN 48 002 916 396)
7	Calculation Agent	:	BTA Institutional Services Australia Limited (ABN 48 002 916 396)
8	Note Trustee	:	BNY Trust Company of Australia Limited (ABN 49 050 294 052)
9	Security Trustee	:	Permanent Custodians Limited (ABN 55 001 426 384)
10	Aggregate principal amount of Tranche	:	A\$25,000,000
11	Issue Date	:	23 March 2016
12	Issue Price	:	100%
13	Denomination	:	A\$1,000
14	Minimum parcel size on initial issue	:	A\$50,000
15	Maturity Date	:	18 March 2022
16	Record Date	:	As per the Conditions
17	Condition 7 (Fixed Rate Notes) applies	:	Yes
	Fixed Coupon Amount	:	(a) A\$5.68 per A\$1,000 denomination, payable in arrear for the short first Interest Period commencing on (and including) the Interest Commencement Date to (but excluding) 18 April 2016;
		:	(b) A\$6.67 per A\$1,000 denomination, payable monthly in arrear for each Interest Period commencing on (and including) 18 April 2016 to (but excluding) 18 March 2021 or, if redeemed

		earlier, an Optional Redemption Date; and
	(c)	A\$7.92 per A\$1,000 denomination, payable monthly in arrear for each Interest Period commencing on (and including) 18 March 2021 to (but excluding) the Maturity Date.
Interest Rate	:	(a) 8.00 per cent. per annum for each Interest Period commencing on (and including) the Interest Commencement Date to (but excluding) 18 March 2021 or, if redeemed earlier, an Optional Redemption Date; and (b) 9.50 per cent. per annum for each Interest Period commencing on (and including) 18 March 2021 to (but excluding) the Maturity Date.
Interest Payment Dates	:	18 th day of each month, commencing on 18 April 2016 up to, and including, the Maturity Date or, if redeemed earlier, an Optional Redemption Date. There will be a short first Interest Period from, and including, the Interest Commencement Date to, but excluding, 18 April 2016
Business Day Convention	:	Following Business Day Convention
Day Count Fraction	:	RBA Bond Basis
18 Condition 8 (Floating Rate Notes) applies	:	No
19 Noteholder put	:	Yes, the Notes may be redeemable before their Maturity Date at the option of the Noteholders on a Change of Control as set out in Condition 10.2 ("Early redemption at the option of Noteholders (Noteholder put)")
20 Issuer call	:	Yes, the Notes may be redeemable before their Maturity Date at the option of the Issuer as set out in Condition 10.3 ("Early redemption at the option of the Issuer (Issuer call)") and: (a) First Optional Redemption Date means 18 May 2018; (b) Second Optional Redemption Date means 18 May 2019; (c) Third Optional Redemption Date means 18 May 2020; and (d) each Interest Payment Date commencing on (and including) the Fourth Optional Redemption Date to (but excluding) the Maturity Date where "Fourth Optional Redemption Date" means 18 March 2021.

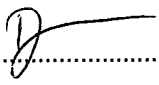
- 21 Clearing system : Austraclear System.
- Interests in the Notes may also be traded through Euroclear and Clearstream, Luxembourg as set out on pages 9 and 10 of the Information Memorandum.
- 22 ISIN : AU3CB0236412
- 23 Common Code : 138213099
- 24 Austraclear I.D. : CMLG02
- 25 Australian interest withholding tax : It is the Issuer's intention that the Notes will be issued in a manner which will comply with the public offer test under section 128F of the Australian Tax Act.
- 26 Listing : Not applicable

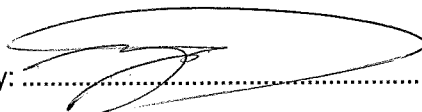
The Issuer accepts responsibility for the information contained in this Pricing Supplement.

Date: 21 March 2016

CONFIRMED

For and on behalf of
CML GROUP LIMITED

By: 
Name: DANIEL JON RILEY
Title: Managing Director

By: 
Name: JUNG-MIN SHIN
Title: company secretary