

This is a replacement prospectus dated 19 November 2010. It replaces a prospectus dated 8 November 2010, relating to shares of Countplus Limited.

countplus

Prospectus

THE COUNTPLUS NETWORK



Established 1997



Established 1996



Established 1949



Established 1975



Established 2001



Established 1990



Mogg Osborne

Established 1954



Established 1983



Established 1988



Established 1978



Established 2004



Established 1988



Established 2003



Established 2000



Established 1979



Established 1974



Established 1994



Established 2000

This is an important document that should be read in its entirety. You should obtain professional investment advice before making any decisions to invest in the Shares offered under this document.

Underwritten by Count Financial Limited



IMPORTANT NOTICES

Offers

The Offers contained in this Replacement Prospectus, namely the Principals Offer and the Public Offer, are an invitation by Countplus Limited (**Countplus** or **Company**) to subscribe for fully paid ordinary shares in Countplus (**Shares**).

Lodgement and listing

This Replacement Prospectus is dated 19 November 2010 and was lodged with ASIC on that date. It is a replacement Prospectus which replaces the Prospectus dated 8 November 2010 and lodged with ASIC on that date (**Original Prospectus**).

Countplus will apply within seven days after the date of this Prospectus to ASX for admission of Countplus to the official list of ASX and quotation of its Shares on ASX.

ASIC and ASX take no responsibility for the contents of this Prospectus.

Expiry date

No Shares will be allotted or offered on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Important document

It is important that you read this Prospectus carefully and in full before deciding whether to subscribe for Shares in Countplus. In particular, you should consider the risk factors that could affect the financial performance of Countplus in light of your personal circumstances (including financial and taxation issues). Some of the risk factors that should be considered by prospective investors are set out in Section 6.

Not investment advice

This Prospectus does not provide investment advice and has been prepared without taking account of your financial objectives, financial situation or particular needs (including financial or taxation issues). You should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser before deciding whether to invest.

Disclaimer

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

Except as required by law, and only to the extent so required, neither Countplus nor any other person warrants or guarantees the future performance of Countplus, or any return on any investment made pursuant to this Prospectus.

Defined terms

Some of the terms used in this Prospectus have defined meanings. These are defined in Section 11. Unless otherwise specified, a reference to a monetary amount is a reference to that amount in Australian dollars and a reference to a time or date is a reference to that time and date in Sydney, Australia.

Company's website

Any references to documents included on Countplus' website (www.countplusoffer.com.au) are provided for convenience only and none of the documents or other information on the website is incorporated by reference into this Prospectus.

No cooling off period

Applicants have no cooling off rights in relation to the Shares for which they apply. This means that you cannot withdraw your Application once it is submitted.

Exposure period

The Corporations Act prohibits Countplus from processing applications in the seven day period after the date of the Original Prospectus. This period is known as the "**Exposure Period**". The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable the Original Prospectus to be examined by market participants prior to the raising of funds.

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

Forward looking statements

This Prospectus may contain forward looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements have not been based solely on historical facts but on Countplus' current expectations about future events and results.

You should consider that as such statements relate to future matters they are subject to various inherent risks, uncertainties and assumptions that could cause actual results or events to differ materially from expectations described in the forward looking statement.

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

None of Countplus, the Directors, or any other person named with their consent in this Prospectus can assure you that any forward looking statement or result expressed or implied by any forward looking statement will be achieved.

Forecast financial information

Given that Countplus is in an early stage of development, there are significant uncertainties associated with forecasting future revenues and expenses of Countplus. On this basis and after considering ASIC Regulatory Guide 170, the Directors believe that reliable financial forecasts for Countplus cannot be prepared and accordingly have not included financial forecasts in this Prospectus.

Privacy

The Application Forms accompanying this Prospectus require you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth). Countplus (and the Share Registry on its behalf) may collect, hold and use that personal information in order to process your Application, service your needs as a shareholder in Countplus, provide facilities and services that you request and carry out appropriate administration.

Countplus and the Share Registry may disclose your personal information for purposes related to your investment to their agents, contractors and service providers including those listed below or as otherwise authorised under the Privacy Act 1988 (Cth):

- the Share Registry for ongoing administration of the Share register;
- printers and other companies for the purposes of preparing and distribution of documents and for handling mail;
- market research companies for the purpose of analysing Countplus' shareholder base and for product development and planning;
- legal and accounting firms, auditors and other advisers for the purpose of administering and advising on, the Shares and for associated actions.

Once you become a holder of Shares, the Corporations Act requires information about you (including your name, address and details of the Shares you hold) to be included on Countplus' public register.

Under the Privacy Act 1988 (Cth), you may request access to your information held by or on behalf of Countplus by contacting the Share Registry or Countplus. Countplus aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact Countplus or the Share Registry if any of the details you have provided change.

No offering where offering would be illegal

The offer of Shares under the Offers pursuant to this Prospectus does not constitute a public offer in any jurisdiction outside Australia and New Zealand. This Prospectus does not constitute an offer or invitation in

any place in which, or to any person to whom it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offers, or to otherwise permit a public offering of the Shares in any jurisdiction outside Australia and New Zealand. This Prospectus has been prepared for publication in Australia and New Zealand and may not be released or distributed in the United States of America.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy securities in the United States of America. The Shares have not been, and will not be, registered under the US Securities Act 1933 (as amended) (**US Securities Act**) and may not be offered or sold in the United States of America, except in a transaction exempt from or not subject to, registration under the US Securities Act and applicable state securities laws of the United States of America. The distribution of this Prospectus outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus outside of Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Obtaining a copy of this Prospectus

A paper copy of this Prospectus will be provided free of charge to persons in Australia and New Zealand and who requests a copy by calling the Countplus Offer Information Line on 1300 035 243 (within Australia) or +613 9938 4383 (outside Australia) between 8.30am and 5.00pm AEDT, Monday to Friday in the period during which the Offers are open for receipt of Applications.

This Prospectus is also available for download in electronic form at www.countplusoffer.com.au. This Prospectus is only available in electronic form to residents of Australia and New Zealand. Persons who access the electronic version of this Prospectus should ensure they download and read this Prospectus in its entirety.

Applications for Shares may only be made on the appropriate Application Form attached to or accompanying this Prospectus. The Corporations Act prohibits any person from passing the Application Forms on to another person unless it is attached to a complete paper copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. By making an Application, you declare that you were given access to the Prospectus, together with an Application Form.

Industry and market data

Industry and market data used throughout this Prospectus was, in most instances, obtained from surveys or studies conducted by third parties, and industry and general publications. Countplus has no reason to doubt the reliability of this information. It is noted, however, that this information has not been verified by any independent sources.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus.

Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Prospectus (Figures), are subject to the effect of rounding. Accordingly, the actual calculation of these Figures may differ from the Figures set out in this Prospectus.

Questions

If you have any questions in relation to either of the Offers, please contact the Countplus Offer Information Line on 1300 035 243 (within Australia) or +613 9938 4383 (outside Australia) between 8.30am and 5.00pm AEDT, Monday to Friday.



Chairman's Letter

19 November 2010

Dear Investor,

On behalf of the Board and also as Chairman of the sponsoring company, Count Financial Limited (**Count**), I am pleased to invite you to become a shareholder of Countplus Limited.



Countplus is the holding company of 18 established businesses. At Listing, Countplus will own 16 accounting firms, one financial planning dealer group, have a majority interest in one financial planning firm, and have a market capitalisation of \$162.7 million.¹

Countplus' strategic objectives are to:

- acquire successful and sustainable professional services businesses and, by accessing funds (through the initial Listing, retained earnings and borrowings), to make further acquisitions and to promote organic growth;
- become a best practice accounting and wealth advice network through the sharing of ideas, practices and systems with fellow Countplus investee firms; and
- stimulate profit growth both organically and through acquisitions. Countplus will have access to both Count's resources and the Count network, which will facilitate ongoing growth opportunities. Of the 18 Firms, 15 have been long-term members of the Count network (average of 12 years).² A number of smaller post-Listing acquisitions from within the Count network are already under consideration.

The Countplus Listing provides investors with an exciting opportunity to:

- invest in the holding company of professional accounting and financial services businesses with its shares listed on ASX;
- participate in capital growth of Countplus over time; and
- receive quarterly Countplus dividends which are intended to commence in May 2011, and are expected to be fully franked in the 2011/12 financial year.

The Offers comprise the Public Offer and the Principals Offer.

The **Public Offer** is primarily an offer to Eligible Count Shareholders and Eligible Count Optionholders to apply for Shares (issued at \$1.50 per Share). Other members of the general public may also apply for Shares under the Public Offer, but Eligible Count Shareholders and Eligible Count Optionholders will be given priority in allocation. If not all of the Shares offered under the Public Offer are taken up by Eligible Count Shareholders and Eligible Count Optionholders, then the other members of the general public who apply for Shares under the Public Offer will be allotted Shares.

The Public Offer seeks to raise \$20 million (underwritten by Count) with oversubscriptions of another \$5 million. These funds will be used to progress the business objectives of Countplus; fund ongoing working capital; repay loans made by Count to Countplus; pay any cash consideration payable to the Principals for their Firm Shares if any of them choose to take cash in part satisfaction of that consideration;³ and pay the fees and expenses of the Offers. The Public Offer will not proceed if the Principals Offer has not received sufficient acceptances to enable Countplus to acquire at least 85% (by value) of all of the shares in the Firms.

¹ This assumes that all Principals agree to enter into Final Acquisition Agreements and all of them take only Shares as consideration for their Firm Shares, and no oversubscription Shares are allotted.

² This includes the period of time that the predecessor entities to the Firms (that is, the entities the Firms' businesses operated in before the business was acquired by the relevant Firm) were members of the Count network.

³ This refers to any Selling Principals who takes a combination of Shares and cash in consideration for their Firm Shares, and any Wearne Principals who takes cash in satisfaction of their deferred consideration for their Firm Shares. See Section 1.2.1 for more details.

The **Principals Offer** is open to Principals only and is an offer of Shares (issued at \$1.42 per Share) to each Principal in consideration for the Firm Shares they hold in their Firm.

Count currently holds 40 million Shares in Countplus and post-Listing, this holding will represent approximately 37% of the total Share capital of Countplus.⁴ Count will continue to provide support and services to Countplus under a services agreement and will provide Countplus access to the Count network for future acquisitions. Further information about these arrangements is set out in Section 8.2.

This Prospectus contains detailed information about the Offers and Countplus' business, including some of the risks of investing in Countplus. Some of the key risks that Countplus may face include regulatory or legislative changes, competition, loss of key management personnel, operations risk and limited liquidity. See Section 6 for further information on the key risks of investing in Countplus. Please read this Prospectus carefully before making your investment decision and seek advice where necessary.

To apply for Shares:

- if you are an Eligible Count Shareholder or Eligible Count Optionholder, you should complete the personalised Application Form accompanying this Prospectus;
- if you are a Principal, you should complete and return the personalised Principals Form accompanying this Prospectus; or
- if you are a public investor (who is not an Eligible Count Shareholder or Eligible Count Optionholder), you should complete and return the Application Form attached to this Prospectus.

An electronic copy of this Prospectus is available for download at www.countplusoffer.com.au. Each Eligible Count Shareholder will also receive a paper copy of this Prospectus by mail. If you are an Eligible Count Optionholder or other member of the general public (who is not an Eligible Count Shareholder), you will only be provided a paper copy of this Prospectus if you request a copy by calling the Countplus Offer Information Line.

If you have any questions about either Offer, please call the Countplus Offer Information Line on 1300 035 243 (within Australia) or +613 9938 4383 (outside Australia) between 8.30am and 5.00pm AEDT, Monday to Friday.

The Principals Offer is expected to close at 5.00pm AEDT on Friday, 26 November 2010 and the Public Offer is expected to close at 5.00pm AEDT on Monday, 13 December 2010.

I intend to apply for 3.3 million Shares in the Public Offer. However, in the event we have a stronger than expected take up by Eligible Count Shareholders and Eligible Count Optionholders under the Public Offer, by agreement with Count (as the Underwriter), I will be allocated a lesser number of Shares to provide other Eligible Count Shareholders and Eligible Count Optionholders with the greatest opportunity to invest in Countplus. Further information about the Underwriter's ability to scale my allocation back is set out in Section 1.1.4.

I look forward to welcoming you as a Shareholder.

Yours faithfully



Barry Lambert
Chairman

⁴ This percentage assumes the matters referred to in Note 1 on the previous page, and also assumes that no Shares are taken up by Count under its underwriting commitment.



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Key Statistics and Dates

Key Offer Statistics

Total number of Shares available to Principals in the Principals Offer under this Prospectus	50.5 million
Total number of Shares available to Applicants in the Public Offer under this Prospectus	13.3 million ¹
Public Offer Price	\$1.50
Principals Offer Price (i.e. Principals' second tranche Share price)	\$1.42
Total proceeds from the Public Offer	\$20 million ²
Total number of Shares on issue following completion of the Offers	108.5 million ³
Market capitalisation	\$162.7 million ⁴

Selected Financial Information ⁵ – see Section 3 for further details (All figures in thousands except per Share information)

Pro forma FY2010 revenue	\$87,730
Pro forma FY2010 EBITDA	\$17,548
Pro forma FY2010 NPAT	\$9,821
Pro forma FY2010 earnings per Share ⁶	9.1 cents

Key Dates ⁷

Prospectus date	Friday, 19 November 2010
Record date for Eligible Count Shareholders' and Eligible Count Optionholders' priority	Monday, 8 November 2010
Principals Offer opens	Tuesday, 23 November 2010
Principals Offer closes	Friday, 26 November 2010
Public Offer opens ⁸	Monday, 29 November 2010
Public Offer closes ⁹	Monday, 13 December 2010
Settlement of acquisition of Firm Shares and issue and allotment of Shares under the Offers	Thursday, 16 December 2010
Expected despatch of holding statements and any refund payments (if required)	Friday, 17 December 2010
Shares expected to commence trading on a normal settlement basis	Wednesday, 22 December 2010

¹ This figure assumes that all Principals agree to enter into Final Acquisition Agreements and all of them take only Shares as consideration for their Firm Shares, and no oversubscription Shares are allotted.

² See Note 1.

³ See Note 1. This figure also includes the Shares that have been allotted to the TFSA Vendors in satisfaction of the deferred consideration for the TFSA Business.

⁴ At the Public Offer Price. This figure also assumes the matters in Note 1 above.

⁵ All figures are summary pro forma historical FY2010 figures as described in Section 3.

⁶ Based on the total number of Shares expected to be on issue on completion of the Offers (assuming the matters referred to in Note 1).

⁷ These dates are indicative only and are subject to change. Countplus reserves the right to vary the times and dates of either or both of the Offers, including to close either or both of the Offers early, withdraw either or both of the Offers, extend the Closing Dates or accept late Applications (either generally or in particular cases) without notifying any recipient of this Prospectus or any Applicant. Investors are therefore encouraged to submit their Applications as soon as possible after the Offer opens.

⁸ The Public Offer will not open if Principals Offer and Application Forms are not received in respect of sufficient Firm Shares so that on completion of the Final Acquisition Agreements in respect of those Firm Shares, Countplus will hold at least 85% (by value) of all of the shares in the Firms. It is not Countplus' intention to acquire ownership of less than 100% of the Firm Shares in any Firm (other than CBCFP where Countplus intends to acquire a 75% ownership).

⁹ The Underwriter may reject any Applications where the Application Money is not cleared by 5.00pm (AEDT) on the Public Offer Closing Date.



Reasons For Investing in Countplus

Why invest in Countplus? – Established and proven businesses, unchanged management, and business model

Pedigree

Countplus is a business sponsored by Count. Count (ASX code: COU) has traded profitably for all 30 years of its operations and was listed in December 2000 at 40 cents per share. It paid four fully franked 2 cents dividends over the last financial year, or a 20% per annum dividend yield on Count's offer price at its float. However, neither Countplus nor the Directors warrants or guarantees that the performance of Countplus will be similar to that of Count. The Chairman and founder of Count, Barry Martin Lambert, is also the Chairman of Countplus. Count will own approximately 37% of Countplus upon Listing. However, as the Shares allotted to the Principals under the Principals Offer will be fully escrowed for the first 12 months, and in part for the following two years, after Listing, Count is expected to sell down up to 16% of its Shares in the first 12 months to increase market liquidity for Shares (see Section 10.12 for further details).

Diversified

Countplus is a portfolio of quality and established businesses comprising interests in 16 accounting businesses, one financial planning business (which is the smallest business in terms of profits) and one financial planning dealer group (which is the second largest business in terms of profits, with a network of over 70 advisers). The largest accounting business also owns a small legal firm.

Established businesses with growth record

While all of the businesses of the Firms are well-established, the key management personnel in each Firm are young relative to the average age of the businesses of the Firms.

The Firms generally have succession plans in place which will be further developed to account for any need to replace their current key management personnel.

Countplus will have low levels of debt upon Listing. Approximately 30% of after tax profits are expected to be retained to fund future growth. It is not expected that Shareholders will be asked to subscribe for more Countplus Shares in the near term. For the same reasons, Countplus does not propose to have a dividend reinvestment plan.

Geographic spread but quality more important

The Firms are located in the five mainland States and in the Australian Capital Territory. The businesses of all Firms are run independently by the key management personnel of the respective Firms. The Firms have been acquired based on their quality and prospects and not location. This emphasis will not change, although it is expected that greater geographical spread will emerge as Countplus grows.

Compatible with Count

15 of the Firms have been members of the Count Wealth Accountants franchise for an average of 12 years each. For risk management and compatibility reasons, members from the Count network are likely to comprise the majority of new acquisitions by Countplus.

Growth focus = Dividend growth

The overall goal is to grow Countplus' profits by organic growth (more clients, new services and efficiency gains) and by acquisitions of new stand-alone businesses as well as acquisitions of smaller businesses by the Firms (**tuck-in businesses**). Over the last two years, the Firms have acquired nine tuck-in businesses ranging in value from \$110,000 to \$2,060,000 and at the date of this Prospectus, acquisitions of a further three tuck-in businesses are being contemplated. This growth will assist dividends to grow over time.

Countplus expects to acquire both stand-alone and tuck-in businesses on a controlled basis. There will also be an emphasis on maximising both the efficiency of the businesses as well as developing referral opportunities among the Countplus firms and the broader Count network.

Countplus is structured to thrive over the long term, unlike some of the early entrants in the accounting consolidation space. Countplus is not a consolidator, although over the longer term some consolidation will take place, rather it facilitates good businesses to become great businesses, and list on ASX via Countplus.

Unique relationship with Count

What makes Countplus unique is its relationship with Count, its major shareholder. It is this relationship which makes Countplus unlike any other similar listed company.

Countplus will be entitled to access the Count network for the next 10 years to identify potential acquisitions by Countplus.

Specialist Countplus firms will also be entitled to access the Count network to promote their services to Count members. A referral fee, where appropriate, may be payable to Count and/or Count members.

Count has already entered into a referral arrangement with TFSA to service insurance needs of clients of Count members (see Section 8.2.8 for more information). It is expected that Count will continue to provide further business opportunities to Countplus.

The future

Countplus' business model is described as follows:

1. *Growth organically and by acquisitions*

Countplus' aim is to grow profits organically (by obtaining new clients, providing new services and the better use of systems and technology) and to grow EPS through selective acquisitions (of both tuck-in businesses and stand-alone businesses). Acquisitions of three tuck-in businesses are currently under consideration.

2. *Continuous improvement*

Countplus intends to harness the intellectual property and know-how from Countplus firms and share that intellectual property and know-how amongst the other Countplus firms, and where possible enhance that intellectual property and know-how by the sharing of wisdom and experience as well as the better use of technology.

As well as sharing that improved intellectual property and know-how amongst the Countplus firms, Countplus will also package it up and sell it under the proposed Countplus accounting franchise (see the paragraph immediately below).

3. *Accounting franchise*

In the next two to three years, Countplus intends to develop an accounting franchise based on the best practice know-how of Countplus firms. This will better position accounting firms to qualify to be acquired by Countplus.

Below: Beames & Associates





Key Investment Risks

While investing in Countplus may be an attractive proposition, the investment is not without risk. You should consider the risks associated with an investment in Countplus before deciding whether to invest. Some of these risks include risks associated with the Countplus business and risks associated with investing in the stock market generally. Some risks are beyond the control of Countplus, its Directors and management and may have a material impact on the financial position or performance of Countplus.

The key risks associated with an investment in Countplus include (but are not limited to):

- **Competition:** the industries in which Countplus and the Firms operate are highly competitive and there are few barriers to entry. Countplus' and the Firms' competitive position may deteriorate.
- **Regulatory environment:** regulatory or legislative changes could impact the operations of Countplus and the Firms and reduce Countplus' and the Firms' ability to generate profit. Additionally, if the Firms are unable to obtain and/or renew certain licences or accreditation required to operate their businesses, there may be a material adverse effect on Countplus' operating and financial performance.
- **Loss of key management personnel and inability to recruit replacements:** the loss of key personnel by a Firm could have a significant impact on that Firm and an inability to recruit and retain an effective team may impact Countplus' ability to grow and capitalise on its opportunities.
- **Litigation:** inappropriate or incorrect advice by a Firm may lead to a claim by a client for breach of contract or negligence. This may have an adverse effect on Countplus' reputation and divert its financial and management resources.
- **Insurance cover:** a Firm may not be able to get insurance cover against claims by clients and an insurer may deny a claim made by a Firm or Countplus.
- **Financing:** Countplus' ability to effectively implement its future business plan may partly depend on its ability raise funds and such funding may not be obtained or available on terms acceptable to Countplus.
- **Impairment of intangible assets:** Countplus expects to recognise material intangible assets on its balance sheet. Intangible assets must be tested regularly for impairment. If found to be impaired, the intangible assets may need to be written down and such a write down would result in a non-cash expense in the income statement.
- **Operations:** Countplus and the Firms face risks from their operations, including the risk of fraud, processing errors, system failure and failure of security and physical protection systems.
- **Dependence on Count:** Countplus has a number of agreements in place with Count. If Count is unable in the future to honour its obligations under these agreements, Countplus would have to put in place alternative arrangements with another party which may be at increased cost to Countplus.
- **Minority shareholding and limited liquidity:** together, Count, the Principals and the TFSA Vendors will hold approximately 88% of the Shares on completion of the Offers. Some of these Shares are subject to the escrow arrangements described in Section 10.5. As a result, there may be limited liquidity in the market for Shares.

See Section 6 for further discussion on these key risks and other risks associated with an investment in Countplus, and for information on Countplus' plans to mitigate these risks.

Below: HMA Twomey Patterson



Key Offer Information

Description of the Offers

This Prospectus contains two Offers:

- **The Public Offer** is an offer to the general public of 13.3 million Shares at the Public Offer Price of \$1.50 per Share to raise \$20 million. Countplus may, with the consent of the Underwriter, raise an additional amount of up to \$5 million in oversubscriptions.

Applications from Count Shareholders and Count Optionholders, whose registered addresses are in Australia or New Zealand and who are listed on Count's share register or option register as holding a minimum of 1,000 Count Shares or 1,000 Count Options as at 8 November 2010, will be given priority over applications from other Applicants under the Public Offer.

- **The Principals Offer** is an offer of Shares to each Principal as consideration, or deferred consideration, for their Firm Shares. Shares issued under the Principals Offer will be issued at the Principals Offer Price of \$1.42 per Share. This is at a lower price than the Public Offer Price as it is the price per Share which Countplus is paying for each Firm.

Purpose of Offers and use of proceeds

The purpose of the Principals Offer is to satisfy the consideration (or deferred consideration) for the Principals' Firm Shares and to provide an opportunity for the Principals to invest in Countplus. No cash will be raised under the Principals Offer.

The purpose of the Public Offer is to:

- raise funds to provide working capital for Countplus' operations and contribute to funding any future acquisitions;
- repay amounts due by Countplus to Count (these amounts include the amounts of the loans originally made by Count to the Firms from November 2007, which the Firms used for working capital purposes and to fund the stamp duty payable on the acquisition of their businesses. Most of these loans have been assigned from Count to Countplus (see Section 8.2.6));
- list Countplus on ASX, to give it greater access to capital markets to pursue growth opportunities;

- provide a listed market for the Shares held by the Principals and an opportunity for the members of the public to invest in Countplus; and
- raise funds to, if required, pay for any cash component of the consideration payable to the Principals for their Firm Shares.

The following table summarises the sources and uses of funds raised under the Offers:¹

Source		Use	
Principals Offer	\$71.5m	Acquisition of Firm Shares	\$71.5m
Public Offer	\$20.0m	Repay debt ²	\$13.8m
		Cost of Offers	\$ 0.5m
		Cash	\$ 5.7m
TOTAL	\$91.5m	TOTAL	\$91.5m

Capital structure

The table below summarises the capital structure of Countplus after completion of the Offers:³

	Number of Shares	%
Count ⁴	40.0m	37%
TFSA Vendors	4.6m	4%
Principals	50.5m	47%
Public	13.3m	12%
TOTAL	108.5m	100%

¹ These figures assume that all Principals agree to enter into Final Acquisition Agreements and all of them take only Shares as consideration for their Firm Shares, and no oversubscription Shares are allotted. Refer to section 3.7 regarding sensitivity analysis.

² Approximate debt as at the date of this Prospectus. See Section 3.10.1 for further details.

³ See Note 1.

⁴ Count expects to grant an option over 0.67 million of its Shares.



Key Questions and Answers

Question	Answer
General	
Who is the issuer of this Prospectus?	Countplus Limited (ACN 126 990 832), a company incorporated in Australia.
Where will the Shares be listed?	An application will be made to the ASX to list the Shares on ASX (under the code – CUP).
How much will each Share cost?	The Public Offer Price is \$1.50. The Principals Offer Price is \$1.42.
Why is the Principals Offer being made before the Public Offer?	<p>Count, as the Underwriter, has made it a condition of its underwriting that valid Principals Offer and Application Forms are received by Countplus in respect of sufficient Firm Shares so that on completion of the Final Acquisition Agreements in respect of those Firm Shares, Countplus holds at least 85% (by value) of all of the shares in the Firms. If this condition is not met, then the Underwriter reserves the right to terminate the Underwriting Agreement.</p> <p>Therefore, Countplus has decided to proceed with the Principals Offer first in order to determine whether this condition will be satisfied before it opens the Public Offer. If the condition is satisfied, it will then open the Public Offer.</p>
I am not an Eligible Count Shareholder or Eligible Count Optionholder, will I have a chance of being allotted any Shares in the Public Offer?	If all Eligible Count Shareholders and Eligible Count Optionholders apply for Shares up to the maximum number of Shares offered under the Public Offer, then there will not be any Shares available to meet applications made by other members of the public. However, it may be that Eligible Count Shareholders and Eligible Count Optionholders do not apply for all of the Shares under the Public Offer and subject to the Underwriter's approval, Shares may be available to the general public if oversubscriptions are accepted.
Are the Offers underwritten?	The Public Offer is being underwritten by Count. See Sections 1.1.2 and 8.2.2 for more information.
What is the commitment from Count's largest shareholder?	Barry Lambert, Count's largest shareholder and Chairman of Count and Countplus, has committed to apply for 3.3 million Shares under the Public Offer. Mr Lambert has also agreed with Count for his allocation to be reduced if Count, as the Underwriter, requires additional Shares. See Section 1.1.4 for more information.
What will Count's shareholding be in Countplus following completion of the Offers?	Count's shareholding in Countplus will be 37% following completion of the Offers. ¹ Refer to the capital structure table of Countplus in the "Key Offer Information Section".
Why are the Wearne Principals and the TFSA Vendors distinguished from the Selling Principals?	<p>Countplus already owns 100% of the Firm Shares in the Firms, Wearne & Co and TFSA. This is unlike the other Firms, where Countplus is inviting the Principals of those Firms to sell their Firm Shares on the terms of the Final Acquisition Agreements. As such, the arrangements with the Wearne Principals and the TFSA Vendors are on different terms.</p> <p>A summary of the key aspects of the arrangements with the Wearne Principals or the TFSA Vendors is set out below:</p> <ul style="list-style-type: none">• the Wearne Principals and the TFSA Vendors will not be entering into Final Acquisition Agreements with Countplus (for the reason set out in the first paragraph of this Answer above);• the TFSA Vendors have already been issued with Countplus Shares in consideration for their interests in the TFSA Business. This occurred before the date of this Prospectus; and• the Wearne Principals are being offered only Countplus Shares under the Principals Offer. However, they may elect to receive cash under the Wearne Share Sale Deed instead of Countplus Shares under the Principals Offer. They cannot elect to receive a combination of cash and Countplus Shares. In addition, if a Wearne Principal chooses cash, that cash amount cannot be scaled back by Countplus. <p>See Section 1.2.3 and Sections 8.1.1 to 8.1.3 for further information.</p>

¹ This percentage assumes that all Principals agree to enter into Final Acquisition Agreements and all of them take only Shares as consideration for their Firm Shares, and no oversubscription Shares are allotted. This also assumes that no Shares are taken up by Count under its underwriting commitment.

Question	Answer
Why is Countplus offering participation in the Additional Share Entitlement to Principals who become Shareholders, but not to other Shareholders?	<p>Details of the Additional Share Entitlement are set out in Section 10.6.</p> <p>The Additional Share Entitlement is effectively an “earn-out” to be paid by Countplus to the relevant Principals for the acquisition of the Principals’ Firm Shares (or in the case of the TFSA Vendors, for their interests in the TFSA Business) after completion of the acquisitions, and is determined by reference to the performance of the relevant Firm in FY2011.</p>
How many Shares are to be issued under the Employee Loyalty Plan?	Countplus expects to issue around 450,000 Shares to eligible employees under the Employee Loyalty Plan after the Public Offer Closing Date. See Section 10.8 for more information.
Will any of the Shares issued under the Offers be subject to escrow?	<p>The Shares allotted to the Principals under the Principals Offer and the Shares issued to the TFSA Vendors will be escrowed for up to three years from the date of Listing, on the terms of the escrow arrangements described in Section 10.5.</p> <p>32 million Shares held by Count are also escrowed for up to three years from the date of Listing.</p>
What are the tax implications of investing in the Shares?	See Section 7. However, investors should consider the tax consequences of the relevant Offers and investing in Shares in light of their own particular circumstances and seek advice from their tax adviser.
Applying	
Am I eligible to participate in the Offers?	<p>The Public Offer is principally open to Eligible Count Shareholders and Eligible Count Optionholders who will receive a personalised Application Form. Other members of the public resident in Australia and New Zealand may also apply for Shares using the general Application Form.</p> <p>See the answer to the question above “I am not an Eligible Count Shareholder or Eligible Count Optionholder, will I have a chance of being allotted any Shares in the Public Offer?”</p> <p>The Principals Offer is only open to Principals who will receive a personalised Principals Form accompanying this Prospectus.</p>
How will the Prospectus be distributed?	<p>Public Offer – If you are an Eligible Count Shareholder, a hard copy of this Prospectus and a personalised Application Form will be mailed to you. If you are an Eligible Count Optionholder and other member of the general public, you can access this Prospectus electronically at www.countplusoffer.com.au. A paper copy of this Prospectus will be provided free of charge to persons in Australia and New Zealand who requests a copy by calling the Countplus Offer Information Line.</p> <p>Principals Offer – If you are a Principal, a hard copy of this Prospectus and your personalised Principals Form will be mailed to you.</p>
How can I apply?	<p>You may apply for Shares by submitting a valid Application Form.</p> <p>If you are an Eligible Count Shareholder or Eligible Count Optionholder, or other member of the general public, see Section 1.1 for more information.</p> <p>If you are a Principal and are applying for Shares under the Principals Offer, see Section 1.2 for more information.</p>
What is the minimum and maximum application size under the Offers?	<p>Public Offer – The minimum application under the Public Offer is 2,700 Shares. There is no maximum number of Shares that may be applied for under the Public Offer. See Section 1.1.3 for more information.</p> <p>Principals Offer – Selling Principals must apply for Shares equivalent to at least 80% of the number of Shares offered to them under the Principals Offer. The maximum number of Shares that Selling Principals can apply for under the Principals Offer is the number of Shares offered to them under Alternative 1 described in Section 1.2.1. Wearne Principals can only apply for the exact number of Shares offered to them under the Principals Offer.</p> <p>See Sections 1.2.1 and 1.2.5 for more information.</p>



Question	Answer
I am an Eligible Count Shareholder or Eligible Count Optionholder. Will I be guaranteed a minimum allocation under the Public Offer?	<p>The allocations under the Public Offer will be determined by the Underwriter. There is no guarantee that Applicants under the Public Offer will receive any minimum allocation. However, the Underwriter has agreed that it will use its best endeavours to ensure that each Eligible Count Shareholder and Eligible Count Optionholder who submits a valid Application under the Public Offer is allotted Shares of at least the minimum application size of 2,700 Shares.</p> <p>Count's largest shareholder has also committed to give up part of his priority if the Underwriter requires additional Shares to allot Shares to Eligible Count Shareholders and Eligible Count Optionholders in accordance with the principle above. See the answer to the question above "What is the commitment from Count's largest shareholder?" for more details.</p>
When will dividends on the Shares be paid?	<p>Subject to the financial position of Countplus, the first dividend post-Listing is expected to be paid in May 2011. It is expected that dividends will be paid quarterly thereafter.</p> <p>No guarantee can be given about future dividends, or the level of franking or imputation of such dividends, as these matters will depend on the availability of distributable earnings, Countplus' operating performance and other matters. See Section 3.9 for more information.</p>
Is there any brokerage, commission or stamp duty payable by the Applicants?	No brokerage, commission or stamp duty is payable by Applicants on Shares allotted under the Offers.
When will I receive confirmation that my Application has been successful?	It is expected that holding statements will be despatched to successful Applicants by standard post on or around Friday, 17 December 2010.
More information	
Who are the advisers to the Offers?	See the Corporate Directory.
Where can I find more information?	<p>For further information, please call the Countplus Offer Information Line on 1300 035 243 (within Australia) or +613 9938 4383 (outside Australia) between 8.30am and 5.00pm AEDT, Monday to Friday.</p> <p>This Prospectus and information about the Offers are also available in electronic form at www.countplusoffer.com.au.</p> <p>If you are uncertain about any matter or as to whether Countplus is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional adviser.</p>
Contact details	For further contact details, see the Corporate Directory.

1. Details of The Offers

The Offers are for the issue of new fully paid ordinary shares in Countplus (**Shares**). 63.9 million new Shares in aggregate are being offered to investors under this Prospectus, representing approximately 59% of the total Shares on issue following completion of the Offers.

Countplus is making two separate offers under this Prospectus:

- the Public Offer – which is being made to Eligible Count Shareholders and Eligible Count Optionholders, and also to members of the public; and
- the Principals Offer – which is being made to the Principals only.

Public Offer	Section 1.1
Principals Offer	Section 1.2 Also see Section 9
Information for all investors	Section 1.3

1.1 Public Offer details

1.1.1 The Public Offer

The Public Offer is an offer of 13.3 million Shares at the Public Offer Price of \$1.50 per Share to raise \$20 million.

With the consent of Count (as the Underwriter), Countplus may accept oversubscriptions of up to an additional \$5 million worth of Shares under the Public Offer.

Members of the public who are not Eligible Count Shareholders or Eligible Count Optionholders may also apply for Shares under the Public Offer. However, Applications received from Eligible Count Shareholders and Eligible Count Optionholders will be given priority over other Applicants under the Public Offer.

1.1.2 Underwriting

The \$20 million Public Offer is being underwritten by Count, the sponsor and, immediately following completion of the Offers, the largest shareholder of Countplus.

Count's consideration for underwriting the Public Offer is part of the consideration it received for its sponsorship of the Listing of Countplus. This consideration is an entitlement to a certain percentage ownership of Countplus, as explained in Sections 8.2.1 and 9.8.

1.1.3 Minimum Applications

Each Applicant (including Eligible Count Shareholders and Eligible Count Optionholders) under the Public Offer must apply for a minimum of 2,700 Shares and then may apply in multiples of 100 Shares. The value of Shares that may be applied for under the Public Offer is not subject to a maximum amount. However, the Underwriter reserves the right to reject any Application or to allocate a lesser amount of Shares than that applied for.

1.1.4 Commitment from Count's largest shareholder

Barry Lambert, Chairman of both Count and Countplus, and Count's largest shareholder, has committed to apply for 3.3 million Shares under the Public Offer. This represents a total value of approximately \$5 million.

Mr Lambert has also agreed with Count, as the Underwriter, to be allocated a lesser number of Shares if the Underwriter requires additional Shares to ensure that as many Eligible Count Shareholders and Eligible Count Optionholders as possible are allotted the minimum application amount of 2,700 Shares (or as close as possible to this minimum amount). This undertaking to the Underwriter is limited to Mr Lambert's allocation being reduced to 1.5 million Shares.

Mr Lambert's shareholding in Countplus following completion of the Offers will be:¹

- 3.0%, assuming he is allocated all of the Shares he applies for under the Public Offer; and
- 1.4%, assuming he is allocated only 1.5 million of the Shares he applies for under the Public Offer.

These figures do not include any Shares that may be taken up by Mr Lambert's family members.

1.1.5 How to apply for Shares under the Public Offer

The Public Offer is open to Australian and New Zealand residents.

If you wish to apply for Shares under the Public Offer, you must complete the relevant Application Form in accordance with the requirements of this Section and the instructions set out on the form. Applicants must apply for a minimum of 2,700 Shares and in multiples of 100 Shares thereafter.

¹ These percentages assume that all Principals agree to enter into Final Acquisition Agreements and all of them take only Shares as consideration for their Firm Shares, and no oversubscription Shares are allotted.



If you are an Eligible Count Shareholder or Eligible Count Optionholder, you must submit your personalised Application Form in order for your Application to be given priority. If you did not receive your personalised Application Form with this Prospectus, please contact the Countplus Offer Information Line on 1300 035 243 (within Australia) or +613 9938 4383 (outside Australia). Eligible Count Shareholders and Eligible Count Optionholders may also apply for Shares under the Public Offer using a general Application Form rather than their personalised Application Form. However, such Application will not be given priority.

Your completed Application Form must be returned along with your Application Money to the Share Registry. Completed Application Forms and your Application Money should be sent to the Share Registry using the reply paid envelope accompanying this Prospectus, or be mailed to:

Eligible Count Shareholders and Eligible Count Optionholders:

Countplus Limited
GPO Box 505
Melbourne VIC 3001

Other members of the general public:

Countplus Limited
GPO Box 2115
Melbourne VIC 3001

Eligible Count Shareholders and Eligible Count Optionholders may also apply for Shares by paying their Application Money via BPAY (no Application Form needed when paying in this manner).

You may also submit your Application form online at www.countplusoffer.com.au

Countplus reserves the right to reject any Application Form which is not correctly completed or which is submitted by a person it believes may be an ineligible Applicant, or to waive or correct any errors made by an Applicant in completing any Application Form.

Countplus reserves the right not to proceed with the Public Offer at any time after the close of the Principals Offer. If the Public Offer does not proceed, the relevant Application Money will be refunded. No interest will be paid on any Application Money refunded.

1.1.6 Application Money

Eligible Count Shareholders or Eligible Count Optionholders applying for Shares can pay their

Application Money using BPAY by following the instructions on their personalised Application Form. Alternatively, Eligible Count Shareholders and Eligible Count Optionholders can also pay their Application Money by cheque or bank cheque.

Members of the general public who have not received a personalised Application Form can pay their Application Money only by cheque or bank cheque.

Cheques or bank cheques must be drawn on an Australian financial institution in Australian dollars, made payable to "Countplus Share Offer Account" and be crossed 'Not Negotiable'. Receipts for payment will not be issued.

If paying by cheque or bank cheque, you should ensure that there are sufficient funds held in the relevant account to cover the amount of the Application Money. If the amount received (or the amount for which a cheque or bank cheque clears in time for allocation) is less than the amount specified on the Application Form, you may be taken to have applied for such lower dollar amount of Shares for which your cleared Application Money will pay (and to have specified that amount of your Application Form) or your Application may be rejected.

Application Money received under the Public Offer will be held on trust in a special purpose account until Shares are issued to successful Applicants. Applicants whose Applications are not accepted, or who are allocated a lesser dollar amount of Shares than the amount applied for, will be mailed a refund (without interest) of all or part of their Application Money, as applicable on or about Friday, 17 December 2010 (based on the indicative timetable, which is subject to change). Applicants are taken to agree that the interest earned on all Application Money pending the allocation or refund will become an asset of Countplus.

1.1.7 Closing Date for receipt of Applications under the Public Offer

Completed Application Forms and Application Money under the Public Offer must be received by the Share Registry no later than 5.00pm AEDT on Monday, 13 December 2010, unless Countplus elects to close the Public Offer early, extend the Public Offer, or accept late applications either generally or in particular cases. The Public Offer may be closed at any earlier date and time, without further notice. Applicants are therefore encouraged to submit their Applications as early as possible.

1.1.8 Allocation policy under the Public Offer

In allocating Shares under the Public Offer, the Underwriter will give priority to Eligible Count Shareholders and Eligible Count Optionholders.

Allocation of Shares to Eligible Count Shareholders and Eligible Count Optionholders will be entirely at the Underwriter's discretion and the Underwriter retains an overriding right to accept any Application in full, or in respect of a lesser number of Shares than applied for or decline an Application, at its discretion.

In exercising this discretion, the Underwriter will have regard to a range of factors including the quantum of Count Shares or Count Options owned by Eligible Count Shareholders and Eligible Count Optionholders respectively and time of receipt of Applications and receipt of cleared Application Money.

If the value of the Applications in the Public Offer is greater than the value of Shares available in the Public Offer, Applications will be scaled back. The Underwriter has absolute discretion regarding the scaling and allocation of Shares to Applicants in the Public Offer, however priority will be given to Eligible Count Shareholders and Eligible Count Optionholders who apply for Shares using their personalised Application Form.

1.1.9 Acceptance of Applications under the Public Offer

The Underwriter has the absolute right to reject any Application under the Public Offer, including Applications that have not been correctly completed or are accompanied by cheques that are dishonoured. In addition, the Underwriter may allocate to any person fewer Shares than those that an Applicant has applied for.

The Public Offer may close early, or may be extended without notice.

1.1.10 Effect of acceptance of the Public Offer

An Application (or, if the Applicant is an Eligible Count Shareholder or Eligible Count Optionholder, the payment of Application Money via BPAY in accordance with the instructions on their personalised Application Form) is an application by the Applicant to Countplus to subscribe for Shares, for all or any of the Application Money specified in and accompanying the Application Form (or paid via BPAY), at the Public Offer Price on the terms and conditions set out in this Prospectus including any supplementary or replacement Prospectus and the Application Form.

To the extent permitted by law, an Application by an Applicant is irrevocable. An Application may be accepted

in respect of the full amount of Shares specified in the Application Form or any part of the amount of Shares specified in the Application Form, without further notice to the Applicant. Acceptance of an Application by Countplus will give rise to a binding contract.

1.2 Principals Offer details

1.2.1 The Principals Offer

The Principals Offer in relation to the Selling Principals is an offer of:

- (a) all Shares (**Alternative 1**); or
- (b) a combination of up to 20% of the consideration in cash and the rest in Shares (subject to a scale back of the cash amount by Countplus) (**Alternative 2**),

by Countplus to the Selling Principals in consideration for their Firm Shares. Under the Final Acquisition Agreements, the Selling Principals are also entitled to additional Shares under the terms of the Additional Share Entitlement as part of the consideration for their Firm Shares (see Section 10.6 for more information about the Additional Share Entitlement).

If a Selling Principal accepts the Principals Offer and chooses:

- Alternative 1 – then the Selling Principal agrees to subscribe under the Principals Offer for the exact number of Shares as specified in their Principals Offer and Application Form in respect of Alternative 1; or
- Alternative 2 – then the Selling Principal agrees to subscribe under the Principals Offer for the number of Shares equivalent to at least 80% of the number of Shares offered to that Selling Principal under Alternative 1 (with the remainder of their consideration paid in cash). However the Selling Principal also agrees that they may be allocated more Shares than the number subscribed for, as the number of Shares that Countplus will allocate to a Selling Principal who chooses Alternative 2 is subject to Countplus' discretion to scale back the cash component of the consideration if the total cash amount that all Principals elect to receive under the Principals Offer is greater than \$10 million. If this scale back is undertaken, then the Selling Principal will receive more Shares instead of cash for its consideration.

The Principals Offer in relation to the Wearne Principals is an offer by Countplus of all Shares in consideration for the deferred consideration for their Firm Shares.¹ The Wearne Principals can only subscribe under the

¹ Under the Wearne Share Sale Deed, the Wearne Principals have the option of taking all cash instead of Countplus Shares in satisfaction of the deferred consideration for their Firm Shares.



Principals Offer for the exact number of Shares specified in their Principals Application Form.

Shares issued under the Principals Offer will be issued at \$1.42 per Share.

1.2.2 Who is a Principal?

A Principal is either a Selling Principal or a Wearne Principal.

A Selling Principal is a person who owns a Firm Share as at the date of this Prospectus.

A Wearne Principal is a person who has sold their shares in Wearne & Co to Countplus under the Wearne Share Sale Deed and who is entitled to be offered Shares as deferred consideration for those shares in Wearne & Co.

Details of the Firm Shares of a particular Principal are set out in the personalised Principals Form which has been sent to that Principal together with a copy of this Prospectus.

1.2.3 Acquisition by Countplus of interests in the Firms

Since November 2007, Countplus, with the support of Count, has acquired interests in accounting firms, a financial services firm and a financial services dealer group.

The general approach to these acquisitions is set out as follows:

- (i) Countplus establishes a new company. This new company is a Firm;
- (ii) the Principals sell the business operations and agreed assets and liabilities of their predecessor entities into the Firm (pursuant to a business sale and purchase deed (see Section 8.1.1)) for ordinary shares in the Firm representing 75% of the value of the business and a cash payment of 25% (some of which is then used by the Principals to subscribe for ordinary shares in Count on favourable terms);
- (iii) Countplus subscribes for ordinary shares in the Firm for cash representing 25% of the value of the Firm, which is used to make the cash payment for the acquisition by the Firm of the business referred to in paragraph (ii) above;
- (iv) each Principal, as a shareholder in the Firm, grants Countplus a call option to require the Principals to sell their Firm Shares on an agreed valuation basis if Countplus exercises the call option during the call option period which is between 1 July 2010 and 31 December 2015. The consideration for the sale of the Firm Shares on exercise of a call option is cash or shares in Countplus offered under a prospectus; and

- (v) at the same time, Countplus grants each Principal a put option to put their Firm Shares to Countplus on an agreed valuation basis if the Principal exercises the put option during the put option period which is between 1 January 2013 and 31 December 2013. The consideration for the sale of the Firm Shares on exercise of a put option is cash.

Countplus has acquired interests in 14 Firms in accordance with the above general approach.

There have been four instances where Countplus has taken a different acquisition approach to that set out above.

Acquisition of shares in Specialised Business Solutions Pty Ltd (ACN 129 708 112) (SBS)

On 30 April 2008, Countplus acquired 25% of the ordinary shares in the Firm, SBS. Shortly prior to the acquisition of these shares by Countplus, the Principals relating to SBS established SBS as a new company and sold the business of their predecessor entity to SBS. The shareholders in SBS then granted Countplus a call option, and Countplus granted each other shareholder in SBS a put option, over the remaining 75% of the ordinary shares in SBS (that is, the Firm Shares in SBS). This call option and put option have substantially the same terms as the call option and put option terms described in paragraphs (iv) and (v) of this Section 1.2.3 above.

Acquisition of Wearne & Co

On 16 August 2010, Countplus acquired 100% of the shares in Wearne & Co. Approximately 40.33% of the purchase consideration¹ for this acquisition was paid in cash (some of which was then used by the vendors to subscribe for ordinary shares in Count on favourable terms), with approximately 59.77% of the purchase consideration¹ being deferred and to be satisfied by the Wearne Principals:

- (a) taking up Shares offered to them under this Prospectus; or
- (b) if they decide not to take up Shares, taking cash and being paid in three instalments over three years.

Acquisition of shares in CBCFP

On 31 August 2010, Countplus acquired 25% of the shares in CBCFP. The shareholders in CBCFP then granted Countplus a call option, and Countplus granted each other shareholder in CBCFP a put option, over a further 50% of the shares in CBCFP (that is, the Firm Shares in CBCFP). This call option and put option have substantially the same terms as the call option and put option terms described in paragraphs (iv) and (v) of this

¹ These percentages do not take into account the Wearne Principals' entitlement under the Additional Share Entitlement.

Section 1.2.3 above. The remaining 25% of the shares in CBCFP which Countplus does not propose to acquire will continue to be held by the Principals in relation to CBCFP.

Acquisition of the TFSA Business

On 30 September 2010, Countplus (through its wholly-owned subsidiary, TFSA) acquired the TFSA Business. 30% of the purchase consideration¹ for this acquisition was paid in cash (some of which was then used by the TFSA Vendors to subscribe for ordinary shares in Count on favourable terms), with 70% of the purchase consideration¹ being deferred and to be satisfied by the issue of Shares to the TFSA Vendors. 4,616,246 Shares were issued to the TFSA Vendors on 5 November 2010 in satisfaction of this deferred consideration.

1.2.4 What is a Final Acquisition Agreement?

Countplus has decided not to exercise the call options granted to the Selling Principals which are referred to in this Section 1.2.3 above. Instead, Countplus is making a separate invitation to the Selling Principals to offer to sell to Countplus all of their Firm Shares.

If Selling Principals wish to make this offer to Countplus, each offer will be on the terms of a Final Acquisition Agreement which is being issued to each Selling Principal together with a copy of this Prospectus. The terms of the Additional Share Entitlement is attached as a schedule to the Final Acquisition Agreements.

A general summary of the terms of the Final Acquisition Agreements is set out in Section 8.1.4.

1.2.5 Minimum Applications under the Principals Offer

The Offers will not proceed to completion unless Countplus receives Principals Offer and Application Forms from the Selling Principals in respect of sufficient Firm Shares so that on completion of the Final Acquisition Agreements in respect of those Firm Shares, Countplus will hold at least 85% (by value) of all of the shares in the Firms (including the shares already held by Countplus in the following Firms: TFSA and Wearne & Co).

If Principals Offer and Application Forms are not received in respect of all of the Firm Shares in a Firm but is received from at least 75% (by number) of the Principals in relation to that Firm, then the Principals in relation to that Firm who have not lodged a Principals Offer and Application Form may be required to sell their Firm Shares to Countplus

on the terms of a Final Acquisition Agreement pursuant to the drag along provisions in the relevant Shareholders Agreement (see Section 9.6). It is not Countplus' intention to acquire ownership of less than 100% of the Firm Shares in any Firm (other than CBCFP where Countplus intends to acquire a 75% ownership).

1.2.6 How to apply for Shares under the Principals Offer

The personalised Principals Form sent to each Principal together with this Prospectus must be used by that Principal to apply for Shares under the Principals Offer.

For a Principal to apply for Shares under the Principals Offer in consideration for their Firm Shares, they must:

- (a) complete and execute their personalised Principals Form in accordance with the instructions on that Principals Form; and
- (b) return the duly executed Principals Form to:

Countplus Limited
Level 19, Gold Fields House
1 Alfred Street
Sydney NSW 2000

1.2.7 Rejection or variation of Applications under Principals Offer

Countplus reserves the right to reject any Principals Form which is not correctly completed or is incorrectly executed or which is submitted by a person who they believe may be ineligible to apply for Shares under the Principals Offer, or to waive or correct any errors made by a Principal in completing any Principals Form.

Countplus also reserves the right to reject or amend a Principals Form if it becomes known to Countplus that the Principals Form does not correctly reflect the ownership or value of the Firm Shares to which the Principals Form relates.

1.2.8 Closing of the Principals Offer

The Principals Offer will close at 5.00pm AEDT on Friday, 26 November 2010 unless Countplus elects to close the Principals Offer early, extend the offer period for the Principals Offer or accept late Principals Forms generally, or in particular cases. The Principals Offer may be closed at any earlier date and time, without notice. Principals are therefore encouraged to submit their Principals Forms as early as possible.

¹ These percentages do not take into account the TFSA Vendors' entitlement under the Additional Share Entitlement.



1.3 Details for all investors

1.3.1 Brokerage, commission and stamp duty

No brokerage, commission or stamp duty is payable by Applicants for Shares allotted under the Offers.

1.3.2 ASX listing

An application will be made to ASX not later than seven days after the date of this Prospectus for Countplus to be admitted to the official list of ASX and for quotation of the Shares on ASX.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit Countplus to the official list is not to be taken as an indication of the merits of Countplus or the Shares offered for subscription.

If Countplus does not make such an application within seven days after the date of this Prospectus, or if permission is not granted for the official quotation of the Shares on ASX within three months after the date of this Prospectus (or any later date permitted by law):

- (a) all Application Money received from Applicants under the Public Offer will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act; and
- (b) Countplus will arrange with each of the Principals to reverse the transactions represented by the Final Acquisition Agreements.

1.3.3 Commencement of trading

It is expected that trading of the Shares on ASX will commence on or about Wednesday, 22 December 2010 (based on the indicative timetable, which is subject to change).

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. Countplus disclaims all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, even if they obtained details of their holding from the Countplus Offer Information Line.

1.3.4 CHES

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

When the Shares become Approved Financial Products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being either an electronic CHES subregister or an issuer sponsored subregister. The Shares of a Shareholder who is a participant in CHES or a person sponsored by a participant in CHES will be registered on the CHES subregister. All other Shares will be registered on the issuer sponsored subregister.

Following the settlement, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide details of a Shareholder's Holder Identification Number (**HIN**) for CHES holders or, where applicable, the Shareholder Reference Number (**SRN**) for issuer sponsored holders.

Shareholders will subsequently receive statements showing any changes to their shareholding in Countplus. Share certificates will not be issued to Shareholders. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker, in the case of a holding on the CHES subregister, or through the Share Registry in the case of a holding on the issuer sponsored subregister. Countplus or the Share Registry may charge a fee for these additional issuer sponsored statements.

1.3.5 Discretion regarding the Offers

Countplus reserves the right not to proceed with the Offers, either of the Offers, or any part of the Offers, at any time prior to the issue of the Shares to successful Applicants in the Public Offer or to the Principals. If the Offers, either of the Offers, or any part of the Offers, do not proceed, the relevant Application Money will be refunded. No interest will be paid on any Application Money refunded.

Countplus also reserves the right to close the Offers, either of the Offers or any part of the Offers early, extend the Offers, either of the Offers or any part of the Offers, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than applied for.

2. Countplus and Its Business

2.1 Countplus overview

Countplus is an aggregation of 18 accounting and financial services businesses across Australia. 16 of these businesses are accounting practices, 15 of which are franchisees of Count. The businesses of one of the firms, CBCFP, has been one of Count's most successful franchisees for over a decade. TFSA is a financial planning dealership with over 70 financial advisers.

2.2 Introducing the Countplus businesses

The following are brief descriptions of each of the Firms and their businesses.

Lawrence Business Management Pty Ltd – Perth, WA

This business is dedicated to providing a holistic solution for their clients that includes accounting, financial planning, lending and legal services. Since opening in 1996, Lawrence Business Management has developed into one of the most successful mid-tier firms in Western Australia, with over 80 staff and three offices in the Perth metropolitan area.



Business established – 1996

Interest acquired by Countplus – 30 November 2007

The MBA Partnership Pty Ltd – Gold Coast, Qld



Based in Southport on the Gold Coast and managed by a young key management group, this Firm offers an extensive range of services to help small to medium

enterprises and taxpayers with all their financial needs, including accounting and taxation services through to business management and forensic services to retirement and succession planning.

Business established – 1997

Interest acquired by Countplus – 30 November 2007

HMA Twomey Patterson Pty Ltd – South Western NSW

Servicing areas across south western New South Wales, this practice has operated for more than 60 years and now operates from five locations. Specialising in business services,



financial advice and audit, it enjoys a high level of market penetration in regional New South Wales.

Business established – 1949

Interest acquired by Countplus – 31 January 2008

Bentleys (WA) Pty Ltd (known as Bentleys Perth) – Perth, WA



The quality of this Firm has been recognised by it being granted the exclusive Bentleys licence for Western Australia which has opened up additional networks

and referral sources for the business. Their specialist skills include accounting, taxation and audit services, corporate advisory and valuation services, ASX listing and initial public offering coordination.

Business established – 1975

Interest acquired by Countplus – 29 February 2008

Beames & Associates Accounting and Financial Services Pty Ltd (known as Beames and Associates) – Canberra, ACT

This accounting and financial planning business is well-regarded in the Australian Capital Territory for its consulting, advice and tailored expansion and



wealth creation strategies for a diverse range of clients, from both the private and public sectors.

Business established – 2001

Interest acquired by Countplus – 31 March 2008

Specialised Business Solutions Pty Ltd – Brisbane, Qld



Centrally located in Brisbane, this business has a strong commitment to client service and best practice. Since joining the Countplus group, this business has leveraged its internet-based best practice system

to accounting firms via the CountGPS service, which it developed in a joint venture with Count.

CountGPS, along with a number of established Count services, will become the core platform of the Countplus accounting franchise.

Business established – 1990

Interest acquired by Countplus – 30 April 2008



Mogg Osborne Pty Ltd – Regional VIC

With offices located in regional Victoria and southern New South Wales, at the centre of Australia's "food bowl", Mogg Osborne offers a complete range of professional services ranging from individual tax returns to complex audits, companies and financial planning assignments. This Firm's many strengths include its well established client relationships and strong commitment to the local community.



Business established – 1954
Interest acquired by Countplus – 2 July 2008

Crosby Dalwood Pty Ltd – Adelaide, SA



Crosby Dalwood provides services to individuals and businesses. It also acts as

a coach to businesses assisting with growth, profit, cashflow, asset protection, succession and estate planning and has been successful in delivering financial planning to clients. This Firm's percentage of revenue from financial planning relative to accounting is one of the highest amongst the Firms.

Business established – 1983
Interest acquired by Countplus – 1 September 2008

Cooper Reeves Pty Ltd – Brisbane, Qld

This professional Brisbane accounting firm has been providing business taxation, consulting, accounting and financial planning services to local, national and international businesses since 1988. It has five experienced key management personnel, one of whom is a former Board Director of CPA Australia. Cooper Reeves' services a diverse range of industries, reflective of its industrial precinct location, including the manufacturing, retail and professional sectors.



Business established – 1988
Interest acquired by Countplus – 31 October 2008

Countplus MBT Pty Ltd – Lower North Shore Sydney, NSW



This well-established accounting and financial planning business builds its success on providing clients and team members with an exceptional experience. Led by an energetic and innovative management group, Countplus MBT attracts clients across

a broad spectrum. Clients enjoy a depth and breadth of experience, expertise and services rarely available.

Business established – 1978
Interest acquired by Countplus – 30 June 2009

Evolution Advisers Pty Ltd – Newcastle, NSW

This business has a key management team of four and is located 15 kilometres from Newcastle in the burgeoning Lake Macquarie district. Born from the merger of two longstanding Chartered Accounting firms, with a combined existence of nearly 150 years, this business is renowned for providing high quality accounting, taxation, business advisory and financial planning services to clients in a personal manner.



Business established – 2004
Interest acquired by Countplus – 31 July 2009

Robson Partners Pty Ltd – Gosford, NSW



This Firm has a key management team of three and is located in Gosford on the Central Coast between Sydney and Newcastle, and has more than 25 years' experience in professional consulting to

successful small and medium businesses. It has a "best-practice" focus and is well established in this growth area on the outskirts of Australia's largest city.

Business established – 1988
Interest acquired by Countplus – 4 September 2009

Achieve, Corporation Pty Ltd – Canberra, ACT

The primary focus of this young and dynamic Firm is the provision of payroll management, taxation and financial planning advice to Information Technology and Communications (IT&C) consultants, whose services are in high demand by a number of Federal Government agencies based in Canberra.



Business established – 2003
Interest acquired by Countplus – 30 September 2009

Kidmans Partners Pty Ltd – Melbourne, VIC



This Firm's growth has been driven by developing their traditional auditing and accounting practices into innovative client-focused

services, including wealth management solutions. It has also developed a highly successful referral arrangement for investment and risk insurance.

Business established – 2000

Interest acquired by Countplus – 30 June 2010

360 Financial Vision Pty Ltd – Northern NSW

This accounting and wealth management business has two offices on the growing



mid-north coast of New South Wales. This business has a focus on best practice solutions whilst also specialising in taxation, self-managed superannuation funds, business structuring, valuations and succession planning.

Business established – 1979

Interest acquired by Countplus – 30 June 2010

Wearne & Co Pty Ltd – North Sydney, NSW



This Firm's core business is the provision of accounting and business services. The

management team of this Firm has also developed an expertise and a strong network of contacts in capital markets and mergers and acquisitions. Located in North Sydney it is well positioned to compete against the larger CBD accounting firms.

Business established – 1974

100% interest acquired by Countplus – 16 August 2010

Cartwright Brown and Company Financial Planning Pty Ltd (known as CBC Financial Advisers) – (suburban) Sydney, NSW

This financial planning business was established in 1994 and was Count's number one



financial planning franchisee for eight years from 2000. This Firm's unique business model enables it to meet the differing needs of its advisory and self-directed clients.

Business established – 1994

Interest acquired by Countplus – 31 August 2010

Total Financial Solutions Australia Pty Ltd (known as TFSA) – CBD Sydney, NSW



TFSA is a financial planning dealer group with a strong background in life insurance

and, more recently, holistic financial planning. While the industry is dominated by bank and life-owned financial planning groups, under the Countplus banner and with

Count's assistance TFSA is poised to benefit both from a referral relationship with Count as well as to become a home for professional planners looking for both independence and financial stability.

Business established – 2000

100% interest acquired by Countplus –

30 September 2010

2.3 Business model and strategy

Countplus' strategic objectives are to:

- acquire successful and sustainable professional services businesses and, by accessing funds (through the Listing, retained earnings and sensible borrowings), to make further acquisitions and to promote organic growth;
- become a best practice accounting and wealth advice network through the sharing of ideas, practices and systems between Countplus firms and to share with the accounting industry generally via a Countplus accounting franchise, expected to be launched in two to three years' time; and
- stimulate growth both organically and through acquisitions. Countplus will have access to both Count's resources and the Count network, which will facilitate ongoing growth opportunities. Of the 18 Firms, 15 have been long-term (on average 12 years) members of the Count network. Three smaller post-Listing acquisitions of tuck-in businesses from within the Count Network are also under consideration.

While the Countplus head office will incur some incremental costs following Listing, a relationship agreement with Count on sharing of financial planning and related revenue should see head office contribute positively to future profitability.

2.4 Business growth profile

The businesses of the Firms were selected on their ability and determination to grow their profits organically. Profitability growth over time in the professional services sector requires income growth, but it is influenced by a range of factors including, but not limited to, product and service mix, technology, service development, efficiency gains, pricing and client acquisition and retention.

The average profit growth as measured by earnings per share of the seven Firms part owned by Countplus at 1 July 2009 was 45% to the year ended 30 June 2010.

The strong performance in 2010 followed a more subdued result in 2009.



Countplus will target consistent earnings per share growth. The majority of this is expected to come from organic growth within the existing businesses whilst the remainder is expected to come from carefully considered acquisitions by Countplus and acquisitions by existing Countplus firms each year.

Countplus will assist selected Countplus firms with funds to make acquisitions of smaller businesses that can integrate well into their own, as well as to purchase new stand-alone firms.

Under the Countplus model, the Principals will be the largest Shareholder group on Listing and will continue to manage the businesses of the Firms which will retain their own identity. The majority of the Firms are already highly successful with enviable track records and well regarded in their respective communities. Being part of Countplus will not interfere with what has been a successful formula.

Countplus will assist the Firms by facilitating the sharing of information and ideas, accessing funding for acquisitions, assisting long-term succession planning via market liquidity and rewarding employees for performance and service through equity.

There has been a desire from the Firms to learn what they can from each other to enhance their success. For the last two years, an annual Countplus conference has been held. Topics have included practice management, system/software demonstrations and employee work/life balance policies presented by certain firms to the rest of the group. As future Countplus Shareholders, the Principals have a vested interest in helping other Countplus firms achieve as much success as possible.

Principals are incentivised to continue to grow their Firm's earnings per share – initially via the Additional Share Entitlement. A new equity plan will be finalised in 2011 in which all employees of the Firms are expected to be able to participate. Acquisition of smaller businesses by existing Countplus firms are expected to occur regularly, but will be at the urging of the Countplus firm, not head office.

Eligible employees of Countplus firms will also be able to participate in an annual loyalty issue, for the current year and the following two years, of \$1,000 worth of Shares for each full time employee with 12 months' service or longer with the Countplus firm underlying business. Part time team employees will also participate in proportion.

The aim of the above equity plan is that all employees of Countplus firms feel they contribute to the group as a whole, and are able to participate in the success of the business through equity.

2.5 Support from Count

16 Firms are members of the Count Wealth Accountants franchise network and are therefore already fully supported by Count for financial planning and other related services.

In addition, Count will provide Countplus with access to its network of approximately 350 members which comprises predominantly accounting practices. This includes for future acquisition opportunities, training and referral arrangements.

TFSA, as an example, has already entered into a referral agreement with Count for the referral of personal insurance business from Count franchisees.

Countplus firms may also outsource mortgage broking business to Count via its subsidiary, finconnect.

A new relationship agreement with Count in relation to revenue sharing on financial planning and related services is now in place, to reflect the fact that Countplus will be its largest master franchise. A new services agreement has also been put in place with Count to deliver back office services including company secretarial and use of office space within Count's head office in Sydney.

Count will also assist Countplus to establish an accounting franchise via the use of selected Count services (see below).

2.6 Accounting franchise

A future growth opportunity for Countplus is the creation of an accounting franchise, using the best practice intellectual property and know-how of the Countplus firms. Already, one Firm, Specialised Business Solutions Pty Ltd, has developed an internet based best practice system, CountGPS, in a joint venture with Count which already has around 100 subscribers. This will become the core of the franchise offering which is expected to be launched in two to three years' time. In future, it is likely that being a member of the franchise will be a pre-condition for acquisition by Countplus.

3. Financial Information

3.1 Overview

This section contains a summary of the following historical financial information:

- historical income statement for Countplus for the years ended 30 June 2009 and 30 June 2010;
- historical balance sheet for Countplus as at 30 June 2010;
- pro forma historical income statement for the year ended 30 June 2010; and
- pro forma historical balance sheet as at 30 June 2010.

The pro forma historical income statement in this section does not represent forecast information. The actual results reported by Countplus in future years will vary from the pro forma historical financial information. This variation could be material.

The financial information presented in this section should be read in conjunction with the discussion of the Future Operating Environment contained in Section 3.5, the sensitivity analysis in Section 3.7, the risk factors set out in Section 6 and other information contained in this Prospectus.

The financial information presented in this Section is presented in an abbreviated form insofar as it does not include all the disclosures, statements or comparative information as required by Australian Accounting Standards as applicable to annual financial reporting in accordance with the Corporations Act.

3.2 Basis for preparation

3.2.1 Historical income statement and balance sheet

The historical income statement for Countplus for the years ended 30 June 2009 and 30 June 2010 and the historical balance sheet for Countplus as at 30 June 2010 have been prepared in accordance with the recognition and measurement principles of AIFRS. The primary business activity during this period was acquiring and holding a minority interest of between 23% and 36% in some of the Firms (as described in Section 2). As a result the historical income statement primarily shows only a share of profits from minority investments as shown in Section 3.8.

3.2.2 Pro forma historical income statement and balance sheet

Following the Offers, Countplus will move to 100% ownership of 17 Firms and 75% ownership of Cartwright Brown and Company Financial Planning (**CBCFP**). A pro forma historical income statement has been prepared to illustrate how the income statement of Countplus may have looked if Countplus had held this level of ownership in the Firms (or the businesses thereof) throughout the year ended 30 June 2010 and had accounted for the financial performance of the Firms on a consolidated basis. Additionally, a pro forma historical balance sheet has been prepared to illustrate how the balance sheet of Countplus may have looked if the Offers and other matters disclosed in this Prospectus had completed and Countplus had acquired the above noted level of ownership in the Firms on 30 June 2010.

The pro forma historical financial information has been based on the following information and assumptions:

- the audited financial statements of Countplus; and
- all Principals agree to accept the Principals Offer and enter into Final Acquisition Agreements and all Principals take only Shares as consideration for their Firm Shares.

Assumptions relating to the pro forma historical income statement

- The pro forma historical income statement is based on the underlying financial records of the Firms except for Kidmans, 360 Financial Vision and TFSA. For those Firms the pro forma income statement is based on the financial record of the predecessor entity(ies) which owned each of these businesses prior to the business being acquired by the respective Firm.
- The financial impact of the items described in Section 3.5 (Future Operating Environment) are not included in the pro forma historical income statement as these events had not occurred in FY10.
- The financial information for the following Firms for the noted periods has not been included in the pro forma historical income statement as these Firms operated their businesses under a different operating model prior to acquisition and hence the financial information is not directly comparable. These periods are prior to Countplus' acquisitions of these Firms.



Evolution Advisers	1 month from 1 July 2009 to 31 July 2009
Robson Partners	2 months from 1 July 2009 to 31 August 2009
Achieve Corporation	3 months from 1 July 2009 to 30 September 2009
CBCFP	12 months from 1 July 2009 to 30 June 2010

Including the financial results noted above in the pro forma historical income statement would have made a positive contribution to Countplus' pro forma historical net profit.

Assumptions relating to the pro forma historical balance sheet

- The underlying financial records of the Firms except for Kidmans Partners, 360 Financial Vision, CBCFP and TFSA where the pro forma historical balance sheet is based on the assets and liabilities agreed to be acquired under the Business Sale Deeds.
- The accounting for the acquisitions has been prepared on a provisional basis. No adjustments have been made to the reported value of the assets and liabilities of Countplus and the Firms.
- All purchase consideration in excess of the existing net assets at book value has been allocated to goodwill. It is likely that separately identifiable intangible assets will subsequently be identified and this, together with associated deferred tax liabilities, will change the proportion of value allocated to goodwill. If any separately identifiable intangible assets are considered to have finite lives, net profit after tax of Countplus will decrease as a result of the requirement to amortise these intangibles over their estimated useful life.

3.3 Investigating Accountant's Report

The Directors have appointed Ernst & Young as the investigating accountant to prepare an Investigating Accountant's Report on the historical income statement for the years ended 30 June 2009 and 30 June 2010, the historical balance sheet as at 30 June 2010, the pro forma historical income statement for the year ending 30 June 2010 and the pro forma historical balance sheet as at 30 June 2010. Their report is included in Section 4.

3.4 Pro Forma Historical Income Statement

Set out below is the pro forma historical income statement for Countplus for the year ended 30 June 2010 prepared on the basis described in Section 3.2.2

A\$000	Pro forma consolidated Year ended 30 June 2010
Revenue	
Accounting and related revenue	56,047
Financial planning and related revenue	28,103
Other revenue	3,346
Share of net profits of associates and joint ventures	234
Total Revenue	87,730
Expenses	
Commissions paid	(15,505)
Employment and related expenses	(39,532)
Premises expenses	(3,259)
Other operating expenses	(11,886)
EBITDA	17,548
Depreciation expense	(1,045)
Amortisation expense	(764)
Interest expense	(1,090)
Net Profit before Tax	14,648
Tax expense	4,827
Net Profit After Tax	9,821

3.5 Future operating environment

Countplus has undertaken an analysis of the future operating environment to identify:

- potential full year impact of material changes that occurred in the underlying business models of the Firms in FY10;
- expected changes to Countplus' revenue and expense base following completion of the Offers and commencement of operations as an independent consolidated entity; and
- accounting implications of the business combination.

This analysis is discussed further below. The combined impact of these items is expected to make a positive contribution to Countplus' profit.

3.5.1 Potential full year impact of material changes that occurred in the underlying business models of the Firms in FY10

During FY10, a number of significant changes were made to the business model of the TFSA business. The changes included a revision to its revenue sharing arrangements with its advisers whereby TFSA now retains 10% of adviser fees and commissions, compared with 0% previously; the expected implementation of a new pricing arrangement with its largest investment platform; and the cancellation of an outsourcing relationship for compliance and adviser audit services and its replacement with an in-house function.

These changes have occurred and began to take effect from January 2010. Had these changes taken place at the beginning of FY10, the pro forma earnings before interest and tax would have been \$2.2 million higher than that included in the FY10 pro forma historical income statement shown in Section 3.4 above.

In addition to the changes at TFSA noted above, small tuck-in acquisitions were made by two of the Firms during FY10. A full year contribution from these acquisitions would result in a positive contribution to the earnings of Countplus.

3.5.2 Expected changes to Countplus' revenue and expense base as a result of the Offers and associated business changes

Countplus is expecting to generate higher financial planning revenue in the future through new pricing in the revenue sharing agreement to be in place from November 2010 between Countplus and Count. Also contributing positively in the future is expected lower interest expense as the outstanding debt owing by Countplus Firms to Count as at the date of listing will be repaid through the proceeds of the Public Offer.

Off-setting the above noted positive impacts on earnings are higher employment expenses (primarily due to an increase in headcount, expenses relating to independent directors, the proposed employee loyalty plan and additional payroll tax as the Countplus group will be eligible for only one payroll tax threshold) and higher operating expenses (primarily due to commencement of the service agreement between Countplus and Count (see Section 8.2.4 for details), commencement of operations as an independent company and being listed on the ASX.

Countplus is expected to have sufficient working capital to carry out its stated objectives including those shown above. Countplus will be supported by a \$10 million working capital facility with Count for the first 12 months.

3.5.3 Accounting implications of business combinations

Additional amortisation expense is expected to arise due to the expected identification of further separately identifiable intangible assets with finite lives on completion of accounting for the business combination. As disclosed in Section 3.2.2, it has been assumed that all consideration in excess of the existing net assets at book value has been allocated to goodwill. However, it is likely that further separately identifiable intangible assets with finite lives will subsequently be identified and amortised over their finite life.

As required by accounting standards, a one-off non-cash gain or (loss) on the step up from minority to full ownership of the Firms is expected to be realised by Countplus. The step up equals the difference between Countplus' carrying value and the fair value of the minority interests. Based on the Public Offer Price, this would result in a gain.

3.6 Management discussion and analysis

Accounting and related revenue includes revenue from accounting, audit, tax and business services.

Financial planning and related revenue includes revenue from financial planning services (including initial advice and review services), and revenue from advice fees and commissions on investment and insurance products. This revenue is a mix of commissions, fixed fees and asset based fees.

Other revenue includes commission revenue from loan origination, and membership fees for TFSA and Count GPS.

Commission expense relates to the commission sharing arrangements paid by the TFSA dealer group business to its advisors.

Share of profits from associates relate to an investment in an associate entity by a single Countplus firm. This entity will be fully acquired by the Countplus firm prior to listing.

Amortisation expenses relate to the amortisation of identifiable intangible assets, primarily client relationships, within the Firms.

Interest expense relates to interest on business and working capital loans. These loans are predominately between Countplus Firms and Count. Some are with third party lenders. Funds raised through the Public Offer will be used to repay the loans with Count. Other third party borrowing is expected to remain outstanding post Listing.



3.7 Sensitivity analysis

The pro forma financial information has been prepared as if all Principals agree to accept the Principals Offer and enter into Final Acquisition Agreements; and take only Shares as consideration for their Firm Shares. It is possible that less than 100% of the Principals accept the Principals Offer and some Principals elect to accept some cash as consideration for their Firms Shares.

3.7.1 Acceptances of Principals Offer

The Offers are conditional on Countplus receiving acceptances from Principals representing 85% (by value) of all the shares in the Firms. Therefore it is possible that Countplus may acquire fewer than the 18 Firms discussed in this prospectus. If this was to occur, fewer Shares would be issued under the Principals Offer.

The following analysis approximates the impact on the FY10 pro forma historical income statement as if Countplus acquired Firms that represented only 85% (by value) of the Firm Shares.

	Incremental impact of acceptances representing only 85% of the Shares in the Firms Year ended 30 June 2010	Pro forma consolidated Year ended 30 June 2010
NPAT (\$000)	(\$1,473)	\$8,348
Earnings per share (cents)	(0.2)	8.9

For any Firm not acquired through the Principals Offer, Countplus retains the right to acquire the Firm under the Call Option Deed and the requirement to acquire the Firm under the Put Option Deed (both described in Section 8.1.2). Exercise of the call or put options in the future is expected to be funded through cash from operations or additional borrowings.

3.7.2 Election to take cash rather than Shares

The terms of the Principals Offer allow Principals to elect to take up to 20% of their consideration in the form of cash, subject to being scaled back such that the maximum amount of cash consideration across all Principals is no more than \$10 million. Therefore it is possible that Countplus may pay \$10 million of cash as consideration for the Firm Shares. The funds would be sourced from the existing Public Offer and from borrowings. If this was to occur, future net interest

expense would increase by approximately \$0.7 million per annum and the number of Shares on issue post the Offers would be 7.1 million lower than otherwise described in this Prospectus. Overall, this would be expected to have a positive impact on earnings per Share although at an increased level of borrowings for Countplus.

3.8 Audited Countplus income statement

The financial information contained in this Section has been prepared in accordance with the recognition and measurement principals of AIFRS although it is presented in an abbreviated form as it does not include all of the disclosures, statements or comparative information as required by Australian Accounting Standards as applicable to annual financial reports in accordance with the Corporation Act.

	Year Ended June 2009 \$ '000	Year Ended June 2010 \$ '000
Share of profits from associates	1,181	2,249
Interest Income	22	6
Other Expenses	90	379
Net Profit before Tax	1,113	1,876
Tax Expense	156	242
Net Profit After Tax	957	1,634

In FY09, Countplus held interests of between 25% and 36% in 10 Firms, which were equity accounted. In FY10, Countplus held interests of between 23% and 36% in 15 Firms, which were equity accounted. Share of profits from associates will be eliminated on consolidation following acquisition of the remaining equity in the Firms under the Principals Offer.

3.9 Dividend policy

In respect to future periods, the Directors currently intend to adopt a dividend payout ratio of between 50% and 70% of NPAT. It is intended that dividends will be franked to the fullest extent possible.

Any dividends will be at the complete discretion of the Board of Countplus and will depend on the availability of distributable earnings, Countplus' franking credit balance, operating performance, cash flow, taxation position and future capital requirements. The Directors can give no assurance regarding the payment or level of dividends, the level of franking or such dividends or the extent of payout ratios for future financial periods.

3.10 Pro Forma Historical Balance Sheet

3.10.1 Summary Pro Forma Historical Balance Sheet

Set out below is the pro forma historical balance sheet for Countplus as at 30 June 2010 prepared on the basis described in Section 3.2.2.

Notes	Countplus Audited as at 30 June 2010	Acquisitions post 30 June 2010 and Principals Offer	Public Offer	Cost of the offers	Pro forma consolidated as at 30 June 2010
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
CURRENT ASSETS					
Cash and cash equivalents	(a), (c) 930	6,710	8,305	(500)	15,445
Trade and other receivables	3,996	11,063	–	–	15,059
Other assets	–	4,201	–	–	4,201
TOTAL CURRENT ASSETS	4,926	21,975	8,305	(500)	34,706
NON-CURRENT ASSETS					
Investments in Associates and financial assets	15,789	(15,445)	–	–	344
Property, plant and equipment	–	5,032	–	–	5,032
Deferred tax assets	–	618	–	150	768
Intangible assets	–	118,430	–	–	118,430
Other assets	–	64	–	–	64
TOTAL NON-CURRENT ASSETS	15,789	108,699	–	150	124,638
TOTAL ASSETS	20,715	130,673	8,305	(350)	159,343
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	–	4,597	–	–	4,597
Borrowings	(a) –	3,899	(1,874)	–	2,025
Current tax liabilities	–	3,652	–	–	3,652
Short-term provisions	500	5,520	–	–	6,020
Other current liabilities	–	7,632	–	–	7,632
TOTAL CURRENT LIABILITIES	500	25,299	(1,874)	–	23,925
NON-CURRENT LIABILITIES					
Trade and other payables	–	75	–	–	75
Other financial liabilities	–	284	–	–	284
Borrowings	(a) –	9,963	(9,821)	–	142
Deferred tax liabilities	610	619	–	–	1,229
Other long-term liabilities	–	724	–	–	724
TOTAL NON-CURRENT LIABILITIES	610	11,665	(9,821)	–	2,454
TOTAL LIABILITIES	1,110	36,965	(11,695)	–	26,380
NET ASSETS	19,605	93,709	20,000	(350)	132,964
EQUITY					
Issued capital	(b) 17,545	86,092	20,000	(350)	123,287
Reserves	–	–	–	–	–
Retained earnings	(c) 2,060	7,553	–	–	9,613
Minority Interest	–	64	–	–	64
TOTAL EQUITY	19,605	93,709	20,000	(350)	132,964

Notes

- (a) Part of the proceeds of the Public Offer will be used to repay the debts of Countplus Firms owing to Count. The above pro forma historical balance sheet is based on the debts owing to Count as at 30 June 2010 plus debts for post 30 June 2010 acquisitions as if the Offers had occurred on 30 June 2010. The actual debt to be repaid is based on the outstanding debt to Count as at Listing. The estimated debt at Listing is expected to be \$2.1 million higher than the 30 June 2010 debt position of \$11.7 million. Accordingly, had the estimated debt at Listing Date been used in the above pro forma historical balance sheet, the repayment of current and non-current debt would be \$13.8 million and the remaining cash balance raised from the Public Offer (after deducting the cost of the Offers) would be \$5.7m as shown in the source and use of funds table in the Key Offer Information Section.
- (b) The value of the Shares to issue in the Principals Offer depends in part on the value of the net tangible assets of the Firms as disclosed in the Final Acquisition Agreements. The above pro forma historical balance sheet is based on the net tangible assets of the Firms as at 30 June 2010 as if the Offers had occurred on that date. As per the Final Acquisition Agreements, the actual value is based on the net tangible assets of the Firms as at 30 September 2010. The 30 September 2010 net tangible asset position is estimated to be \$2.8 million lower than the 30 June 2010 position. Accordingly, the actual consideration paid will be lower.
- (c) Countplus paid a dividend to its shareholder of \$1.7 million funded out of cash on hand at 30 June 2010 and cash from operations post 30 June 2010.



3.10.2 Shares on issue

The table below shows the number of shares on issue following completion of the Offers and the movement in shares on issue since 30 June 2010.

Shares on Issue	
30 June 2010	40.0 million
5 November 2010 payment of deferred consideration for the purchase of TFSA	4.6 million
Opening (pre-Offers)	44.6 million
Principals Offer ¹	50.5 million
Public Offer ²	13.3 million
Closing (post-Offers)	108.5 million

Between the close of the Offers and 30 June 2011, other items that could impact the number of Shares on issue include:

- Employee tax-exempt “loyalty” share plan whereby \$1,000 worth of shares will be issued to each full time employee with 12 months’ service or more to the business of each Countplus Firm (not including Principals). Part time employees will be issued a pro-rated amount. Countplus Firms had 452 employees at 30 June 2010;
- the Additional Share Entitlement of the Principals discussed below where approximately 5.1 million additional shares may be issued; and
- the issue of Shares as consideration for the acquisition of tuck-in businesses (see Section 10.7 for more information).

3.10.3 Description of the pro forma adjustments

Acquisitions Post 30 June 2010 and Principals Offer

Acquisitions post 30 June 2010 includes:

- Acquisitions made post 30 June but prior to the opening of the Principals Offer. Countplus acquired a 25% interest in CBCFP and fully acquired Wearne & Co and TFSA. These acquisitions are shown in the pro forma balance sheet.

The Principals Offer includes the acquisition of the remaining shares in the Firms to move to 100% ownership of 17 Firms and 75% ownership of CBCFP in exchange for:

- New Shares in Countplus to be issued and/or cash up to a maximum of \$10 million. The pro forma financial information assumes that the Principals will elect to take 100% of their consideration in Shares; and
- Any entitlement to the Additional Share Entitlement.

The impact of the Principals Offer on the pro forma historical balance sheet includes the following:

- investment in associates relating to the Firms eliminates on consolidation;
- all assets and liabilities on the balance sheets of the Firms are aggregated and consolidated;
- as required by accounting standards, a one-off non-cash gain or (loss) on the step up from minority to full ownership of the Firms is expected to be realised by Countplus in its balance sheet and income statement. The step up equals the difference between the carrying value and the fair value of the minority interests and is estimated to equal \$7.6 million based on the Public Offer Price. This increases both intangible assets and retained earnings;
- as required by accounting standards, the future obligations under the Additional Share Entitlement are required to be carried as a liability on Countplus’s balance sheet. The estimated value of the future liability under this entitlement is \$7.6 million based on:
 - the share price at grant date equates to the Public Offer Price; and
 - given that share price, the number of shares issued under the entitlement is consistent with current growth expectations by the Firms;

The estimated value of this liability must be reconsidered at each reporting date with adjustments to the estimated fair value of the liability going through the income statement;

- the accounting for the acquisitions has been prepared on a provisional basis. No adjustments have been made to the reported value of the assets and liabilities of Countplus and the Firms; and
- an intangible asset arises on acquisition equal to the value of the minority interest Countplus already holds plus the estimated step up described above, plus the acquisitions made post 30 June 2010, plus the consideration to be paid for the Firm Shares under the Principals Offer plus the estimated fair value of the Additional Share Entitlement (less the value of the net tangible assets of the Firms). All purchase consideration in excess of the existing net assets at book value has been allocated to goodwill. It is likely that separately identifiable intangible assets will subsequently be identified and this, together with associated deferred tax liabilities will change the proportion of value allocated to goodwill.

¹ Assumes that all Principals agree to enter into Final Acquisition Agreements and all of them take only Shares as consideration for their Firm Shares.

² No oversubscription Shares are allotted.

Public Offer

Count shareholders and optionholders will be provided the opportunity to subscribe for Shares in Countplus. The Public Offer size is \$20 million. The proceeds of the Public Offer are expected to be used to repay the debt owed by the Countplus Firms to Count outstanding as at the Listing Date and pay Countplus' share of the costs of the Offers.

It is possible that the proceeds from the Public Offer may also be partially used to pay cash consideration of up to \$10 million to Principals who elect to take cash under the Principals Offer or to acquire the Firms of Principals who do not elect to participate at all in the Principals Offer.

Costs of the Offers

Total costs related to the Offers are estimated to be approximately \$1.0 million. This cost of the Offers is to be shared equally between Count and Countplus with the Countplus share equal to \$0.5 million.

3.11 Key accounting policies

The financial information contained in this Section 3 has been prepared based on accounting policies consistent with those applied by Countplus and the Firms in the FY10 accounts. No material differences have been identified between the accounting policies of Countplus and the individual Firms.

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Revenue from the provision of accounting and financial planning is recognised on an accrual basis in the period in which the financial service or advice is provided. Financial planning and loans and leasing commission revenue is recognised in the period when the services are rendered.

Revenue from the provision of accounting and financial planning services (where fee for service is charged) is calculated with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

Dividend revenue is recognised when the the group's right to receive the payment is established.

Work in progress

Work in progress represents costs incurred and profit recognised on client assignments and services that are in progress at balance date. Work in progress is valued at net realisable value after providing for any foreseeable losses. Work in progress is recognised on the balance sheet and the movement recognised in the income statement. Financial planning work in progress not representing fee for service is not recognised in the balance sheet and income statement.

Intangible Assets*Goodwill*

Goodwill acquired in a business combinations is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the group's identified assets acquired and liabilities assumed, if this consideration transferred is lower than the fair value of the net identified assets of the subsidiary acquired, the difference is recognised in the income statement.

Goodwill on consolidation is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Acquired Client Relationships

The intangible assets identified in the acquisition of businesses and represent that part of the purchase consideration that is attributable to and represented by the clients and customers with long term relationship with the business being acquired. These assets are capitalised at fair values at the date of acquisition. Acquired client relationships are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The useful life of these assets are considered to be 10 years and amortised on a straight line basis as an expenses. The amortisation period and the amortisation method is reviewed at least at each financial year end to reflect the amortisation expense is consistent with the function of the intangible asset.



Above: Achieve Corporation

Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows.

Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the

non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identified net assets. Acquisition-related costs are expensed as incurred.

When the group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the group's operating or accounting policies and other pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through the income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

4. Investigating Accountant's Report



Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001
Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

19 November 2010
The Board of Directors
Countplus Limited
Level 19
1 Alfred Street
SYDNEY, NSW 2000

Dear Directors

Investigating Accountant's Report on Historical and Pro forma Historical Financial Information

Introduction

We have prepared this Investigating Accountant's Report (the "Report") on the historical and pro forma historical financial information of Countplus Limited ("Countplus") included in the prospectus to be dated on or around 19 November 2010 (the "Prospectus") in relation to:

- The Public Offer, being an offer to the general public to raise \$20 million; and
- The Principals Offer, being an offer of Shares to each Principal as consideration, or deferred consideration, for their Firm Shares.

(together the "Offers")

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

Scope

Ernst & Young has been requested to prepare this Report to cover the following financial information:

Historical Financial Information

The historical financial information comprises:

- Historical income statement for Countplus for the years ended 30 June 2009 and 30 June 2010 as set out in Section 3.8;
- Historical balance sheet for Countplus as at 30 June 2010 as set out in Section 3.10.1.

(hereafter the "Historical Financial Information")

The Historical Financial Information has been extracted from the audited financial statements of Countplus which were audited by Ernst & Young and on which an unqualified audit opinion was issued.

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Pro Forma Historical Financial Information

The pro forma historical financial information comprises:

- Pro forma historical income statement for the year ended 30 June 2010 as set out in Section 3.4; and
- Pro forma historical balance sheet as at 30 June 2010 as set out in Section 3.10.1.

(hereafter the "Pro Forma Historical Financial Information")

The Pro Forma Financial Information has been based on:

- The financial statements of Countplus which were audited by Ernst & Young and on which an unqualified opinion was issued;
- The underlying financial records of the Firms (as defined in the Prospectus) other than for the following Firms where the pro forma financial information is based on the information stated below:

Firm	Pro Forma Income Statement	Pro Forma Balance Sheet
360 Financial Vision Pty Ltd	Financial records of the predecessor entities (JRSC Pty Ltd, Brinfields Pty Ltd and Jonathan Ritchie Sole Trade)	Business Sale Deed
Cartwright Brown and Company Financial Planning Pty Ltd	Not included	Business Sale Deed
Kidmans Partners Pty Ltd	Financial records of the predecessor entities (PKST Pty Ltd)	Business Sale Deed
Total Financial Solutions Australia Pty Ltd	Financial records of the predecessor entities (TFSA Holdings Limited)	Business Sale Deed

and

- The pro forma assumptions included in Section 3.2 of the Prospectus.

(the Historical Financial Information and the Pro Forma Historical Financial Information are together referred to as the "Financial Information").

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports.

This Report has been prepared for the inclusion in the Prospectus. Ernst & Young disclaims any assumption of responsibility for any reliance on this Report or on the Financial Information to which this Report relates for any purposes other than the purposes for which it was prepared.



Directors' Responsibility for the Financial Information

The Directors of Countplus have prepared and are responsible for the preparation and presentation of the Financial Information. The Directors are also responsible for the determination of the pro forma assumptions and pro forma adjustments as set out in sections 3.2, 3.4 and 3.10.1 of the Prospectus.

The Directors of Countplus are also responsible for the information presented in section 3.5 Future Operating Environment. Ernst & Young does not provide any opinion on this information.

Our Responsibility

Our responsibility is to express a conclusion on the Financial Information based on our review. We have conducted an independent review of the Financial Information in order to state whether on the basis of the procedures described below, we have become aware of any matter that would cause us to believe that the:

- a. The Historical Financial Information does not present fairly
 - the historical income statement for Countplus for the years ended 30 June 2009 and 30 June 2010 as set out in Section 3.8;
 - the historical balance sheet for Countplus as at 30 June 2010 as set out in Section 3.10.1.

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia;
- b. The pro forma assumptions set out in Section 3.2 do not provide a reasonable basis for the Pro Forma Historical Financial Information;
- c. The Pro Forma Historical Financial Information set out in Section 3.4 and 3.10.1 has not been prepared on the basis of the pro forma assumptions set out in Section 3.2 of the Prospectus; and
- d. The Pro Forma Historical Financial Information does not present fairly
 - The pro forma historical income statement for the year ended 30 June 2010 as set out in Section 3.4; and
 - The pro forma historical balance sheet as at 30 June 2010 as set out in Section 3.10.1

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro forma assumptions set out in Section 3.2 had occurred.

Our independent review of the Financial Information has been conducted in accordance with Australian Auditing and Assurance Standards. Our procedures consist of comparison with audited accounts, reading of relevant Board minutes relating to the Offers, reading of contracts and other legal documents, inquiries of management personnel and analytical and other review procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Financial Information.



Conclusion Statements

Review conclusion on the Financial Information

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

- a. The Historical Financial Information does not present fairly
 - the historical income statement for Countplus for the years ended 30 June 2009 and 30 June 2010 as set out in Section 3.8;
 - the historical balance sheet for Countplus as at 30 June 2010 as set out in Section 3.10.1.

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia;

- b. The pro forma assumptions set out in Section 3.2 do not provide a reasonable basis for the Pro Forma Historical Financial Information;
- c. The Pro Forma Historical Financial Information as set out in Section 3.4 and 3.10.1 has not been prepared on the basis of the assumptions set out in Section 3.2 of the Prospectus; and
- d. The Pro Forma Historical Financial Information does not present fairly
 - The pro forma historical income statement for the year ended 30 June 2010 as set out in Section 3.4; and
 - The pro forma historical balance sheet as at 30 June 2010 as set out in Section 3.10.1

in accordance with the measurement and recognition requirements (but not all of the presentation and disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia as if the pro forma assumptions set out in Section 3.2 had occurred.

Independence or Disclosure of Interest

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter. Ernst & Young provides audit and other advisory services to Countplus and its controlling shareholder Count Financial Limited, and will receive a professional fee for the preparation of this Report.

Yours faithfully

Ernst & Young

5. Board, Management and Corporate Governance

5.1 Board of directors

Barry Martin Lambert

Executive Chairman

Mr Lambert established Count in 1980. Prior to that, Mr Lambert worked for 19 years within the Commonwealth Bank of Australia.

Mr Lambert is also the Executive Chairman of Count.



Michael James Spurr

Managing Director, Chief Executive Officer and Chief Financial Officer

Mr Spurr joined Count in February 1996 and has held senior managerial positions within Count's compliance, business development, research, member services and paraplanning teams. Mr Spurr was also a member of Count's research committee from 1999 to 2010.

Mr Spurr was the Chief Financial Officer of Count from 2005 to 2010, and has been a Director of Countplus since 2007.

Mr Spurr holds a Bachelor of Commerce degree, is a Certified Practising Accountant and has a Graduate Diploma in Finance and Investment from FINSIA.



David Maxwell Smith

Non-Executive Director

Mr Smith is a founding director of FMRC Smithink, an accounting firm best practice group which focuses on professional firm management, strategy and process innovation.

Mr Smith is also a regular speaker on topics relating to the future of the accounting profession, practice strategy, process improvement and innovation and is the host of two monthly programs on cpe.tv, an internet-based TV station for the accounting profession. In 2003, Mr Smith was the National President of the Institute of Chartered Accountants in Australia and for over 16 years was a partner at leading mid-tier accounting firm PKF Sydney where he created a significant software business which was sold to MYOB.



Mr Smith is currently an external adviser to numerous accounting businesses as well as Chairman of Patronus Risk Specialists.

Mr Smith was appointed a Director of Countplus in August 2010.

Donald Kenneth Sharp

Independent Non-Executive Director

Mr Sharp is a Certified Practising Accountant and worked for public practice firms before commencing, in partnership, his own practice which was successfully merged with a larger practice.

Mr Sharp co-founded Bridges Financial Services whose business covered financial planning, stockbroking, corporate advice and established one of the first platforms in Australia. Mr Sharp was also the Chairman of Investors Mutual, Global Value Managers, Premium Investors and a director of Treasury Group.

Mr Sharp is currently the CEO of Investment Administration Services Pty Ltd, a managed account operator, and the Executive Chairman of the Payment Adviser group.

Mr Sharp was appointed a Director of Countplus in September 2010.



Graeme Hilton George Fowler

Independent Non-Executive Director

Mr Fowler is currently Managing Director and CEO of listed legal firm aggregator, Integrated Legal Holdings Limited.

Mr Fowler was previously Group CEO of listed accounting firm aggregator WHK Group. During his time with WHK Group, he also held the roles of Group Chief Operating Officer, Group Head of Financial Services and Group CFO.

Prior to this, Mr Fowler spent over 15 years in senior management roles with the BT Financial Group including as Group CFO, CEO of BT Funds Management NZ and CEO of BT Portfolio Services.

Mr Fowler was appointed a Director of Countplus in August 2010.





5.2 Company secretary

Caress Teresa Andrews

Ms Andrews joined Count in 2000 as Executive Assistant to the Chair & Managing Director and Annual Conference Manager. Prior to joining Count, Ms Andrews worked for a number of organisations in the accounting, property and finance industries.



Ms Andrews was appointed Company Secretary of Countplus in June 2006. She is also Deputy Company Secretary of Count.

5.3 Management

The current management team of Countplus comprises Barry Lambert (who is Countplus' Executive Chairman), Michael Spurr (who is Countplus' CEO and CFO) and Linh Truong (who is Countplus' Acquisitions and Integrations Manager).

Ms Truong's profile is listed below. Mr Lambert's and Mr Spurr's biographies are provided in Section 5.1.

Linh Truong

Senior Executive – Finance and Acquisitions

Ms Truong was appointed as Acquisitions and Integration Manager of Countplus in July 2007 and since her appointment, has been involved in due diligence and valuation in the businesses acquired. As one of the dedicated employees of Countplus at the head office level, Ms Truong has also been involved in the structuring, financial reporting and integration of the Countplus group.

Ms Truong has audit and assurance, acquisitions and listing experience from her previous roles within the Corporate Finance division of a diversified global industrial company as well as with Ernst & Young. Ms Truong is a Chartered Accountant as well as a Senior Associate of the Financial Services Institute of Australasia.

5.4 Additional support

Countplus has entered into a Services Agreement with Count under which Count agrees to provide Countplus with additional support, including in the areas of accounting, payroll, legal and human resources. See Section 8.2.4 for further information on the Services Agreement.

5.5 Corporate governance

The Board is responsible for the overall corporate governance of Countplus, including adopting the appropriate policies and procedures and seeking to ensure Countplus Directors, management and employees fulfil their functions effectively and responsibly.

5.5.1 ASX Corporate Governance Principles and Recommendations

The Board has adopted corporate governance policies and practices (which will become effective from Listing) by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (**ASX Recommendations**).

Where Countplus' practices depart from the ASX Recommendations, Countplus intends to work towards compliance but does not consider that all practices are appropriate for the size and scale of Countplus' operations.

Countplus' main policies and practices (by reference to the ASX Recommendations) are summarised below.

Principle 1: Lay solid foundations for management and oversight

The Board has ultimate responsibility for setting policy regarding the business and affairs of Countplus for the benefit of Shareholders and other stakeholders. The Board delegates management of Countplus' resources to senior management, under the leadership of the CEO, to deliver the strategic direction and objectives determined by the Board.

The Board and management have agreed on their respective roles and responsibilities and the Board has adopted a Board charter that details the Board's functions and responsibilities and the areas of authority delegated to senior management.

The Board has established a Remuneration Committee which, amongst other functions, will evaluate the performance of the CEO and CFO.

Principle 2: Structure the Board to add value

Recommendation 2.1 of the ASX Recommendations states that a board should comprise a majority of independent directors. The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgment. Directors are considered to be independent if they are not a member of management and if they are free of any

business or other relationship that could materially interfere with the independent exercise of their judgment. The Board will consider the materiality of any given relationship on a case-by-case basis and will adopt materiality guidelines to assist it in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Countplus Board currently made up of five Directors, three of whom are non-executive Directors.

An entity controlled by David Smith, Smithink Pty Limited (ACN 079 245 239) was engaged as an adviser to Countplus during the period from January 2007 to May 2010 to assist with due diligence on the Firms when Countplus first acquired an interest in the Firms. Having regard to the nature and extent of the work performed by Mr Smith, the Board has determined that Mr Smith is not an independent Director.

Graeme Fowler and Donald Sharp have not been employed by Countplus, and are not associated with any of Countplus' substantial Shareholders. Accordingly, Mr Fowler and Mr Sharp are each considered to be an independent Director.

The Board believes that the current non-executive directors bring the appropriate perspective to the Board's consideration of strategic, risk and performance matters and are well placed to exercise appropriate judgement and review and constructively challenge the performance of management. The Board further considers that the existing Board structure is appropriate for Countplus' current operations and stage of development, despite the fact that it does not have a majority of independent non-executive Directors.

The Chairman, Barry Lambert, is not an independent chairman. Notwithstanding Recommendation 2.2 of the ASX Recommendations provides that the chairperson of the board should be independent, the Board believes that this departure is appropriate given Count's interest in Countplus and as Mr Lambert brings extensive experience to the Board.

The Board has determined that given its size, no additional benefit will be derived from adopting a formal nomination committee structure. The Chairman has the responsibility for planning succession in Board appointments subject to Board and Shareholder approval.

Countplus will from time to time engage the services of external parties to carry out evaluations on individual Directors, the Board committees and the Board as a whole. Such evaluations will involve self assessments and third party assessments.

Principle 3: Promote ethical and responsible decision-making

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of ethics and conduct, to take effect from Listing, to be followed by all employees and officers. The key aspects of this code are to:

- act honestly, with integrity, fairness and equity;
- observe the rule and spirit of all laws and regulations which govern the operation of Countplus, its business environment and its employment practices;
- act in the best interest of Countplus except where to do so contravenes any other ethical standards;
- avoid any real or perceived conflict of interest; and
- use company resources and property properly.

Countplus will disclose the code of ethics and conduct, or a summary of the code of ethics and conduct, on its website (www.countplus.com.au) after Listing.

The Board will consider the establishment of a diversity policy after Listing.

Countplus' share trading policy is described in Section 5.5.3 below.

Principle 4: Safeguard integrity in financial reporting

The Board requires the CEO/CFO to provide letters of assurances to the Board that Countplus' financial reports present a true and fair view, in all material respects, of Countplus' financial position and operational results and are in accordance with the relevant accounting standards.

The Board has also established an Audit Committee. See Section 5.5.2 below for more information on the Audit Committee.

Principle 5: Make timely and balanced disclosure

Countplus is committed to observing its disclosure obligations under the Listing Rules. Countplus has adopted a policy to take effect from Listing which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

This continuous disclosure policy will be disclosed on Countplus' website (www.countplus.com.au) after Listing.



Principle 6: Respect the rights of Shareholders

Countplus is committed to keeping Shareholders informed of all major developments affecting Countplus' state of affairs relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and publishing information on Countplus' website (www.countplus.com.au).

In particular, Countplus' website will contain information about Countplus, including media releases, key policies and the charters of Countplus' Board committees. All relevant announcements made to the market and any other relevant information will be posted on Countplus' website as soon as they have been released to ASX.

Principle 7: Recognise and manage risk

The identification and proper management of Countplus' risk is an important priority of the Board. Countplus has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to Countplus' operations, and Countplus' commitment to designing and implementing systems and methods appropriate to minimise and control its risk, and ensures:

- regular reporting to the Board by management through the CEO on Countplus' key risks and the management of those risks; and
- assurances are provided from the CEO/CFO about the soundness and effectiveness of Countplus' risk management and internal compliance and control system.

This policy will be disclosed on Countplus' website (www.countplus.com.au) after Listing.

The Risk and Compliance Committee and the Audit Committee are responsible for monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration Committee. Information about the Remuneration Committee is set out in Section 5.5.2 below.

The remuneration structure for non-executive Directors is clearly distinguished from that of the executive Directors.

5.5.2 Board committees

The Board discharges its duties in relation to specific functions through the following committees of the Board:

- Audit Committee;
- Risk and Compliance Committee;
- Acquisition Committee; and
- Remuneration Committee.

The Board periodically assesses the appropriate mix of skills, experience and expertise required on the Board and assesses the extent to which the required skills and experience are represented on the Board.

Audit Committee

This committee must have at least three members, a majority of whom must be independent Directors and all of whom must be non-executive Directors. Currently, all the non-executive Directors are members of this committee. Graeme Fowler will act as chairman of the committee.

The primary functions of this committee include:

- overseeing the process of financial reporting, internal control, risk management and compliance and external audit;
- monitoring Countplus' compliance with laws and regulations and Countplus' own codes of conduct and ethics;
- facilitate effective relationships with, and communication between the Board, management and Countplus' external auditor; and
- evaluating the adequacy of internal processes and controls established to identify and manage areas of potential risk and to seek to safeguard Countplus' assets.

It is the policy of Countplus that its external auditing firm be independent. The committee will review and assess the independence of the external auditor on an annual basis.

Risk and Compliance Committee

This committee must have at least three members, who may be executive or non-executive Directors. Currently, all the non-executive Directors are members of this committee. David Smith will act as chairman of the committee.

The primary functions of this committee include:

- reviewing and monitoring the effectiveness of Countplus' internal control processes; and
- monitoring Countplus' compliance with the law, the contracts it has entered into and best practices.

Acquisition Committee

This committee must have at least three members, who may be executive or non-executive Directors. Currently, all the non-executive Directors are members of this committee. Donald Sharp will act as chairman of the committee.

The purpose of this committee is to review and approve certain investment, acquisition, and divestiture transactions proposed by Countplus' management.

Remuneration Committee

This committee must have at least three members, who may be executive or non-executive Directors. Currently, all the non-executive Directors are members of this committee.

The main functions of the committee are to make recommendations to the Board on:

- remuneration and incentive policies for executive Directors and senior management;
- Countplus' recruitment, retention and termination policies for senior executives; and
- remuneration and incentive policies for non-executive Directors.

5.5.3 Share trading policy

Countplus has adopted guidelines to take effect from Listing for dealing in securities which are intended to explain the prohibited type of conduct in relation to dealings in securities under the Corporations Act and to establish a best practice procedure in relation to Directors', officers', management's and employees' (**Relevant Persons**) dealings in Shares in Countplus.

Relevant Persons must not, at any time, directly or indirectly, buy or sell Countplus' securities when in possession of unpublished price sensitive information which could materially affect the price or value of those securities. Subject to any applicable notification and approval requirements, Directors and senior executives may deal in Company securities during certain 'window periods', such as following the release of Countplus' full and half year results announcements. During any other period, Directors and senior executives must receive clearance for any proposed dealing in the Company's securities in accordance with the policy.

5.6 Access, indemnity and insurance deed

Each Director has entered into an access, indemnity and insurance deed with Countplus. See Section 8.1.4 for further details.



Above: Evolution Advisers



6. Risk Factors

6.1 Introduction

There are a number of risks, both specific to Countplus and of a general nature, which may either individually, or in combination, materially and adversely affect the future operating and financial performance of Countplus, its investment returns and the value of the Shares. Many of these risks are outside the control of Countplus, its Directors and management. As a result, there can be no guarantee that Countplus will achieve its stated objectives.

This Section describes the areas that are believed to be the key risks associated with an investment in the Shares. These risks have been separated into business risk factors (described in Section 6.2) and investment risk factors (described in Section 6.3). Prospective investors should note that this is not an exhaustive list of the risks associated with an investment in Countplus and should be considered in conjunction with other information disclosed in this Prospectus. Investors should have regard to their own investment objectives and financial circumstances, and should consider seeking professional guidance from their stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

6.2 Business risk factors

6.2.1 Competition

The industries in which Countplus and the Firms operate are highly competitive. The Firms have a close, and in most cases, long relationship with their clients. However, there are few barriers to entry to the markets in which the Firms operate and there is a risk that the actions of competitors or of new competitors may adversely impact on a Firm's and Countplus' financial performance where the Firm and Countplus are unable to respond effectively or in a timely manner.

Any deterioration in Countplus' and the Firms' competitive position may result in a decline in revenue and/or margins and a loss of market share which may have an adverse effect on Countplus' future financial performance or position.

6.2.2 Regulatory environment

There has been significant changes announced to the regulatory environment for the financial services industry. These changes have generally been around the receipt of commissions and rebates from investment platforms. The Firms that provide financial services have generally derived

their fees in relation to these services on a fee basis for some time and the expectation is that they are unlikely to be materially impacted by the proposed changes.

The Firms' tax and accounting compliance work is based around meeting regulatory obligations. A major removal or restructure of these regulations may result in a significant reduction in demand for compliance services. One such reform is the proposed initiative to simplify the completion of small tax returns.

There is also the risk that further unforeseen regulatory or legislative changes are introduced. These changes could impact the operations of Countplus and the Firms and reduce Countplus' and the Firms' ability to generate revenue which may have an adverse effect on Countplus' future financial performance or position.

History has shown that government activity has generally resulted in greater compliance obligations for businesses and most individuals. There is little sign of any significant reduction in compliance obligations for businesses. The Firms do not generate any significant revenue from the compilation of small individual tax returns that may be impacted by the proposed simplification program.

6.2.3 Licences and accreditations

The Firms require licences and accreditations from various regulatory bodies to operate their businesses. If the Firms are unable to obtain and/or renew these licences and accreditations, there may be a material adverse effect on Countplus' operating and financial performance.

6.2.4 Loss of key management personnel and inability to recruit replacements

Each Firm has personnel who are key to its business. The loss of these key personnel could have a significant impact on an individual Firm.

However, no single Firm is critical to the success of Countplus. Keyman insurance is held where this is considered appropriate. The key management personnel are subject to employment contracts with restraint periods. Their Countplus Shares issued under the Principals Offer are also subject to an escrow arrangement for up to three years (see Section 10.5 for more information about these escrow arrangements).

Professional service businesses are highly dependent upon the recruitment and retention of a skilled labour force. The

accounting industry has suffered from shortages of labour in recent years. An inability to recruit and retain an effective team may impact Countplus' ability to grow and capitalise on its opportunities.

Generally the Firms, particularly those in regional centres, have historically enjoyed the benefit of loyal employees and the Listing of Countplus and being part of a larger group with equity entitlements should make the Firms more attractive to employees.

Countplus is not reliant on any single Firm for its success.

6.2.5 Succession plan

Succession planning for each Firm includes the transition of senior employees of each Firm to principal positions as their career progresses. If this transition does not occur, it may impact on Countplus' capacity to grow into the future.

A material reduction in the Share price post-Listing may impact morale and Countplus' ability to recruit and retain accountants and other professionals, impacting on Countplus' ability to grow in the future and Countplus' financial performance.

6.2.6 Litigation

Countplus may be the subject of complaints from, or litigation by, clients of the Firms, government agencies or third parties.

The Firms provide professional accounting and tax advice and in many cases financial services advice. On occasions this advice may be incorrect or inappropriate which may lead to a claim by a client for breach of contract or negligence. This may then lead to court action by the affected client or a third party or a complaint to a government agency. Some events may not be covered by professional indemnity insurance.

If Countplus or the Firms breach the law, this may result in a fine or penalty or in a serious case the loss of the licence of the relevant licence holder or the person involved.

Such matters may have an adverse effect on Countplus' reputation, divert its financial and management resources from more beneficial uses, or have a material adverse effect on Countplus' future financial performance or position.

The potential for claims from clients for poor advice is part of the inherent risk of carrying on a professional services business. It is a risk that has to be managed by good processes and appropriate insurance cover.

All of the Firms hold professional indemnity insurance. Firms which are a member of a professional accounting body are subject to quality reviews by that body. As most

clients of the Firms are individuals or small businesses, significant claims are unlikely to eventuate. The historical track record of each Firm is that few claims have been made and any that have settled have not had a material impact on the particular Firm's business. We refer in Section 10.17 to a current legal proceedings against a wholly-owned subsidiary of one of the Firms.

If legal action is commenced against a Firm, it may not affect the reputation of the rest of the Firms that make up Countplus, as the firms (other than one) do not trade under the Countplus brand and each Firm is conducted within its own company structure.

6.2.7 Insurance cover

As mentioned above, the Firms take out professional indemnity insurance to assist in limiting its exposure to claims from clients for incorrect or inappropriate advice. There is a risk that a Firm may not be able to obtain insurance cover against claims by clients at all or at a reasonable price, either because of events in the insurance market or because one or more insurers do not want to take on exposure to a Firm or the Countplus group.

In addition, when a claim is made on an insurer by a Firm or Countplus the insurer may deny the claim either on legitimate or not so legitimate grounds.

Maintaining a good claims record, working closely with the insurers and being part of the enlarged Countplus group will assist each Firm with its insurance program.

6.2.8 Technology

Each Firm is highly dependent on its IT systems to operate efficiently and profitably. A major systems failure would result in a severe loss of productivity, profits and client service.

All Firms have an effective offsite back-up policy. All Firms use industry standard hardware and software and should be able to quickly rebuild their systems.

Countplus is not reliant on any single Firm for its success.

6.2.9 Premises

All the Firms operate their businesses from leased premises. The termination or expiry of any of these leases or the inability to relocate a Firm in line with Countplus' strategy may have an impact on Countplus' ability to provide services in that geographical area and may have a material adverse effect on the financial performance of Countplus.

The Firms are not generally dependent on a particular location for their financial success. Countplus believes that replacement premises can be leased with minimal business disruption.



6.2.10 Financing

Countplus' ability to effectively implement its future business plan may partly depend on its ability to raise additional funds. There can be no assurance that any such funding will be available to Countplus either on favourable terms or at all. As such, Countplus may not be able to take advantage of opportunities or be able to respond to competitive pressures.

Funds for expansion in the short to medium term will come from the Public Offer made under this Prospectus, retained profits and borrowings where required. If it is not possible to raise or borrow funds in the future, Countplus may be reliant on raising further equity funds from shareholders or third parties.

6.2.11 Impairment of intangible assets

Through the acquisition of the Firms, Countplus has recognised a substantial value of intangible assets on its balance sheet. Under accounting standards, intangible assets must be regularly tested for impairment. Impairment can result from failure to achieve expected profit growth, higher than expected expenses or unforeseen events. If found to be impaired, the intangible asset may need to be written down. Such a write down would result in an expense in the income statement.

6.2.12 Operations

Countplus and the Firms face risks arising from their operations including the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events which may impact on Countplus' and the Firms' operations. These risks include the risk of fraud, processing errors, systems failure and failure of security and physical protection systems.

Fraud could arise from the misappropriation of the cash assets of a particular business or the misappropriation of client cheques (such as tax refunds). This could give rise to the loss of assets and would have the potential to damage the reputation of that business and could cause loss if not covered by insurance.

Fire or theft of client files has the potential to cause significant disruption to a Firm's business. In many Firms, paper files are still the source of some client and business information.

Countplus will endeavour to put in place policies, take action and obtain insurance to mitigate these risks where possible and appropriate. Those managing the Firms are generally going to be Shareholders which helps align the goals of management with the Shareholders.

Most Firms and their clients are moving to electronic storage of information which should allow greater fire and theft protection.

Countplus is not reliant on any single Firm for its success.

6.2.13 Loss of a major client

Loss of a major client has the potential to impact revenues. Client loss can occur due to poor service or a change in a client's circumstances.

No individual Firm is significantly exposed to individual client loss. No single client represents a material proportion of any business revenues.

Countplus is not reliant on any single Firm for its success.

6.2.14 Dependence on Count

Countplus has a number of agreements in place with Count including the Relationship Agreement and the Services Agreement. Both these agreements are summarised in Section 8.2. Under the Relationship Agreement, Count grants Countplus a "most favoured nation" revenue sharing arrangement in relation to revenue earned from platform providers. Under the Services Agreement, Count is to provide Countplus with a comprehensive list of services at a competitive price.

If Count is unable in the future to provide the services or cannot honour its obligations under the Relationship Agreement, for whatever reason, Countplus would have to put in place alternative arrangements with another supplier, which may be at an increased cost to Countplus.

Given the funds that Countplus has under advice, it is likely that it would be able to enter into a competitive arrangement with another platform provider or another person and arrange to have the services currently provided by Count provided by another entity.

6.2.15 Acquisition agreements

Countplus has entered into a number of acquisition agreements and will enter into several Final Acquisition Agreements for the acquisition of the Firm Shares of the Selling Principals. There are risks attached to whether the Final Acquisition Agreements will successfully complete and, although Countplus has, or will have, the benefit of warranties and indemnities in the Final Acquisition Agreements and the other acquisition agreements, those warranties and indemnities are subject to limitations and may not be sufficient in any event to cover or provide recourse in relation to all possible losses that Countplus may suffer as the new owner of the Firms.

6.3 Investment risk factors

6.3.1 Prices of Shares may fluctuate

There are risks associated with any investment in a company or entity listed on ASX, which may affect the volatility and share price of the shares.

Share market fluctuations in Australia and around the world may negatively impact Countplus' Share price. Factors which may influence the investment climate, which may not relate to the actual performance of Countplus, include general economic outlook, movements in commodity prices, exchange rate movements, interest rates, inflation, overall developments in the debt and equity markets, employment, taxation and changes to government policy, legislation or regulation.

There can be no guarantee that an active market in Countplus' Shares will develop or that the Share price will increase.

6.3.2 Concentration of shareholding

Following completion of the Offers, Count will hold approximately 37% of the Shares and, accordingly, may be in a position to influence the election of the Directors, the appointment of new management and the potential outcome of matters submitted to a vote of the Shareholders.

In addition, a significant sale of Shares by Count, or the perception that such sales have occurred or might occur, could adversely affect the market price of the Shares.

6.3.3 Minority shareholding and limited liquidity

Together, Count, the Principals and the TFSA Vendors will hold approximately 88% of the Shares (some of which are subject to restrictions of disposal under the escrow arrangements for up to three years). As a result, there may be low liquidity in the market for the Shares.

As noted in Section 10.12, Count proposes to sell up to 16% of its shareholding in Countplus over the 12 months following Listing to assist in creating a liquid market in Shares.

6.3.4 General economic risk

A reduction in economic activity will impact the Countplus businesses. Clients may reduce their level of activity and need for accounting services, become fee sensitive and/or debtors may increase. Some clients may become insolvent resulting in a loss of fees and outstanding debts. There may be lower fee growth as fewer new businesses are created and there may be lower growth in client businesses.

Regardless of general economic activity, clients are required to meet their regulatory obligations. Accordingly, tax and accounting compliance work is less affected than general corporate activity by an economic downturn. For most of the Firms, tax and accounting compliance is the majority of the accounting revenues. The Firms have all grown their profits over the period that Countplus first acquired an interest including during the global financial crisis.

The geographical spread around Australia, including a spread between city, regional and country also averages out the impact of State or regional based downturns.

6.3.5 Taxation

Any changes to the current rate of company income tax will impact on Shareholder returns. Any changes to the current rates of income tax applying to other types of Shareholders will similarly impact on Shareholder returns. In addition, any change in tax rules could have an adverse impact on the level of dividend imputation and franking.

6.3.6 Accounting standards

Changes in accounting standards or their interpretation may adversely affect Countplus' reported financial performance and/or financial position.

6.3.7 Force majeure

Force majeure is a term used to refer to an event that is outside Countplus' control and may include but not be limited to acts of God, terrorism, fire, flood, earthquakes, wars, strikes and the outbreak of disease. To the extent to which force majeure events occur, they may adversely impact Countplus' ability to operate, its financial performance or position, and the value and price of Countplus Shares.



7. Tax

7.1 Overview

This Prospectus describes two transactions, namely:

1. the Selling Principals in each of the Firms are offering to sell their Firm Shares to Countplus pursuant to a Final Acquisition Agreement. The consideration payable by Countplus for the Firm Shares is in the form of:
 - (a) an issue of Countplus Shares; or
 - (b) an issue of Countplus Shares and cash,and a right to a future issue of additional Countplus Shares which represents additional consideration due to the Selling Principal which is dependent on the performance to 30 June 2011 of the relevant Firm in which the Selling Principal held their shares (that is, a right to additional Countplus Shares under the Additional Share Entitlement); and
2. Countplus is offering Shares to Eligible Count Shareholders, Eligible Count Optionholders, the general public and the Wearne Principals.

This section of the Prospectus has been prepared in order to provide Australian resident Shareholders who hold their Shares on capital account with general information in relation to the Australian tax considerations arising from the above transactions.

The contents of this Section 7 are not intended to constitute tax advice to Shareholders or contain a complete description of all tax consequences that relate to the transactions described in this Prospectus. The contents of this Section 7 are not intended to be an authoritative or comprehensive analysis of tax laws of Australia, nor do the contents take into account any specific facts or circumstances that may apply to particular Shareholders.

Given the above, Shareholders are advised to obtain their own independent professional advice on the tax implications of the above transactions based on their own specific circumstances.

The contents of this Section 7 do not apply to non-residents, Shareholders who hold their Shares on revenue account and Shareholders who acquire their Shares under an employee share scheme.

The contents of this Section 7 are based upon the taxation law and practice in effect at the date of this Prospectus.

7.2 Taxation consequences for the Selling Principals

The disposal to Countplus of Firm Shares acquired on or after 20 September 1985 and which are held on capital account will generally have Australian Capital Gains Tax (CGT) implications.

The CGT implications of a disposal by a Selling Principal of their Firm Shares depend upon a number of factors, including:

- (a) the date the Selling Principal's Firm Shares were acquired;
- (b) the Selling Principal's taxpayer status (e.g. individual, trust, company);
- (c) the length of time the Selling Principal has held their Firm Shares; and
- (d) whether or not the Selling Principal realises a capital gain (or loss) and whether the Selling Principal is entitled to scrip-for-scrip rollover relief (refer below).

Capital losses on disposal of Firm Shares

Where the consideration received by a Selling Principal on disposal of their Firm Shares is less than the tax cost base of the Firm Shares, the Selling Principal should realise a capital loss equal to the difference.

If a Selling Principal realises a capital loss from accepting the Principals Offer, scrip for scrip CGT rollover relief that may otherwise arise on an exchange of Firm Shares for Countplus Shares will not be available to that Selling Principal and the capital loss is realised at that time.

Capital losses can only be offset against capital gains realised by a Selling Principal in the same year of income and subsequent years of income, subject to satisfaction of any relevant tax loss recoupment laws.

Capital gain on disposal of Firm Shares

Where the consideration received by a Selling Principal on disposal of their Firm Shares exceeds the tax cost base of the Firm Shares, the Selling Principal will realise a capital gain equal to the difference.

Scrip-for-scrip rollover relief may be available to Selling Principals in certain Firms to the extent the Selling Principal exchanges their Firm Shares for Countplus Shares and Countplus jointly agrees with the relevant Selling Principal to the rollover relief. Countplus has advised the Selling Principals that Countplus may not agree to the joint rollover

choice in circumstances where it would cause Countplus to be adversely impacted when it chooses to form a tax consolidated group.

The rollover relief should not be available in respect of that portion of the capital gain that relates to the rights under the Additional Share Entitlement and the cash consideration received.

We comment below on each of the components of the consideration received in respect of the disposal of Firm Shares.

7.2.1 Scrip-for-scrip rollover relief in respect of the exchange of Firm Shares for Countplus Shares

If, as a result of the transactions, Countplus becomes the owner of 80% or more of the voting shares in a Firm, the Selling Principals of that Firm who would otherwise make a capital gain in respect of the disposal of their Firm Shares may be able to obtain scrip-for-scrip CGT rollover relief by making a joint rollover election with Countplus.

If Countplus does not obtain 80% or more of the voting shares in a Firm or Countplus does not agree to the rollover election, no Selling Principal of that Firm will be eligible for scrip-for-scrip rollover relief in respect of the disposal of their Firm Shares.

In the event that scrip-for-scrip rollover relief is obtained, the part of the capital gain made from the receipt of Countplus Shares as consideration may be disregarded and effectively deferred until the Selling Principal disposes of those Countplus Shares.

By choosing rollover relief, the tax cost base of the Countplus Shares acquired by the Selling Principal will reflect proportionally the tax cost base that the Selling Principal has in their Firm Shares.

The Countplus Shares will be taken to be acquired at the time that the Selling Principal acquired their Firm Shares. This acquisition date will be relevant for the purposes of determining any entitlement to CGT discount on a capital gain in relation to a subsequent dealing in the Selling Principal's Countplus Shares.

The benefit of choosing scrip-for-scrip rollover relief will depend upon the particular circumstances of each Selling Principal. As such, Selling Principals should consult their own tax advisors for advice in this regard.

7.2.2 Cash consideration

As described above, part of the consideration received in respect of the disposal of the Firm Shares may be in the form of cash. The relevant Selling Principal will need to bring to account at the time of disposal of their Firm Shares the capital gain in respect of that component of the consideration received by the Selling Principal that consists of cash.

7.2.3 Additional Share Entitlement

As described above, part of the consideration received in respect of the disposal of the Firm Shares may be in the form of a right to additional Countplus Shares depending on the performance of the relevant Firm at 30 June 2011. Selling Principals are not eligible for scrip-for-scrip rollover relief in respect of this right.

The relevant Selling Principal is considered to have received consideration equal to an amount determined to be the market value of this right at the date of the transaction. Therefore the relevant Selling Principal will need to bring to account the estimated market value of this right as part of their CGT calculation in the year of the Principals Offer. Further this right should then have a tax cost base equal to this value.

The subsequent conversion of this right into Countplus Shares may not trigger a further CGT liability for the relevant Selling Principal. The Countplus Shares issued in satisfaction of this right should have a cost base equal to the cost base of the right as described above. Where the Selling Principal's Firm does not meet the expected performance hurdle and no additional Shares are subsequently issued, the relevant Selling Principal should realise a capital loss.

Proposed changes to the law

Treasury is currently considering a change in the treatment of certain earn-out rights such that one brings to account the value of the earn-out right at the time they are entitled to be paid (and not the time of the creation of the right).

Furthermore industry bodies have lodged submissions requesting that the scrip-for-scrip rollover relief be extended to circumstances where the earn-out is satisfied by way of a further issue of scrip.

These proposals have not been enacted and there is no certainty as to the application of these proposals to the Principals Offer.



7.3 Taxation consequences for other subscribing investors

For those subscribing for Countplus Shares under the Public Offer, the amount subscribed by a Shareholder for Countplus Shares should form the tax cost base of those Shares.

7.4 Taxation implications for Countplus Shareholders

7.4.1 Receipt of dividend by individuals, companies and superannuation funds

A dividend received from Countplus by a Shareholder who is a resident of Australia for tax purposes will need to be included in the Shareholder's assessable income for the year in which the dividend is paid. Where the dividend is franked, the Shareholder will also be required to include an amount equal to the franking credit attached to the dividend in its assessable income.

A tax offset equal to the amount of the franking credit should normally be available for offset against tax payable by the Shareholder. Any excess tax offset (after offset against the holder's tax payable) should normally be refundable to the Shareholder unless the relevant Shareholder is a company.

Where the Shareholder is a company which has carry forward tax losses from earlier years or has current year tax losses, it will not be required to use up those losses against the franked dividend (or the assessable gross-up in respect of the franking credit). The company should be able to credit its franking account with the franking credit on the dividend.

A Shareholder may not obtain the benefit of imputation in respect of a franked dividend received unless the "holding period rule" is satisfied. Broadly speaking, the "holding period rule" requires that the Share be held "at risk" for more than 45 days.

The application of the "holding period rule" is complicated and Shareholders should, where appropriate, seek their own advice as to whether this rule will affect them.

7.4.2 Receipt of dividends by other investors

Shareholders who are residents of Australia for tax purposes and who are not individuals, trustees of complying superannuation funds, or companies should consider how they would be treated in relation to the taxation of dividends paid to them by Countplus.

Such investors include exempt bodies and the trustees of trusts other than complying superannuation funds.

7.4.3 Disposal of Shares

Where a Shareholder holds their Countplus Shares on capital account, any gain on disposal of their Shares should be subject to CGT.

If the Shareholder is an individual, trust or complying superannuation fund and they have held their Countplus Shares for at least 12 months, the resulting net capital gain should be reduced by the CGT discount. We note that the discount percentage for individuals and trusts is 50%, while the discount percentage for complying superannuation funds is 33 $\frac{1}{3}$ %.

7.5 Taxation consequences for Countplus

Where the relevant Selling Principals do not choose or are not able to choose scrip-for-scrip CGT rollover relief, Countplus has a cost base in the Firm Shares acquired equal to the sum of the value of the Countplus Shares issued plus the value of the right to additional Countplus Shares recognised at the time of the transaction plus the cash consideration.

Where the relevant Selling Principals obtain scrip-for-scrip CGT rollover relief, then to the extent that the Selling Principal obtains scrip-for-scrip rollover relief, Countplus will inherit a part of their cost base in the Firm Shares (instead of the value of the Countplus Shares issued) plus the value of the right to additional Countplus Shares and the cash consideration paid by Countplus.

Countplus forming a tax consolidated group

Countplus intends to elect to be the head entity of a tax consolidated group. This will result in each Firm becoming a member of the Countplus tax consolidated group. This will require Countplus to reset the cost base of the assets of each Firm by reference to the tax consolidation rules.

Any post consolidation tax losses incurred by the Countplus tax consolidated group (revenue or capital) cannot be passed to Shareholders. Instead, any such tax losses will be available for later utilisation by the Countplus tax consolidated group subject to satisfying certain tests for the recoupment of losses.

Dividends paid by Countplus may be franked to reflect tax paid by it or to the extent it receives franking credits from the Firms after it exits the Count tax consolidated group.

7.6 Goods and Services Tax (GST)

The issue of Shares by Countplus does not attract GST.

Furthermore GST should not generally be payable on the transfer of the Firm Shares to Countplus, with the exception of any GST payable on any cost incurred (e.g. GST on fees for professional services).

7.7 Tax File Numbers

A Shareholder need not quote a Tax File Number (TFN) when applying for Shares. However, if a Shareholder who is a resident of Australia for tax purposes does not quote a TFN (or, where relevant, an Australian Business

Number (ABN)) or claim an exemption, tax is required to be deducted from any unfranked part of a dividend from Countplus. The deduction rate is the highest marginal rate plus Medicare levy (currently 46.5%).

There is generally no practical need for non-residents of Australia to quote TFNs.

The contents of this Section 7 are general in nature and do not take into account the individual circumstances of each investor. Investors should not rely solely on the above summary but should consult a taxation adviser to determine any tax consequences for them in an investment in Shares.



Above: Cooper Reeves



Above: Crosby Dalwood



8. Material Contracts and Related Party Transactions

There are various contracts entered into by Countplus which may be material to the Offers or which are related party transactions. The Directors of Countplus consider the contracts summarised in Section 8.1 as significant or material to the Offers and the operation of Countplus. The contracts or arrangements summarised in Section 8.2 are related party transactions.

8.1 Material contracts

8.1.1 Acquisition contracts

As mentioned in Section 1.2.3, since November 2007, Countplus has acquired an initial interest in 16 Firms and a 100% interest in 2 Firms. The acquisitions of these interests have been by way of the contracts described in this Section 8.1.1.

Business Sale and Purchase Deeds

As at the date of this Prospectus, Countplus has entered into 14 business sale and purchase deeds (**Business Sale Deeds**) under which the following 14 Firms, which were established by Countplus as new companies (see Section 1.2.3), acquired their businesses:

1. The MBA Partnership Pty Ltd (ACN 128 381 831);
2. Lawrence Business Management Pty Ltd (ACN 128 381 939);
3. HMA Twomey Patterson Pty Ltd (ACN 128 381 868);
4. Bentleys (WA) Pty Ltd (ACN 128 948 201);
5. Beames & Associates Accounting and Financial Services Pty Ltd (ACN 129 943 031);
6. Mogg Osborne Pty Ltd (ACN 131 399 516);
7. Crosby Dalwood Pty Ltd (ACN 132 317 876);
8. Cooper Reeves Pty Ltd (ACN 133 173 618);
9. Countplus MBT Pty Ltd (ACN 137 175 403);
10. Evolution Advisers Pty Ltd (ACN 137 552 982);
11. Robson Partners Pty Ltd (ACN 136 858 190);
12. Achieve, Corporation Pty Ltd (ACN 138 829 991);
13. Kidmans Partners Pty Ltd (ACN 143 987 222); and
14. 360 Financial Vision Pty Ltd (ACN 144 047 665).

At completion of each of these business acquisitions, Countplus was issued with shares representing 25% of the issued ordinary share capital of the Firm and the vendors of the business (or their nominees) were issued with shares representing 75% of the ordinary issued share capital of the Firm.

Under each Business Sale Deed, the relevant Firm acquired property, rights and assets used for the conduct of the business, other than certain excluded assets such as book debts and unbilled work in progress. Each Business Sale Deed contains warranties given by the vendors and their controllers in favour of the Firm and Countplus about the business acquired by the Firm. Under each Business Sale Deed, claims arising from a breach of warranty can be made against any of the vendors or their controllers, or against all of the vendors and their controllers jointly. However, such claims must be made within 24 months after completion of the business acquisition and the vendors' and their controllers' liability for such claim is limited to the amount of the purchase consideration for the business acquisition. As at the date of this Prospectus, the time limit for Countplus to make a warranty claim has expired in respect of 9 out of the 14 business acquisitions. Neither a Firm nor Countplus has, to date, made any warranty claims against any of the vendors under a Business Sale Deed.

Each Business Sale Deed also contains an indemnity from the vendors and their controllers for any liability or loss suffered by the Firm or Countplus arising out of the vendors' ownership of the assets and conduct of the business before the date of completion of the business acquisition by the Firm. This indemnity is not subject to any of the limitations set out above which apply to warranty claims.

SBS Share Sale Deed

On 30 April 2008, Countplus entered into a share sale and purchase deed (**SBS Share Sale Deed**) under which Countplus acquired 25% of the total issued share capital of the Firm, Specialised Business Solutions Pty Ltd (ACN 129 708 112) (**SBS**).

Under the SBS Share Sale Deed, the vendor of those shares and their controllers provided warranties in favour of Countplus in relation to the business of SBS and in relation to the shares acquired by Countplus. The time limit within which Countplus could make a claim against the vendors or their controllers for a breach of warranty expired on 30 April 2010. Countplus did not make any warranty claims under the SBS Share Sale Deed.

Under the SBS Share Sale Deed, the vendors and their controllers have also agreed (subject to some exceptions) to pay to SBS amounts equal to any payment made by or on behalf of SBS to third parties resulting from any legal or tax obligation which relates to any event occurring on

or before the date of completion of the SBS Share Sale Deed. This obligation is not subject to the time limitation set out above or other limitations that applied to warranty claims under the SBS Share Sale Deed.

Wearne Share Sale Deed

On 16 August 2010, Countplus entered into a share sale and purchase deed (**Wearne Share Sale Deed**) under which Countplus acquired 100% of the total issued share capital of the Firm, Wearne & Co Pty Limited (ACN 002 401 907) (**Wearne & Co**).

Under the terms of the Wearne Share Sale Deed, the consideration for the acquisition of the shares comprised of an initial payment of approximately 40.33% of the purchase consideration¹ which was paid in cash and by the issue of Count ordinary shares to the relevant vendors, and a deferred amount of approximately 59.77% of the purchase consideration¹. Each vendor who is a Wearne Principal may choose to take its proportion of the deferred amount in either Shares or cash. If a Wearne Principal chooses to take Shares, the Shares will be issued to the Wearne Principal in accordance with this Prospectus. If a Wearne Principal chooses to take cash, the cash will be paid in three annual instalments with the first instalment payable on the date that Shares are allotted to the Selling Principals under the Principals Offer. In either case, each Wearne Principal is required to repay certain sums of money to Countplus in the event that the revenue of Wearne & Co attributable to that Wearne Principal received in the two years after the date that Shares are issued to the Wearne Principal (if it chooses to take Shares) or the date of payment of the first instalment of the deferred amount (if it chooses to take cash) is an amount which is 90% or less than the specified benchmark and the controller of that Wearne Principal resigns or their employment is terminated for cause during that two year period.

If completion of the Final Acquisition Agreements do not occur by 31 December 2010, Countplus will be required to pay the Wearne Principals under the Wearne Share Sale Deed interest on the deferred amount referred to above, which will accrue from 1 August 2010.

Under the Wearne Share Sale Deed, the vendors (including the Wearne Principals) and their controllers provided warranties in favour of Countplus in relation to the business of Wearne & Co and in relation to the shares acquired by Countplus. Any claims for breach of warranty must be made within 60 days after Countplus first becomes aware of the facts giving rise to the warranty claim and the claim must be

settled or referred to a mediator or court within 24 months after the date of completion of the Wearne Share Sale Deed. Additionally, the maximum liability of a vendor (or its controller) for a warranty claim is that vendor's proportion of the purchase consideration.

The vendors and their controllers have also agreed (subject to some exceptions) to pay to Wearne & Co amounts equal to any payment made by or on behalf of Wearne & Co to third parties resulting from any legal or tax obligation which relates to any event occurring prior to 1 August 2010. This obligation is not subject to the time limitation set out above which applies to warranty claims but is subject to each vendor's (and it's controller's) liability being limited to that vendor's proportion of the purchase consideration.

The Wearne Share Sale Deed contains restraints on the vendors and their controllers which are on terms similar to the restraints on the Selling Principals and Guarantors which are contained in the Final Acquisition Agreements.

CBC Share Sale Deed

On 31 August 2010, Countplus entered into a share sale and purchase deed (**CBC Share Sale Deed**) under which Countplus acquired 25% of the total issued share capital of CBCFP.

Under the CBC Share Sale Deed, the vendors and their controllers provided warranties in favour of Countplus in relation to the business of CBCFP and in relation to the shares acquired by Countplus. Any claims for breach of warranty must be made within 24 months after the date of completion of the CBC Share Sale Deed. The maximum liability of the vendors for warranty claims is an amount equal to the purchase consideration.

The vendors and their controllers have also agreed (subject to some exceptions) to pay to CBCFP amounts equal to any payment made by or on behalf of CBCFP to third parties resulting from any legal or tax obligation which relates to any event occurring prior to the date of completion of the CBC Share Sale Deed. This obligation is not subject to any of the limitations set out above which apply to warranty claims. Any claims under the CBC Share Sale Deed can be made against any of the vendors or their controllers, or against all of the vendors and their controllers jointly.

TFSA Business Sale Deed

On 30 September 2010, Countplus and the Firm, TFSA, entered into a business sale and purchase deed (which was

¹ These percentages do not take into account the Wearne Principals' entitlement under the Additional Share Entitlement.



subsequently amended by the parties on 5 November 2010) (**TFSA Business Sale Deed**) under which TFSA acquired the TFSA Business from the TFSA Vendors.

Under the terms of the TFSA Business Sale Deed, the consideration payable to the TFSA Vendors for the acquisition of the TFSA Business comprised of an initial payment of 30% of the purchase consideration (not including the entitlement under the Additional Share Entitlement) which was paid in cash and by the issue of Count ordinary shares to the TFSA Vendors, and a deferred amount of 70% of the purchase consideration (not including the entitlement under the Additional Share Entitlement). This deferred amount was satisfied in full by the issue of 4,616,246 Shares to the TFSA Vendors on 5 November 2010.

The purchase consideration under the TFSA Business Sale Deed also includes an entitlement to the TFSA Vendors to be issued with additional Shares pursuant to the terms of the Additional Share Entitlement.

The TFSA Business Sale Deed contains warranties and indemnities from the TFSA Vendors on terms which are similar to those contained in the Business Sale Deeds described in Section 8.1.1, except that TFSA may make a warranty claim under the TFSA Business Sale Deed at any time up to 36 months after completion of the acquisition under the TFSA Business Sale Deed.

None of the controllers of the TFSA Vendors have given any warranties or indemnities under the TFSA Business Sale Deed. However, the TFSA Vendors have agreed to certain restrictions on distributing any Shares issued to them under the TFSA Business Sale Deed (or the proceeds from the sale of any such Shares).

The TFSA Business Sale Deed contains restraints on the vendors which are on terms similar to the restraints on the Selling Principals and Guarantors which are contained in the Final Acquisition Agreements. The controllers of the shareholders of the TFSA Vendors have also entered into restraint deeds on similar terms.

The TFSA Vendors and Count have also granted to each other put and call option deeds under which if Listing does not occur by 28 February 2011, then the TFSA Vendors have the right to require Count (or its nominee) to acquire the Shares held by the TFSA Vendors, and Count has the right to require the TFSA Vendors to sell to Count (or its nominee) the Shares held by the TFSA. The TFSA Vendors and Count may exercise their respective put and call options in the period between 1 March 2011 and the earlier of: (a) completion of the acquisition by Countplus of a majority

of the companies that Countplus has a shareholding in as at the date of the put and call option deed occurring; and (b) 30 April 2011. The consideration payable by Count for the acquisition of the Shares the subject of the put and call options is the value of the deferred amount (as referred to above in this Section 8.1.1).

8.1.2 Call Option Deeds

As at the date of this Prospectus, Countplus has entered into 16 call option deeds with the Selling Principals for the acquisition of the Firm Shares in the following Firms:

1. The MBA Partnership Pty Ltd (ACN 128 381 831);
2. Lawrence Business Management Pty Ltd (ACN 128 381 939);
3. HMA Twomey Patterson Pty Ltd (ACN 128 381 868);
4. Bentleys (WA) Pty Ltd (ACN 128 948 201);
5. Beames & Associates Accounting and Financial Services Pty Ltd (ACN 129 943 031);
6. Specialised Business Solutions Pty Ltd (ACN 129 708 112);
7. Mogg Osborne Pty Ltd (ACN 131 399 516);
8. Crosby Dalwood Pty Ltd (ACN 132 317 876);
9. Cooper Reeves Pty Ltd (ACN 133 173 618);
10. Countplus MBT Pty Ltd (ACN 137 175 403);
11. Evolution Advisers Pty Ltd (ACN 137 552 982);
12. Robson Partners Pty Ltd (ACN 136 858 190);
13. Achieve, Corporation Pty Ltd (ACN 138 829 991);
14. Kidmans Partners Pty Ltd (ACN 143 987 222);
15. 360 Financial Vision Pty Ltd (ACN 144 047 665); and
16. Cartwright Brown and Company Financial Planning Pty Ltd (ACN 000 011 709).

Under the above call option deeds (**Call Option Deeds**) if Countplus chooses to exercise its call option in respect of a Firm, Countplus must exercise its call option over all of the Firm Shares in that Firm.

The call option under each of the Call Option Deeds can be exercised by Countplus at any time between 1 July 2010 and 31 December 2015. The exercise price per share payable by Countplus to acquire the shares in a Firm on exercise of a call option is calculated on the basis of the net equity value of the Firm (and its subsidiaries) (**Group**) divided by the number of equity securities (including any options) on issue in the Firm. The net equity value of a Group is determined by multiplying the EBITA of the Group (or an adjusted EBITA if a return on equity hurdle is not met) by an agreed multiple (which, for certain Firms, may

be increased if a specified earnings per share growth target is met) plus the net tangible assets of the Group.

Where a Selling Principal enters into a Final Acquisition Agreement, that Selling Principal and Countplus will agree to the termination of the Call Option Deed in respect of its Firm Shares on completion of the Final Acquisition Agreement.

8.1.3 Put Option Deeds

Countplus has also entered into put option deeds (**Put Option Deeds**) under which each of the Selling Principals of the Firms referred to in Section 8.1.2 may require Countplus to acquire their Firm Shares. The Firm Shares which are subject to the Put Option Deeds are the same shares which are subject to the Call Option Deeds (provided those shares have not already been acquired by Countplus). Each Selling Principal may exercise their put option independently of the other Selling Principals in their Firm.

The put option under each of the Put Option Deeds may be exercised by a Selling Principal at any time between 1 January 2013 and 31 December 2013. The price per share payable by Countplus to acquire the Selling Principal's Firm Shares is calculated on a similar basis as the valuation methodology in the Call Option Deeds, except that the agreed multiple (or adjusted multiple where the earnings per share growth target is met) will be increased by 2.

Where a Selling Principal enters into a Final Acquisition Agreement, that Selling Principal and Countplus will agree to the termination of the Put Option Deed in respect of its Firm Shares on completion of the Final Acquisition Agreement.

8.1.4 Final Acquisition Agreements

Each of the Selling Principals has been invited to offer to sell their Firm Shares and voting class shares (**Voting Shares**) (if any) to Countplus on the terms of a Final Acquisition Agreement. The terms of each Final Acquisition Agreement are identical.

The consideration payable by Countplus to a Selling Principal under a Final Acquisition Agreement for the Selling Principal's Firm Shares is set out in the Selling Principal's personalised Principals Offer and Application Form. The consideration payable by Countplus for the Voting Shares is \$1.00 per Voting Share. On average, each Firm has less than 5 Voting Shares on issue.

The purchase consideration for the Selling Principal's Firm Shares will be satisfied by the issue of Shares to the Selling Principal, or the payment of up to 20% of the purchase consideration in cash and the rest by the issue of Shares, under the Principals Offer plus any entitlement under the Additional Share Entitlement. As mentioned in Section

1.2.1, the cash component of the purchase consideration may be subject to a scale back by Countplus.

Under the Final Acquisition Agreement, the Selling Principal and Countplus agree that with effect from the date of this Prospectus, amendments are made to the drag along provisions of the Shareholders Agreement relevant to the Selling Principal's Firm. The results of these amendments are as described in Section 9.6.

Completion under the Final Acquisition Agreement is conditional on certain matters, which are described in Section 9.4.

Under the Final Acquisition Agreement, if the Selling Principal or any one of its Guarantors resigns from their employment with the relevant Firm (or any of the Firm's subsidiaries) or their employment is terminated for cause by the relevant Firm (or any of the Firm's subsidiaries) in the period between the date of this Prospectus and the date which is two years from the date of completion of the Final Acquisition Agreement (other than in the case of a retirement by the Selling Principal or its Guarantor) and the Selling Principal's client revenue received in the two years after the date of completion of the Final Acquisition Agreement is less than that received in the previous two years, then the Selling Principal may be required to repay up to 20% of the Selling Principal's purchase consideration in cash to Countplus.

The Final Acquisition Agreement contains certain common representations and warranties from the Selling Principal and its Guarantors in favour of Countplus including in relation to the Selling Principal's title to its Firm Shares, and the assets and business of the relevant Firm. Under the Final Acquisition Agreement, claims arising from a breach of warranty can be made against the Selling Principal or any of its Guarantors, or against the Selling Principal and its Guarantors jointly. However, such claims must be made within 24 months after completion of the Final Acquisition Agreement and the Selling Principal's and its Guarantors' liability for such claim is limited to the amount of the purchase consideration for the Selling Principal's Firm Shares.

Under the Final Acquisition Agreement, each of the Selling Principal and its Guarantors also undertakes to Countplus that it will not (subject to certain exceptions):

- engage in any business or activity which is the same or similar to the whole or any part of the relevant Firm's business, and is in competition with the Firm's business or any material part of it;
- solicit, canvass, approach or accept any approach from any person who was at any time during the six



month period ending on the date of completion of the Final Acquisition Agreement a customer or client of the Firm's business with a view to obtaining the custom of that person in a business that is the same or similar to the business of the Firm and is in competition with the business of the Firm;

- interfere with the relationship between the business of the Firm, the Firm and its subsidiaries or Countplus, and their customers, clients, employees or suppliers; or
- induce or assist in the inducement of any employee of the Firm (or its subsidiaries) to leave that employment.

The above restraints are for three years from the date of completion under the Final Acquisition Agreement, and apply to activities occurring within up to 100 kilometres of each place of business of the Firm (or its subsidiaries).

Under the Final Acquisition Agreement, the Selling Principals' Guarantors also guarantee to Countplus the due and punctual performance and observance by the Selling Principal of all of its obligations under the Final Acquisition Agreement.

See Section 9 for further details of the terms of the Final Acquisition Agreements.

8.1.5 Access, Indemnity and Insurance Deed

Countplus has entered into access, indemnity and insurance deeds with each Director which confirms each Director's right to access certain books and records of Countplus for a period of seven years after the Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven years expires.

The deed also requires Countplus to provide an indemnity to Directors for liability incurred by them as an officer of Countplus, Countplus' related bodies corporate or any company they are an officer of at the request of Countplus, to the maximum extent permitted by law.

Countplus has also agreed under the deed to arrange and maintain directors' and officers' insurance during each Directors' period of office and for a period of seven years after a Director ceases to hold office. This seven year period can be extended where certain proceedings or investigations commence before the seven years expires.

8.1.6 Oasis Agreement

On 2 April 2007, one of the TFSA Vendors, ACN 003 636 868 Pty Ltd, entered into a Superannuation MasterTrust and IDPS Agreement (**Oasis Agreement**) with Oasis Fund Management Limited (ACN 106 045 050) (**Oasis**).

The Oasis Agreement is for a term of five years from 1 July 2006. Under the Oasis Agreement, Oasis appoints the TFSA Vendor to monitor and advise members on the investment options of the products, promote the products to associated dealers and their advisers, and provide investment advice and services as agreed by the parties from time to time. Administration fees are payable to the TFSA Vendor in accordance with a schedule of fees set out in the Oasis Agreement. Fees are also payable to the TFSA Vendor in respect of the funds under advice of associated dealers who have an agreement with the TFSA Vendor to distribute products in association with the TFSA Vendor.

Oasis may terminate the Oasis Agreement immediately on written notice if the TFSA Vendor fails to comply with a material term or in the event of a winding-up of the TFSA Vendor. The TFSA Vendor may terminate the Oasis Agreement immediately on written notice if Oasis fails to comply with a material term, in the event of a winding-up of Oasis, or if there is a change in ownership of 50% or more of the issued share capital of Oasis.

On 30 September 2010, Oasis, the TFSA Vendor and Countplus FS Holdings Pty Limited (ACN 146 106 032) (**Countplus FS Holdings**) (a wholly-owned subsidiary of Countplus) entered into a deed of consent and novation (**Oasis Consent and Novation Deed**) under which Oasis agreed to the TFSA Vendor assigning all of the TFSA Vendor's rights under, benefits of and interest in the Oasis Agreement to Countplus FS Holdings. Under the Oasis Consent and Novation Deed, the parties also agreed to novate the Oasis Agreement by substituting Countplus FS Holdings for the TFSA Vendor. This novation is subject to the satisfaction of certain conditions, including Oasis having undertaken due diligence on Countplus FS Holdings, and Oasis and Countplus FS Holdings being satisfied that the disclosures as required by the law are able to be made with effect from the novation date to the investors of the products the subject of the Oasis Agreement. As at the date of this Prospectus, this novation has not yet occurred.

The Oasis Consent and Novation Deed also contains an acknowledgment from Oasis and Countplus FS Holdings that they are currently in negotiations with each other to enter into a new services agreement which will replace the Oasis Agreement and will continue to negotiate such agreement in good faith.

8.2 Transactions with related parties

In addition to the above material contracts, Countplus has entered into the following transactions with Count (in addition to the Escrow Deed described in Section 10.5), which will be Countplus' largest shareholder after completion of the Offers.

8.2.1 Funding Deed

On 30 November 2007, Count and Countplus entered into a Funding Deed (which was subsequently amended on 4 November 2010). The Funding Deed sets out the terms on which Count has agreed to support Countplus' acquisition of interests in the Firms and Countplus' Listing.

Under the Funding Deed, Count agreed to subscribe for 40 million ordinary shares in Countplus. The subscription money for these shares was to be used by Countplus to (amongst other things) meet Countplus' obligation to fund its initial subscription for shares in each Firm and to fund the cash component of the consideration under each agreement for the acquisition of a Firm's business or shares.

Additionally, Count agreed to meet all costs and expenses of Countplus prior to Listing (except expenses associated with the Listing which are shared by Count and Countplus), and to provide (at no additional cost) management services and transaction services to Countplus until Listing.

Count also agreed under the Funding Deed, on request by Countplus to:

- issue fully paid ordinary shares in Count to the vendors of a Firm's business or vendors of shares in a Firm in accordance with any obligations assumed by Count to issue such shares under any share sale agreement, business sale agreement or put option deed entered into by Count; and
- provide a loan facility to each Firm to assist in the payment of stamp duty on the acquisition of its business.

Count and Countplus have agreed that they will be liable in equal shares for expenses including the professional fees and disbursements in relation to the Listing of Countplus and all production costs of this Prospectus.

In consideration for Count's support under the terms of the Funding Deed, Countplus must agree with Count the number of Shares to be issued to the Principals under the Principals Offer and to the TFSA Vendors. That number of Shares and the issue price of those Shares are to be determined having regard to Count's entitlement to a grossed up 20% additional interest in Countplus, above the aggregate value of its interest (through its

interest in Countplus) in each Firm. See Section 9.8 for further information.

8.2.2 Underwriting Deed

As part of its obligations under the Funding Deed described in Section 8.2.1, Count agreed to underwrite the Public Offer. On 4 November 2010, Count entered into an Underwriting Deed with Countplus.

The consideration for Count's underwriting is included in the consideration payable to Count for sponsoring the Listing of Countplus (see Sections 8.2.1 and 9.8 for further details). There are no additional fees payable by Countplus to Count under the Underwriting Deed.

Barry Lambert, Count's largest shareholder, is also a party to the Underwriting Deed. Mr Lambert has agreed under the Underwriting Deed to apply for 3.3 million Shares under the Public Offer. Mr Lambert has also agreed to be allocated a lesser number of Shares if the Underwriter requires additional Shares to ensure that as many Eligible Count Shareholders and Eligible Count Optionholders as possible are allotted the minimum application amount of 2,700 Shares (or as close as possible to this minimum amount).

The Underwriting Deed contains certain common representations, warranties and covenants provided by Countplus to Count. The warranties relate to matters such as the information provided by Countplus to Count, litigation, the financial position of Countplus, licences and information in this Prospectus. Countplus' covenants include that it will not, during the six months after the allotment of the Shares under the Public Offer, issue or agree to issue any Shares or other securities without the consent of Count (except pursuant to the Additional Share Entitlement), that until its Listing, it will not make any acquisitions or enter into any expenditure or borrowing other than in the ordinary course of business without the consent of Count.

Subject to certain exclusions relating to wilful misconduct by an indemnified party and relating to loss incurred as a result of Count's subscription for shortfall Shares pursuant to the Underwriting Deed, Countplus agrees to indemnify Count and certain of its affiliated parties from losses suffered in connection with the Public Offer or this Prospectus.

Count may by notice in writing to Countplus immediately terminate the Underwriting Deed at any time from the date of the Underwriting Deed until cessation of Count's liability under the Underwriting Deed upon the occurrence of any one or more of the following events:

- (a) **lodgement:** the lodgement of this Prospectus with ASIC has not occurred on or prior to the date agreed between Count and Countplus;



- (b) **lodge agreed form:** Countplus lodges this Prospectus with ASIC and ASX in a form not agreed in writing by Count;
- (c) **ASIC Stop Order:** ASIC gives notice of its intention to hold a hearing in relation to this Prospectus under section 739(2) of the Corporations Act or makes an order under sections 739(1), 739(3) or 739(4) of the Corporations Act;
- (d) **changes of law:** any law, bill or other measure is introduced or announced by the Government of Australia, the Government of any Australian State or Territory, or any responsible Minister of any such Government, or any policies are adopted or announced by the Reserve Bank of Australia or any other relevant fiscal authority (whether or not in Australia) or the United States of America or the European Economic Community adopts a policy, which has or might in the reasonable opinion of Count have a material adverse effect on the prospects of the Public Offer being fully subscribed prior to the Public Offer Closing Date;
- (e) **commencement of hostilities:** hostilities are commenced (whether war is declared or not) involving all or any of the Commonwealth of Australia, New Zealand, the United Kingdom, the United States of America, the Republic of Indonesia, the Commonwealth of Independent States (or any successor union or if there is not such successor union, then the Republic of Russia), any former members of the USSR, the Peoples Republic of China or Japan;
- (f) **directors:** any director or proposed director of Countplus dies or is charged with or convicted of any indictable criminal offence;
- (g) **breach:** Countplus commits or permits any breach or default of any provisions of the Underwriting Deed and, if capable of being remedied, fails to remedy the breach or default within five business days of Count serving written notice on Countplus requiring the breach or default to be remedied;
- (h) **misstatement in this Prospectus:** there is a material misstatement or inaccuracy in this Prospectus or material omission from this Prospectus or any statement in this Prospectus including but not limited to any material representation with respect to any future matter is or becomes false or misleading;
- (i) **insolvency event:** an insolvency event occurs with respect to Countplus or any of its subsidiaries;
- (j) **admission to ASX:** permission is not granted for Countplus to be admitted to the official list of ASX within the period referred to in section 724(1)(b) of the Corporations Act or, if the permission is granted, the permission is subsequently withdrawn, qualified on a basis not acceptable to Count or withheld or the underwritten Shares are not approved for quotation by ASX during the abovementioned period or, if the approval is granted, the approval is subsequently withdrawn, qualified on a basis not acceptable to Count or withheld;
- (k) **no quotation:** ASX makes an official statement or indicates to Countplus or Count that:
 - (i) Countplus will not be admitted to the official list of ASX; or
 - (ii) the approval of ASX to admit Countplus to the official list will not be given or will be given on conditions that are not acceptable to the Directors or Count, acting reasonably;
- (l) **movement in the S&P/ASX/ASX200:** at any time after the date of the Underwriting Deed and before the Public Offer Closing Date, the S&P/ASX/ASX200 falls to a level that is 87.5% or less of the level attained at the close of trading on the business day immediately preceding the date of the Underwriting Deed and maintains that level or less for a period of three consecutive days;
- (m) **contravention by Countplus:** Countplus or any of its subsidiaries, or any director, proposed director or officer of Countplus or any of its subsidiaries contravenes any material provision of the Corporations Act, Listing Rules, constitution of Countplus, or any ASIC or ASX practice note, policy statement, class order, declaration, guideline, policy or procedure;
- (n) **material adverse change (financial position):** in the opinion of Count there is a material adverse change or a development involving a prospective material adverse change occurs in the financial or trading position of Countplus or any of its subsidiaries;
- (o) **breach of constitution:** Countplus or any of its subsidiaries contravenes any of the provisions of their constitutions;
- (p) **unapproved alteration:** Countplus or any of its subsidiaries alters its board of directors or its capital structure or its constitution without the prior written consent of Count;
- (q) **material adverse change (business activities):** in the opinion of Count there is a material adverse change in relation to the principal business activities of Countplus or any of its subsidiaries or in any of the principal projects or businesses of Countplus or any of its subsidiaries which is or are referred to in this

Prospectus including, without limiting the generality of the foregoing, if any adverse order is made by an environmental agency in relation to Countplus or any of its subsidiaries or any site occupied by Countplus or any of its subsidiaries;

- (r) **certificate:** the certificate which Countplus is required to give Count under the Underwriting Deed (which includes a representation that there has been no material breach of any of the covenants, warranties or representations contained in the Underwriting Deed) is not given to Count in accordance with the Underwriting Deed or, if so given, is or becomes incorrect in whole or in part;
- (s) **material contract:** without the prior written consent of Count, a material contract (other than the Underwriting Deed) referred to in this Prospectus is terminated (whether by breach or otherwise), rescinded, altered or materially amended or if any such contract is rendered void or voidable or liable to be terminated;
- (t) **interest rate:** after the date of the Underwriting Deed and before the Public Offer Closing Date there is a rise in the 90 day bank bill swap reference rate (average bid) of at least 30 basis points above that rate as published in or by the Australian Financial Review on the business day immediately preceding the date of the Underwriting Deed;
- (u) **encumbrances:** other than encumbrances proposed to be entered into and disclosed to Count prior to the date of the Underwriting Deed or encumbrances created with the prior written approval of Count, an encumbrance over all or any of the assets of Countplus or of any subsidiary of Countplus is created or comes into existence;
- (v) **false or misleading information given to Count:** any information supplied by Countplus or any of its subsidiaries or any person on its behalf to Count or its employees or agents in respect of the Public Offer or this Prospectus is or becomes false or misleading;
- (w) **false or misleading information associated with due diligence programme:** any of the results of investigations of Countplus and of any of its subsidiaries conducted in pursuance of the due diligence programme relating to the Public Offer is or becomes materially false or misleading;
- (x) **ASIC hearing:** any application is made by ASIC for any order under section 1324A or section 1324B of the Corporations Act in relation to this Prospectus;
- (y) **ASIC prosecution:** ASIC gives notice of an intention to prosecute Countplus, any director or employee of Countplus, or any subsidiary of Countplus or any of its related bodies corporate, unless ASIC withdraws that intention in writing on or before the Public Offer Closing Date;
- (z) **Court order:** an order is made in connection with this Prospectus including under section 1324 and 1325 of the Corporations Act;
- (aa) **need for a supplementary or replacement Prospectus:** there occurs in relation to this Prospectus an event which, in the opinion of Count, constitutes a matter referred to in section 719 of the Corporations Act, unless pursuant to the Corporations Act, in the absolute discretion of Count, the matter is not or not reasonably likely to become materially adverse from the point of view of an investor;
- (bb) **timely lodgement of supplementary Prospectus:** if Count does not terminate the Underwriting Deed as a result of the occurrence of an event referred to in paragraph (aa) above, Countplus fails for any reason to lodge a supplementary Prospectus or replacement Prospectus in such form and within such time as Count reasonably requires;
- (cc) **compliance with section 710 of the Corporations Act:** this Prospectus does not contain, having regard to the matters set out in section 710 of the Corporations Act, all such information as investors and their professional advisers would reasonably require for the purpose of making an informed assessment of the matters referred to in section 710 of the Corporations Act;
- (dd) **withdrawal of consent:** any person who has previously consented to the inclusion of his, her or its name in this Prospectus (other than Count) withdraws that consent;
- (ee) **natural disaster:** before the Public Offer Closing Date there is a natural disaster or terrorist attack or action in the metropolitan areas of any capital city or major regional city in Australia or against any infrastructure or strategic asset located in or of Australia, which, in the reasonable opinion of Count has or is likely to have a material adverse affect on the Public Offer or the operations of Countplus or its subsidiaries;
- (ff) **public statements:** without the prior written approval of Count, a public statement is made by Countplus or any of its subsidiaries, or any director, proposed director, officer, employee, agent or adviser of any of the foregoing in relation to the Public Offer or this Prospectus;
- (gg) **insufficient acceptances of Principals Offer:** the Principals Offer is not accepted by sufficient Principals so that on completion of the Final Acquisition



Agreements in relation to those acceptances, Countplus will own at least 85% (by value) of all of the shares in the Firms.

8.2.3 Relationship Deed

As part of its obligations under the Funding Deed described in Section 8.2.1, Count entered into a Relationship Deed with Countplus on 4 November 2010. Under the Relationship Deed, Count grants Countplus “most favoured nation status” in relation to Count products and services under which Count agrees to offer Countplus (and the entities it controls) the best terms for Count products and services which is available, or is proposed to be made available, to any other person with a similar volume of purchases, or proposed purchases, to Countplus (and the entities it controls).

The Relationship Deed also requires Countplus and Count to use their best endeavours to work together in good faith for their mutual benefit in relation to their business objectives and to achieve the objectives as set in this Prospectus in relation to the ongoing relationship between the parties.

The initial term of the Relationship Deed is the period from the date of its execution until the date that is 10 years from the date that the Shares are initially traded on ASX. After this initial term, the Relationship Deed will continue in force but either party may terminate the deed by 90 days’ written notice. Additionally, the Relationship Deed may be terminated at any time (whether or not during the initial term) as follows:

- (a) if a “Count Event” occurs, Countplus may deliver a written notice of the Count Event to Count. Unless the Count Event is remedied by Count or waived by Countplus, Countplus may at any time after the day which is 30 business days after service of the written notice of the Count Event to Count, terminate the Relationship Deed by written notice to Count; or
- (b) if a “Countplus Event” occurs, Count may deliver a written notice of the Countplus Event to Countplus. Unless the Countplus Event is remedied by Countplus or waived by Count, Count may at any time after the day which is 30 business days after service of the written notice of the Countplus Event to Countplus, terminate the Relationship Deed by written notice to Countplus.

A “Count Event” is the occurrence of any of the following in relation to Count:

- Count is insolvent;
- Count fails to perform its material obligations under the Relationship Deed and does not rectify the breach (or fully compensate Countplus) within 30 days after receipt of written notice of default from Countplus; or
- Count is fraudulent, negligent or commits an act of wilful misconduct in performance of any of its obligations under the Relationship Deed.

A “Countplus Event” is the occurrence of any of the above events, but in relation to, or by, Countplus.

Countplus and Count each agrees to indemnify each other against any liability for a material breach of the Relationship Deed by it. These indemnities are subject to certain limitations of liability which apply on the same terms to both Countplus and Count.

8.2.4 Services Agreement

Countplus and Count have entered into a Services Agreement dated 4 November 2010.

Under the Services Agreement, Count agrees to provide Countplus with certain agreed services, including but not limited to:

- company secretarial services;
- preparation of support materials for auditors in relation to the corporate and tax accounting services provided by Count under the Services Agreement;
- corporate, tax and accounting services;
- payroll services;
- review of agreements, insurance policies and contracts with service providers, preparation of employment contracts and ASIC lodgements;
- office premises; and
- access to the Count network.

The Services Agreement commenced on the date of its execution and continues until terminated:

- (a) by mutual agreement;
- (b) by Countplus providing Count with three months’ written notice;
- (c) by Count providing Countplus with six months’ written notice; or
- (d) where one party is in default of its obligations under the Services Agreement and the default is not remedied within seven days of being required to do so by the other party, in which case, the non-defaulting party may terminate the Services Agreement on one week’s written notice.

Under the Services Agreement, Countplus agrees to pay Count an annual fee of \$500,000 (not including GST) commencing from 1 May 2011. This fee is payable in monthly instalments. This fee will increase by 5% on each yearly anniversary of 1 May 2011 during the term of the Services Agreement.

Countplus and Count each agrees to indemnify each other against any liability for a material breach of the Services Agreement by it. These indemnities are subject to certain limitations of liability which apply on the same terms to both Countplus and Count.

8.2.5 Bilateral Funding Agreement

On 4 November 2010, Countplus and Count entered into a Bilateral Funding Agreement under which Count and Countplus agree to make loans available to each other for general working capital purposes and for other purposes agreed to by both parties from time to time. The term of the Bilateral Funding Agreement is for five years from the date of its execution, or such later date as agreed between Count and Countplus.

Either Count or Countplus may request (**borrowing party**) that the other party (**lending party**) make a loan to it, provided that (amongst other conditions):

- (a) there is no outstanding loan owing to the borrowing party;
- (b) the requested loan amount is not, when added to the principal amounts outstanding under each other loan advanced to the borrowing party pursuant to the Bilateral Funding Agreement, greater than \$10 million;
- (c) the proposed advance date for the loan is not after the termination date of the Bilateral Funding Agreement; and
- (d) at that time, there are not more than three outstanding loans advanced to the borrowing party pursuant to the Bilateral Funding Agreement.

Any of these conditions can be waived by the lending party at its discretion.

On receipt of a request for a loan under the Bilateral Funding Agreement, the lending party may at its sole discretion agree to provide the loan. If it agrees to provide the loan, then a loan agreement on the terms attached to the Bilateral Funding Agreement (unless the parties agree to vary the terms of the form of this document) will be entered into between the parties.

Notwithstanding the discretion of the parties to agree whether or not to provide the requested loan, if Countplus requests a loan from Count pursuant to the Bilateral Funding Agreement (and provided the conditions to the

request, including those stated above, are met) in the period between the date of the agreement and the date which is 12 months from the Listing of Countplus, then Count must advance the requested loan. Any such loan will have a term of 12 months (unless the parties agree otherwise).

Terms of Standard Form Loan Agreement

The terms of the form of the loan agreement attached to the Bilateral Funding Agreement (**Standard Form Loan Agreement**) provide that the loan amount is only to be used by the borrower for working capital purposes (or such other purpose or purposes agreed between the parties).

The Standard Form Loan Agreement also provides that the loan attracts interest at the rate of 10% per annum (unless the parties agree otherwise). Interest accrues daily on the loan outstanding and becomes payable on each interest payment date (being the date as agreed between the parties, but if they cannot agree, then the last business day of each month).

Default interest is also payable on any overdue amounts. Default interest is calculated as the applicable interest rate at that time plus 2%.

Amounts outstanding under the loan are payable by the final repayment date, being the earlier of the date agreed between the parties; and the date which is three months from the date on which the lender provides a notice to the borrower to pay the loan outstanding in full (or such other date as agreed between the parties). There are no mandatory prepayment requirements under the Standard Form Loan Agreement.

The lender is not obliged to provide the loan amount to the borrower until certain conditions precedent are satisfied (or waived by the lender). These conditions include the lender being satisfied that there is no event of default, and the lender's obligations under the loan agreement not being in conflict with the lender's obligations under the Listing Rules.

The Standard Form Loan Agreement contains representations and warranties from the borrower, including (but not limited to) the following:

- each authorisation which is necessary for the execution, delivery or performance by the borrower, or the validity or enforceability, of the loan agreement and other specified relevant documents to which it is a party, or material to it or its business, has been obtained and is in full force and effect;
- the borrower has complied with all laws and authorisations applicable to it or its business where failure to do so would have or be likely to have a material adverse effect;



- all information provided to the lender by the borrower in connection with the loan agreement and other specified financing document is accurate in all material respects and not deficient, misleading or deceptive in any material respect;
- all material facts or circumstances known to it and relevant to the decision of the lender to enter into the transaction have been disclosed by the borrower to the lender; and
- no event of default or potential event of default has occurred and is subsisting.

The Standard Form Loan Agreement contains undertakings from the borrower. The inclusion of these undertakings is for the most part usual for loans of this nature. The undertakings include the following:

- the borrower will provide to the lender as soon as practicable (but no later than 120 days) after the close of each of its financial years copies of its consolidated and unconsolidated accounts in respect of that financial year;
- the borrower will ensure that the accounts provided to the lender comply with current accounting practice except to the extent disclosed in them and with all applicable laws, and give a true and fair view of the matters with which they deal;
- the borrower will notify the lender as soon as it becomes aware of any event or potential event of default;
- the borrower will comply fully with all laws binding on it where non-compliance may have a material adverse effect;
- the borrower will ensure that all amounts owing by it under the loan agreement (and other specified financing documents) rank at least *pari passu* with all unsecured claims of its other creditors; and
- the lender or persons authorised by it may at any time on reasonable notice inspect and require the provision of copies of the records of the borrower.

The Standard Form Loan Agreement contains events of default which are usual for a loan of this nature, including failure to pay, breach of an undertaking, misrepresentation, cross-default, insolvency and related events, unenforceability, and material adverse effect. The events of default are subject to materiality thresholds and grace periods where appropriate.

Under the Standard Form Loan Agreement, no security is required to be provided by the borrower to support its obligations under the agreement. The Standard Form Loan Agreement also does not provide for any other party to guarantee the obligations of the borrower.

8.2.6 Deed of Assignment of Loan Agreements and Loan Agreement

Deed of Assignment of Loan Agreements

Countplus and Count entered into a Deed of Assignment of Loan Agreements on 4 November 2010 under which Count agreed, with effect from completion of the Final Acquisition Agreements:

- to assign to Countplus all of its right, title and interest in the loan agreements that Count had entered into with 12 of the Firms for their face value (and any unpaid interest accrued up to the date of their assignment); and
- to accept a repayment of the loans made to the four Firms located in Queensland and South Australia. Countplus has agreed to advance an equivalent amount to those four Firms.

The total face value of the assigned loans is approximately \$12.94 million as at the date of this Prospectus. In addition, Count also agreed to assign all of its right, title and interest in an amount of \$37,500 which was owing by Countplus FS Holdings Pty Limited (ACN 146 106 032) (**Countplus FS Holdings**) to Count in consideration for Countplus agreeing to pay Count \$37,500. This amount is in relation to the purchase consideration payable by Countplus FS Holdings to Count for the purchase of shares in Compound Investments Limited (ACN 003 771 579).

Loan Agreement

In addition, Count and Countplus have also entered into a Loan Agreement dated 4 November 2010 under which Count agrees to advance a loan to Countplus on the date of completion of the Final Acquisition Agreements to be applied as follows:

- in satisfaction of the consideration of the assignment of the assigned loans referred to above;
- to repay the loans made to the four Firms in Queensland and South Australia;
- in satisfaction of the consideration of the assignment of the loan of \$37,500 made to Countplus FS Holdings.

The total loan outstanding under the Loan Agreement must be repaid by Countplus on or before the date which is 20 business days from the date of Listing (**Final Repayment Date**). No interest is payable by Countplus under the Loan Agreement unless the total loan outstanding is not repaid on or before the Final Repayment Date, in which case interest is payable at 10% per annum from and including the day after the Final Repayment Date.

Under the Loan Agreement, if an event of default or potential event of default occurs in respect of Countplus, Count may declare that the loan outstanding is immediately due and payable. Events of default under the Loan Agreement are:

- if Countplus fails to pay an amount payable by it under the Loan Agreement or other documents designated by Count and Countplus as a financing document. As at the date of this Prospectus, there are no other financing documents other than the Loan Agreement and the Bilateral Funding Agreement referred to in Section 8.2.5; and
- all or any part of the Loan Agreement (or other financing document) is terminated, void, avoided, illegal, invalid, unenforceable or limited in its effect, or any party has the right to terminate, rescind or avoid all or part of any financing document.

8.2.7 Trade Mark Assignment Deed

On 4 November 2010, Countplus and Count entered into a Trade Mark Assignment Deed under which Count assigned, for a consideration of \$1.00, all its rights, title and interest, including goodwill, in certain Australian registered trade marks (with trade mark numbers, 928452, 1085208 and 1088562) to Countplus. These trade marks are marks which contain the word “Countplus” or the logos used by Countplus.

8.2.8 Referral Agreement

On 30 September 2010, TFSA entered into a Referral Agreement with Count and Compound Investments Limited (ACN 003 771 579) (which, as at the date of this Prospectus, is a wholly-owned subsidiary of Countplus) (**Compound**). Under the Referral Agreement, Count and its authorised representatives may on a non-exclusive basis refer customers to TFSA or authorised representatives of Compound to provide financial product advice for risk insurance products and deal in risk insurance products, and provide customers with information about how the customer may contact TFSA or an authorised representative of Compound.

TFSA is required to pay a referral payment to Count (based on a percentage of the remuneration received by TFSA from a product provider). Count acknowledges that the remuneration received by TFSA from a product provider will be subject to the product providers’ policy on write back and TFSA may deduct the relevant write back amount from any referral payment otherwise payable by TFSA under the Referral Agreement.

Under the Referral Agreement, TFSA (and the authorised representatives of Compound) agree to indemnify Count (and its authorised representatives) against any loss, liability, damage or expense incurred by Count (or its authorised representatives) arising directly or indirectly from a breach of the Referral Agreement by TFSA (or the authorised representatives of Compound), the provision by TFSA (or the authorised representatives of Compound) of the services to the customers referred to them (as described in the first paragraph of this Section 8.2.8), or any negligent or wilful act or omission of TFSA (or the authorised representatives of Compound) or anyone acting on behalf of TFSA.

Count agrees to indemnify TFSA (and the authorised representatives of Compound) against any loss (except indirect or consequential loss), damage, liability or expense incurred by TFSA (and the authorised representatives of Compound) arising from a breach of the Referral Agreement by Count.

The Referral Agreement does not have a specified term, but may be terminated by either party at any time by giving 21 days’ written notice.

8.2.9 CountGPS joint venture

Count and one of the Firms, Specialised Business Solutions Pty Ltd (ACN 129 708 112), each have a 50% shareholding in Count GPS Pty Ltd (ACN 128 784 609) (**CountGPS**). CountGPS is an internet based resource of precedent workpapers, procedures, agreements and other documents for accounting firms.



Above: Bentleys Perth



9. Details on Transfer of Firm Shares

9.1 Introduction

The purpose of this Section is to provide the Principals with additional information about the Principals Offer.

9.2 What am I selling in exchange for Shares?

Each Selling Principal is being asked to sell their Firm Shares, that is, those number of ordinary shares held by the Selling Principal in a Firm that are set out in the Selling Principal's personalised Principals Offer and Application Form, in exchange for Shares or a combination of cash and Shares (and an entitlement under the terms of the Additional Share Entitlement).

Each Wearne Principal is being offered Shares as deferred consideration for their ordinary shares in Wearne & Co which have already been acquired by Countplus pursuant to the Wearne Share Sale Deed.

9.3 Under the Principals Offer, when is an agreement for the sale of my Firm Shares constituted?

A Final Acquisition Agreement in relation to a Selling Principal's Firm Shares arises when Countplus executes the personalised Principals Offer and Application Form for those Firm Shares which has already been executed by the Selling Principal and its Guarantors in accordance with the instructions on the form.

9.4 When does completion of the Final Acquisition Agreements take place?

A number of conditions need to be satisfied before completion of a Final Acquisition Agreement can take place.

These conditions are:

(a) between the date of this Prospectus and completion, there has not been a material breach of the shareholders agreement for the Firm, Count franchise agreement, Count authorised representative agreements, loan agreements between the Firm and Count, the Final Acquisition Agreement (including, without limitation, any breach of, or inaccuracy in, a warranty in the Final Acquisition Agreement), and other transaction documents defined in the Final Acquisition Agreement, which Countplus has notified to the Selling Principal in writing and which the Selling Principal has not remedied or which is unable to be remedied (in either case to Countplus' reasonable satisfaction);

- (b) between 30 June 2010 and Completion, there has not been in Countplus' opinion (acting reasonably and in good faith) a material adverse change in the financial position, financial performance or prospects of the Firm (and its subsidiaries);
- (c) Principals Offer and Application Forms being signed by all persons required to sign the forms (other than Countplus) in relation to all of the Firm Shares (or such lesser number of Firm Shares as Countplus determines, in its absolute discretion);
- (d) Principals Offer and Application Forms being signed by all persons required to sign the forms (other than Countplus) in relation to all of the ordinary shares in the Selling Principal's Firm (other than those already held by Countplus);
- (e) all conditions to completion of the acquisition by Countplus of all of the Firm Shares the subject of a Principals Offer (or such lesser number of Firm Shares as Countplus determines, in its absolute discretion) having been satisfied (or waived by Countplus); and
- (f) all conditions to completion of the acquisition by Countplus of all of the other shares in the Selling Principal's Firm (other than those already held by Countplus) having been satisfied (or waived by Countplus).

These conditions are for the sole benefit of Countplus. Countplus may at any time prior to completion waive the benefit of any of these conditions.

These conditions are needed in order to:

- ensure that Countplus obtains acceptances in respect of, and is able to complete the acquisition of, a sufficient number of Firm Shares (across the Firms and also in relation to each Firm); and
- ensure that Countplus, having paid market value for the Firm Shares, acquires shares in Firms which have the value that has been attributed to them.

The Final Acquisition Agreements provide for completion to take place on the date which is the number of business days after the Public Offer Closing Date as is determined by Countplus.

It is the intention of Countplus to complete the various Final Acquisition Agreements on the same day. Completion of the Final Acquisition Agreements is expected to occur on Thursday, 16 December 2010. This date is indicative only and is subject to change.

9.5 What should I do before I enter into a Final Acquisition Agreement and/or apply for Shares under the Principals Offer?

On receipt of this Prospectus and their personalised Principals Form, each Principal should read the documents and then get appropriate tax, accounting, legal and other professional advice to assist their understanding of the Principals Offer and in order to come to a view as to whether they wish to enter into a Final Acquisition Agreement and/or apply for Shares under the Principals Offer.

9.6 What should I do if I do not wish to enter into a Final Acquisition Agreement?

If a Selling Principal decides not to enter into a Final Acquisition Agreement, it need not do anything.

However, it should be noted that the other Selling Principals in the relevant Firm who enter into a Final Acquisition Agreement authorise Countplus to give a drag along notice to each other Selling Principal of that Firm who does not enter into a Final Acquisition Agreement.

Under the Shareholders Agreement for a Firm (as amended by the agreement of the Firm, Countplus and at least 75% of the Selling Principals of that Firm by number), a drag along notice can be given by Selling Principals who hold at least 75% of the Firm Shares in a Firm and who wish to enter into an agreement to sell their Firm Shares, to the other Selling Principals of that Firm (**Minority Principals**). The drag along notice will require the Minority Principals to transfer all of their Firm Shares to Countplus on the terms of a Final Acquisition Agreement.

9.7 How was my consideration for my Firm Shares determined?

In relation to a Selling Principal, the price per Firm Share (not including the value of any entitlement under the Additional Share Entitlement) was determined by dividing the net equity value of the Firm (and its subsidiaries, on a consolidated basis) (**Group**) by the total number of Firm Shares of that Firm.

The net equity value of each Group was determined by Countplus by aggregating:

- (a) the goodwill of that Group (calculated by multiplying the EBITA for the Group, determined by reference to the audited accounts of the Group for the year ended 30 June 2010 and subject to certain adjustments, by

an agreed multiple). The goodwill figure for a Selling Principal's Group is set out in the relevant Principals Offer and Application Form; and

- (b) the net tangible assets of that Group determined by reference to the management accounts of the Group as at 30 September 2010 (subject to certain conditions in relation to valuing the work in progress and debtors of the Group).

Each Selling Principal's total consideration for all of their Firm Shares is the price per Firm Share, calculated as described above, multiplied by the total number of Firm Shares held by that Selling Principal (which is specified in the relevant Principals Offer and Application Form) plus that Selling Principal's entitlement to additional Shares under the terms of the Additional Share Entitlement.

In relation to a Wearne Principal, as Countplus has already acquired all of the Firm Shares of that Firm, the deferred consideration for a Wearne Principal's Firm Shares has been agreed between Countplus and the Wearne Principals and is set out in the Wearne Share Sale Deed.

9.8 How was my entitlement to Shares determined?

Count holds 40 million ordinary shares in Countplus. These Shares together represent:

- (a) Count's interests in all of the Firms, through its 100% ownership of Countplus prior to the issue of Shares to the TFSA Vendors; and
- (b) Count's consideration for sponsoring the Listing of Countplus, funding Countplus, and providing management, transaction and other services to Countplus, up to the date of this Prospectus. It has been agreed between Count and Countplus that the value of this consideration represents 20% of the Shares after the issue of Shares under the Principals Offer (on the assumption that all Principals accept only Shares under the Principals Offer and all Final Acquisition Agreements complete) and the issue of Shares to the TFSA Vendors, but before the issue of Shares under the Public Offer.

On the above basis, it has been determined that Count's 40 million Shares represent 42% of Countplus prior to the issue of Shares under the Public Offer. Therefore, the Principals and the TFSA Vendors are entitled to 58% of the Share capital of Countplus prior to the issue of Shares under the Public Offer.

Each Principal's entitlement to Shares is determined by Countplus on the basis of the net equity value of that



Principal's Firm as a proportion to the aggregate net equity value of all of the Firms and that Principal's percentage shareholding in their Firm.

The total number of Shares that each Selling Principal is entitled to in consideration for their Firm Shares is set out in their personalised Principals Offer and Application Form. In relation to the Wearne Principals, the total number of Shares that each of them is entitled to as deferred consideration for their Firm Shares is set out in their personalised Principals Application Form.

9.9 What are the factors I should consider in deciding whether to take a combination of cash and Shares, or only Shares?

The decision as to whether to accept a combination of cash and Shares, or only Shares (or in the case of a Wearne Principal, whether to accept Shares or cash) in consideration for their Firm Shares is a matter for that Principal.

However, in making this decision the Principal should consider:

- (a) their particular tax situation and the need to pay tax on any capital gains on the sale of their Firm Shares (see Section 7 for more information);
- (b) their need for cash; and
- (c) the risks of investing in Countplus (see Section 6 for more details).

Principals should also note that the maximum amount of cash that Countplus is offering for all Firm Shares (including the Firm Shares in Wearne & Co) is \$10 million. If this \$10 million cap will be exceeded by the elections

made by the Principals in their Principals Forms, then the amount of cash payable to the Selling Principals who have elected to receive cash under the Principals Offer will be reduced on a proportionate basis. There will be no scale back for a Wearne Principal (see the answer to the question "Why are the Wearne Principals and the TFSA Vendors distinguished from the Selling Principals?" in the Key Questions and Answers Section for more information).

9.10 When does risk and title in relation to my Firm Shares pass to Countplus?

Risk and title in the Firm Shares held by a Selling Principal pass to Countplus at completion of the relevant Final Acquisition Agreement for those Firm Shares.

In relation to the Firm Shares in Wearne & Co, completion of the Wearne Share Sale Deed occurred on 16 August 2010.

9.11 If I do not enter into a Final Acquisition Agreement (and am not dragged-along by the other Principals in relation to my Firm), will Countplus exercise its Call Option?

Countplus will consider its position at the close of the Principals Offer to determine whether it is in its interest to exercise its rights under the Call Option Deed with a Selling Principal.

If Countplus exercises a Call Option Deed, it will use funds raised under the Public Offer, or the proceeds of a loan from Count under the Bilateral Funding Agreement referred to in Section 8.2.5, to pay the purchase consideration for the Firm Shares the subject of the Call Option Deed.

Below: Countplus MBT



10. Additional Information

10.1 Incorporation and Share capital

Countplus was incorporated as a proprietary company on 10 August 2007 under the name Countplus Pty. Limited. On 7 October 2010, Countplus converted from a proprietary company to a public company and changed its name to Countplus Limited.

At the date of this Prospectus, Countplus has 44,616,246 fully paid ordinary shares on issue, of which:

- 40,000,000 are held by Count;
- 4,600,096 are held by ACN 003 636 968 Pty Ltd (formerly known as Total Financial Solutions Australia Pty Ltd); and
- 16,150 are held by TFSA Holdings Limited (ACN 086 595 735).

Countplus' financial year end is 30 June.

10.2 Constitution and rights attaching to the Shares

The rights attaching to the Shares are derived from a combination of the constitution, the Corporations Act and the general law. All issued Shares are ordinary shares of the one class and rank equally in all respects. A copy of Countplus' constitution may be inspected at Countplus' registered office. The following is a broad summary of the rights and liabilities attaching to the Shares.

(a) Voting

At a general meeting every shareholder present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll has one vote for each Share held. The number of votes to which a holder of partly paid Shares is entitled on a poll is equivalent to the proportion that the amount paid on the Share is of the issue price of the Share (ignoring amounts paid in advance).

(b) Dividends and Reserves

Subject to any special terms and conditions of issue, the profits of Countplus which the Board from time to time determine to distribute by way of dividend are divisible amongst the shareholders equally, except that a partly paid Share confers an entitlement only to the proportion the dividend which the amount paid (not credited) on the Share is to the total amounts paid and payable (excluding amounts credited).

The Board is authorised to adopt and amend share plans such as employee share plans and dividend re-investment plan and dividend selection plan.

(c) Issue of further Shares

The Board may (subject to the Constitution, the Listing Rules and the Corporations Act) allot, grant options in respect of, or otherwise issue further Shares on such terms and conditions as they see fit.

(d) Transfer of Shares

Shareholders may transfer Shares by a proper transfer effected in accordance with the ASX Settlement Operating Rules and as otherwise permitted by the Corporations Act. The Board may decline to register a transfer of shares if the transfer is not in registrable form or where the refusal to register the transfer is permitted under the Listing Rules. If the Board declines to register a transfer, Countplus must give the party lodging the transfer written notice of the refusal and reason for refusal.

(e) General meetings and notices

General meetings may be convened in the manner provided for in the Corporations Act and the Listing Rules.

Each Shareholder entitled to vote at a general meeting is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of Countplus and receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution or the Corporations Act.

(f) Winding up

Subject to any special or preferential rights attaching to any class or classes of Shares, Shareholders will be entitled on a winding up to share in any surplus assets of Countplus in proportion to the Shares held by them less any amounts which remain unpaid on their Shares at the time of distribution.

(g) Number of directors

The number of directors must be not less than three and the maximum is to be fixed by the Board but may not be more than seven unless Countplus passes a resolution varying that number.



(h) Remuneration of directors

The remuneration of the managing director, or any other director appointed to an executive office, is fixed by the Directors.

The sum fixed for payment of the total Directors' fees is \$500,000 until and unless the Shareholders, by an ordinary resolution, approve some other fixed sum. Directors are also entitled to other remuneration on the terms of the Constitution.

(i) Directors indemnity

Countplus must, to the extent permitted by law, indemnify each Director and the company secretary of Countplus, against any liability incurred by that person in that capacity, including but not limited to liability for negligence or costs incurred in defending proceedings in which judgment is given in favour of the person or in which the person is acquitted.

The Directors are also empowered to pay premiums in respect of a contract insuring a Director or a Company Secretary of Countplus against a liability incurred by such an officer. However, the liability insured against must not include that which the law prohibits. Any such premium in relation to a director is in addition to, and not regarded as part of, the remuneration approved by Shareholders under the Constitution.

(j) Proportional Takeover Provisions

The Constitution contains provisions for shareholder approval in relation to any proportional takeover scheme. The provision will lapse unless it is renewed by special resolution of shareholders within three years from the date of its adoption.

(k) Alteration of the Constitution

The Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at a general meeting of Countplus.

Countplus must give at least 28 days' written notice to the Shareholders, (unless consent to shorter notice is obtained in accordance with the provisions of the Corporations Act) to propose a special resolution.

(l) Share Buy Backs

Countplus may buy back Shares in itself in accordance with the provisions of the Corporations Act.

10.3 CEO/CFO employment contract

Under Mr Spurr's employment contract with Countplus, Mr Spurr's fixed annual remuneration is \$215,000 (exclusive of superannuation). Mr Spurr may also be entitled to participate in the following incentive arrangements:

- **Short Term Incentive (STI)** – From 1 July 2011, Mr Spurr will be invited to participate in an STI arrangement under which he will have the opportunity to receive an annual STI cash award of \$60,000 plus applicable superannuation. An STI cash award will be made only if Countplus' EPS at the conclusion of the relevant year is at least 115% of Countplus' EPS at the conclusion of the immediately previous financial year.
- **Long Term Incentive (LTI)** – From 1 July 2014, Mr Spurr will be invited to participate in an LTI arrangement under which he will have the opportunity to receive in each year an LTI cash award of \$60,000 plus applicable superannuation. Entitlement to each such LTI cash award will be based on Countplus' EPS during the previous three financial years. An LTI cash award will only be made if Countplus' EPS at the end of the three year period has grown an average of 15% per annum during the relevant three year period, and subject to the following, Mr Spurr is employed by Countplus on the date at which the LTI payment is made. If Mr Spurr's employment is terminated by notice (whether given by Mr Spurr or Countplus), then Countplus will assess Mr Spurr for an LTI award in relation to the financial year in which the termination occurs and for each of the two succeeding financial years.
- **Executive Share Option Plan** – At the sole discretion of the Board and subject to any necessary approvals (including Shareholder approval), Mr Spurr may be invited to participate in Countplus' Executive Share Option Plan (**ESOP**). Subject to the terms of the ESOP, Mr Spurr may be eligible to be granted options by reference to Countplus' EPS at the conclusion of the relevant financial year compared with Countplus' EPS at the conclusion of the immediately previous financial year as follows:

EPS relative to previous year's EPS	No. of options
Less than 110%	Nil
At least 110% but less than 125%	50,000
125% or more	100,000

During 2011, Countplus is likely to replace the ESOP with a loan funded share plan, in which case the number of options referred to above will be converted to Shares of equivalent value.

In addition, in lieu of any STI or LTI arrangements for the current financial year, Mr Spurr will be entitled to receive a bonus payment in the current year of \$60,000 plus applicable superannuation.

Under Mr Spurr's employment contract, either Mr Spurr or Countplus may terminate Mr Spurr's employment by giving the other party three months' notice.

After termination of Mr Spurr's employment, Mr Spurr is restrained from engaging in certain activities for up to 12 months after termination of his employment.

10.4 Key Employees employment contracts

Each employee of a Firm who has been deemed a key employee of that Firm by Countplus (**Key Employee**) has executed a rolling employment contract with their respective Firm. Each of these employment contracts are on similar terms, which include the following:

- either the Firm or the Key Employee can terminate the Key Employee's employment by giving a specified period of notice (which is the same amount of notice whether the Firm or the Key Employee chooses to terminate the employment) to the other. The Firm can choose to make a payment to the Key Employee in lieu of part or all of the required notice period; and
- the Key Employee's total employment cost will be reviewed annually and any increase and the quantum of the increase are at the absolute discretion of the Firm. However, if the relevant Firm becomes wholly-owned by Countplus, then the quantum of any increase in the Key Employee's total employment cost for the first three annual reviews following that event will be determined as follows:
 - the total employment cost will be increased annually in proportion to the increase in the Consumer Price Index (All Groups, weighted average of eight capital cities); and
 - if the net profit after tax of the Firm for the previous financial year is 10% greater than the highest net profit after tax of the Firm in any financial year preceding that financial year, then the Firm may in its absolute discretion increase the Key Employee's total employment cost by up to 5%.

TFSA has entered into employment agreements with its Chief Executive Officer and Chief Financial Officer which are on terms similar to the employment contracts for Key

Employees as described above, except for the following key variations:

- their employment contracts do not contain the provisions for increase in their total employment cost as described above;
- the employee is eligible to be paid an annual short term incentive amount of up to 40% of the fixed component of the employment cost per annum on and subject to the extent of the attainment of specific key performance indicators, as determined by the board of TFSA in its sole discretion; and
- the employee may be eligible to a long term incentive benefit as determined by the board of TFSA from time to time. Eligibility to receive this long term incentive benefit is at the sole discretion of the board of TFSA, considering factors such as performance and profitability of TFSA and the employee's individual performance.

10.5 Escrow arrangements

Each of the Principals who are allotted Shares under the Principals Offer will be required to enter into escrow agreements with Countplus under which the relevant Principal agrees not to, for a period of three years from the date of Listing:

- (a) dispose of, or agree or offer to dispose of, any of the Shares allotted to them under the Principals Offer (**Escrowed Shares**);
- (b) create, or agree or offer to create, any security interest in any of the Escrowed Shares; or
- (c) do, or omit to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares,

other than with the consent of Countplus, provided that the Escrowed Shares will be released from the above restrictions prior to the end of the three year period in the following manner:

- (d) if the relevant Principal takes only Shares in consideration for their Firm Shares, then one-third in number of their Escrowed Shares will be released from the escrow restrictions after the first anniversary of the date of Listing, and another one-third in number of their Escrowed Shares will be released after the second anniversary of the date of Listing; and
- (e) if the relevant Principal takes a combination of cash and Shares in consideration for their Firm Shares, then that number of their Escrowed Shares as is equal in value to one third of the total value of their consideration minus the cash consideration paid to the Principal, will be released from the escrow restrictions after the first anniversary of the date of Listing, and one-half in



number of the remaining Escrowed Shares will be released after the second anniversary of the date of Listing.

Under each of the escrow agreements, if the relevant Principal breaches the terms of the escrow agreement, the Principal ceases to be entitled to any dividends, distributions or voting rights while the breach continues. A similar provision is contained in the constitution of Countplus.

The TFSA Vendors have entered into an Escrow Deed in respect of the Shares issued to them on terms which are similar to the terms described above (paragraph (e) above not being relevant to the TFSA Vendors).

Count has also entered into an Escrow Deed in respect of 32 million Shares held by it on terms which are substantially similar to the terms described above (paragraph (e) above not being relevant to Count).

10.6 Additional Share Entitlement

Each Principal who sells its Firm Shares to Countplus pursuant to a Final Acquisition Agreement, each of the Wearne Principals who accept the Principals Offer, and each of the TFSA Vendors will be entitled to additional consideration for their Firm Shares (or, in the case of the TFSA Vendors, for their interests in the TFSA Business) pursuant to the terms of the Additional Share Entitlement.

In summary, a Principal referred to above or a TFSA Vendor will only be entitled to be issued with additional Shares under the Additional Share Entitlement if there is a percentage increase in the earnings per share for the relevant Firm in FY2011 compared to FY2010. If this condition is met (and subject to certain other conditions, including that the Principal or TFSA Vendor (as the case may be) is not in breach of any agreement (other than an employment agreement) with Countplus (including the escrow agreement referred to in Section 10.5)), then the value of the additional Shares that the Principal or TFSA Vendor is entitled to under the Additional Share Entitlement will be determined by Countplus by reference to:

- the percentage increase in the earnings per share for the Firm multiplied by the goodwill figure for the Firm which has been agreed for the purposes of the Final Acquisition Agreement (subject to certain adjustments by Countplus in relation to the net tangible asset value of the Firm, if required);
- the ownership interest of that Principal in the Firm immediately before they sold their Firm Shares to Countplus under the Final Acquisition Agreement (or in the case of a TFSA Vendor or a Wearne Principal, the deemed ownership interest as described in the terms of the Additional Share Entitlement); and

- the percentage of their purchase consideration for their Firm Shares (not including the entitlement under the Additional Share Entitlement) that the Principal receives in Shares.

Any Shares issued under the Additional Share Entitlement will be at an issue price of the volume weighted average price (as defined under the Additional Share Entitlement terms) of a Share during the five trading days starting on the first Monday after Countplus' annual preliminary final report for the financial year ended 30 June 2011 is released on the ASX announcements platform, provided that if that figure is less than the Public Offer Price, then the issue price will be the Public Offer Price.

The total number of Shares that may be issued under the Additional Share Entitlement is capped at a number equivalent to 5% of the issued ordinary share capital of Countplus as at completion of the Offers (not including any oversubscriptions and any Shares issued under the Employee Loyalty Plan). The Additional Share Entitlement applies only for FY2011 and is not an ongoing entitlement. The Directors anticipate that any Shares that may be issued under the Additional Share Entitlement will be issued some time in or around mid-November 2011. Each Principal and TFSA Vendor who is issued Shares under the Additional Share Entitlement will be required to enter into an escrow agreement with Countplus under which they agree not to dispose of any of those additional Shares for a period of three years from their issue.

10.7 Proposed 'tuck-in' acquisitions

Three Firms are currently in negotiations with third parties to acquire additional small businesses in the coming months. As part of the consideration payable to the vendors of these businesses, Countplus is expecting to issue Shares to the vendors at the Public Offer Price. These proposed arrangements are not final. As at the date of this Prospectus, no term sheets or formal agreements have been entered into in relation to these proposed acquisitions.

10.8 Employee Loyalty Plan

Countplus has adopted an employee loyalty plan. Under this plan, for this year and the following two years eligible employees will be offered the opportunity to acquire, at no cost, Shares in Countplus to a maximum annual value of \$1,000 in any financial year. The Shares will be subject to disposal restrictions for three years or until employment with Countplus ceases. The Shares will be free of income tax provided the employee has adjusted taxable income of \$180,000 or less. Countplus expects to issue around 450,000 Shares to eligible employees after the Public Offer Closing Date.

10.9 Employee Share Plan

Countplus may establish an employee share plan after Listing. If the Board resolves to establish such a plan, details of the plan will be put to a general meeting of the Shareholders.

10.10 Foreign selling restrictions

No action has been taken to register or qualify the Shares that are the subject of the Offers, or otherwise to permit a public offering of the Shares, in any jurisdiction outside Australia and New Zealand. Neither of the Offers is an offer or invitation in any jurisdiction where, or to any person to whom, such an offer or invitation would be unlawful.

The Shares that are the subject of the Offers have not been, and will not be, registered under the Securities Act 1933 (US) and may not be offered or sold to US persons except under an available exemption from registration under the Securities Act 1933 (US).

10.11 ASX waivers

Countplus has applied for a waiver ASX Listing Rule 7.1 so that Shares may be issued under the Additional Share Entitlement without obtaining Shareholder approval or reducing Countplus' placement capacity under ASX Listing Rule 7.1.

Countplus has received confirmation from ASX that none of the Shares on issue on completion of the Offers would be considered "restricted securities" under the ASX Listing Rules and, accordingly, that none of the Shares would be the subject of mandatory escrow arrangements under the ASX Listing Rules.

10.12 Disposal of Shares by Count

Over the 12-month period from Listing, Count proposes to sell up to 16% of its shareholding in Countplus on-market to facilitate liquidity in the market for the Shares. Otherwise, 32 million Shares held by Count are subject to the escrow arrangements referred to in Section 10.5.

10.13 Interests of Directors

10.13.1 Interests of Directors generally

An entity controlled by David Smith, Smithink Pty Limited (ACN 079 245 239), has been previously engaged by Countplus in connection with performing due diligence on commercial and operational matters in relation to Countplus' acquisition of its initial interests in the Firms.

Barry Lambert is the largest shareholder and the Executive Chairman of Count, and has had an interest (through Count) in the formation and promotion of Countplus (see

Section 8.2.1 in relation to the Funding Deed for more information).

Other than as set out above and elsewhere in this Prospectus, no other Director or proposed Director holds at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of Countplus;
- any property acquired or proposed to be acquired by Countplus in connection with its formation or promotion; or
- the Offers.

Other than as disclosed in this Prospectus, no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to a Director or proposed Director:

- to induce a person to become, or qualify as a Director; or
- for services provided by a Director or proposed Director in connection with the formation or promotion of Countplus or the Offers.

10.13.2 Directors Shareholdings

As at the date of this Prospectus, no Director directly holds shares in Countplus. The Directors (and their associates) are entitled to apply for Shares in the Public Offer. Barry Lambert has committed to apply for 3.3 million Shares in the Public Offer.

10.13.3 Executive Directors

Countplus has entered into an employment contract with Michael Spurr to govern Mr Spurr's employment with Countplus. Mr Spurr is the Managing Director of Countplus and is employed in the positions of Chief Executive Officer and Chief Financial Officer. Details regarding Mr Spurr's employment contract (including information about his remuneration) are set out in Section 10.3.

Barry Lambert's annual remuneration (excluding reimbursement of expenses) for his role as Executive Chairman of Countplus is \$1.00.

10.13.4 Director remuneration

In accordance with the Constitution, each Director may be paid remuneration for ordinary services performed as a director. The aggregate of this remuneration in any year must not exceed the amount fixed by Countplus in general meeting. That amount is currently \$500,000 per annum.

Directors may also be reimbursed for travel and other expenses incurred in attending to Countplus' affairs.



Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in the capacity as director of Countplus or a subsidiary.

Countplus may also pay the Directors' superannuation contributions of an amount necessary to meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

Mr Spurr will receive remuneration under his employment contract with Countplus.

10.14 Interests of other persons

Other than as set out in this Prospectus, no:

- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or
- promoter of Countplus,

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

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

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given to any such persons for service in connection with the formation or promotion of Countplus or the Offers.

Count has acted as sponsor and promoter of Countplus and its Listing. The terms of this sponsorship and promotion are set out in the Funding Deed described in Section 8.2.1. Count's consideration for undertaking the obligations in the Funding Deed is an entitlement to a 20% interest in Countplus prior to the issue of Shares under the Public Offer. See Section 9.8 for more details.

An entity controlled by David Smith, Smithink Pty Limited (ACN 079 245 239), has been previously engaged by Countplus in connection with performing due diligence on commercial and operational matters in relation to Countplus' acquisition of its initial interests in the Firms. Countplus paid in total approximately \$215,000 (excluding GST, disbursements, and travel and accommodation costs) to Smithink Pty Limited for such services from January 2007 to the date of this Prospectus.

Addisons has acted as Australian legal adviser to Countplus in connection with the Offers and has performed work in relation to due diligence enquiries on legal matters. Countplus has paid, or agreed to pay, approximately \$414,000 (excluding disbursements and GST) to Addisons for these services to the date of this Prospectus. Further amounts may be paid to Addisons in accordance with its usual time based charge out rates.

Ernst & Young has acted as Investigating Accountant and has prepared the Investigating Accountant's Report. Countplus has paid, or agreed to pay, approximately \$270,000 (excluding disbursements and GST) to Ernst & Young for these services to the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with their usual time based charge out rates.

Ernst & Young has acted as Countplus' statutory auditor and has audited the historical financial results for the year ended 30 June 2010.

Deloitte Private Pty Ltd (**Deloitte**) has acted as taxation adviser to Countplus in relation to taxation matters associated with the Offers. Countplus has paid, or agreed to pay, approximately \$140,000 (excluding disbursements and GST) to Deloitte for these services to the date of this Prospectus. Further amounts may be paid to Deloitte in accordance with their usual time based charge out rates.

Computershare Investor Services Pty Limited has been appointed to act as the Share Registry of Countplus in relation to the Offers.

As mentioned in Section 10.16, Count has agreed to pay half the above expenses.

10.15 Consents and liability statements

The following persons have given their written consent to the issue of this Prospectus and have not withdrawn such consent prior to the date of this Prospectus:

- Addisons has given, and has not withdrawn prior to the date of this Prospectus, its written consent to be named in this Prospectus as Australian legal adviser (other than with respect to taxation law) to Countplus in relation to the Offers in the form and context in which it is named;
- Ernst & Young has given, and has not withdrawn prior to the date of this Prospectus, its written consent to be named in this Prospectus as Investigating Accountant to Countplus and as Countplus' auditor in the form and context in which it is named and has given and not withdrawn its consent to the inclusion in this Prospectus of the Investigating Accountant's Report in the form and context in which it is included;

- Deloitte Private Pty Ltd has given, and has not withdrawn prior to the date of this Prospectus, its written consent to be named in this Prospectus as tax adviser to Countplus in relation to the Offers in the form and context in which it is named;
- Computershare Investor Services Pty Limited has given, and has not withdrawn prior to the date of this Prospectus, its written consent to be named in this Prospectus as the Share Registry in the form and context in which it is named. Computershare Investor Services Pty Limited has had no involvement in the preparation of any part of this Prospectus other than being named as the Share Registry. Computershare Investor Services Pty Limited has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for any part of this Prospectus;
- Count has given, and has not withdrawn prior to the date of this Prospectus, its written consent to be named in this Prospectus in the form and context in which it is named and the inclusion in this Prospectus of any statements made by it or based on a statement made by it; and
- each of the Firms has given, and has not withdrawn prior to the date of this Prospectus, its consent to the inclusion of the description of the Firm in Section 2.2 and the use of its logos and/or trade marks in this Prospectus.

Each person referred to in this Section (other than a Director):

- does not make, or purport to make, any statement in this Prospectus and has had no involvement in the preparation of any part of this Prospectus other than those statements or references to being named that are expressly identified in this Section;
- has not caused or authorised the issue of this Prospectus; and
- to the maximum extent permitted by law, expressly disclaims and takes no liability for any part of this Prospectus other than as described in the Section with that person's consent.

10.16 Expenses of the Offers

If the Offers proceed, the total expenses payable by Countplus in relation to the Offers are estimated at approximately \$500,000. This includes advisory, legal, accounting, tax, listing and administrative fees, Prospectus design and printing, advertising, marketing, Share Registry and other expenses, and represents half of the amount of these expenses as Count has agreed to pay the other half. This amount will be paid by Countplus out of funds raised under the Public Offer.

10.17 Legal proceedings and other Claims

As at the date of this Prospectus, the Directors have been made aware of legal proceedings which have been commenced in the Supreme Court of Western Australia against McDonald Pynt Lawyers Pty Ltd (ACN 128 381 966) (MPL) (which is a wholly-owned subsidiary of one of the Firms, Lawrence Business Management Pty Ltd (ACN 128 381 939)). Based on the information available to the Directors as at the date of this Prospectus, the Directors anticipate that MPL's exposure in relation to these proceedings will not be more than \$1 million and it is expected that MPL will be indemnified under the insurance cover obtained by Law Mutual (WA) under the compulsory professional indemnity scheme for legal practitioners in Western Australia.

Other than as set out above, the Directors are not aware of any litigation, pending or threatened litigation or other legal proceedings which may have a material adverse affect on Countplus.

10.18 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in New South Wales and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales.

10.19 Expiry date

No Shares will be offered on the basis of this Prospectus after the Expiry Date.

10.20 Director's statement and signature

Each Director has given and has not, at the date of this Prospectus, withdrawn his consent to the lodgement of this Prospectus with ASIC. This Prospectus has been signed by Barry Lambert under section 351 of the Corporations Act for lodgement with ASIC.



Barry Lambert
Chairman



11. Definitions

\$ or A\$ means Australian dollars.

Additional Share Entitlement means the entitlement, the terms of which are attached to the Final Acquisition Agreements, under which the Principals and the TFSA Vendors may be entitled to be issued additional Shares.

AEDT means Australian Eastern Daylight Time.

Applicant means a person who submits an Application.

Application means an application to subscribe for Shares offered under this Prospectus.

Application Form means the relevant form attached to or accompanying this Prospectus, pursuant to which Applicants apply for Shares.

Application Money means the money accompanying an Application Form submitted by an Applicant.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange, as the context requires.

ASX Settlement Operating Rules means the rules of the settlement facility provided by ASX Settlement Pty Ltd (ABN 49 008 504 532) and, to the extent that they are applicable, the operating rules of ASX and the operating rules of ASX Clear Pty Limited (ABN 48 001 314 503).

Board or **Directors** or **Board of Directors** means the board of directors of Countplus.

CBCFP means Cartwright Brown and Company Financial Planning Pty Ltd (ACN 000 011 709).

CEO means chief executive officer.

CFO means chief financial officer.

CGT means capital gains tax.

Chairman means the chairperson of the Board of Directors.

CHESS means the Clearing House Electronic Subregister System, operated in accordance with the Corporations Act.

Closing Dates means the dates by which Applications must be lodged under the Principals Offer (being Friday, 26 November 2010) and under the Public Offer (being Monday, 13 December 2010), unless Countplus varies those dates.

Constitution means the constitution of Countplus.

Corporations Act means Corporations Act 2001 (Cth).

Count means Count Financial Limited (ACN 001 974 625).

Count Options means options in Count.

Count Optionholders means holders of Count Options.

Count Shares means ordinary shares in Count.

Count Shareholders means holders of Count Shares.

Countplus or **Company** means Countplus Limited (ACN 126 990 832).

Director means a director of Countplus.

EBITA means earnings before interest, tax and amortisation.

EBITDA means earnings before interest, tax, depreciation and amortisation.

Eligible Count Optionholders means Count Optionholders resident in Australia or New Zealand and who are listed on the Count option register as holding at least 1,000 Count Options as at 5.00pm (AEDT) on Monday, 8 November 2010.

Eligible Count Shareholders means Count Shareholders resident in Australia or New Zealand and who are listed on the Count share register as holding at least 1,000 Count Shares as at 5.00pm (AEDT) on Monday, 8 November 2010.

Employee Loyalty Plan means the plan described in Section 10.8.

EPS means earnings per Share.

Expiry Date means the date 13 months after the date of this Prospectus.

Final Acquisition Agreement means in the case of each Selling Principal, the agreement for the sale of that Selling Principal's Firm Shares to Countplus formed by the execution by that Selling Principal of their personalised Principals Offer and Application Form, the terms of that agreement being contained in the document with the name "Final Acquisition Agreement" (which was sent to the Selling Principal together with the prospectus dated 8 November 2010) and any supplementary document, and in the personalised Principals Offer and Application Form.

Firm means one of the 18 companies that operates an accounting and/or financial planning business, or a financial planning dealer group business, and which is described in Section 2.2, and Firms means all of these companies collectively.

Firm Shares means:

- (a) in relation to a Selling Principal, the ordinary shares held by the Selling Principal in a Firm which the Selling Principal is invited to offer to sell to Countplus on the terms of a Final Acquisition Agreement, and which is set out in the personalised Principals Offer and Application Form for that Selling Principal; and
- (b) in relation to a Wearne Principal, the ordinary shares in Wearne & Co that the Wearne Principal has already sold to Countplus on the terms of the Wearne Share Sale Deed.

FY or **Financial Year** means the financial year ended or ending 30 June (as the context requires).

GST means goods and services or similar tax imposed in Australia.

Guarantor means a natural person who enters into a Final Acquisition Agreement as a guarantor of the Selling Principal who enters into the same Final Acquisition Agreement.

Investigating Accountant means Ernst & Young.

Investigating Accountant's Report means the report in respect of the historical and pro forma historical financial information prepared by the Investigating Accountant, a copy of which is included in Section 4.

Listing means the official quotation of Shares on ASX.

Listing Rules means the listing rules of ASX.

NPAT means net profit after tax.

Offers mean the Principals Offer and the Public Offer.

Principals means the Selling Principals and the Wearne Principals collectively, and Principal means a Selling Principal or a Wearne Principal, as the context requires.

Principals Application Form means the personalised yellow Application Form issued to the Wearne Principals together with a copy of this Prospectus.

Principals Forms means the Principals Offer and Application Forms and the Principals Application Forms collectively, and Principals Form means a Principals Offer and Application Form or a Principals Application Form, as the context requires.

Principals Offer means the offer under this Prospectus to:

- (a) the Selling Principals of:
 - (i) Shares to be issued by Countplus; or
 - (ii) a combination of cash and Shares to be paid and issued by Countplus,
 in satisfaction of the consideration for the acquisition of the Firm Shares of those Selling Principals in accordance with the terms of their Final Acquisition Agreements; and
- (b) the Wearne Principals of Shares to be issued by Countplus in satisfaction of the deferred consideration for the acquisition by Countplus of the Firm Shares of those Wearne Principals in accordance with the terms of the Wearne Share Sale Deed.

Principals Offer and Application Form means the personalised yellow offer and Application Form issued to the Selling Principals together with a copy of this Prospectus.

Principals Offer Price means, for the Principals Offer, \$1.42 per Share.

Prospectus or **Replacement Prospectus** means this document (including the electronic form of this document) and any supplementary or replacement prospectus in relation to this document.

Public Offer means the offer under this Prospectus to Eligible Count Shareholders, Eligible Count Optionholders and members of the general public of Shares for issue by Countplus.

Public Offer Closing Date means the date by which Applications must be lodged under the Public Offer (being Monday, 13 December 2010), unless Countplus varies that date.

Public Offer Price means, for the Public Offer, \$1.50 per Share.

Selling Principal means a person who is an ordinary shareholder in a Firm and who has received a personalised Principals Offer and Application Form together with this Prospectus.

Share or **Countplus Share** means fully paid ordinary share in the capital of Countplus.

Share Registry means Computershare Investor Services Pty Limited (ABN 48 078 279 277).

Shareholder means a holder of Shares.

Shareholders Agreement has the meaning given to that term in the Final Acquisition Agreements.

TFSA means the Firm, Total Financial Solutions Australia Pty Ltd (ACN 146 108 367) (previously known as Countplus FS Operations Pty Limited), which is a wholly-owned subsidiary of Countplus.

TFSA Business means the financial planning dealer group business carried on by the TFSA Vendors and which was sold to TFSA by the TFSA Vendors on 30 September 2010. See Sections 1.2.3 and 8.1.1 for more details.

TFSA Vendors means ACN 003 636 968 Pty Ltd (formerly known as Total Financial Solutions Australia Pty Ltd) and TFSA Holdings Limited (ACN 086 595 735).

tuck-in business means a business acquired or proposed to be acquired by a Firm (rather than by Countplus).

Underwriter means Count in its capacity as underwriter of the Public Offer.

Wearne & Co means the Firm, Wearne & Co Pty Limited (ACN 002 401 907).

Wearne Principal means a person who was a vendor of ordinary shares in Wearne & Co to Countplus under the Wearne Share Sale Deed and who has received a personalised Principals Application Form together with this Prospectus.

Wearne Share Sale Deed means the share sale and purchase deed described in Section 8.1.1.



Application Form

This Application Form is important. It relates to the replacement prospectus dated and lodged with the Australian Securities and Investments Commission on 19 November 2010 issued by Countplus Limited ("Prospectus") If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire Prospectus carefully before completing this Application Form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

Registry Use Only

Broker Code

Adviser Code

A I/we apply for

Number of Shares in Countplus at A\$1.50 per Share or such lesser number of Shares which may be allocated to me/us

B I/we lodge full Application Money

A\$

C Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)

Title or Company Name	Given Name(s)	Surname
<input type="text"/>	<input type="text"/>	<input type="text"/>

Joint Applicant 2 or Account Designation

<input type="text"/>	<input type="text"/>
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Joint Applicant 3 or Account Designation

<input type="text"/>	<input type="text"/>
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D Enter your postal address - Include State and Postcode

Unit	Street Number	Street Name or PO Box/Other Information
<input type="text"/>	<input type="text"/>	<input type="text"/>

City / Suburb / Town	State	Postcode
<input type="text"/>	<input type="text"/>	<input type="text"/>

E Enter your contact details

Contact Name

Telephone Number - Business Hours / After Hours
()

F CHES Participant

Holder Identification Number (HIN)
X

Please note that if you supply a CHES HIN but the name and address details on your form do not correspond exactly with the registration details held at CHES, your application will be deemed to be made without the CHES HIN, and any securities issued as a result of the Public Offer will be held on the Issuer Sponsored subregister.

Payment details – Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque or bank draft payable to Countplus Share Offer Account

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application Form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

How to complete this form

A Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of \$4,050 worth of Shares which equates to 2,700 Shares. Applications for greater than \$4,050 worth of Shares must be in multiples of 100 Shares.

B Application Money

Enter the amount of Application Money. To calculate the amount, multiply the number of Shares by the price per Share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHES) participants should complete their name identically to that presently registered in the CHES system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHES

Countplus Limited (the Company) will apply to the ASX to participate in CHES, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHES, the company will operate an electronic CHES Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Shares allotted to you under this Application on the CHES Subregister, enter your CHES HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to Countplus Share Offer Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read the Prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in Countplus Limited is upon and subject to the terms of the Prospectus and the Constitution of Countplus Limited, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the Prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited Melbourne by no later than 5:00pm (AEDT) on Monday, 13 December 2010. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Countplus Limited
GPO Box 2115
MELBOURNE VIC 3001

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Countplus Offer Information Line on 1300 035 243 (within Australia) and 03 9938 4383 (outside Australia).

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund



12. Corporate Directory

Registered Office	Gold Fields House Level 19 1 Alfred Street Sydney NSW 2000												
Board of Directors	<table><thead><tr><th>Current Board Member</th><th>Position</th></tr></thead><tbody><tr><td>Barry Martin Lambert</td><td>Chairman</td></tr><tr><td>Michael James Spurr</td><td>Executive Director</td></tr><tr><td>David Maxwell Smith</td><td>Non-Executive Director</td></tr><tr><td>Donald Kenneth Sharp</td><td>Non-Executive Director</td></tr><tr><td>Graeme Hilton George Fowler</td><td>Non-Executive Director</td></tr></tbody></table>	Current Board Member	Position	Barry Martin Lambert	Chairman	Michael James Spurr	Executive Director	David Maxwell Smith	Non-Executive Director	Donald Kenneth Sharp	Non-Executive Director	Graeme Hilton George Fowler	Non-Executive Director
Current Board Member	Position												
Barry Martin Lambert	Chairman												
Michael James Spurr	Executive Director												
David Maxwell Smith	Non-Executive Director												
Donald Kenneth Sharp	Non-Executive Director												
Graeme Hilton George Fowler	Non-Executive Director												
Company Secretary	Caress Teresa Andrews												
Website	www.countplusoffer.com.au												
Offer Information Line	1300 035 243 (within Australia) or +613 9938 4383 (outside Australia) Hours of operation: 8.30am to 5.00pm AEDT Monday to Friday												
Underwriter	Count Financial Limited Gold Fields House Level 19 1 Alfred Street Sydney NSW 2000												
Investigating Accountant and Auditors	Ernst & Young 680 George Street Sydney NSW 2000												
Legal Adviser	Addisons Level 12 60 Carrington Street Sydney NSW 2000												
Tax Adviser	Deloitte Private Pty Ltd Grosvenor Place 225 George Street Sydney NSW 2000												
Share Registry	Computershare Investor Services Pty Limited 452 Johnston Street Yarra Falls Abbotsford VIC 3067												



Head Office

Level 19
1 Alfred Street
Sydney NSW 2000
Tel: 1800 026 868

www.countplusoffer.com.au

Underwritten by Count Financial Limited

