

Prospectus

For the offer 13,333,333 fully paid ordinary shares at an offer price of \$0.30 per Share to raise \$4,000,000.

spring FINANCIAL GROUP

SPRING FG LIMITED
ACN 169 037 058

Adviser & Underwriter to the Offer
KTM Capital Pty Limited
12th December 2014

Important Information

This Prospectus contains important information for you as a shareholder or prospective investor and requires your immediate attention. It should be read in its entirety. If you have any questions as to its contents or the course you should follow, please consult your stockbroker, accountant, solicitor or other professional adviser immediately.

Corporate Directory

Board

Guy Hedley – Chairman
Non-executive Director

Keith Cullen
Managing Director

Chris Kelesis
Executive Director

Jeff Zulman
Non-executive Director

Company Secretary

Ian Morgan

Registered Office

Level 4, 99 Bathurst St
Sydney NSW 2000
Ph: 02 9248 0422
springFG.com

Underwriter

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Sydney NSW 2000
Ph: 02 9235 9940
ktmcapital.com.au
AFSL No. 27419

Solicitor

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Level 13, 50 Carrington St
Sydney NSW 2000
Ph: 02 9262 6666
wmlaw.com.au

Investigating Accountant

BDO Corporate Finance
(East Coast) Pty Ltd
Level 11, 1 Margaret St
Sydney NSW 2000
Ph: 02 9251 4100
bdo.com.au
AFSL No. 247420

Auditor

BDO East Coast Partnership
Level 11, 1 Margaret St
Sydney NSW 2000
Ph: 02 9251 4100
bdo.com.au

AFSL Auditor

Rothsay Chartered Accountants
Level 1, 12 O'Connell St
Sydney NSW 2000
Ph: 02 8815 5400
rothsay.com

Public Relations

Hill + Knowlton Strategies
Level 1, 17 Castlereagh St
Sydney NSW 2000
Ph: 02 9231 0922
westbrookfn.com.au

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent St
Sydney NSW 2000
Ph: 02 9290 9600
boardroomlimited.com.au

ASX Listing Code

"SFL"



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Important Information

This Prospectus (Prospectus) is dated 12 December 2014 and was lodged with the Australian Securities & Investments Commission (ASIC) on that date. It is issued by Spring FG Limited (ACN 169 037 058) (Company) and is an invitation to apply for up to 13,333,333 Shares at an issue price of \$0.30 per Share to raise up to \$4 million.

None of ASIC, ASX Limited (ASX) or their respective officers take responsibility for the contents of this Prospectus.

This Prospectus is important and should be read in its entirety. You may wish to consult your professional adviser about its contents.

Glossary of terms

Defined terms and abbreviations included in the text of this Prospectus are set out in the Glossary in Section 10.

Exposure period

The Corporations Act prohibits the Company from processing Applications for Shares in the seven-day period after the date of lodgement of the Prospectus. This period may be extended by ASIC by a further seven days.

This period is the exposure period to enable the 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 that period. No preference will be conferred on Applications received during the exposure period.

Expiry date

No Shares will be issued on the basis of this Prospectus after the expiry date, being the date 13 months after the date of this Prospectus.

ASX listing

The Company will apply within seven days after the date of this Prospectus for admission to the Official List of ASX and for official quotation of the Shares on ASX.

The fact that ASX may admit the Company to the official list and quote the Shares is not to be taken in any way as an indication of the merits of the Company. Neither the ASX, nor its officers take any responsibility for the contents of this Prospectus. If granted admission to the ASX, quotation will commence as soon as practicable after holding statements are dispatched.

The Company does not intend to issue any Shares unless and until the Shares have been granted permission to be quoted on the ASX on terms acceptable to the Company.

If permission is not granted for the Shares to be quoted before the end of three months after the date of this Prospectus or such longer period permitted by the Corporations Act or with the consent of ASIC, all Application Monies received under the Prospectus will be refunded without interest to Applicants in full within the time prescribed by the Corporations Act.

Investment decision

Applicants should read this Prospectus in its entirety before deciding to apply for Shares. This Prospectus does not take into account your individual investment objectives, financial situation or any of your particular needs. You should seek independent legal, financial and taxation advice before making a decision whether to invest in the Company. An investment in this Company carries risks. An outline of some of the risks that apply to an investment in the Company is set out in Section 7. You are urged to consider this Section of the Prospectus carefully before deciding to apply for Shares.

Disclaimer

No person is authorised to give any information or make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not so contained or taken to be contained may not be relied on as having been authorised by the Company in connection with the Offer.

Except as required by law, the Company does not intend 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.

The Company, the Underwriter and the Share Registry disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

Forward looking statements

This Prospectus contains forward looking statements, which are identified by words such as "may", "could", "believes", "estimates", "expects", "intends" and other similar words that involve risks and uncertainties. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events.

These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements.

While the Company believes that the expectations reflected in the forward looking statements in this Prospectus are reasonable, no assurance can be given that such expectations will prove to be correct. The risk factors set out in Section 7, as well as other matters as yet not known to the Company or not currently considered material by the Company, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements.

Any forward looking statement contained in this Prospectus is qualified by this cautionary statement.

Obtaining a copy of this Prospectus

A paper copy of this Prospectus is available free of charge to any person in Australia and New Zealand by calling (02) 9248 0422 (within Australia) or (612) 9248 0422 (outside Australia) from 8.30am until 5.00pm (Sydney time) Monday to Friday during the Offer Period.

This Prospectus is also available to Australian and New Zealand resident investors in electronic form at the Offer website, www.springFGshareoffer.com. The Offer constituted by this Prospectus in electronic form is available only to Australian or New Zealand residents accessing the website from Australia or New Zealand. It is not available to persons in the United States. Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus.

Applications for Shares may only be made on the Application Form attached to or accompanying this Prospectus. By making an Application, you declare that you were given access to this Prospectus, together with an Application Form.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, this Prospectus in its paper copy form or the complete and unaltered electronic version of this Prospectus.

Important notice for New Zealand investors

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008. This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and Regulations (Australia) set out how the offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime. The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Market Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between the currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Privacy

By completing an Application Form, you are providing personal information to Spring FG and the Share Registry, which is contracted by Spring FG to manage Applications. Spring FG and the Share Registry on its behalf, collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration. Once you become a Shareholder, the Corporations Act, ASX Settlement Operating Rules and Australian taxation legislation require information about you (including your name, address and details of the Shares you hold) to be included in Spring FG's Register.

In accordance with the requirements of the Corporations Act and ASX Settlement Operating Rules, information on the Register will be accessible by members of the public. The information must continue to be included in the Register if you cease to be a Shareholder. If you do not provide all the information requested, your Application Form may not be able to be processed.

Photographs and diagrams

Photographs and diagrams in this Prospectus that do not have accompanying descriptions are for illustration only and should not be interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown are owned by the Company. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available at the date of this Prospectus

Other matters

Unless otherwise stated, all references to '\$', dollars and cents are to Australian currency. Unless otherwise stated or implied, references to dates or years are calendar year references. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding.

Enquiries

Investors with questions regarding the terms of the Offer or on how to complete the Application Form or if you require additional copies of the Prospectus contact KTM on (612) 9235 9985. If you are uncertain as to whether obtaining Shares is a suitable investment for you, you should seek professional advice from your accountant, stockbroker, lawyer or other professional adviser. It is important you read this Prospectus in its entirety and seek professional advice where necessary.



Welcome to Spring
Financial Group and
welcome to a *fresh*
approach to financial
services in Australia.

At the core of Spring FG's fresh approach is a holistic philosophy that is focused on establishing with our clients what their lifestyle & financial goals are and developing a strategy that is tailored to meet those goals.

Chairman's Letter



spring'FG LIMITED

A fresh approach.

12 December 2014

Dear Investor

It is with pleasure that I invite you to participate in the ownership and growth of Spring FG Limited.

Through its wholly-owned subsidiaries that operate under the banner of Spring Financial Group, from offices in Sydney, Melbourne, Brisbane and Canberra, the Company offers a diverse range of financial services encompassing financial planning and investment advice; insurance and superannuation; and tax & accounting services.

Spring FG's advice and product offerings are broad and include a specialisation in the high-growth markets of self-managed superannuation funds (SMSFs); and direct and SMSF residential real estate investment.

You will find a detailed description of the Company's history, and its business and operations in Section 2 of this Prospectus. In particular, that Section explains our fresh approach to wealth management and financial services and looks at our services from our clients' perspective.

In reading this document we trust you will get a sense for the growth in revenue and profits that the Company has already delivered and of the significant opportunity that its acquisition and renovation strategy, which is more fully explained in Section 2, presents.

Under this Prospectus, the Company is offering 13,333,333 Shares to the public at \$0.30 per Share to raise \$4 million, with the primary use of proceeds being to fund further organic growth and the Company's intended acquisition and renovation strategy. The Offer is fully underwritten by KTM Capital Pty Limited.

Of course no investment is without risks. So, in addition to information about the Offer and the financial and operating performance of the Company, this Prospectus includes a detailed description of the key risks associated with an investment in the Company which can be found at Section 7.

Due to the nature of the financial services markets in which the Company operates, these risks include legislative and regulatory risks and general market risks; changes to which could adversely impact the Company's future prospects, revenue and profits. These include potential legislative and regulatory changes that might flow from the final report to government by the recent Financial System Inquiry some of which could have either potentially positive or potentially adverse impacts on the Company. These are explained in more detail in Section 7 also.

In addition to the important sections mentioned above, I draw your attention to Section 4 where you will find detailed information about the Board, key management and staff and our dynamic Graduate Recruit Program.

Spring Financial Group brings together a team of highly-motivated people who share a vision to create something very special. A number of key members of the Company's team have worked with one or more of the others previously, with some of those associations spanning more than a decade.

Others, like several of the Company's successful graduate recruits, have less experience but are no less passionate about our Company and delivering great outcomes for its clients. And they bring vital energy, fresh ideas and the latest thinking from their recent tertiary studies in finance, economics, accounting, commerce and law to the Company.

Collectively the Board and key executives have considerable operational knowledge and experience in wealth management and financial services. Corporately that experience extends to the areas of capital & debt markets and mergers & acquisitions, in both private and public company environments.

I encourage you to read the Prospectus carefully and in its entirety, particularly the Section on risks, before making your investment decision.

On behalf of the Board of Spring FG I look forward to welcoming you as a Shareholder.

Yours sincerely

Guy Hedley
Chairman

Sydney
Head Office
Level 4, 99 Bathurst St
Sydney NSW 2000
T 02 9248 0422

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Level 27
101 Collins St
Melbourne Vic 3000
T 03 9221 6224

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Level 36, Riparian Plaza
71 Eagle St
Brisbane Qld 4000
T 07 3121 3189

Canberra
Level 9, NewActon Nishi
2 Phillip Law St
Canberra ACT 2601
T 02 6243 3628

Managing Director's Letter



spring'FG LIMITED

A fresh approach.

12 December 2014

Dear Investor

When we founded Spring Financial Group in late 2010 it was with a mission to bring a fresh approach to the way financial services are offered in Australia.

As Section 2 of this Prospectus more fully explains, at the core of our fresh approach is a holistic philosophy that, instead of focusing on selling products to clients, is focused on establishing what their lifestyle & financial goals are and developing a strategy that is tailored to meet those goals before specific products are even considered.

Central to our fresh approach, is that we consider 100% of our clients' wealth today and how to create the wealth that they will need to meet their goals in the future. This includes the asset class that represents most Australian private investors' major investment – their property assets. We believe that only by considering wealth in this way can a client be best informed about the investment products and solutions they need to achieve their lifestyle goals now and in retirement.

Our experience is that our clients have embraced this fresh approach. I am proud that we have been profitable after tax since our first full-year of commercial operation in FY2012. As you'll find on reading our historical audited financial results in Section 5, in that year, from a virtual zero start we achieved a modest profit on revenue and other income of \$1.72M.

In FY2013, as we expanded our team and marketing efforts, revenue and other income grew by 138% to \$4.09M, with NPAT reaching \$496,000. More recently, for FY2014 revenue and other income was up by 98% to \$8.11M resulting in an operating profit of more than \$3.0M and NPAT of \$2.26M as our clients continued to respond to our fresh approach.

As Sections 2 and 5 set out, our FY2014 result was aided by completion of our acquisition of the business and assets of Moneytree Partners in May 2014. As explained in the same Section, the acquisition brought normalised (or pro-forma) revenue for FY2014 to just over \$9.44M with normalised operating profit before tax exceeding \$4.5M; and normalised NPAT exceeding \$3.1M.

That acquisition was the first step in our important acquisition and renovation strategy which is explained in detail in Section 2 of this Prospectus.

Our next acquisition, in late August 2014, was of Pink Diamond Financial Group. Sections 2 and 5 explain more about that acquisition.

The Company expects significant integration benefits to flow from these acquisitions through the introduction of its fresh approach across their operations. We are forecasting statutory revenue of \$15.1M for FY2015 and expect to deliver a statutory operating profit before tax of \$7.04M with statutory NPAT of \$5.03M. Inclusive of the Shares issued under the Offer this result would equate to earnings-per-share (EPS) of \$0.044; and under the Board's stated dividend policy, a fully-franked dividend of \$0.026 per Share is forecast for FY2015.

I look forward to you participating in our future as a Shareholder, however as our Chairman has urged in his opening letter, please read this Prospectus carefully and in its entirety before making any investment decision, in particular Section 7 that provides a detailed description of the key risks associated with an investment in the Company.

Yours sincerely

Keith Cullen
Founder & Managing Director

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Level 4, 99 Bathurst St
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T 02 9248 0422

Melbourne
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101 Collins St
Melbourne Vic 3000
T 03 9221 6224

Brisbane
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Brisbane Qld 4000
T 07 3121 3189

Canberra
Level 9, NewActon Nishi
2 Phillip Law St
Canberra ACT 2601
T 02 6243 3628

Key Offer Information

Key Offer Dates

Lodgement of Prospectus with ASIC	12 December 2014
Expected open of Offer (9.00am)	30 December 2014
Expected close of Offer (5.00pm)	16 February 2015
Settlement	24 February 2015
Issue and allotment of Shares	24 February 2015
Expected despatch of holding statements	25 February 2015
Trading of Shares expected to commence on ASX	2 March 2015

Note: This timetable is subject to change and is indicative only. Unless otherwise indicated, all times are references to Sydney time. The Company reserves the right to vary the dates and time of the Offer, including to close the Offer early or to accept late Applications, either generally or in particular cases without notification.

Key Offer Statistics

Offer Price per Share	\$0.30
Total number of Shares available under the Offer	13,333,333 Shares
Total number of Shares on issue following the Offer	113,955,085 Shares
Amount to be raised under the Offer	\$4,000,000
Indicative market capitalisation at the Offer Price of \$0.30 per Share	\$34,186,526
Price-to-earnings ratio based on FY2015 Pro-Forma Forecast	6.52 times
Indicative dividend yield based on Offer Price and forecast FY2015 dividend	8.8% fully-franked

Summary of Financial Information

Summary financial information for the past three years and prospective financial information for FY2015 is set out in the table below. It should be read in conjunction with the notes below and Section 5 which provides more details on the financial information.

A\$'000 (thousand)	Actual FY2012	Actual FY2013	Actual FY2014	Pro-forma FY2014 ^(1 and 2)	Pro-forma Forecast FY2015 ^(4 and 5)	Statutory Forecast FY2015 ⁽³⁾
Revenue	\$1,720	\$4,090	\$8,107	\$9,445	\$15,558	\$15,191
Profit Before Tax	\$(38)	\$783	\$3,048	\$4,516	\$7,491	\$7,047
Profit After Tax	\$2	\$496	\$2,262	\$3,161	\$5,244	\$5,026

Notes:

¹ The Pro-Forma FY2014 column above assumes that the Moneytree Partners acquisition was completed on 1 July 2013 to show the full year impact on revenue and profits.

² No normalisation is considered in the Pro-Forma FY2014 column above for the Pink Diamond Financial Group acquisition.

³ The Statutory Forecast FY2015 column includes a part-year contribution from the Pink Diamond Financial Group acquisition from the completion date of the acquisition on 28 August 2014.

⁴ The pro forma forecast FY2015 column is on the basis that the one-off expenses associated with the offer have been excluded and the Pink Diamond Financial Group Acquisition had been completed on 30 June 2014 and the opening structure in place following the Offer has been in place for the full financial year.

⁵ No contribution is forecast from future acquisitions as there can be no certainty as to the timing or certainty of them.

Key Investment Highlights

Below is a summary of the key highlights of the Offer. This is a summary only and should be read in light of other information in this Prospectus, particularly the risks which are set out in Section 7.

What is Spring FG Limited?

For further information see Section 2, Section 3 and Section 5

Spring FG Limited (Spring FG) is a diversified financial services company with products and services encompassing financial planning and investment advice; insurance and superannuation; finance; and tax & accounting services.

Spring FG's advice and product offerings are broad and include a specialisation in the high-growth markets of self-managed superannuation funds (SMSFs); and direct and SMSF residential real estate investment.

Spring FG Limited

Spring FG is the parent of all companies within the Group and will be the ASX-listed entity. It houses all Group administration, compliance, recruitment & training, marketing, and corporate activities.

Its products and services are delivered to clients through its wholly-owned subsidiaries (and divisions) that operate under the banner of Spring Financial Group. The key Group companies are as follows:

Spring Financial Group Pty Ltd

Spring Financial Group Pty Ltd (Spring Financial) is the main financial advice entity of the Group. It holds an Australian Financial Services Licence (AFSL No. 391655) that authorises financial advice and dealing activities of the Group.

Its Spring Financial Planning division includes Spring Financial's existing financial planning operations and the offices that may be acquired through the Company's acquisition and renovation strategy.

Its Spring Equities division provides advice and dealing services in Australian equities; and its specialist medical practitioners division provides tailored financial advice and tax & accounting solutions to medical practitioners and other medical industry professionals.

Spring Financial also offers financial education services to all Australians free-of-charge through its Wealthadviser division that has published more than 50 financial education eBooks and conducts regular free financial education seminars.

Spring FG Realty Pty Ltd

Spring FG Realty Pty Ltd (Spring FG Realty) holds corporate real estate licences in New South Wales, Victoria, Queensland and the Australian Capital Territory. Its role in Spring FG is to research, source and market residential property solutions to clients of the Spring Financial Planning network that fit with clients' overall financial plans.

Spring FG Accounting Pty Ltd

Spring FG Accounting Pty Ltd (Spring FG Accounting) is a registered tax agent. It provides a comprehensive range of accounting and taxation advice and solutions for investors and small-to-medium businesses. Its services include tax planning and structuring, management and cashflow reporting, tax returns and ASIC compliance.

Spring FG Finance Pty Ltd

Spring FG Finance Pty Ltd (Spring FG Finance) offers finance and mortgage advice and brokerage services through agreements with various mortgage brokers and aggregators. Its role within the Group is to source the most suitable and competitive finance solutions for Spring FG clients, primarily for those funding the acquisition of investment properties.

What sets Spring FG apart from other financial services and financial advice companies?

For further information see Section 2 and Section 5

Spring FG has a holistic philosophy in its dealings with clients that, instead of focusing on selling products, is focused on establishing what their lifestyle & financial goals are and developing a strategy that is tailored to meet those goals *before* specific products are even considered.

Spring FG refers to this as a *fresh approach* as it believes that this approach sets it apart from other industry participants and provides not only great advantages for its clients, but by being relevant to its clients has enabled the Company to perform strongly financially.

Spring FG offers a broad range of financial advice and products and services to its clients. This not only offers the convenience to clients of being able to deal with one company across many aspects of their financial & lifestyle goals; but improves operational efficiency and profitability for the Company.

Spring FG is not “aligned” with any institution which means it does not need to limit its advice to a very specific product-set.

Spring FG provides specialist advice and deals in the industry-disruptive growth area of SMSFs.

Spring FG also provides specialist advice and deals in residential investment property, which is a central plank in Spring FG’s offering to its clients and (currently) the most significant contributor to revenue and profits for the Company.

Spring FG is genuinely committed to compliance and adviser education and training, including through its Graduate Recruit Program that helps the Group and its clients through vital energy, fresh ideas and the latest thinking from our graduates’ recent tertiary studies in finance, economics, accounting, commerce and law.

What are the key investment risks?

For further information see Section 7 and Section 8

The key risks of any investment in the Company are highlighted below. Investors should bear these in mind, when considering whether to participate in the Offer:

Regulatory and Licensing Requirements and Compliance

Spring FG operates in highly-regulated markets that require it (through its various 100%-owned subsidiaries) to hold licences, registrations and other authorities and approvals to operate key aspects of its business and generate revenue and profits.

Each of these licences and registrations is subject to ongoing compliance with a variety of regulatory and supervisory requirements, that if not met, or if breached in any material way (whether knowingly or inadvertently) could result in restrictive conditions being imposed or a suspension or cancellation of the licence or registration. Such outcomes could materially adversely impact Spring FG’s operations, its ability to offer certain products or services and/or its revenue and profits.

Spring Financial has given enforceable undertakings to ASIC with respect to its AFSL the details of which are set out in Section 8.6. There is a risk that should Spring Financial not comply with the undertakings it has given, or its AFSL obligations generally, that ASIC could impose restrictive conditions, or suspend or cancel Spring Financial’s AFSL.

Spring FG seeks to mitigate regulatory, licensing and compliance risks through a comprehensive compliance regime that includes extensive internal monitoring and reporting across all key aspects of its operations however there can be no certainty that these measures will be successful.

Key Risks continued

For further information see Section 7 and Section 8

Legislative and Regulatory Changes

The provision of many of Spring FG's products and services including financial advice and products, tax & accounting and real estate, and the nature and manner in which its clients can access those services, and the way Spring FG may earn revenue and profits from the provision of those products and services are subject to significant legislation and regulation as well as regulatory oversight.

Legislative or regulatory changes could adversely affect the Group's ability to offer certain products or services and/or its ability to earn revenue and profits from them.

Similarly legislative or regulatory changes could adversely affect the ability of clients or potential clients of Spring FG to access certain products or services or make them less attractive to them.

These include potential changes that might flow from the recent Financial System Inquiry final report to government which if implemented might have both potentially positive or adverse impacts on the Company. These are set out in more detail in Section 7.

Such outcomes could materially adversely impact the Group's operations, its ability to offer certain products or services and/or its revenue and profits.

Spring FG seeks to mitigate these risks by endeavouring to diversify its product and service offerings however there can be no certainty that these measures will be successful.

Acquisition & Renovation Strategy Risk

As more fully explained in Section 2.6.2, the Company intends to pursue growth opportunities through the acquisition of companies and businesses that operate in the financial services market. In turn, it intends to integrate those businesses into its existing operations and overlay its business model.

There can be no guarantee that the Company will be able to identify suitable acquisition targets or negotiate acquisition terms that are acceptable to it and the vendors of such companies and businesses.

There is a risk that when the Company does make acquisitions that they will fail to deliver the revenue and profits that the Company anticipates and there can be no certainty that the overlay of the Company's business model will be successful.

Spring FG seeks to mitigate these risks through engaging external corporate and legal advisers and through the appointment of board members and operational personnel that have experience in mergers and acquisitions however there can be no certainty that these measures will be successful.

Management of Future Growth

Spring FG has experienced and expects to continue to experience a period of rapid growth and increase in the number of its employees and officers and the scope of its supporting infrastructure. Spring FG will be required to continue to implement and improve its systems in a timely manner in order to accommodate the increased number of transactions and clients and the increased size of its operation. A failure to do so may adversely affect Spring FG's revenue and profitability.

Spring FG seeks to mitigate these risks through the recruitment of experienced operational personnel and through the use of appropriate external consultants and contractors however there can be no certainty that these measures will be successful.

Key Risks continued

For further information see Section 7 and Section 8

Liquidity & Realisation Risk

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. With the Shareholders set out in the table in Section 1.5 holding approximately 63.17% of the Shares after completion of the Offer, and these Shares being subject to escrow commitments, only 36.83% of the Shares will be able to be freely traded at completion of the Offer.

With this limited free float, there may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of the Shares. There is a risk that once the Shares subject to escrow commitments are released from these restrictions, there may be a significant sell-down by the holders of those Shares.

Spring FG has sought to mitigate this risk through agreeing a staged release of Shares from these restrictions as more fully explained in Section 1 however there can be no certainty that these measures will be successful.

Concentration of Shareholding

Following completion of the Offer, the existing Shareholders will hold approximately 88.3% of the Shares. Accordingly, the existing Shareholders will continue to be in a position to exert significant influence over the outcome of matters relating to Spring FG, including the election of Directors and consideration of material Board decisions. Although the interests of Spring FG, the existing Shareholders and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge.

A number of the existing Shareholders have provided escrow commitments in relation to all of their Shares held on completion of the Offer, under which their Shares will be subject to escrow commitments for up to two years.

Limited Operating History

Spring FG has a limited operating history. As an early stage business, Spring FG has a limited operating and financial history which may make it difficult for investors to assess its past performance. There can be no assurance that Spring FG will achieve profitability in the future.

Directors and Key Management Personnel

For further information see Section 4

The Board consists of:

Guy Hedley (Chairman & Non-Executive Director)
Keith Cullen (Managing Director)
Chris Kelesis (Executive Director)
Jeff Zulman (Non-Executive Director)

In addition to the Directors, key members of the management team include:

Russell Scott (Chief Operating Officer & Chief Financial Officer)
Mitchell Ansiewicz (Group General Manager & Responsible Manager – SFGPL)
Frank Paul (Head of Advice Services & Responsible Manager – SFGPL)
Christopher Hall (Head of Spring Equities & Responsible Manager – SFGPL)
Jessie Xu (Practice Manager – SFGPL)

Interests, key benefits and related party transactions

For further information see Section 4

Spring FG has entered into compensation arrangements with its Directors and key personnel.

Guy Hedley is director and chairman of Atlas Advisors Australia Pty Ltd, a company with which Spring FG has entered into a referral arrangement. Details are set out in Section 4 of this Prospectus.

The Shares held by each of the Directors and their related entities are set out in Section 4 of this Prospectus.

Key terms and effect of the Offer

Summary of Offer	<p>The Offer is for the issue of 13,333,333 Shares at \$0.30 per Share.</p> <p>The amount to be raised under this Prospectus is \$4,000,000 and the issue of Shares under this Prospectus is fully underwritten.</p> <p>The Offer is open to members of the general public who have a registered address in Australia or New Zealand. Investors may subscribe for a minimum of 7,000 Shares representing a minimum investment of \$2,100.</p>
<p>For further information see Section 1</p>	
Purpose of Offer and use of funds	<p>The purpose of the Offer is to:</p> <ul style="list-style-type: none"> • Achieve a listing on the ASX to broaden the Company's Shareholder base and provide a liquid market for its Shares • Pay the costs of the Offer, including obtaining a listing on ASX (estimated at approximately \$608,500 exclusive of GST) • Pay the balance of the purchase price for the Pink Diamond Financial Group (\$1,500,000 plus interest) • Strengthen the Spring FG balance sheet to enable it to fund expansion including the proposed acquisitions pursuant to its acquisition and renovation strategy. <p>Some of the remainder will also be used for expansion of existing operations and working capital purposes as and when needed.</p>
<p>For further information see Section 1 and Section 5</p>	
Applying for Shares	<p>The procedures for applying for Shares in the Company are described in Section 1. Applicants should note that there is no cooling-off period.</p> <p>It is expected that initial holding statements will be dispatched to successful applicants by standard post on or about 25 February 2015.</p> <p>The Company reserves the right to not proceed with the Offer at any time before the issue of Shares to successful applicants.</p> <p>If the Offer does not proceed, Application Monies will be fully refunded. No interest will be paid on any Application Monies refunded as a result of not proceeding with the Offer.</p>
<p>For further information see Section 1</p>	
ASX listing	<p>The Company will apply to ASX for admission to the Official List of ASX and quotation of Shares on ASX under the code SFL.</p> <p>Completion of the Offer is conditional on ASX approving this application.</p>
<p>For further information see Section 1</p>	
Voluntary escrow commitments for certain Shares	<p>As set out in Section 1.5, the Company founders and other existing Shareholders have given commitments regarding trading all of their Shares. These Shares will be subject to escrow commitments for periods ranging from one to two years from the Listing Date.</p>
<p>For further information see Section 1.5</p>	
Dividends	<p>The Company has adopted a policy to pay fully-franked dividends at least annually subject to available profit and cashflow. The first such payment as a listed company is expected to be on or about 15 October 2015 and is forecast to be \$0.026 per Share fully-franked based on the anticipated capital structure of Spring FG following the Offer.</p>
<p>For further information see Section 5.20</p>	
Further information about the Offer	<p>For more information, please call (02) 9248 0422 (within Australia), or (612) 9248 0422 (outside Australia) from 8.30am until 5.00pm (Sydney time), Monday to Friday.</p> <p>If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.</p>
<p>For further information see Section 9</p>	

So, Welcome
to Spring – and
Welcome to a Fresh
Approach that is
founded on *Goals;*
Plans; Action!





Spring FG is seeking to raise \$4,000,000 under this Prospectus. As a result, a total of 13,333,333 Shares are offered at \$0.30 per Share.

Investors may subscribe for a minimum of 7,000 Shares representing a minimum investment of \$2,100.



Section 01

Offer Details

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1. Offer details

This is a summary only. This Prospectus should be read in full before making any decision to apply for Shares.

1.1 Description of Offer

The Company is offering for subscription up to 13,333,333 Shares at an offer price of \$0.30 per Share to raise up to \$4 million.

The Shares are the same class and rank equally in all respects with the existing share capital of Spring FG. See Section 9.3 for a summary of the rights and liabilities attaching to the Shares.

Spring FG reserves the right to reject any Application or to allocate any Applicant fewer Shares than the number applied for.

Applications for Shares must be made on the Application Form attached to this Prospectus and must be received by Spring FG on or before 5.00pm (Sydney time) on the Closing Date.

Early lodgement of your Application Form is recommended as the Directors may close the Offer at any time after the expiry of the exposure period without prior notice. The Directors may extend the Offer in accordance with the Corporations Act.

1.2 Underwritten

This Offer is fully underwritten. See Section 8.4 for a summary of the terms of the Underwriting Agreement.

1.3 Purpose of the Offer and use of funds

The principal purpose of the Offer is to increase Spring FG's ability to scale its operations through further acquisitions (see Section 2.6.2 for further details of the Company's "acquisition and renovation" strategy), increase visibility in the marketplace and create a public market for its Shares.

The funds received pursuant to this Offer will also be used to:

- Pay \$1,500,000 (plus interest) in deferred consideration associated with the Company's acquisition of Pink Diamond Financial Group
- Increase sales and marketing efforts
- Increase financial flexibility
- Fund future acquisitions
- Pay the costs of the Offer, estimated at approximately \$608,500 (exclusive of GST)

See Section 9.5 for a breakdown of the costs of the Offer.

Some of the remainder will be used for working capital purposes as and where needed.

1.4 Capital Structure

Required Action/Opportunity

Amount Raised	\$4,000,000
Number of Shares on issue before the Offer	100,621,750
Number of Shares available under the Offer	13,333,333
Total Number of Shares on issue following the Offer	113,955,085
Percentage of Shares held by Directors after the Offer	46.09%
Indicative market capitalisation (based on the Offer Price of \$0.30 per Share) ¹	\$34,186,526

Note:

¹This is likely to change from time-to-time once the Company is listed.

The following Directors will hold voting power of more than 10% in the Company after completion of the Offer:

Holder	Voting Power
Keith Cullen	28.86%
Chris Kelesis	16.80%

Both Keith Cullen and Chris Kelesis have given escrow commitments regarding trading in Shares held on the terms set out in Section 1.5 below.

1.5 Escrow arrangements

The Directors do not anticipate that ASX will classify any Shares as restricted securities. Accordingly, no ASX-imposed escrow will apply to Shares.

The Shareholders in the table below have provided a commitment to the Company that they will not dispose of any interest in, or to grant any security over, any of the Shares they hold a relevant interest in accordance with the table below. These commitments are made in the form of a representation letter provided to the Company by each Shareholder. In providing these representations, the Shareholders acknowledge that the commitments will be relied on by Applicants in determining to apply for Shares under this Prospectus.

The totals in the table represent the total number of Shares that all of the below mentioned parties will hold on completion of the Offer.

These commitments will terminate on a scheduled basis as set out below commencing on the first anniversary and concluding on the second anniversary of the date of admission of Spring FG to the Official List. However, these commitments permit a Shareholder to accept an offer under a takeover bid in relation to their Shares, provided holders of not less than 50% of the Shares not subject to the escrow commitments then on issue have accepted the takeover bid or to enable the Shares of a Shareholder to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act.

Shareholder/s	Escrowed for 12 months	Percentage	Escrowed for 24 months	Percentage	Total Escrowed	Percentage
Keith Cullen and related entities	-	-	32,890,488	28.86%	32,890,488	28.86%
Chris Kelesis and related entities	-	-	19,140,831	16.80%	19,140,831	16.80%
Other holders	10,954,110	9.61%	8,999,643	7.9%	19,953,753	17.51%
Total	10,954,110	9.61%	61,030,963	53.56%	72,141,973	63.17%

	At completion of Offer		After 12 months		After 2 years	
Free float of Shares	41,970,012	36.83%	52,924,121	46.44%	113,955,084	100.0%

1.6 Application and Application Forms

Applications under the Offer must be made and will only be accepted on the applicable Application Form issued with and attached to this Prospectus.

Shares issued in respect of Applications received by the Company will be issued at \$0.30.

Applications and Application Monies for Shares under the Offer received after 5.00pm (Sydney time) on the Closing Date will not be accepted and will be returned to potential investors.

The Directors may extend the Closing Date and also reserve the right to close the Offer early. Applications must be accompanied by payment in Australian currency.

The Application constitutes an offer by the Applicant to subscribe for Shares on the terms and subject to the conditions set out in this Prospectus. Application Forms will be accepted at any time after the Opening Date and prior to the Closing Date.

The Board reserves the right to accept, reject or scale back any Application, in its absolute discretion.

Where the number of Shares allotted is less than the number applied for or where no allotment is made, the surplus Application Monies will be returned to Applicants (without interest) by cheque within seven days of the Closing Date.

A binding contract to issue Shares will only be formed at the time Shares are allotted to Applicants.

Payment by Cheque

Cheque(s) must be drawn on an Australian branch of a financial institution and made payable to "Spring FG Limited – Application Account" and crossed "Not Negotiable".

Payments by cheque will be deemed to have been made when the cheque is honoured by the bank on which it is drawn. Accordingly, Applicants should ensure that sufficient funds are held in the relevant account(s) to cover their cheque(s).

If the amount of your cheque(s) for Application Monies is insufficient to pay for the amount you have applied for in your Application Form, you may be taken to have applied for such lower amount as your cleared Application Monies will pay for (and to have specified that amount in your Application Form) or your Application may be rejected.

Completed Application Forms, together with accompanying cheques, should be forwarded to the following address:

Mailing address:

Spring FG Limited
C/-Boardroom Pty Limited
GPO Box 3993
SYDNEY NSW 2001

Delivery address:

Spring FG Limited
C/-Boardroom Pty Limited
Level 7, 207 Kent Street
SYDNEY NSW 2000

Payment by BPAY

You may apply for Shares online and pay your Application Monies by BPAY. Applicants wishing to pay by BPAY should complete the online Application Form accompanying the electronic version of this Prospectus which is available at www.springFGshareoffer.com and follow the instructions on the online Application Form (which includes the Biller Code and your unique Customer Reference Number (CRN)).

You should be aware that you will only be able to make a payment via BPAY if you are the holder of an account with an Australian financial institution which supports BPAY transactions.

When completing your BPAY payment, please make sure you use the specific Biller Code and your unique CRN provided on the online Application Form. If you do not use the correct CRN your Application will not be recognised as valid.

It is your responsibility to ensure that payments are received by 5.00pm (Sydney time) on the Closing Date. Your bank, credit union or building society may impose a limit on the amount which you can transact on BPAY, and policies with respect to processing BPAY transactions may vary between banks, credit unions and building societies.

The Company accepts no responsibility for any failure to receive Application Monies or payments by BPAY before the Closing Date arising as a result of, among other things, processing of payments by financial institutions.

1.7 Overseas Investors

Except and unless provided for below, the Offer is an offer to Australian and New Zealand investors. The Offer does not constitute an offer in any place in which, or to any person to whom, it would be unlawful to make such an offer.

Hong Kong

This Prospectus has not been, and will not be, registered as a prospectus under the Companies Ordinance, nor has it been authorised by the SFO. No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Shares have not been and will not be offered or sold in Hong Kong other than to 'professional investors' (as defined in the SFO).

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

No person allotted Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

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

If you (or any person for whom you are acquiring the Shares) are in Hong Kong, you by making an Application for Shares represent and warrant that you (and any such person) are a 'professional investor' as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong.

Singapore

This Prospectus and any other materials relating to the Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore.

Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Shares, may not be issued, circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the SFA, or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This Prospectus has been given to you on the basis that you are (i) an existing holder of Spring FG's shares, (ii) an 'institutional investor' (as defined in the SFA) or (iii) a 'relevant person' (as defined in Section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately.

You may not forward or circulate this Prospectus to any other person in Singapore.

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

If you (or any person for whom you are acquiring the Shares) are in Singapore, by making an Application for Shares represent and warrant that you (and any such person):

- are an 'institutional investor' or a 'relevant person' (as such terms are defined in the SFA)
- will acquire the Shares in accordance with applicable provisions of the SFA
- acknowledge that the offer of the Shares is subject to the restrictions (including selling restrictions) set out in the SFA.

United States

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. In particular, the Shares have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act) unless the Shares are registered under the US Securities Act, or an exemption from the registration requirements of the US Securities Act is available.

1.8 ASX listing, issue and allotment of Shares

Within seven days after the date of this Prospectus, application will be made to the ASX for the admission of Spring FG to the Official List and for quotation of all Shares.

The fact that ASX may admit Spring FG to the Official List is not to be taken as an indication of the merits of Spring FG or the Shares. The Company will not allot Shares until ASX has granted permission for quotation of the Shares unconditionally or on terms acceptable to the Company.

If ASX does not give permission for admission to the Official List or for quotation of the Shares within three months after the date of this Prospectus (or a later date permitted by ASIC), no Shares will be issued. In that circumstance, all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the Corporations Act.

It is expected that the issue of Shares under the Offer will take place by 24 February 2015. Application Monies will be held in a separate account until allotment. This account will be established and kept by the Company on behalf of the Applicant. The Company may retain any interest earned on the Application Monies held on trust pending the issue of Shares to successful Applicants.

It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.

The Company, Share Registry and Underwriter disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial statement of holding, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise. No securities will be issued on the basis of this Prospectus after the expiry date, being the date which is 13 months after the date of this Prospectus.

1.9 Withdrawal

Spring FG may withdraw this Prospectus or the Offer at any time before the issue of Shares to successful Applicants. If the Offer does not proceed, all relevant Application Monies will be refunded (without interest) in accordance with the Corporations Act.

1.10 Application monies held on trust

Application Monies received under the Offer will be held in a special purpose account until Shares are issued to successful Applicants. Applicants whose Applications are not accepted, or who are allocated fewer Shares than the amount applied for, will be refunded all or part of their Application Monies (whichever is applicable). Interest will not be paid on any monies refunded and any interest earned on Application Monies pending the allocation or refund will become an asset of Spring FG.

1.11 Enquiries

If you require assistance to complete the Application Form, you should contact KTM on (612) 9235 9985 between 9.00am to 5.00pm (Sydney time) Monday to Friday. If you are unclear in relation to any matter or are uncertain as to whether the acquisition of Shares is a suitable investment for you, you should seek professional advice from your stockbroker, solicitor, accountant or other independent professional adviser.

1.12 Important Notice to Spring FG Clients

Spring FG clients should note that the Board has resolved that the Company and its advisers are prohibited from providing either general or personal advice to retail clients with respect to the Offer and trading in the Shares generally, as it may give rise to a conflict of interest.

Spring FG clients are advised that they should contact the Underwriter, KTM Capital Pty Ltd, or another suitably qualified adviser should they require advice regarding the Offer or trading in (the Company's) Shares generally.

A photograph of a person's hands clasped together in a park setting with trees and a lake in the background. The person is wearing a light blue long-sleeved shirt. The background shows a grassy area, several trees, and a body of water under a bright sky.

Spring FG offers a diverse range of financial services encompassing financial planning and investment advice; insurance and superannuation; and tax & accounting services.

The Company's product and service offerings are broad and include a specialisation in self-managed superannuation and residential investment property.



Section 02

Company Overview

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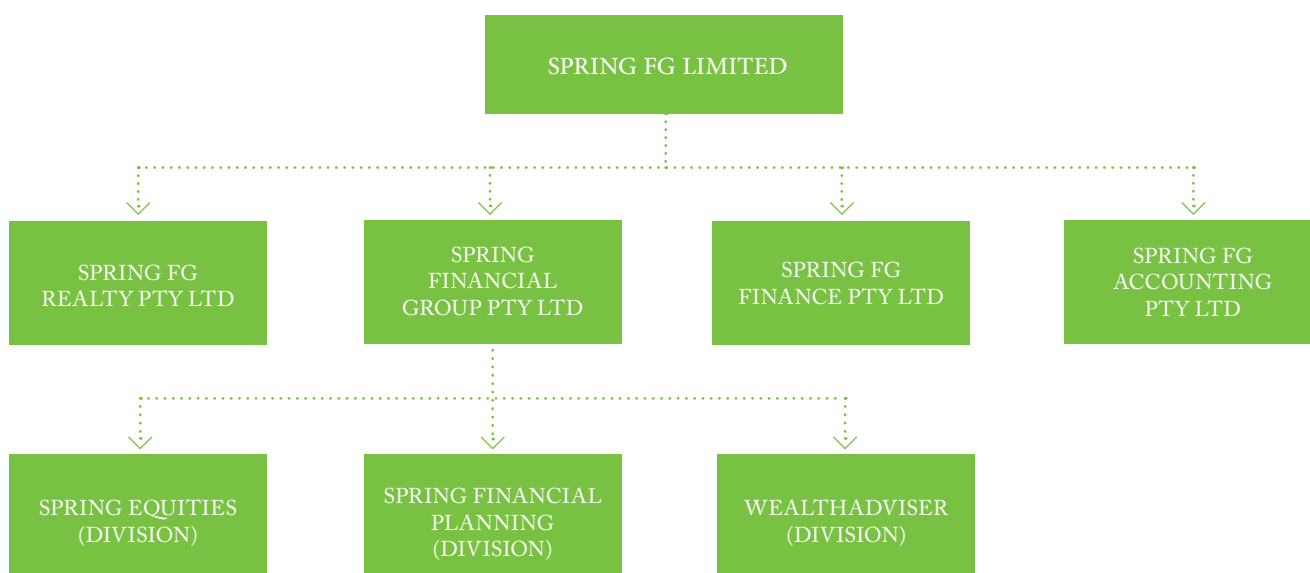
2. Company Overview

Spring FG Limited is a diversified financial services company with products and services encompassing financial planning and investment advice; insurance and superannuation; finance; and tax & accounting services. Spring FG's advice and product offerings are broad and include a specialisation in the high-growth markets of self-managed superannuation funds (SMSFs); and direct and SMSF residential real estate investment.

The Company was incorporated on 10 April 2014 as the ultimate holding company of a group of operating subsidiaries known under the registered business name of Spring Financial Group. The current corporate structure was achieved through a restructure and the incorporation of new entities as explained in the table at Section 2.2 that shows the evolution to today's structure.

2.1 Corporate Structure

The following is a diagram of the principal operating companies and divisions of the Group:



Spring FG Limited

Spring FG Limited is the parent company of all companies within the Group and will be the ASX-listed entity. It houses all Group administration, compliance, recruitment & training, marketing, and corporate activities.

Spring Financial Group Pty Ltd

Spring Financial is the main financial advice entity of the Group. It holds the Australian Financial Services Licence (AFSL No. 391655) that authorises financial advice and dealing activities of the Group.

Spring Financial holds distribution agreements with financial product providers such as the operators of managed investment schemes and insurers. Through these relationships a list of approved investments/products that are included in financial plans for clients are created.

It also holds the clearing and settling agreement with an ASX-participant that enables the Spring Equities division to trade listed securities (shares, options and warrants) for clients.

Spring Financial Planning (division)

The Spring Financial Planning division includes Spring FG's existing financial planning operations and the offices that may be acquired through the Company's acquisition and renovation strategy as more fully set out in Section 2.6.2 below.

These offices operate with a flat operational structure that includes a manager, client advisers and reception/secretarial support staff.

Spring Equities (division)

Spring Equities operates as a division of Spring Financial under its AFSL authorities to provide advice and deal in Australian equities. Its team is based at the head office of Spring FG.

The role of Spring Equities within Spring Financial is to provide equities advice and execution services for direct clients and clients of Spring Financial Planning.

Spring FG Realty Pty Ltd

Spring FG Realty holds corporate real estate licences in New South Wales, Victoria, Queensland and the Australian Capital Territory. Its role in Spring FG is to source quality residential property solutions for clients of the Spring Financial Planning network that fit with clients' overall financial plans.

Spring FG Realty has established distribution (sales agency) agreements with property developers and project marketers. Through these relationships a list of approved property investments is developed.

Spring FG Accounting Pty Ltd

Spring FG Accounting is a registered tax agent. It provides a comprehensive range of accounting and taxation advice and solutions for investors and small-to-medium businesses. Its services include tax planning and structuring, management and cashflow reporting, tax returns and ASIC compliance. It is an SMSF specialist practice and can also assist with buying and selling businesses.

Spring FG Finance Pty Ltd

Spring FG Finance offers finance and mortgage advice services through agreements with various mortgage brokers and aggregators. The role of Spring FG Finance within the Group is to assist with identifying the most suitable and competitive finance solutions for clients of the Spring Financial Planning network, primarily for those funding the acquisition of investment properties.

Wealthadviser Financial Education (division)

Spring FG publishes and distributes a range of more than 50 financial education eBooks under the Wealthadviser brand. The eBooks are available to subscribers at no-charge and cover a broad range of financial planning, investment and tax & accounting subjects.

Internal services entities and non-operating entities

Spring FG Services operates as an internal services entity that holds all agreements (including employment agreements) in all circumstances where those agreements are not subject to the requirement to be held by licensed or authorised entities and is used for internal cost allocations purposes only. It holds no client relationships.

The PDFG Trust, PDFG Tax, PDFG AFSL and PDFG are all entities acquired by Spring FG through its acquisition of the Pink Diamond Financial Group. These entities will not be operating following completion of the Offer.

PDFG AFSL holds an Australian Financial Services License (AFSL No. 416819) which the Company has applied to ASIC for the cancellation of as it is not required. The Company anticipates that ASIC will have granted that cancellation by completion of, or shortly after completion of, the Offer.

2.2 The evolution of Spring FG

The table below shows the timeline of Spring FG entities since incorporation of the first company in the current Group structure in 2010. It is presented on a calendar year basis and includes the corporate actions and important milestones that have led to the current structure:

2010	<p>The founders incorporate Spring Financial Group Pty Ltd in October 2010 and submit an application for an AFSL. Work begins on marketing strategy and internal process documents.</p>
2011	<p>Recruitment of foundation staff commences in March along with the launch of the Graduate Recruit Program. AFSL granted in April.</p> <p>Spring FG Realty incorporated in April and New South Wales real estate licence granted in June.</p> <p>Seed capital funding secured through convertible note structure with first investment coming in May and further funding secured in September.</p> <p>Online marketing efforts commence in late April with first financial planning clients signed in May in the Sydney office with clients from the newly established Brisbane office following in June. First equities trading clients commence trading with Spring Equities in May.</p>
2012	<p>Online marketing efforts expanded.</p> <p>Queensland corporate real estate licence granted in February.</p> <p>A better-than-breakeven (audited) post-tax result achieved in first full financial year of operation with FY2012 revenue of \$1.72M and a modest \$2,000 NPAT.</p> <p>First Melbourne financial planning clients signed in November.</p>
2013	<p>Victorian corporate real estate licence granted in January.</p> <p>FY2013 (audited) operating profit of \$783,000 and NPAT of \$496,000 recorded on significant increase in revenue and other income to \$4.09M.</p>
2014	<p>First Canberra office financial planning clients signed in February.</p> <p>First dividend (partly franked) declared and paid in April and all convertible note debt retired through a combination of cash settlement and conversion to shares.</p> <p>Spring FG incorporated in April as interposed head-entity in preparation for planned initial public offering and ASX-listing.</p> <p>KTM underwrites private placement to secure funding for completion of the acquisition of the Moneytree Partners business.</p> <p>Spring FG Accounting and Spring FG Finance incorporated and acquisition of business of Moneytree Partners settled in May.</p> <p>Current flat corporate structure achieved in July with the transfer of all subsidiaries to Spring FG.</p> <p>FY2014 (audited) operating profit of \$3.05M and NPAT of \$2.26M recorded on significant increase in revenue and other income to \$8.11M.</p> <p>Acquisition of Pink Diamond Financial Group completed in late August.</p> <p>Australian Capital Territory corporate real estate licence granted in September.</p>

2.3 Spring FG's Services from a Client Perspective

A fresh approach to Financial Advice

Regardless of where our clients are at on life's journey, with Spring Financial Group they'll encounter what the Company refers to as its fresh approach to financial advice.

At Spring FG's core is a holistic philosophy that, instead of focusing on selling products is focused on establishing with its clients what their lifestyle & financial goals are. We then work with our clients to develop a strategy tailored to meet those goals and to match their personal circumstances.

The strategy which, among other things, must consider existing income, expenses, assets and liabilities as well as appetite for risk, identifies what financial product features the Company believes are appropriate to help the client to achieve their goals. Only then are recommendations made for the inclusion of particular products.

An important differentiator with our fresh approach is that Spring FG considers 100% of its clients' wealth including the asset class that represents most Australian private investors' major investment – their property assets. Spring FG believes that only by considering wealth in this way can a client be best informed about the investment products and solutions they need to achieve their lifestyle goals now and in retirement.

And, because Spring FG is not aligned through ownership or licensing to any financial or investment product providers, we are able to source a broad range of products from the market to suit a variety of situations.

Financial Planning

When it comes to financial planning Spring FG's focus is to work with its clients to achieve their lifestyle & financial goals by helping them plan and take action to create, manage and protect their wealth.

Spring FG's team of client services staff, advisers and technical experts work with its clients to analyse their current circumstances and assess and develop their goals. Through this process they will develop and implement plans and take action to help achieve the clients' objectives.

Retirement Planning

Like all good financial planning, we believe that retirement planning is about establishing lifestyle & financial goals, then developing plans and taking action that is focused on achieving those goals.

We help our clients achieve the lifestyle that they seek in retirement by providing practical advice to assist them to reduce the impact of inflation, generate competitive tax-effective returns and create an appropriate income stream in retirement. And our advice can assist to ensure that our clients' assets, capital and income streams outlive them.

Superannuation Solutions

For nearly all Australians, superannuation will be a vital (or even primary) source of income in retirement. This means that superannuation structuring and investment outcomes could have a major impact on exactly when clients are able to retire and on their lifestyle in retirement.

Whether it's through the objective assessment of fund managers, or helping clients establish and manage a private or self-managed superannuation fund (where appropriate), we help clients take control of their superannuation structuring and strategies so they are properly aligned with their financial & lifestyle goals.

Taxation Management

Structuring and management of taxation issues can have a significant impact on financial outcomes. Through working with our clients' existing accountant or taxation adviser, and/or through our own team at Spring FG Accounting, we help to ensure that our clients only pay what tax they must and that their affairs, assets, investments and income streams are structured in the most tax-effective manner possible.

Debt Structuring & Management

Whether our clients are using debt to buy their family home, to acquire lifestyle assets, or for business or personal investments, the right structuring and management of debt can play a vital role in their financial & lifestyle plans. Spring FG Finance can help structure and manage debt to take full advantage of the myriad of funding options and potential tax benefits available to ensure our clients maximise the time-value of their money and accelerate their wealth creation.

Investments

Whether our clients are focused on wealth creation or are in the capital-preservation stage of their life the effective structuring and management of investments (and if appropriate the prudent use of investment debt) can have a significant impact on their financial & lifestyle plans. No investment is without risk; so understanding and balancing risk against potential rewards is critical regardless of the size of a client's portfolio of investments.

At Spring FG we have technical knowledge across all key investment groups to help ensure that our clients' investment structuring and management is tailored to their specific financial & lifestyle goals.

Direct Property

Direct investment in real estate is an asset-class that many Australians feel most comfortable with. Yet most financial planners overlook this asset class completely leaving their clients to tackle this critical opportunity and the risks associated with it alone.

At Spring FG we view property like any other asset-class - the balance of risk versus reward and careful, objective product selection is critical. At Spring FG we help our clients decide if direct investment in real estate will help them achieve their goals and if so, Spring FG Realty can help them choose the product (property) that fits their plans.

Managed Funds

With thousands of Australian and international managed investment funds and schemes to choose from, navigating the minefield of fees versus performance and risk versus reward on offer can present significant challenges.

At Spring FG we have the experience and industry knowledge to assist our clients in selecting which, if any, managed investments might be right for them. The fact that we are not aligned through ownership or licensing to any funds manager helps ensure that our recommendations are about our clients and their goals and not limited to the choices available from a corporate or institutional master.

Direct Equities

Direct investment in Australian shares can deliver capital growth, an income stream and provide liquidity that enables investors to deal with arising circumstances. At Spring FG we help assess if it is right for our clients and their circumstances and what role, if any, it should play in helping them achieve their goals. We help determine which companies our clients should invest in and when they should buy and sell.

Other Investments

There are a myriad of Australian and international fixed and variable interest-bearing; capital or partial capital guaranteed; debenture; derivative; bond; deposit; and other structured products available in the investment market today.

They vary in risk from relatively low-risk to highly-speculative. At Spring FG we help our clients decide which, if any, alternative investment types are suitable to help them to achieve their goals.

Asset Protection

At Spring FG we believe that great financial planning includes establishing ways of protecting against unforeseen circumstances that might arise on life's journey. Directly, and through association with third-party advisers Spring FG helps its clients develop a risk management plan to do just that.

We believe that central to managing risk in financial plans is protecting our clients' and their families' assets to help ensure that their goals can be achieved regardless of what twists and turns life might throw at them.

Risk Insurance

Whether it's life; trauma; total & permanent disability; income protection; or general insurance across their investment and lifestyle assets, Spring FG assists its clients with a comprehensive needs and risk analysis to then carefully select what type and level of cover best suits their circumstances and goals.

As always the fact that we are not aligned to product providers helps ensure that they have access to a range of products from the leading providers rather than being limited to a particular corporate or institutional offering.

Estate Planning

Like assessing risk, estate planning helps provide against unforeseen circumstances to ensure that our clients' finances and assets are protected and dealt with in the manner they envisaged and intended. By working with our clients' solicitor and/or our network of third-party specialists, Spring FG assists with developing, establishing and keeping current our clients' estate plans through a will and where appropriate powers-of-attorney and trust structuring.

2.4 Business Model

How Clients Engage with Spring FG

Much of Spring FG's growth to date has been organic, through developing client relationships with new clients.

In the first instance the majority of prospective clients engage with Spring FG by downloading one of its financial education publications from its library of 50 eBooks which are published under the Wealthadviser Financial Education brand and made available on the internet free-of-charge.

Prospective clients also attend Wealthadviser seminars on a range of topics which are conducted at the Company's offices in Sydney, Melbourne, Brisbane and Canberra. These are promoted via the Company's websites and via its database of existing Wealthadviser subscribers.

More than 60,000 people have downloaded Wealthadviser publications with its "best sellers" being on self-managed superannuation and investment property related topics.

Subsequent to downloading an eBook (and/or attending one or more seminars) prospective clients are invited to an initial consultation with a financial adviser which is generally free-of-charge.

Whilst some prospective clients seek only specific advice (or to buy specific products) from the range of offerings set out in Section 2.3 above, and will be referred to a specialist adviser or staff member relative to what they seek; the majority seek comprehensive financial planning and investment advice.

As such the majority of new clients first become clients of Spring FG by engaging its subsidiary Spring Financial Group Pty Ltd (AFSL No. 391655) to develop a full strategic financial plan (known as a statement-of-advice).

The initial consultation phase and ongoing management of client relationships is managed by a dedicated client adviser and relevant support staff.

From the initial consultation the client adviser briefs a team of internal specialists in a variety of areas most relevant to the particular client's circumstances. From these internal briefings and further contact with the client a strategic statement of advice (or SoA) is developed and produced at head office by a specialist paraplanning team.

The strategy which, among other things, must consider existing income, expenses, assets and liabilities; as well as appetite for risk, identifies what financial product features Spring FG believes are appropriate to help the client to achieve their goals.

The next stage is for the proposed strategy to be presented to the client by the client adviser. Only once the client is comfortable with the strategy and proposed structure can the initial implementation phase commence.

This phase involves the selection and recommendation of particular products and investments and establishment of recommended structures.

Following the initial implementation phase Spring FG works with its clients on an ongoing basis in monitoring and managing their structure and investments.

2.5 Revenue Model

Spring FG and its operating subsidiaries earn revenue and derive profits as summarised below. Further information can be found in Section 5.

2.5.1 Financial Advice Fees

Plan Preparation Fees

Clients who engage Spring FG to prepare a full financial plan (otherwise referred to as a Statement of Advice or SoA) will generally be charged an upfront plan preparation fee in the range of \$800 (plus GST) to \$1,500 (plus GST) or more, for our professional services in developing the SoA.

In certain circumstances limited plans (or limited SoAs) that cover only specific issues (as directed by the client) may be provided at a lower cost or no cost.

Plan Implementation Fees

When clients engage Spring FG to implement strategies, products, and/or investments that have been recommended through a full or limited SoA, they are generally charged an implementation fee for our professional services that is payable as and when the services are provided.

This can vary considerably from \$1,000 (plus GST) to \$6,000 (plus GST) or more depending on the nature, scale and complexity of the strategy, products, and/or investments being implemented.

In certain circumstances we may also recoup out-of-pocket fees and an administration fee when we have engaged third-parties to, for example, establish a self-managed superannuation fund, or handle estate planning needs (such as wills and powers-of-attorney), or the establishment of other trust or company structures.

Ongoing Adviser Service Fee

When Spring FG is engaged to provide ongoing advice and assistance in managing its clients' financial planning affairs and ongoing services in monitoring and reviewing investments and strategy, clients are generally charged an adviser service fee which is calculated with reference to the nature and scale of investments and the advice provided.

Such fees are generally payable in monthly instalments (or in certain circumstances annually in advance) for as long as an ongoing service is provided and can be calculated as a fixed monthly or annual rate or as a percentage of assets under advice.

Share Trading Brokerage and Fees

Clients who use the services of Spring Equities to buy and sell shares are charged a brokerage fee.

This brokerage is generally calculated relevant to the size and frequency of trades and can vary considerably however is generally in the range of 0.55% to 0.85% of the value of the trade, generally with a minimum contract note rate of \$55 to \$85 per contract note.

If a client trades through a margin lending account, Spring Equities may be paid an ongoing rebate (calculated as a percentage of the value of the margin loan) while the loan is current with that product provider, and this is generally in the range of 0.25% to 0.5% pa.

2.5.2 Product Rebates & Commissions and Other Fees

When clients engage Spring FG to implement strategies, products, services, or investments, financial product providers and other third-parties may pay rebates, commissions or fees to Spring FG when its clients use or buy their products and services.

Examples of rebates, commissions and fees we may be entitled to from third-parties are summarised below:

Finance Upfront & Trail Income

When we help clients with finance solutions Spring FG Finance is generally paid an upfront referral fee or commission from the mortgage aggregator or mortgage brokers that it works with (as the case may be).

It is also generally paid an ongoing fee or commission for the term of the loan agreement with the provider. The quantum of any fees paid by banks (and other lending institutions) varies but is generally in the range of 0.50% to 0.60% of the initial loan amount with an ongoing trailing commission in the range of 0.15% to 0.20% of the current outstanding balance of the loan for the life of the loan.

Depending on whether the loan was organised through an aggregator or another broker, Spring FG will be entitled to between 50-100% of these amounts.

Insurance Upfront & Trail Income

When Spring FG organises an insurance policy for a client it is generally entitled to a commission on establishing the policy and each time the policy is renewed.

Commissions on insurance policies vary widely depending upon the provider and the time and nature of the policy. The range is generally between 30% and 115% of the first years' premium for a policy with ongoing commission of between 10% and 33% for the life of the policy.

Financial Product Upfront & Trail Income

Generally, since the mandatory measures of the FOFA Reforms came into effect on 1 July 2013, financial product providers (such as managed investment schemes, structured products providers, superannuation fund operators and administration platforms) are no longer permitted to pay commissions or rebates to financial advisers with respect to retail clients.

However, the FOFA Reforms provided for “grandfathering” of arrangements that existed as at 1 July 2013 meaning that any ongoing rebate or commission arrangements in place at that time could be preserved for the life of the relevant investment/product life to the extent that clients had invested by that same date.

Historically these rebates and commissions were generally calculated as a percentage of the value of a client’s investment in a range that varied considerably from 1.0% to 4.4% as an establishment fee based on the initial investment with ongoing rebates or commissions (calculated as a percentage of the value of funds invested) in the range of 0.25% to 0.5% pa.

Through past acquisitions, Spring FG earns some income through such fees.

Property Fees and Commissions

When clients source/buy an investment property through Spring FG Realty it will generally charge the vendor an agents’ commission and/or marketing fee calculated as a percentage of the value of the property (or on occasion as a fixed amount).

These fees can vary but are generally in the range of 4.0% to 6.0% of the value of the property.

2.5.3 Tax & Accounting Fees

When clients engage Spring FG Accounting to provide ongoing accounting services such as the preparation of regular business accounting services or the annual preparation and lodgement of financial statements and tax returns for individual, companies, trusts or SMSFs they are charged either on an hourly basis or fixed fee-for-service basis.

This can vary greatly, in particular for business clients that are provided with ongoing monthly services.

For annual SMSF accounting and tax services clients are typically charged in the range of \$1,800 to \$3,500 depending on the complexity of the fund, and the scale and nature of investments and trading activity.

Personal tax returns generally vary in the range of \$250 to \$1,500 depending on the scale and nature of the individual client’s income and investments.

Accounting fees are generally charged at the time the service is delivered and on occasion annually in advance.

2.5.4 A general note about Spring FG fees and other income

Spring FG fees (and any product rebates or commissions) relate to the provision of its services to its clients, and do not relate to the costs particular product providers or suppliers might charge clients for using/operating their products.

Such costs are charged separately by the product provider and do not impact Spring FG’s revenue or profits.

Any rebates, commissions or fees payable to Spring FG as a result of its clients implementing the financial strategy or financial product recommendations contained in an SoA are always disclosed in detail within an SoA (or other such documentation) if/when required, prior to the client’s implementation of the recommendations.

2.6 Growth Strategies

2.6.1 Organic Growth

Spring FG has been profitable after tax since its first full-year of commercial operation in FY2012. As is set out in the Financial Information in Section 5, in that year, from a virtual zero start it achieved a modest profit on revenue and other income of \$1.72M (audited).

In FY2013, Spring FG expanded its team and marketing efforts which saw revenue and other income grow by 138% to \$4.09M, with NPAT reaching \$496,000 (audited).

In FY2014 revenue and other income was up by 98% to \$8.11M resulting in an operating profit of more than \$3.0M and NPAT of \$2.26M (audited) as Spring FG's clients continued to respond to our fresh approach.

With the exception of a contribution from completion of its first acquisition in May 2014, which is detailed in Section 2.6.2 below, Spring FG has achieved this growth organically, by coupling its business model with a highly-refined internet and direct marketing program.

Spring FG now has a staff of 44 with offices in Sydney, Melbourne and Brisbane and a satellite office in Canberra.

In part, the proceeds of the Offer will be used to fund further organic growth through the recruitment and training of more client-facing and technical staff across all offices and increased marketing expenditure. More details on the use of proceeds are set out in Section 1.3.

2.6.2 Acquisition & Renovation Strategy

Spring FG intends to pursue growth in client numbers and revenue and profits through the acquisition of companies, and businesses and assets in the areas of financial planning, insurance, mortgage brokerage and tax & accounting and related fields.

Its strategy is to acquire 100% of any companies or businesses and assets although the Directors may consider partial acquisitions and/or joint venture arrangements in certain circumstances.

Moneytree Partners Acquisition

Spring FG's acquisition and renovation strategy commenced in May 2014 with the acquisition of the business of Moneytree Partners.

Prior to its acquisition by Spring FG, Moneytree Partners had been operating for 19 years as a Sydney-based financial services business with financial planning, accounting and mortgage operations.

The acquired assets also included the Wealthadviser library of financial education eBooks and associated internet marketing programs and database.

Spring FG had licensed these marketing assets and programs since its first days of commercial operation in 2011.

As is set out in Section 5, the acquisition brought normalised (or pro-forma) revenue for FY2014 to just over \$9.4M with normalised operating profit exceeding \$4.5M; and normalised NPAT exceeding \$3.1M.

Pink Diamond Financial Group Acquisition

Spring FG's next acquisition, in late August 2014, was of Pink Diamond Financial Group.

Prior to its acquisition by Spring FG, Pink Diamond Financial Group was operating as an integrated financial planning, accounting, mortgage brokerage and insurance business providing specialised advice services to medical professionals.

As the acquisition was made on 28 August 2014 (in FY2015) no attempt has been made to normalise FY2014 operating profit or NPAT.

Integration Benefits

Spring FG expects significant integration benefits to flow from these acquisitions through operational and staffing efficiencies and the introduction of its fresh approach across their operations.

As is detailed in Section 5 Spring FG is forecasting statutory revenue of \$15.19M for FY2015 and expects to deliver an operating profit of \$7.04M with NPAT of \$5.03M.

Further Acquisitions

Use of proceeds from the Offer are in part to strengthen Spring FG's balance sheet in preparation for further acquisitions.

Up to \$1.9M of the proceeds of the Offer are intended to be used to fund acquisitions. Spring FG is also planning to use up to 30% of FY2015 forecast NPAT (being \$1.5M) for acquisitions, bringing total cash intended to be applied to acquisitions to a forecast \$3.4M.

To the extent possible Spring FG will endeavour to negotiate deferred considerations and earn-out components into any acquisition agreements which allow for a portion of acquisition settlement monies to be funded out of future revenue and profits. The Company also expects to issue equity to vendors for appropriate acquisitions.

Spring FG anticipates that through deferred consideration, earn-out arrangements and equity issues it will deploy in the order of \$8M within 12-18 months from the completion of the Offer, subject to identifying suitable acquisition targets.

In doing so it intends to target recurring revenue from financial planning practices, mortgage books, and accounting practices (with a focus on SMSF practices). It may consider other financial services related acquisitions from time-to-time.

For ease of integration and management, in the first instance preference will be given to acquisitions located in the greater metropolitan areas of Sydney, Brisbane, Melbourne and Canberra although other locations will be considered where the Directors consider it appropriate.

Financial planning practice acquisitions will target recurring revenue from superannuation and insurance portfolios, while accounting practice acquisitions will focus on those practices and client registers with a high number of SMSF clients, and mortgage book acquisitions will focus on those with typical (and average value) residential mortgages.

Due diligence on the market has commenced and the Company is in advanced discussions with a number of potential targets which if successfully concluded may result in one or more acquisitions being announced shortly after the Offer closes. As there can be no certainty that Spring FG will be successful in these discussions, or in identifying and completing other acquisitions Spring FG has assumed no contribution to forecast FY2015 revenue and profits from further acquisitions.

Post-acquisition renovation strategy

Spring FG considers that its holistic approach, coupled with its broad range of expertise and its access to an array of financial product types, presents not only the opportunity for revenue and profit growth for Spring FG; but for improved outcomes for clients of its acquisition targets.

At the centre of Spring FG's renovation strategy is the introduction of its fresh approach across acquired businesses and books.

Spring FG has been successfully employing its renovation strategy since its acquisition of Moneytree Partners and Pink Diamond Financial Group.

On acquisition Spring FG staff have embarked on an intensive client review program that sees advisers meet with clients for a full review of their current situation.

Through gaining a thorough understanding of a client's structure and what they seek to achieve in life, Spring FG's holistic approach to wealth creation and management can then be implemented.

The initial review process is followed by intensive planning and implementation over time; after which client service and support can revert to a maintenance program that ensures the client stays on track and problems and opportunities that might arise are addressed and realised.

Through applying this fresh approach Spring FG believes it will unlock significant value from its acquired offices producing growth in revenue and profits through cross-sale of financial advice and financial (and related) products and services.

2.6.3 Structural Foundations

In establishing the Company, the founders believed that the successful implementation of a fresh approach and achieving ongoing growth in revenue and profits once it embarked on its acquisition and renovation strategy, required the right scale of operation to be established first and the right structural basis to be implemented from the outset.

For Spring FG, scale and structure are not only inter-related but also critically interdependent. That is, Spring FG considers that a certain base-level of head-office operational and support structure is required whether acquiring one financial planning office (or accounting or mortgage book) or ten; and to fund the structure, a base-level of work (and revenue) flow is essential.

Spring FG believes that its organic growth and the acquisitions of both Moneytree Partners and Pink Diamond Financial Group have delivered the requisite operational and support structure, deal-flow, and revenues and profits to support its intended acquisitions.

With this balance achieved, Spring FG believes that the structure can now be leveraged as work flow increases resulting in efficiencies-of-scale being achieved.

With the benefit of these efficiencies Spring FG considers that the acquisition and renovation model can be readily repeated in future years following the initial round of post-Offer acquisitions with only incremental increases in staff requirements.

In establishing its structure and achieving scale, Spring FG has not built an unwieldy head-office or sales office workforce.

Spring FG's management and operational structure is flat, with a hands-on executive team driving outcomes and efficiencies through a process of management-by-objectives (MBO). With MBO all personnel have clearly defined key-performance indicators (KPIs) and minimum-standards-of-performance (MSPs).

The following table shows the breakdown and total staffing of Spring FG across both sales offices and head office following the Moneytree Partners and Pink Diamond Financial Group acquisitions.

	Total	Client-facing
Executive	5	4
Advisory	20	17
Client Support	7	4
Accountants	7	5
Finance & Admin	5	0
Total	44	30

It is important to note in relation to recruitment and training that Spring FG does not use external recruitment agencies. This is because it considers it a critical measure of success for its executives and managers to be able to recruit, train and retain quality staff and to accept responsibility for the outcomes of this process.

Key executives of Spring FG have collectively developed a successful hands-on approach to this critical function having recruited and trained literally hundreds of sales and support personnel over their careers.

Like all aspects of Spring FG's approach to management, the process for recruitment and training is formularised and thorough resulting in an ability to grow staff numbers quickly without delegating the responsibility to outside agencies.

2.7 Competition

Broad Competition

There are many other companies that offer financial services and related products and services in Australia. In a December 2012 discussion paper ASIC estimated that there was around 770 adviser groups operating 8,900 practices and employing 18,300 people.

The same ASIC paper further estimated that FY2013 industry revenue at \$4.41Bn.

Many industry competitors are household names and the market is intensely competitive and continues to evolve in response to regulatory and market developments, challenges and opportunities, with both new entrants and large players releasing new product and service offerings.

Competitive Advantages

Spring FG has a holistic philosophy in its dealings with clients that, instead of focusing on selling products, is focused on establishing what their lifestyle & financial goals are and developing a strategy that is tailored to meet those goals before specific products are even considered.

Spring FG refers to this as a fresh approach as it believes that this approach sets it apart from other industry participants and provides not only great advantages for its clients, but by being relevant to its clients has enabled Spring FG to perform strongly financially.

Spring FG offers a broad range of financial advice and products and services to its clients. This not only offers the convenience to clients of being able to deal with one company across many aspects of their financial & lifestyle goals, but improves operational efficiency and profitability for Spring FG.

Spring FG believes one of its significant advantages is that it is not associated with a financial product issuer as is the case with advisers operating under many of Australia's household brand names. ASIC has estimated that 85% of advisers in Australia are associated with product issuers, so that many effectively act as a product pipeline.

The fact that Spring FG is not associated with a product issuer means it does not need to limit its advice to a very specific product-set.

Spring FG provides specialist advice and deals in the industry-disruptive growth area of SMSFs and also provides specialist advice and deals in residential investment property, which is a central plank in Spring FG's offering to its clients and (currently) the most significant contributor to revenue and profits for the Company.

Spring FG is genuinely committed to compliance and adviser education and training, including through its Graduate Recruit Program that helps Spring FG and its clients through vital energy, fresh ideas and the latest thinking from its graduates' recent tertiary studies in finance, economics, accounting, commerce and law.

Competition Risks

Spring FG expects to face competition across all aspects of its operations. Many of its competitor organisations will have greater financial, technical and marketing resources.

Increased competition could result in margin reductions, underutilisation of employees, reduced operating margins and loss of market share or failure to gain market share. Any of these occurrences could adversely affect Spring FG's business, operating results and financial condition.

2.8 Intellectual Property

While Spring FG has refined their application, the majority of the systems and processes (such as information technology systems, software and other intellectual property) used by Spring FG in its business and operations are not proprietary to Spring FG and are available for use by its competitors.

The Company considers many of its internal processes to be unique however it holds no registered copyright over these and they may be able to be replicated by third parties.

Wealthadviser Library and Marketing Programs

Under the Wealthadviser brand Spring FG publishes a range of more than 50 financial education eBooks on a broad range of financial education topics. The eBooks are promoted using internet search engine campaigns and other forms of internet promotion and are distributed via Spring FG's websites. They are available to subscribers at no-charge and cover a broad range of financial planning, investment and tax & accounting subjects. More than 60,000 subscribers have downloaded books from the library.

A selection of our e-Book Titles





The SMSF sector is the largest sector in Australia's significant and strongly growing \$1.85 trillion superannuation industry.

Spring FG specialises in advice for SMSF trustees and members and in the establishment, structuring and administration of SMSFs.



Section 03

Key Market Statistics



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3. Key Market Statistics

Whilst Spring FG derives revenue and profits across a broad range of revenue streams (including financial advice and wealth management fees; tax & accounting services fees; insurance commissions; and mortgage and finance brokerage) and Spring FG continues to diversify, the most important areas of current profitability and growth are the establishment and administration of SMSFs and the investment in residential real estate by clients on both a direct basis and through SMSFs.

In fact it is Spring FG's expertise in these areas, and its focus on them from a marketing perspective, that generates a large portion of Spring FG's inbound inquiries and leads to other revenue and profit opportunities.

As such the SMSF and residential property investment markets are seen as most important to the Company.

The following statistics provide an insight into the significant potential that Spring FG believes exists for an ASX-listed entity to emerge with significant market share in these two key markets.

3.1 The Rise & Rise of SMSFs

The SMSF sector is the largest sector in Australia's significant and strongly growing \$1.85 trillion superannuation industry.

As at 30 June 2014 the ATO reported that Australia's 534,000 SMSFs had more than 1,000,000 members (8% of the roughly 11.6M members in the country) and held more than \$557Bn in assets, or a favourably disproportionate 30% of total superannuation assets in Australia.

SMSFs are also the strongest growing sub-set within the sector. In the five years to 30 June 2013, the ATO reports that SMSF assets grew by 53% against total fund growth (including large funds) of just 42% for the same period of which the SMSF sector contributed the largest portion of overall growth at 37%.

In part the growth continues from the establishment of new funds which over the past six years have been running at an average rate of 26,000 net new establishments each year.

SMSF trustees and members seem not to favour managed funds or managed investment schemes, with historical ATO reports indicating that 80% of SMSF assets were directly invested.

Increasingly those on higher incomes (and generally still in the wealth-creation phase of their lives) are turning to SMSFs, with ATO data published for the year ended 30 June 2012 showing the average age of fund members of newly established funds being just 52 years whilst 32.7% of new fund members are under 45 years.

ATO data published showed that SMSF members were earning on average \$97,000 pa against the non-SMSF average of just \$56,000 pa whilst those aged 35-49 had an average taxable income of \$123,000 pa versus just \$68,000 pa for their non-SMSF peers.

The average SMSF member balance as at 30 June 2012 was \$487,000 which the ATO reported was 16 times higher than the average balance of a non-SMSF account. While based on the same data from the ATO, the average member balance of a newly established SMSF was \$186,000 with average total assets of a new fund being \$331,000. The ATO further reported an increase in the average SMSF member balance to \$537,000 as at 30 June 2014.

According to ATO published data SMSFs perform at least as well as, and in many years have outperformed, their non-SMSF counterparts in terms of asset growth and investment returns.

Statistics show that SMSFs can also be cost-effective, with nearly two-thirds of funds having an estimated operating expense ratio of less than 1% of assets with 41% being below 0.25%. The 2012 average ratio was just 0.56%.

Whilst these ratios are very competitive with industry and retail funds, the size of the advice market (planning, accounting, asset management) for SMSFs should not be underestimated. Based on historical operating expense ratios SMSFs currently pay in excess of \$3.1Bn in operating expenses per annum.

Spring FG estimates around 50% of these fees to be accounting (and audit) fees with the balance being advice fees paid to licensed financial advisers, asset management fees and platform fees for portfolio management solutions.

Direct property (all types including commercial and residential) now accounts for a relatively modest 15% of SMSF assets – or around \$84.5Bn – with residential real estate accounting for a still relatively small \$19.5Bn as at 30 June 2014 according to the ATO.

Direct equities accounted for a significant \$177Bn whilst SMSFs had cash holdings of more than \$157Bn as at 30 June 2014. Limited recourse borrowings remain very low as a percentage of SMSF assets at only \$8.7Bn or 1.56%.

Spring FG believes it is ideally positioned to emerge as a key player in the SMSF advice and investment market with its expertise in the establishment and operation of SMSFs; its expertise in residential property investment; and its direct equities trade and execution services.

The Company believes that central to its current and future success is the fact that Spring FG is not aligned to a particular product provider.

With SMSF trustees/members generally attracted to SMSFs because of a perceived (and actual) lack of control over their investment decisions, Spring FG believes that this is an area that institutionalised advice networks (those owned by the banks, fund managers and insurers) will face challenges competing in despite their size.

3.2 Residential Investment Real Estate

A \$1.3 trillion+ market with stable growth

In its most recent quarterly property price statistics, the ABS estimates the total value of residential real estate in Australia to be circa \$5.3 trillion comprising 9.4M dwellings with an average price of \$563,100.

The 2011 Census Report from the ABS shows 29.6% of all residential dwellings are rented (up from 28.1% in 2006 and 26.3% in 2001).

Based on 2011 statistics this indicates a total rented property market of 2.78M residential properties. Spring FG estimates the total market value of these properties to be in excess of \$1.3 trillion; not far off the total value of all companies listed on the ASX.

In addition to the size of the market it is its growth that Spring FG believes is important to consider and that continues to present significant upside for Spring FG's fresh approach.

In the period from 2006 to 2011 investors in all markets faced the challenges of firstly the credit crunch; followed by the global financial crisis; followed by repeated increases in official interest rates by the Reserve Bank of Australia; followed further by a significant dialling back of interest rates.

The Company considers this period was one of the most challenging environments for any market in recent history.

Yet across that five year period the ABS reports that Australia's population grew by a significant 1.65M people or an average of 330,000 per annum; and the total number of dwellings in the country increased by more than 720,000 or an average of 144,000 per annum.

Significantly, the total number of rented dwellings increased by more than 287,000 or an average of 57,400 per annum. The Company believes that this demonstrates the appetite for residential real estate by investors across even the most challenging of market periods.

Whilst capital prices faced challenges across this period, rental returns increased with median rents across Australia increasing by 50% across the five years; or an average compounding annual growth of more than 8.5% per annum (against CPI increases in the low single-digit range).

These numbers are consistent with ATO data that shows an increase in the total number of individual taxpayers owning residential real estate of more than 60,000 in the 12 months from end FY2010 to end FY2011 to 1.76M with the total number of dwellings owned by those taxpayers increasing by more than 89,000 in the same year to more than 2.56M.

What neither set of numbers properly accounts for is the recycling of established investment properties from one investor to another or from an investor to owner-occupier with the selling investor replacing the sold property with another.

The Company estimates this to add at least 200% to annual investment property volumes making the current market at least 172,000 investment properties per annum.

Like almost any market, investing in residential real estate is not without risks and prices can rise and fall over any given 12-month period or multi-year cycle. Even with Australia's significant population growth, the supply-demand curve varies from one year to the next with periods of undersupply and periods of oversupply impacting capital prices and rental yields.

However, in the opinion of the Company, real estate investors should have a longer range investment horizon (7-10+ years) and should be attracted to the asset class for its performance over the longer cycle.

Residential property has provided a similar long term return as Australian shares, with both returning between 11 to 11.5% pa on average since the 1920s.

Spring FG believes that the fact that, unlike equities investors, those investing in property don't need to suffer the emotional rollercoaster of a minute-by-minute ticker displaying the value of their investment, creates a more stable investment environment. As such, in the Company's experience, and as Spring FG believes is demonstrated in the 2006 to 2011 data referenced above, they are more prepared to continue to invest even in flat markets.

3.3 Property Investors Need & Seek Advice

A Fragmented Market Craving Sound Advice and Searching for a Leader

The Company believes that like any asset class a sound knowledge base, expert research and analysis and objective advice is required to maximise and balance yield and capital upside prospects against risk factors.

What can make sense for one investor may be completely inappropriate for another. Spring FG considers that the selection of city, suburb, dwelling type, developer and individual dwelling all require careful consideration and sound financial modelling before investment decisions can be made confidently.

Consideration needs to be given to yield, operating costs, debt-to-equity ratios, depreciation, rental demand and rental and capital price growth trends and the factors that might impact these over the life of the investment.

Social and demographic trends such as the rotation to inner-city apartment living and locations-of-convenience and the correlation between smaller average-household-occupant numbers versus population growth also need to be properly understood and addressed.

There are an estimated 18,300 financial planners in Australia yet in Spring FG's experience less than an estimated 10% provide advice on or deal in residential real estate as an asset class.

The Company believes that the primary cause of this disconnect is the fact that, as ASIC indicated in a December 2012 report, an estimated 85% of financial advisers are associated with financial product issuers so effectively act as a product pipeline (for the issuer). These associations generally occur in one of two ways. Either the adviser is directly employed by a product issuer or they work within or use the licence and support services of a dealer group owned or controlled by a product originator. As such many are likely to be expressly prohibited from providing advice on or dealing in property as an investment class.

In Spring FG's experience it is a misnomer that property investors do not want or seek advice however.

Tens of thousands buy or read property investment magazines, conduct internet searches and download eBooks each year. Many seek "advice" from property marketers (sometimes disparagingly referred to as property "spruikers"). Others seek the advice of their local real estate office.

In Spring FG's opinion, despite their best intentions, many of these groups are likely to fail to properly analyse the investor's overall objectives or consider how critically interdependent each aspect of their overall structure is on what is appropriate.

As such, in the Company's experience, many property investors ultimately act on emotion or impulse, buying assets that may be inappropriate for their circumstances and objectives. They may try to "catch the tail" of a "boom" market in a mining or tourism dependent market; or buy an established property when buying new to maximise non-cash deductions such as depreciation may be more suited to their circumstances.

This is because many seek advice from real estate industry participants that are not licensed financial advisers and do not hold an AFSL and as such may not view property as a financial instrument first-and-foremost in the same way that Spring FG does.

For the investor this creates the very real prospect of a disconnect or conflict between what they are seeking to achieve and or what might be appropriate for their circumstance and the asset that they ultimately invest in.

In Spring FG's experience investors seek an end-to-end solution that properly marries strategy with product advice.



The ABS 2011 Census shows 29.6% of all residential dwellings in Australia are rented representing a market of 2.78M residential rental properties with an estimated market value in excess of \$1.3 trillion; not far off the total value of all companies listed on the ASX.

The ATO reported that as at the end of FY2011 more than 1.76M Australian taxpayers owned residential investment properties, an increase of 60,000 over the prior year.

A young boy with dark hair is smiling broadly, showing his teeth. He is wearing a green and yellow plaid shirt. The background is a bright, out-of-focus green field, suggesting an outdoor setting. The image is partially obscured by a dark green rectangular overlay containing text.

The Spring FG Board
has extensive operational
and corporate experience
in financial services and
other highly regulated
industries.

*Corporately this experience extends to the areas
of corporate governance, capital & debt markets
and mergers & acquisitions, in both private and
public company environments.*



Section 04

Directors, Interests and Benefits, and Key Management Personnel

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4. Directors, Interests and Benefits and Key Management Personnel

4.1 Board of Directors

Spring FG's Board currently comprises four members; two Non-Executive Directors and two Executive Directors. The Board considers an independent director to be a Non-Executive Director who is not a member of Spring FG's management and who is free of any business or other relationship that could (or could reasonably be perceived to) materially interfere with the independent exercise of that Director's judgement. Spring FG considers Guy Hedley and Jeff Zulman to be independent.

The Board has extensive experience at senior executive and director level in financial planning, finance, property, equities and asset management in financial services and other highly-regulated industries. Corporately this experience extends to the areas of corporate governance, capital & debt markets and mergers & acquisitions, in both private and public company environments.



Guy Hedley
Chairman

Guy Hedley is a Non-Executive Director and chairman of Spring FG Limited. Guy has a track record of success as a corporate executive in financial services. He was the founder and (for more than 10 years) head of Macquarie Private Bank in Australia and Asia and an executive director at Macquarie Group from 2002 to 2012.

Under Guy's management, Macquarie Private Bank established itself as the leading private bank in the country. Guy is now the executive chairman of Atlas Advisors Australia as well as being an Advisory Board Member at China House and on the board of the Sydney Writers Festival and chairman of its Finance Committee. He holds an MBA (Exec.) from Australian Graduate School of Management and is a Master Stockbroker (SAA).

Guy will sit on the Audit & Risk Committee and chair the Remuneration & Nomination Committee.



Keith Cullen
Managing Director

Keith Cullen is the founder and Managing Director of Spring FG Limited and its subsidiary companies. He has extensive experience as a corporate executive, general manager and sales & marketing director in financial services, gaming & wagering and media. He also has considerable experience in capital and debt markets and in mergers and acquisitions.

From 1994 – 2006 he was a founding director and shareholder of eBet Limited (Managing Director, 1994–2004), an ASX-listed technology and gaming company with operations and offices in Australia, New Zealand, USA, Canada, the Philippines, Singapore, Malaysia, Vietnam and Cambodia.

From 2004 – 2006 Keith was Group CEO of WPS Financial Group (now Anne Street Partners), a diversified financial services group offering financial planning, investment property, legal, risk management, accounting and mortgage brokerage services in offices across Australia.

Prior to 1994 Keith held senior management positions with Australian Radio Network and Wesgo Communications.

Keith will sit on the Audit & Risk Committee and the Remuneration & Nomination Committee.

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Chris Kelesis

Executive Director

Chris Kelesis is a foundation shareholder and Director of Spring FG Limited and its subsidiary companies and licensee-in-charge of Spring FG Realty Pty Ltd. As licensee of Spring FG Realty Pty Ltd, Chris heads the investment property analyst team, and holds primary responsibility for managing the Company's relationships with major developers and property asset managers.

He is also responsible for overseeing investment property contract, settlement and asset agreement processes for Spring FG's clients and assisting in the ongoing management of their property assets.

Chris is a licensed real estate agent (NSW, Queensland, Victoria and ACT) and a member of REI NSW and UDIA (Qld).

Chris is also an accomplished equities trader and technical analyst with more than 10 years' experience as a private and wholesale client adviser in roles with Spring Equities, Ark Equities and the Rivkin Group.



Jeff Zulman

Non-executive director

Jeff Zulman is a Non-Executive Director of Spring FG. Jeff has extensive experience at operational and board level with both private and public companies in financial services and technology. He also has extensive experience in corporate advisory including mergers and acquisitions.

Jeff is currently an executive director of Sydney-based corporate advisory firm, Coyne Holdings and is the founder and managing director of Book Buyers Brokerage Services Australia (BBBSA), a specialist mortgage and finance brokerage advisory business. He is also a councillor with Woollahra Municipal Council in Sydney's eastern suburbs.

Previously Jeff held roles as CEO of mortgage aggregator Vow Financial and as the CEO of Beacon IT Group. He was also a non-executive director of ASX-listed eBet Limited for eight years to 2007.

He holds a BA Law (Witwatersrand) and Dip. Jurisprudence (Oxford). Jeff will chair the Audit & Risk Committee and sit on the Remuneration & Nomination Committee.

4.1.1 Participation by Directors

All Directors will attend Board meetings. It is expected that Board meetings will be held at least quarterly and more frequently as required.

4.2 Key Management Personnel

Through its Board, management and operational teams Spring FG brings together a team of highly-motivated people who share the Company's vision of a fresh approach to financial services. A number of members of the Board and management have worked with one or more of the others previously, with some of our associations spanning more than a decade.

Others, like several who have joined Spring FG through its Graduate Recruit Program (which is explained in more detail in Section 4.4) have less years of experience but are no less passionate about our company and delivering great outcomes for Spring FG's clients.

4.3 Management Team

Russell Scott

Chief Financial (and Operating) Officer Spring FG Limited

Russell Scott is chief financial officer and chief operating officer of Spring FG Limited. Russell is a highly experienced executive including having been a chief operating officer and chief financial officer in both public and private company environments. He has extensive experience in financial services having been the general manager of Reckon Docs.

Russell is a Fellow Chartered Accountant, Fellow CPA and Fellow Chartered Secretary. He holds a Bachelor of Business (accounting), a Master of Commerce (organisational behaviour and marketing), a Graduate Diploma in Applied Corporate Governance, a Diploma in Corporate Management and a Diploma in Financial Services (financial planning).

He is a registered Tax Agent and an approved ASIC Auditor (in companies and in self-managed superannuation funds).

Mitchell Ansiewicz

Group General Manager Spring Financial Group Pty Ltd

Mitchell Ansiewicz is the Group General Manager and a responsible manager of Spring Financial Group Pty Ltd. He holds primary responsibility for the day-to-day operations of the business. Mitchell holds a Bachelor of Laws (corporate & commercial law) as well as a Master of Commerce specialising in sustainable development; and a Diploma of Financial Services (Financial Planning). He is a member of SPAA (SMSF Professionals Association of Australia), a Pinnacle Academy SMSF specialist and a member of AFA (Association of Financial Advisors).

As one of the first inductees into the Company's Graduate Recruit Program (and a foundation employee) he embodies Spring's fresh approach to financial services and is a reflection of the talent that is fostered and developed within the business.

Since starting with Spring FG Mitchell has led Spring's national expansion opening offices in Brisbane, Melbourne and most recently Canberra.

Frank Paul

Head of Advice Services Spring Financial Group Pty Ltd

Frank Paul is head of advice services and a responsible manager of Spring Financial Group Pty Ltd. Frank was the founder & manager director of the privately-owned and operated financial planning and investment advisory firm Moneytree Partners for 19 years from 1995 until Moneytree Partners was acquired by Spring FG in 2014.

Frank has extensive experience in private client advising and the management of financial services operations. Frank is actively involved in the recruitment and management of advisory personnel and heads the advisory panel. He holds a Master of Commerce (Financial Planning) and a Diploma Financial Planning and has authored literally dozens of financial education publications. He is an accredited SMSF Specialist and member of SPAA (SMSF Professionals Association of Australia).

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Christopher Hall

Head of Equities Spring Financial Group Pty Ltd

Christopher Hall is a foundation Responsible Manager (and key-person) of Spring Financial Group Pty Ltd and heads the Spring Equities division. Christopher has more than eight years' experience as a private client adviser and a strong grasp of technical and fundamental market analysis.

He has extensive trade execution and equities desk compliance & administration experience in addition to his advisory experience. He holds a Bachelor of Economics (Syd), Diploma of Financial Services (financial planning) and is a Master Stockbroker (SAA) and an ASX-accredited adviser in equities and derivatives (ADA 1 and 2).

Jessie Xu

Practice Manager Spring FG Accounting Pty Ltd

Jessie Xu is the practice manager of Spring FG Accounting Pty Ltd. Jessie was general manager of CBD Wealth Accountants from 2010 until its business and operations were acquired by Spring FG as part of the acquisition of Moneytree Partners in 2014.

She has more than 10 years' experience in the provision and management of private client and small-to-medium business accounting and tax services. She holds a Master of Commerce (Syd) and is a Chartered Accountant and Registered Tax Agent with extensive experience and expertise in SMSF tax and accounting solutions.

Ian Morgan

Company Secretary Spring FG Limited

Ian Morgan is a Chartered Accountant and Chartered Company Secretary, with over 30 years' experience.

He holds a Bachelor of Business (NSW Institute of Technology), a Master of Commercial Law (Macquarie University), a Graduate Diploma of Applied Finance and Investment (Securities Institute), and is a Fellow of the Financial Services Institute of Australasia.

Ian provides secretarial and advisory services to a range of companies, and is company secretary for other publicly listed companies.

4.4 Spring FG Graduate Recruit Program

The Spring FG Graduate Recruit Program offers recent university graduates in finance, business, economics, accounting and related studies an opportunity to commence a career in financial services.

Successful candidates embark on a structured program of internal and external study and training over a six-to-nine month period at Spring FG's head-office before commencing in client service and advisory roles at one of Spring FG's offices in Sydney, Brisbane or Melbourne.

Program graduates bring vital energy, fresh ideas and the latest thinking from their recent tertiary studies in finance, economics, accounting, commerce and law to the Company and its clients.



Spring FG offers recent university graduates an opportunity to begin a career in financial services through a structured program of intensive education and vocational training.

Spring FG graduates bring vital energy, fresh ideas and the latest thinking from their recent tertiary studies in finance, economics, accounting, commerce and law to the Company that benefits Spring FG and its clients.

4.5 Spring FG Adviser Training & Educational Standards

Financial advisers will generally meet the ASIC set training standards by completing an approved training course that could take as little as two weeks to complete. This is described as being RG146 Compliant and opens the door to an adviser being authorised or licensed and to advising clients.

At Spring FG we have chosen to set the hurdle much higher.

Our minimum requirement is that our advisers have completed a university undergraduate degree (or have a minimum of 10 years business experience) with several of our advisers holding double degrees and post graduate qualifications. This is in addition to the requirement for specific financial services qualifications such as holding a Diploma of Financial Planning.

Spring FG has also set above average ongoing education and training targets for all of our advisory staff throughout the year that are at least 30% higher than widely practised industry minimums. The Company also encourages and funds membership of professional financial services and SMSF specialist associations.

4.6 No Other Interests

Except as set out in this Prospectus, there are no interests that exist at the date of this Prospectus, and there were no interests that existed within two years before the date of this Prospectus that are, or were respectively, interests of a Director, a proposed Director of the Company or a promoter of the Company or in any property proposed to be acquired by the Company in connection with its formation or promotion or the Offer.

Further, there have been no amounts paid or agreed to be paid to a Director in cash or securities or otherwise by any persons either to induce him to become or to qualify him as a Director or otherwise, for services rendered by him in connection with the promotion or formation of the Company.

4.7 Directors' Remuneration

Under the constitution of the Company, the Directors (other than any Managing Director or other Director who is a salaried officer) may be paid such remuneration determined from time to time by the Company at a general meeting. The current aggregate remuneration must not exceed \$200,000 per annum. The Directors may divide the remuneration among the Non-Executive Directors in any proportion they determine (see table below).

The remuneration payable by the Company to the Non-Executive Directors must not be increased without the prior approval of Shareholders at a general meeting.

The Non-Executive Directors may be reimbursed for all travelling and other expenses they incur in attending Directors' meetings, any committee of the Directors or any general meetings of the Company or otherwise in connection with the business of the Company. A Non-Executive Director may also be paid such special or additional remuneration as the Directors decide, if the Non-Executive Director performs extra services or makes any special exertions for the benefit of the Company.

The table below sets out the Directors' annualised remuneration payable during the year ending 30 June 2015.

Name	Remuneration
Executive Directors	
Keith Cullen	\$275,000 per annum
Chris Kelesis	\$180,000 per annum
Non-Executive Directors	
Guy Hedley	\$40,000 per annum
Jeff Zulman	\$35,000 per annum

As at the date of this Prospectus, no salaries have been paid to the Executive Directors. Refer to Sections 4.8 and 4.9 below for further details with respect to contract and remuneration arrangements with the Directors.

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4.8 Employment arrangements with executive Directors

There are executive service contracts in place for:

- Keith Cullen, under which he acts as Managing Director of the Company; and
- Chris Kelesis, under which he acts as an Executive Director of the Company.

Both contracts will commence on the earlier of 1 February 2015 and the date the Company is admitted to the Official List.

Both contracts have a minimum term of three years and will remain in force unless terminated by either party giving six months' notice. If terminated before the minimum term expires, the executive is entitled to receive a payment equal to their base salary for the remainder of the minimum term, unless there is more than one year remaining, in which case the executive is entitled to receive a payment equal to one year's base salary.

With effect from FY2016, both Keith Cullen and Chris Kelesis will be eligible to participate in a short term incentive plan, at the discretion of the Board. Keith Cullen will be eligible for a short term incentive bonus equivalent to 50% of his base salary on an annual basis. Chris Kelesis will be eligible for a short term incentive bonus equivalent to 40% of his base salary. The Board may vary the terms and availability of the short term incentive from time to time however no short term incentive will be payable for FY2015.

The Company does not currently have a long term incentive scheme in place however the Board may implement one in the future. A long term incentive scheme will allow executives to receive equity in the Company.

Both contracts contain a non-compete provision. Upon the termination of their contract, both Keith Cullen and Chris Kelesis are subject to a restraint of trade period of twelve months in respect of working for or being involved with a competitor of the Company and other matters such as solicitation. Enforceability of such restraint of trade is subject to all usual legal requirements.

4.9 Arrangements with Non-Executive Directors

Guy Hedley and Jeff Zulman have entered into letters of appointment with the Company, each with no fixed term. Guy Hedley and Jeff Zulman are entitled to receive all or part of their Director's fees (after tax) in Shares at the prevailing market price for those Shares. Any issue of Shares is subject to approval by Shareholders in general meeting. If a proposed Share issue is not approved by Shareholders, the relevant Director's fees will be paid in cash.

In recognition of his contribution to the process of preparing Spring FG for listing, Mr Hedley has been paid \$40,000 in advance for Director's fees for his first year as a Director. Mr Hedley proposes to apply the post-tax component of \$20,400 to apply for 68,000 Shares under this prospectus.

The Company may also offer an opportunity for Non-Executive Directors to subscribe for Shares. The Company has granted a two-year loan to Guy Hedley to subscribe for Shares under the Offer. The loan is a limited recourse loan over the shares held by Mr. Hedley being \$75,000 worth of shares (at the Offer Price).

This loan is unsecured and is repayable by the earlier of the date that is 2 years after the issue; and the date Mr Hedley resigns as a Director or the date Mr Hedley becomes ineligible to remain in the office as a Director.

4.10 Re-election of Directors

Each Director is subject to re-election on retirement at any annual general meeting of the Company at which they are required to retire by rotation.

4.11 Employment arrangements with Key Management Personnel

The Group has employment arrangements in place for:

- Russell Scott, under which he acts as chief financial officer and chief operating officer of the Company
- Mitchell Ansiewicz, under which he acts as the general manager (and a responsible manager) of the SFGPL
- Frank Paul, under which he acts as head of advice services (and a responsible manager) of SFGPL
- Christopher Hall, under which he acts as a responsible manager of SFGPL

All contracts are for a two year fixed term, and then remain in force until terminated by either party giving three months' notice.

4.12 Directors' interests in Shares

The table below sets out the Shares currently held by the Directors (directly or indirectly) and the number and percentage of Shares they will hold after completion of the Offer.

Name	Shares currently held	Shares Held after the Offer	Percentage held after the Offer
Executive Directors			
Keith Cullen	32,890,488	32,890,488	28.86%
Chris Kelesis	19,140,831	19,140,831	16.80%
Non-executive Directors			
Guy Hedley	51,370	369,370	0.32%
Jeff Zulman	119,863	119,863	0.11%

4.13 Related party transactions

Guy Hedley is director, chairman and majority shareholder of Atlas Advisors Australia Pty Ltd (Atlas). On 15 July 2014, Spring FG entered into a relationship agreement with Atlas.

Under the agreement, if Atlas refers clients to Spring FG, Spring FG will pay Atlas a referral fee. The agreement is for a one year term, after which it may be terminated by either party giving the other party 90 days written notice.

The agreement is on arms-length terms and the referral fees paid are reasonable and in line with market rates.

4.14 Indemnity for Directors

The Company has agreed to provide an indemnity to the Directors in limited circumstances. See Section 8.5 for details.

4.15 Corporate governance

The Board has created a framework for managing Spring FG including adopting relevant internal controls, risk management processes and corporate governance policies and practices that it believes are appropriate for the business and which are designed to promote the responsible management and conduct of Spring FG.

The main policies and practices adopted by Spring FG, which will take effect from listing on ASX and are incorporated by reference in the Prospectus. Copies of all documents incorporated by reference can be obtained, upon request and free of charge during the Offer Period, from the registered office of Spring FG as described in the Corporate Directory of this Prospectus. They are also available on Spring FG's website.

The ASX Corporate Governance Council has developed and released corporate governance recommendations for Australian listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations.

While the recommendations are guidelines only, Spring FG must provide a statement in its annual report disclosing the extent to which it has followed the recommendations in the reporting period. Where Spring FG does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. The Board has adopted corporate governance policies and practices, which are in accordance with the ASX Corporate Governance Principles and Recommendations.

A summary of Spring FG's corporate governance policies and committees is set out below.

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4.15.1 Board Policy

The Board Policy provides a framework for the effective operation of the Board and management. The Board may from time to time establish appropriate committees to assist in the discharge of its responsibilities.

The Board has established an Audit & Risk Committee and a Remuneration & Nomination Committee. Other committees may be established by the Board as and when required.

Membership of Board committees will be based on the needs of Spring FG, relevant legislative and other requirements and the skills and experience of individual Directors. Under the Board's Policy, Board committee performance evaluations will occur regularly.

4.15.2 Audit & Risk Committee

This committee must have at least three members, a majority of whom must be independent and a majority of whom must be Non-Executive Directors. Currently, Guy Hedley, Jeff Zulman and Keith Cullen are members of this committee. Jeff Zulman will act as Chair of the committee.

4.15.3 Remuneration & Nomination Committee

This committee must have a majority of independent Directors (including the Chairman). Currently, Keith Cullen, Guy Hedley and Jeff Zulman are members of this committee. Guy Hedley will act as Chair of the committee.

4.15.4 Diversity Policy

Spring FG values a strong and diverse workforce and is committed to developing measurable objectives to achieve diversity in its workplace. Spring FG has a diversity policy which aligns Spring FG's management systems with the commitment to develop a culture and business model that values and aims to achieve diversity in its workforce.

4.15.5 Continuous Disclosure Policy

Spring FG will be required to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act. Subject to the exceptions contained in the Listing Rules, Spring FG will be required to disclose to the ASX any information concerning Spring FG which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. Spring FG has adopted a policy to take effect from listing on the ASX which establishes procedures which are aimed at ensuring that Directors and management fulfil their obligations in relation to the timely disclosure of material price sensitive information.

4.15.6 Code of Conduct

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 conduct, to take effect from listing on the ASX, to be followed by all employees and officers. The code of conduct sets out Spring FG's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information, financial integrity and conflicts of interest.

4.15.7 Share Trading Policy

Spring FG has adopted a written policy to take effect from listing on the ASX for dealings in Shares, which is intended to explain the prohibited types of conduct in relation to dealings in Shares under the Corporations Act and to establish a best practice procedure in relation to Director, management and employee dealings in Shares.

Subject to the overriding restriction that persons may not deal in Shares while they are in possession of material price sensitive information, Directors and management will only be permitted to deal in Shares during certain 'window periods', such as following the annual general meeting, the release of Spring FG's full and half year financial results, or the release of a disclosure document offering Shares. Outside these periods, Directors and management must receive clearance for any proposed dealing. In all instances, buying or selling Shares is not permitted at any time by any person who possesses price sensitive information.

4.15.8 Insider Trading Policy

Spring FG has established an insider trading policy in an effort to prevent the incidence of insider trading in Shares. This policy provides a general summary of the law in Australia in relation to insider trading, and as such operates in addition to the legal requirements. It is the personal responsibility of each Director, executive and employee to comply with this insider trading policy.



Spring FG has achieved consistent post-tax profits since its first full-year of commercial operation in FY2012.

Spring FG is forecasting a Pro-Forma post-tax profit of more than \$5.2M for FY2015.



Section 05

Financial Information

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5. Financial information

5.1 Introduction

The financial information for Spring FG contained in this Section 5 includes:

Statutory historical financial information for Spring FG being the:

- statutory historical consolidated statement of profit or loss for FY2012, FY2013 and FY2014 (Historical Results)
- statutory historical consolidated statement of cash flows for FY2012, FY2013 and FY2014 (Historical Cash Flows)
- statutory historical consolidated statement of financial position as at 30 June 2014 (Historical Balance Sheet) (the Historical Financial Information).

Pro Forma historical financial information for Spring FG being the:

- pro forma historical consolidated statement of profit or loss for FY2014 – prepared on the assumption that the Moneytree Partners acquisition had been completed on 1 July 2013 (Pro Forma Historical Results)
- pro forma historical consolidated statement of financial position as at 30 June 2014 prepared as if the following transactions and events had been completed as at 30 June 2014:
 - the Offer was completed and funds received;
 - the Pink Diamond Financial Group acquisition was completed;
 - an issue of Shares subsequent to balance date had been completed at 30 June 2014; and
 - the dividend declared subsequent to balance date of \$1,235,000 was paid (Pro Forma Historical Balance Sheet),

(the Pro Forma Historical Financial Information).

Forecast financial information for Spring FG being the:

- forecast statement of profit or loss for FY2015 prepared on the basis that the one-off expenses associated with the Offer have been excluded, the Pink Diamond Financial Group acquisition had been completed on 30 June 2014, and the operating structure in place following the Offer had been in place for the full financial year (the Pro-Forma forecast financial Information)
- forecast consolidated statement of profit or loss for FY2015 (the Statutory Forecast Financial Information).

The Pro Forma Forecast Financial Information and the Statutory Forecast Financial Information together form the Forecast Financial Information. The Historical Financial Information, Pro Forma Historical Information and the Forecast Financial Information, together form the Financial Information.

Also summarised in this Section 5 are:

- the basis of preparation and presentation of the Financial Information (see Section 5.19) the Company's best estimate general and specific assumptions underlying the Forecast Financial Information (see Sections 5.5 and 5.6) and key sensitivities in respect of the Forecast Financial Information (see Section 5.17).
- Spring FG's proposed dividend policy (see Section 5.20).

All amounts disclosed in the tables in this Section 5 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000.

5.2 Overview

Under the terms of the Offer, Spring FG is offering to issue 13,333,333 Shares to raise \$4,000,000. See Section 1 for further details of the Offer.

The Historical Financial Information has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards, which are consistent with International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

The Prospectus includes Forecast Financial Information based on the best estimate assumptions of the Company. The Forecast Financial Information presented in this Prospectus is unaudited. The basis of preparation and presentation of the Forecast Financial Information, to the extent applicable, is consistent with the basis of preparation and presentation for the Historical Financial Information unless otherwise noted.

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

Spring FG's key accounting policies have been consistently applied throughout the periods presented and are set out in Sections 5.18 and 5.19.

The information in this Section 5 should be read in conjunction with the risk factors set out in Section 7 and other information contained in this Prospectus.

5.3 Preparation of Historical and Pro Forma Historical Financial Information

The Historical Financial Information has been extracted from Spring FG's audited consolidated financial statements for Spring Financial for FY2012 and FY2013 and Spring FG for FY2014.

The FY2012 and FY2013 statutory financial statements of Spring Financial were audited by Rothsay Accountants and the FY2014 statutory financial statements of Spring FG were audited by BDO East Coast Partnership. All audit opinions issued were unqualified.

The Historical Financial Information is summarised in Tables 1 and 2 in Sections 5.7 and 5.8 and Tables 3, 4 and 5 in Sections 5.11, 5.12 and 5.13.

The Pro Forma Historical Financial Information has been prepared for the purposes of inclusion in this Prospectus. It has been derived from the Historical Financial Information, with pro forma adjustments being made to reflect:

- Spring FG's operating performance had it completed the Moneytree Partners acquisition on 1 July 2013

The Pro Forma Historical Financial Information included in this Prospectus has been reviewed by BDO Corporate Finance (East Coast) Pty Limited but has not been audited.

In the case of the Pro Forma Historical Results, the Company has relied upon unaudited management accounts of Moneytree Partners as the business operations acquired by Spring FG from Moneytree Partners were not audited.

Investors should note the scope and limitations of the Investigating Accountant's Report (see Section 6). See Sections 5.11 and 5.12 for reconciliation between the Historical Balance Sheet and Pro Forma Historical Balance Sheet.

Investors should note that past results are not a guarantee of future performance.

5.4 Preparation of Forecast Financial Information

The Forecast Financial Information has been prepared solely for inclusion in this Prospectus.

The Forecast Financial Information has been prepared by the Company based on an assessment of current economic and operating conditions and best estimate assumptions regarding future events and actions as set out in Sections 5.5 and 5.6.

The Forecast Financial Information is subject to the risks set out in Section 7. The inclusion of these assumptions and these risks is intended to assist investors in assessing the reasonableness and likelihood of the assumptions occurring, and is not intended to be a representation that the assumptions will occur.

The Forecast Financial Information presented in this Prospectus has been reviewed by the Investigating Accountant but has not been audited. Investors should note the scope and limitations of the Investigating Accountant's Report (see Section 6).

Spring FG believes the best estimate assumptions, when taken as a whole, to be reasonable at the time of preparing this Prospectus. However, this information is not fact and investors are cautioned not to place undue reliance on the Forecast Financial Information.

Investors should be aware that the timing of actual events and the magnitude of their impact might differ from that assumed in preparing the Forecast Financial Information, and that this may have a material positive or material negative effect on Spring FG's actual financial performance or financial position. In addition, the assumptions upon which the Forecast Financial Information is based are by their very nature subject to significant uncertainties and contingencies, many of which will be outside the control at Spring FG, the Directors and management, and are not reliably predictable.

Accordingly, none of Spring FG, the Directors, nor any other person can give investors any assurance that the outcomes discussed in the Forecast Financial Information will arise.

The Forecast Financial Information should be read in conjunction with the general assumptions in Section 5.5, the specific assumptions in Section 5.6, the sensitivity analysis in Section 5.17, the risk factors in Section 7 and other information in this Prospectus.

Spring FG has no intention to update or revise the Forecast Financial Information or other 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, except where required by law.

5.5 General assumptions

In preparing the Forecast Financial Information, the following general assumptions relating to the forecast period have been adopted by the Company:

- no material change in the competitive operating environment in which Spring FG operates
- no significant deviation from current market expectations of global or local economic conditions relevant to the financial services industry in the geographic locations that Spring FG operates
- no material changes in Commonwealth, State or local government legislation, tax legislation, regulatory legislation, regulatory requirements or government policy that will have a material impact on the financial performance or cash flows, financial position, accounting policies, financial reporting or disclosure of Spring FG during the forecast period
- no material changes in applicable Australian Accounting Standards or other mandatory reporting requirements or the Corporations Act, which have a material effect on Spring FG's financial performance, financial position, accounting policies, financial reporting or disclosure during the forecast period
- no material loss of material contracts, authorisations or customers
- no material cash flow or income statement or financial position impact in relation to contingent liabilities or legal claims will arise or be settled to the detriment of Spring FG
- no material change to Spring FG's revenue model for professional service fees and rebates and commissions (as set out in Section 2.5)
- retention of key personnel and Spring FG maintaining its ability to recruit and retain the personnel required to support future growth
- no material restructuring, disruption to the continuity of Spring FG's operations or other material changes in its business other than as set out in, or contemplated by, the Prospectus
- no material acquisitions, or divestments
- no material changes to Spring FG's operating model or capital structure other than as set out in, or contemplated by, this Prospectus
- no material amendment to any material agreement, authorisation or arrangement relating to Spring FG's businesses
- none of the key risks set out in Section 7 occur, or if they do, none of them has a material adverse impact on the operations of Spring FG
- the Offer proceeds are received in accordance with the timetable and terms detailed in Section 1 of the Prospectus and are underwritten.

5.6 Specific assumptions

In preparing the Statutory Forecast Financial Information, the following material specific assumptions relating to the forecast period have been adopted by the Company:

- The Company will continue to earn revenue from professional service fees and product rebates and commissions of the nature and in the ranges set out in Section 2.5
- The Company will continue to have access to its database of 60,000 Wealthadviser eBook subscribers and its online and other marketing campaigns will continue to result in an inflow of 500+ inbound subscribers each month.
- The Company assumes revenue of \$6.84M (45% of total revenue) will come from the provision of products and services to existing clients. It assumes the key components of this revenue will be:
 - Continuing to earn ongoing financial advice and tax & accounting professional services fees from 680 individual and SMSF clients with no material loss of clients from either the Moneytree Partners or Pink Diamond Financial Group acquisitions
 - 238 existing clients will buy new insurance policies or replace or upgrade existing policies.
 - 92 of its existing clients will invest some \$42.3M into acquiring new/additional residential real estate assets through it.
- Resulting in the most significant revenue contributions from existing clients being \$1.56M from accounting & taxation services; \$830,000 from new, replacement and renewed insurance policies; and \$2.54M related to residential real estate investments
- The Company assumes revenue of \$8.32M (55% of total revenue) will come from the provision of services and products to new clients. The key new client assumptions are that:
 - 395 new clients (Pro Forma FY2014: 252) to engage it to prepare a financial plan (known as a Statement-of-Advice or SOA)
 - 234 new clients to engage it to implement its recommended strategies and product recommendations contained in SoAs (Pro Forma FY2014: 140).
 - 128 new clients to establish a new SMSF (Pro Forma FY2014: 95).
 - 196 new clients will invest some \$112.8M into acquiring new/additional residential real estate assets through the Company.
 - Resulting in the most significant revenue contributions from new clients being \$1.2M from financial plan (SoA) preparation and implementation fees; and \$6.76M related to residential real estate investments.
- Based on these assumptions the Company's expects its mix of revenue to be:
 - Professional services revenue of \$3.73M (25% of total revenue) with the most significant contributions forecast from financial advice fees (plan, implementation and ongoing advice fees) \$1.68M; and accounting & tax services \$1.42M.
 - Product referral fee and commissions revenue of \$11.36M (75% of total revenue) with the most significant contributions forecast from property referral fees and commissions \$9.3M; insurance commissions \$1.56M; and finance \$490,000.
- No further acquisitions are made with the balance of proceeds from the Offer after paying the Offer costs and making the deferred consideration payment associated with the Pink Diamond financial group acquisition, being \$1.8M placed on deposit at 3% pa.

More detailed discussion on the components of these assumptions; the factors impacting the performance of the Company; and sensitivity to the assumptions are set out in Sections 5.14, 5.15 and 5.16.

5.7 Table 1: Historical and Forecast Results

Set out in the table below are the Historical and Forecast Results for Spring FG. This information should be read in conjunction with the information provided elsewhere in this Prospectus.

A\$'000 (thousand)	Actual FY2012	Actual FY2013	Actual FY2014	Pro-forma FY2014 ⁽¹⁾	Pro-forma Forecast FY2015 ⁽²⁾	Statutory Forecast FY2015 ⁽³⁾
Revenue	\$1,720	\$4,090	\$8,107	\$9,445	\$15,558	\$15,191
Cost of Sales		\$641	\$1,189	\$279	\$1,611	\$1,611
Employment Expenses	\$857	\$1,411	\$1,860	\$2,339	\$3,972	\$3,609
Occupancy Costs	\$314	\$414	\$729	\$982	\$991	\$1,068
Depreciation/Amortisation	\$10	\$10	\$41	\$15	\$117	\$115
Other Expenses	\$467	\$695	\$1,118	\$1,198	\$1,376	\$1,678
Interest & Finance Costs	\$110	\$136	\$122	\$116	\$0	\$63
Total Operating Costs	\$1,758	\$3,307	\$5,059	\$4,929	\$8,067	\$8,144
Profit Before Tax	(\$38)	\$783	\$3,048	\$4,516	\$7,491	\$7,047
Profit After Tax	\$2	\$496	\$2,262	\$3,161	\$5,244	\$5,026

Notes:

¹ The Pro Forma forecast FY2014 column above assumes that the Moneytree Partners acquisition was completed on 1 July 2013 to show the full year impact on revenue and profits.

² The Pro Forma FY2015 column above assumes that the Pink Diamond Financial Group acquisition was completed on 30 June 2014 to show the full year impact on revenue and profits. This column also excludes the effect of any non-capitalised expenses associated with the Offer and reflects the operating structure of the business as if the Offer was completed and the Company was listed on the ASX on 30 June 2014.

³ The statutory Forecast FY2015 column includes contribution from the Pink Diamond Financial Group acquisition which was completed on 28 August 2014. No contribution is forecast from future acquisitions as there can be no certainty as to the timing or certainty of them. This column also includes the effect of one-off expenses associated with the Offer.

5.8 Table 2: Reconciliation of actual and statutory forecast results to pro forma results

A\$'000 (thousand)	Actual FY2014	Pro-forma Adjustment	Pro-forma FY2014	Statutory Forecast FY2015	Pro-forma Adjustment	Pro-forma Forecast FY2015
Revenue	\$8,107	\$1,338	\$9,445	\$15,191	\$367	\$15,558
Profit Before Tax	\$3,048	\$1,468	\$4,516	\$7,047	\$443	\$7,491
Profit After Tax	\$2,262	\$899	\$3,161	\$5,026	\$218	\$5,244

5.9 Pro Forma adjustments to the audited FY2014 Operating Results

The Pro Forma adjustments made to the Historical Statement of Profit or Loss of Spring FG for the year ended 30 June 2014 (being the most recently audited results) reflect the following events and assumptions:

1. Revenue for the year ended 30 June 2014 was increased by \$1,338,000 to account for the full year consolidation of Moneytree Partners, which was acquired on 1 May 2014.
2. Cost of goods sold reduced by \$910,000 and operating expenses increased by \$780,000 for the year ended 30 June 2014 to account for the full year consolidation of Moneytree Partners, which was acquired on 1 May 2014 resulting in a pro-forma increase in Profit before Tax of \$1,468,000.
3. Tax expense was increased by \$569,000 to account for the tax effect of the above adjustments.

5.10 Pro Forma adjustments to the Forecast FY2015 Operating Results

The pro forma adjustments made to the Forecast Statutory Statement of Profit or Loss for the year ending 30 June 2015 reflects the following events and assumptions:

1. Revenue for the year ending 30 June 2015 was increased by \$330,000 to account for the full year consolidation of Pink Diamond Financial Group, which was acquired on 28 August 2014.
2. Expenses (net of synergies) were decreased by \$193,000 to account for the full year consolidation of Pink Diamond Financial Group, which was acquired on 28 August 2014.
3. Expenses were decreased by \$315,000 to exclude one-off expenses associated with the Offer.
4. Expenses were increased by \$488,000 to account for additional operating costs of Spring FG being a listed company.
5. This is made up of Salaries \$430k + Other \$58k.
6. Interest expense was decreased by \$62,500 to account for the elimination of interest of the deferred payment associated with the Pink Diamond Financial Group acquisition and interest income was increased by \$36,000 to account for net proceeds from the Offer being on deposit from 1 July 2014.
7. Tax expense was increased by \$225,000 to account for the tax effect of the above adjustments.

5.11 Table 3: Pro Forma Historical Consolidated Statement of Financial Position as at 30 June 2014

A\$'000 (thousand)	Actual 30/06/2014 ¹	Pro Forma Adjustments ²	Pro Forma 30/06/2014 ³
Current Assets:			
Cash and cash equivalents	\$759	\$2,056	\$2,815
Trade and other receivables	\$3,413	(\$277)	\$3,136
Other current assets	\$274		\$274
Total current assets	\$4,446	\$1,779	\$6,225
Non-current assets:			
Trade and other receivables	\$1,405	\$1,050	\$2,455
Plant and equipment	\$528	\$10	\$538
Intangibles	\$3,899	\$2,727	\$6,626
Deferred tax assets	\$51	\$179	\$230
Other non-current assets	\$2		\$2
Total non-current assets	\$5,885	\$3,966	\$9,851
Total assets	\$10,331	\$5,745	\$16,076
Current liabilities:			
Trade and other payables	\$1,500	\$219	\$1,719
Provisions	\$113	\$84	\$197
Current tax liabilities	\$873		\$873
Total current liabilities	\$2,486	\$303	\$2,789
Non-current liabilities:			
Provisions			
Total non-current liabilities			
Total liabilities	\$2,486	\$303	\$2,789
Net assets	\$7,845	\$5,442	\$13,287
Equity:			
Issued capital	\$6,132	\$6,896	\$13,028
Reserves			
Retained earnings	\$1,713	(\$1,454)	\$258
Total equity	\$7,845	\$5,442	\$13,287

5.11.1 Table 4: Detail of pro forma adjustments summarised in Table 3

A\$'000 (thousand)	PDFG Acquisition	Issue of shares	Pre-IPO dividend	Issue of shares	IPO costs	Net Adjustment
Current Assets:						
Cash and cash equivalents	\$345		(\$132)	\$2,438	(\$595)	\$2,056
Trade and other receivables	\$283		(\$560)			(\$277)
Other current assets						
Total current assets						\$1,779
Non-current assets:						
Trade and other receivables		\$1,050				\$1,050
Plant and equipment	\$10					\$10
Intangibles	\$2,727					\$2,727
Deferred tax assets					\$179	\$179
Other non-current assets						
Total non-current assets						\$3,966
Total assets						\$5,745
Current liabilities:						
Trade and other payables	(\$1,781)			\$1,562		\$219
Provisions	(\$84)					\$84
Current tax liabilities						
Total current liabilities						\$303
Non-current liabilities:						
Provisions						
Total non-current liabilities						
Total liabilities						\$303
Net assets						\$5,442
Equity:						
Issued capital	(\$1,500)	(\$1,050)	(\$543)	(\$4,000)	\$196	\$6,896
Reserves						
Retained earnings			(\$1,235)		(\$220)	(\$1,454)
Total equity						\$5,442

5.12 Pro Forma adjustments to the Consolidated Statement of Financial Position

The pro forma adjustments made to the Historical Balance Sheet of Spring FG as at 30 June 2014 (being the most recently audited statement of financial position date) are summarised in Table 4 below and reflect the following events and assumptions as if they had occurred at 30 June 2014:

1. Net assets have been increased by \$3.0M, through the acquisition of Pink Diamond Financial Group for a total consideration of \$3.0M. The acquisition was funded by a fresh issue of shares of \$1.5M and deferred purchase consideration included in trade and other payables of \$1.5M. The deferred consideration was repaid in full out of the proceeds of the Offer
2. Issued capital has been increased by \$4.0M to reflect the gross proceeds from the Offer
3. Issued capital has been reduced by \$196,000 which represents the capitalised costs associated with the issue of Shares pursuant to the Offer of \$280,000, less the deferred tax benefit associated with these costs of \$84,000 which is recognised as a deferred tax asset
4. Retained earnings has been decreased by \$220,000 which represents expenses associated with the Offer, net of tax of \$94,000
5. Issued capital and trade and other receivables have been increased by \$1.05M as a result of issuing loan Shares
6. Recognition of a dividend of \$1,235M payable to existing Shareholders which was declared subsequent to balance date. The dividend resulted in a decrease in retained earnings of \$1,235,000, a decrease in shareholder loans of \$560,130, additional issued Shares of \$542,573 under the Company's dividend reinvestment plan and a reduction in cash of \$131,842.

5.13 Table 5: Consolidated Statements of Cash Flow

A\$'000 (thousand)	Actual FY2012	Actual FY2013	Actual FY2014
Profit from ordinary activities after tax	2	496	2,262
Depreciation/amortisation	10	10	41
Non-cash equity movements	12	31	
Other movements	(24)		
Cash flow before financing and tax	-	537	2,303
Changes in assets and liabilities			
(Increase)/Decrease in receivables	(486)	(1,266)	(2,598)
(Increase)/Decrease in other assets	(41)	(19)	(380)
(Increase)/Decrease in payables and provisions	133	1,263	809
Net cash flow	(394)	515	134

5.14 Major items included in Statutory Consolidated Statement of Financial Position as at 30 June 2014

Trade and other receivables

Trade and other receivables represent monies receivable from clients for services rendered net of any impairment loss and advances made to Shareholders in lieu of salaries.

Intangibles

Intangibles are disclosed net of any amortisation and comprise goodwill and identifiable intangible assets acquired in business combinations, together with capitalised development costs. The identifiable intangible assets were acquired as part of the Moneytree Partners acquisition and recorded at their fair value. These assets comprised insurance/finance trail commission, recurring AFS income, eMarketing lead database and an eBook library.

Trade & other payables

Trade and other payables include unsecured trade payables, accruals and other advances made in the ordinary course of business.

Provisions

Provisions comprise provisions made for employee benefits.

5.15 Management discussion and analysis of historical and forecast results

5.15.1 Mix of professional services and product rebate & commission revenues

The Company has a diverse range of revenue streams that are described in detail in Section 2.5 of this Prospectus and summarised below. Broadly the Company's revenue is derived from:

Professional Services Fees

The Company generates revenue from a variety of professional services fees from both existing and new clients:

- Professional services fees are paid by both new and existing clients who engage Spring FG to provide financial planning and investment advice and include financial plan preparation fees and implementation fees; as well as ongoing advice fees (adviser service fees) in circumstances where the Company is retained to provide ongoing advice.
- The Company also earns professional services fees from both new and existing clients through the provision of ongoing accounting services such as the preparation of regular business accounting services or the annual preparation and lodgement of financial statements and tax returns for individual, companies, trusts or SMSFs they are charged either on an hourly basis or fixed fee-for-service basis.
- When clients trade shares the Company also charges brokerage.

The Company's FY2015 Statutory Forecast includes professional services revenue of \$3.73M with the most significant contributions forecast from financial advice fees (plan, implementation and ongoing advice fees) \$1.68M; and accounting & tax services \$1.42M.

Product rebates and commission

The Company earns revenue from a diverse range of product referral fees and commissions including:

- Property marketing fees and commissions in cases where new and existing clients invest in residential real estate;
- Finance upfront & trail referral income where the Company assists with investment (and personal) financing requirements of clients;
- Financial/investment product upfront & trail income when clients invest in certain financial products or administration platforms; and
- Insurance product upfront & trail income when clients purchase or renew certain insurance policies.

The Company's FY2015 Statutory Forecast includes product referral fee and commissions revenue of \$11.36M with the most significant contributions forecast from property referral fees and commissions \$9.3M; insurance commissions \$1.56M; and finance \$490,000.

5.15.2 Mix of Revenue from Existing and New Clients

The Company derives significant revenue both new and existing clients.

Existing Client Base

The Company's existing client base comprises:

- Financial advice clients
- Investment advice clients
- Self-managed super funds
- Insurance clients
- Accounting & tax clients
- Finance Advice Clients

As the Company provides a comprehensive range of services and products to clients, there is generally considerable overlap between these components. For example, a financial planning client may be a husband and wife who have insurance policies; who may also have a self-managed super fund (SMSF); as well have direct investments outside of their SMSF. The Company may provide them with personal tax services; and/or business accounting services for their business; as well as tax & accounting services for their SMSF.

The Company may have assisted them with assembling a portfolio of properties and/or equities or managed investments that they hold both directly and within an SMSF; and may also have assisted them with finance for both investments and for personal assets such as their family home.

The Company is forecasting total revenue of \$6.84M (45%) related to existing clients in its FY2015 Statutory Forecasts. The most significant contributions to revenue from the Company's existing client base are expected to be \$830,000 from new, replacement and renewed insurance policies, \$1.56M from accounting & taxation services; and \$2.54M related to residential real estate investments.

New Client Base

The Company expects some 395 new clients to engage it to prepare a financial plan (known as a Statement-of-Advice or SOA) during FY2015; and 234 new clients to engage it to implement its recommended strategies. Of these around 128 are expected to establish a new SMSF.

The Company is forecasting total revenue of \$8.32M (55%) related to these new clients in its FY2015 Statutory Forecasts. The most significant contributions to revenue from the Company's new client base are expected to be \$1.3M from financial plan (SoA) preparation and implementation fees; and \$6.76M related to residential real estate investments.

5.16 Key factors affecting Spring FG's performance

Spring FG's financial performance and profitability can be impacted by a number of factors related to its revenue and its operating expenses. The most significant of these are set out below.

5.16.1 Revenue

The Company's FY2015 Pro-Forma Forecast includes revenue of \$15.56M representing an increase of \$6.11M on the FY2014 Pro Forma Historical Revenue of \$9.45M.

The FY2015 Statutory Forecast includes revenue of \$15.19M, representing a \$7.08M increase on FY2014 Statutory Revenue.

Whilst neither the FY2014 Pro Forma nor the FY2014 Statutory Revenue includes any contribution from the Pink Diamond Financial Group acquisition, significant continued growth in revenue is forecast.

The key factors that can impact the Company's revenue are as follows:

Continued Growth in New Customer Numbers

As set out above; the Company expects 395 new clients to engage it to prepare a financial plan (SoA) during FY2015 (FY2014 Pro Forma Historical 252). Due to the comprehensive nature of products and services provided to new clients, a reduction, or increase, in the number of new clients that engage the Company to prepare an SoA can have a material impact on revenue by impacting plan preparation fees; plan implementation fees; SMSF establishment fees; upfront and ongoing insurance and finance fees; and investment property referral fees and commissions.

The Company's success in attracting new clients can be influenced by a number of factors. These include the success of its marketing campaigns in generating inbound inquiry from qualified prospective clients with the desire and capacity to engage the Company; and its ability to successfully convert such inquiries into clients from which the Company earns revenue.

The Company estimates that each 5% reduction or increase in its forecast new client numbers would decrease/increase Pro Forma FY2015 Forecast revenue by \$533,000 and decrease/increase Pro-forma FY2015 Forecast NPAT by \$327,000.

SMSF Investment Structure

As set out in Section 3.1 of this Prospectus a significant number of Australians have established self-managed superannuation funds (SMSFs) (more than 1M members); and new funds continue to be established each year (between 30-40,000). Many are attracted to the taxation benefits of building an asset base within superannuation and to the flexibility that operating a self-managed fund can provide, including the ability to acquire residential and commercial property either for cash or using leverage through the use of limited recourse borrowing.

A significant amount of the Company's expertise and its marketing efforts are focussed on this sector. Many of the Company's existing clients have established self-managed super funds (SMSFs) and others may do into the future. The Company also expects that of the 395 new clients it expects to prepare an SoA for during FY2015, that 128 will establish a new SMSF (FY2014 Pro Forma Historical 95).

The popularity of SMSFs is contingent among other things on the prevailing legislative and regulatory environment.

The Company estimates that each 5% reduction or increase in its forecast new SMSFs would decrease/increase Pro-forma FY2015 Forecast revenue by up to \$269,000 and decrease/increase Pro Forma FY2015 Forecast NPAT by \$162,000.

Investment in Residential Property Assets

As set out in Section 3.2 of this Prospectus a significant number of Australians continue to invest in residential real estate with some 1.76M Australians owning more than 2.56M investment properties.

A significant amount of the Company's expertise and its marketing efforts are focussed on investment in residential real estate. A large number of the Company's existing clients own residential real estate investments and the Company expects will continue to build their portfolios. The Company expects 92 of its existing clients to invest some \$42.3M into acquiring new/additional residential real estate assets through it during FY2015.

Further it forecasts that of the 395 new clients it expects to prepare an SoA for during FY2015, that 196 will invest some \$112.8M into acquiring new/additional residential real estate assets through it during FY2015.

The attraction of investors to residential real estate as an asset class, and indeed the Company's preparedness to recommend continued or future investment in the asset class can be influenced by a number of factors. These include but are not limited to, the prevailing regulatory environment; supply and demand factors; rental yields; vacancy rates; taxation benefits; lending criteria; and general investor confidence in the market.

The Company estimates that each 5% reduction or increase in forecast new investment of \$155M in residential real estate by its existing client base and forecast new client base would decrease/increase Pro-forma FY2015 Forecast revenue by up to \$465,000 and decrease/increase Pro Forma FY2015 Forecast NPAT by \$293,000.

Such a decrease/increase may occur even if the same numbers of clients acquired the same number of individual properties if capital prices for new properties were to rise or fall. For example the Company expects the average value of an individual investment property acquired through it to be \$460,000 during FY2015. A 5% decrease in capital values (and/or average values) to \$437,000; or a 5% increase in capital values (and/or average values) to \$483,000 would result in the same reduction/increase in Pro Forma FY2015 Forecast revenue and NPAT as set out above.

Insurance Policy Reviews and Renewals

The Company forecasts that 238 of its existing clients will take out a total of 51 new insurance policies and/or 374 replacement policies to better reflect their current circumstances and or to improve policy terms or pricing resulting in FY2015 revenue of \$830,000.

The Company estimates that each 5% reduction or increase in forecast new or replacement policy numbers would decrease/increase Pro Forma FY2015 Forecast revenue by up to \$35,000 and decrease/increase Pro Forma FY2015 Forecast NPAT by \$25,000.

Client Satisfaction

As stated above; the Company is forecasting total revenue of \$6.84M (45%) related to existing clients in its FY2015 Statutory Forecast.

The Company's success in achieving this is impacted by the various issues set out above relative to specific products and services. Further, it is impacted generally by the Company's client satisfaction, and its ability to retain clients.

Each 5% reduction or increase in revenue from the Company's existing clients would decrease/increase Pro Forma FY2015 Forecast revenue by up to \$342,000 and decrease/increase Pro-forma FY2015 Forecast NPAT by up to \$209,000.

5.16.2 Expenses

The Company's profitability is impacted by its expenses and its ability to balance and contain these relative to its revenue. The key components of the Company's expenses are set out below.

Employment Costs

Employment Costs represent the most significant component of the Company's expenses. The Company's Pro Forma FY2015 Forecast Employment Costs total \$3.97M which represents 25% of forecast revenue and 49% of forecast Total Operating Expenses.

The Company's ability to contain these costs can be impacted by legislative changes to superannuation and payroll tax and general market forces.

Each 5% increase in Employment Costs will increase Pro Forma FY2015 Forecast Operating Expenses by \$198,000 and decrease Pro Forma FY2015 Forecast NPAT by \$139,000.

Occupancy Costs

Occupancy Costs represent the next most significant component of the Company's expenses. The Company Pro Forma FY2015 Forecast Occupancy Costs total \$990,000 which represents 6.4% of forecast revenue and 12.4% of forecast Total Operating Expenses.

The Company's ability to contain these costs can be impacted by a number of factors including general market forces, however these are not considered material in the context of the Company.

5.17 Sensitivity analysis

The Forecast Financial Information included in Section 5.7 is based on a number of estimates and assumptions as described in Sections 5.5 and 5.6.

These estimates and assumptions are subject to business, economic and competitive uncertainties and contingencies, many of which are beyond the control of Spring FG, the Directors and management. These estimates are also based on assumptions with respect to future business decisions, which are subject to change.

Set out below in Table 6 is a summary of the sensitivity of the Pro Forma Forecast Results to changes in a number of key assumptions.

Table 6: Sensitivity to key factors of Spring FG's operations

Key assumption category	Type of variation	Potential impact on FY2015 Pro-forma Revenue/ Expenses \$000s	Potential impact on FY2015 Pro-forma NPAT \$000s
New clients (Forecast 395)	Each +/- 5%	+/- \$533 to Revenue	+/- \$327
New SMSFs (Forecast 128)	Each +/- 5%	+/- \$269 to Revenue	+/- \$162
Investment by new/existing clients in residential real estate assets (Forecast \$155M)	Each +/- 5%	+/- \$465 to Revenue	+/- \$293
Purchase of new and replacement insurance policies by existing clients (Forecast 238 clients/374 policies)	Each +/- 5%	+/- \$35 to Revenue	+/- \$25
Revenue from existing clients (Forecast \$6.84M)	Each +/- 5%	+/- \$342 to Revenue	+/- \$209
Increase in Employment Expenses	Each 5% increase	+ \$198 to Expenses	- \$139

The changes in the key assumptions set out in the sensitivity analysis are intended to provide a guide only and are not intended to be indicative of the complete range of variations that may be experienced.

Variations in actual performance could exceed the ranges shown. For the purposes of this analysis, each sensitivity is presented in terms of the impact of each on FY2015 Pro Forma Forecast Revenue of \$15.49M and NPAT of \$5.27m and is set out above.

These have not been reflected in the sensitivities in Table 6. Table 6 demonstrates the potential impact on revenue that may arise from variations to the Key Best Estimate Assumptions (either positive or negative).

Care should be taken in interpreting each sensitivity. The estimated impact of changes in each of the assumptions has been calculated in isolation from changes in other assumptions, in order to illustrate the likely impact on the Pro Forma Forecast Results. In practice, changes in assumptions may offset each other or be additive, and it is likely that management would respond to any adverse change in one item to seek to minimise the net effect on Spring FG's NPAT and cash flow.

5.18 Key accounting policies and material accounting matters

Set out below are a number of significant accounting policies and other material accounting matters that have been used in the preparation of the financial information in the Key Offer Information Section and Section 5.

5.19 Basis of preparation of the Financial Information

The principal accounting policies adopted in the preparation of the Financial Information are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

5.19.1 Basis of Preparation

The Financial Information has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the summarised accounting policies of Spring FG as set out in this Section. Compliance with Australian Accounting Standards ensures the Financial Information complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Financial Information is presented in abbreviated form and does not include all the disclosures, statements or comparative information required by Australian Accounting Standards applicable to annual financial reports prepared in accordance with the Corporations Act.

5.19.2 Principles of Consolidation

Other than as reflected in the Pro Forma Adjustments, the Financial Information includes the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a 30 June financial year end.

The Company was incorporated on 10 April 2014 to acquire the entire paid up capital of Spring Financial Group Pty Ltd (SFGPL) and its controlled entity Spring FG Realty Pty Ltd (SFGRPL). The acquisition was completed on 17 April 2014. The acquisition was considered a reverse acquisition and the Financial Information of the Company represents a continuation of the financial statements of its legal subsidiary SFGPL and its controlled entity SFGRPL.

Subsidiaries are all entities (including structured entities) over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

5.19.3 Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net identifiable assets, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

5.19.4 Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for;

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

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

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

5.19.5 Leases

Leases of fixed-assets where substantially all the risks and benefits incidental to the ownership of the asset (but not the legal ownership) are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

5.19.6 Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

The Group's revenue is primarily from financial planning, advice and related services. Revenue is measured at the fair value of the consideration received or receivable, after taking into account any discounts and rebates allowed, and is stated net of the amounts of the goods and services tax (GST).

Revenue is recognised when services and financial products are transferred to clients and it is probable that the Group will receive consideration from clients who have accepted to make payment for those services rendered and financial products received; which corresponds to the transfer of significant risks and rewards of ownership of the service to the clients in the period.

5.19.7 Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

5.19.8 Impairment of non financial assets

At the end of each reporting period, the Group determines whether there is evidence of any impairment indicator for non financial assets.

Where an indicator of impairment exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the assets is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

5.19.9 Intangible Assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment.

The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period:

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Insurance / Finance Trailer Commission

Insurance and finance trailer commission acquired in a business combination are assessed annually for impairment based on discounted cash flows generated by the listing of client (from which such commission is derived). The useful life of these assets has been assessed as indeterminable and has been accounted for provisionally.

Recurring ASF Income

Recurring ASF income acquired in a business combination is assessed annually for impairment based on discounted cash flows generated by the listing of client (from which such commission is derived). The useful life of these assets has been assessed as indeterminable and has been accounted for provisionally.

eMarketing Lead Database

The eMarketing Lead Databases acquired in a business combination are assessed annually based on the number of active leads still remaining in the database at the end of each period. Where a lead contained within the data base is no longer responsive or is deceased or has been removed from the database having requested to be the value of this lead is impaired.

eBook library

The eBook Library acquired in a business combination is assessed annually based on the number of relevant publications remaining up on the marketing website. Where a publication is no longer relevant due to regulatory or other changes, or otherwise removed from circulation the intangible asset is impaired.

Other intangible assets

Significant costs associated with intangible assets software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of five years.

5.19.10 Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

5.19.11 Issued capital & dividends

Ordinary shares are classified as equity.

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

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

5.20 Dividend Policy

The Company has adopted a policy to pay fully-franked dividends at least annually subject to available profit and cashflow. The first such payment as a listed company is expected to be on or about 15 October 2015 and is forecast to be \$0.026 per Share fully-franked based on the anticipated capital structure of Spring FG following the Offer.

The Directors cannot and do not give any assurances as to the extent, timing, level of franking or payment of any dividends in any future period as all of the foregoing are dependent upon a number of factors including the level of future earnings, the amount of tax paid, the financial position of Spring FG, future operating conditions and future cash requirements to fund growth.

5.21 Asset backing

Based on the Pro forma Consolidated Statement of Financial Position in Section 5.11 Spring FG's pro forma net asset backing per Share will be \$0.12 on completion of the Offer and related transactions as disclosed in this Prospectus.



The ATO reports that on average there is a net increase in the number of SMSFs of more than 26,000 each year.

More than 1M Australians are now members of SMSFs with more than \$557Bn in superannuation assets.



Section 06

Investigating Accountant's Report

A young girl with her hair in a bun, looking at a field of white and yellow flowers.

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The Directors
Spring FG Limited
Level 4,
99 Bathurst Street
SYDNEY NSW 2000

11 December 2014

Dear Directors,

INVESTIGATING ACCOUNTANT'S REPORT

INTRODUCTION

BDO Corporate Finance (East Coast) Pty Limited (BDOCF) has been engaged by Spring FG Limited (Spring FG or the Company) to prepare this Investigating Accountant's Report (Report) in relation to certain financial information of Spring FG, for the Initial Public Offering of shares in Spring FG, for inclusion in a prospectus proposed to be issued on or about 11 December 2014 (the Prospectus).

Unless stated otherwise in this Report, expressions defined in the Prospectus have the same meaning in this Report.

This Report has been prepared for inclusion in the Prospectus. We disclaim any assumption of responsibility for any reliance on this Report or on the Financial Information to which it relates for any purpose other than that for which it was prepared.

HISTORICAL FINANCIAL INFORMATION

This Report relates to the following financial information of Spring FG as contained in Section 5 of the Prospectus:

- The audited statutory historical consolidated statements of profit or loss for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014
- The audited statutory historical consolidated statements of cash flows for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014
- The audited statutory historical consolidated statement of financial position as at 30 June 2014

(collectively, the Actual Historical Financial Information)

- The pro forma historical statement of profit or loss for the year ended 30 June 2014
- The pro forma historical consolidated statement of financial position as at 30 June 2014

(collectively, the Pro Forma Historical Financial Information).

The Actual Historical Financial Information and the Pro Forma Historical Financial Information are together referred to as the Historical Financial Information.

The Historical Financial Information is presented in the Prospectus 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 prepared in accordance with the *Corporations Act 2001*.

Scope of Review of the Actual Historical Financial Information

You have requested BDOCF review the Actual Historical Financial Information of Spring FG included in the Prospectus.

The Actual Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the company's adopted accounting policies. The Actual Historical Financial Information has been extracted from the consolidated financial report of Spring FG for the year ended 30 June 2014, which was audited by BDO East Coast Partnership and the financial reports of Spring Realty Pty Limited and Spring Financial Group Pty Limited for the years ended 30 June 2012 and 30 June 2013, which were audited by Rothsays Chartered Accountants. The audit reports issued in relation to the Actual Historical Financial Information each contained an unmodified audit opinion.

Scope of the Review of the Pro Forma Historical Financial Information

You have requested BDOCF review the Pro Forma Historical Financial Information of Spring FG included in the Prospectus.

The Pro Forma Historical Financial Information has been derived from the Actual Historical Financial Information of Spring FG and the unaudited management accounts of Moneytree Partners.

The pro forma historical consolidated statement of financial position of Spring FG as at 30 June 2014 has been adjusted for subsequent events and the effects of pro forma adjustments associated with the proposed capital raising.

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Actual Historical Financial Information,



the unaudited management accounts of Moneytree Partners and the events or transactions to which the pro forma adjustments relate, as described in Section 5.9 and Section 5.12 of the Prospectus, as if those events or transactions had occurred as at 30 June 2014.

Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position.

Directors' Responsibility

The Directors of Spring FG are responsible for the preparation of the Historical Financial Information, including the selection and determination of pro forma adjustments made to the Actual Historical Financial Information and included in the Pro Forma Historical Financial Information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with the Standard on Assurance Engagement ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other limited assurance procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or limited assurance report on any financial information used as a source of the Historical Financial Information.

Conclusions on the Actual Historical Financial Information and the Pro Forma Historical Financial Information

Actual Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Actual Historical Financial Information, as described in Section 5 of the Prospectus, and comprising:

- The audited statutory historical consolidated statements of profit or loss for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014

- The audited statutory historical consolidated statements of cash flows for the financial years ended 30 June 2012, 30 June 2013 and 30 June 2014
- The audited statutory historical consolidated statement of financial position as at 30 June 2014

are not presented fairly, in all material respects, in accordance with the stated basis of preparation, as described in Section 5.19 of the Prospectus.

Pro Forma Historical Financial Information

Based on our limited assurance engagement, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 5 of the Prospectus, and comprising:

- The pro forma consolidated statement of profit or loss for the financial year ended 30 June 2014
- The pro forma consolidated statement of financial position as at 30 June 2014

are not presented fairly, in all material respects, in accordance with the stated basis of preparation as described in Section 5.19 of the Prospectus.

FORECAST FINANCIAL INFORMATION

This Report relates to the following financial information as set out in Section 5 of the Prospectus:

- The statutory forecast consolidated statement of profit or loss for the financial year ending 30 June 2015 (the Statutory Forecast Financial Information)
- The pro forma forecast statement of profit or loss for the financial year ending 30 June 2015 (the Pro Forma Forecast Financial Information)

(collectively, the Forecast Financial Information).

The Forecast Financial Information is presented in an abbreviated form in the Prospectus insofar as it does not include all of the disclosures required by the Australian Accounting Standards (including the Australian Accounting Interpretations) applicable to annual financial reports prepared in accordance with the Corporations Act 2001 (*Cth*).

Scope of the Review of the Statutory Forecast Financial Information

You have requested BDOCF review the Statutory Forecast Financial Information of Spring FG included in the Prospectus.

The Directors' best-estimate assumptions underlying the preparation of the Statutory Forecast Financial Information are described in Sections 5.5 and 5.6 of the Prospectus. The Statutory Forecast Financial Information, to the extent possible, has been prepared on a consistent basis with the Historical



Financial Information and is in accordance with the recognition and measurement principles contained in Australian Accounting Standards and Spring FG's adopted accounting policies.

Scope of Review of the Pro Forma Forecast Financial Information

You have requested BDOCF review the Pro Forma Forecast Financial Information of Spring FG Limited as described in Section 5 of the Prospectus.

The Pro Forma Forecast Financial Information has been derived from the Statutory Forecast Financial Information of Spring FG and has been adjusted for the pro forma adjustments set out in Section 5.10 of the Prospectus.

Directors' Responsibility

The Directors of Spring FG are responsible for the preparation of the Statutory Forecast Financial Information for the financial year ending 30 June 2015, including the best-estimate assumptions underlying the forecast. They are also responsible for the preparation of the Pro Forma Forecast Financial Information for the financial year ending 30 June 2015, including the selection and determination of the pro forma adjustments made to the Statutory Forecast Financial Information and included in the Pro Forma Forecast Financial information. This includes responsibility for such internal controls as the Directors determine are necessary to enable the preparation of a forecast and a pro forma forecast that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express limited assurance conclusions on the Forecast Financial Information, the best-estimate assumptions underlying the Forecast Financial Information, and the reasonableness of the forecasts themselves, based on our review. We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

Our limited assurance procedures consisted of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance engagement is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express an audit opinion.

Our engagement did not involve updating or re-issuing any previously issued audit or review report on any financial information used as a source of the Forecast Financial Information.

Conclusions on the Forecast Financial Information

Statutory Forecast Financial Information

Based on our limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to our attention which causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the statutory forecast consolidated statement of profit or loss of Spring FG for the year ending 30 June 2015 do not provide reasonable grounds for the Statutory Forecast Financial Information; and
- in all material respects, the Statutory Forecast Financial Information:
 - is not prepared on the basis of the Directors' best-estimate assumptions as described in Sections 5.5 and 5.6 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Statutory Forecast Financial Information itself is unreasonable.

Pro Forma Forecast Financial Information

Based on our limited assurance engagement, which is not a reasonable assurance engagement, nothing has come to our attention which causes us to believe that:

- the Directors' best-estimate assumptions used in the preparation of the pro forma forecast consolidated statement of profit or loss of Spring FG for the year ending 30 June 2015 do not provide reasonable grounds for the Pro Forma Forecast Financial Information; and
- in all material respects, the Pro Forma Forecast Financial Information:
 - is not prepared on the basis of the Directors' best-estimate assumptions as described in Sections 5.5 and 5.6 of the Prospectus; and
 - is not presented fairly in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the entity's adopted accounting policies; and
- the Pro Forma Forecast Financial Information itself is unreasonable.



Forecast Financial Information

The Forecast Financial Information has been prepared by management and adopted by the Directors in order to provide prospective investors with a guide to the potential financial performance of Spring FG for the year ending 30 June 2015. There is a considerable degree of subjective judgement involved in preparing forecasts since they relate to events and transactions that have not yet occurred and may not occur. Actual results are likely to be different from the Forecast Financial Information since anticipated events or transactions frequently do not occur as expected and the variation may be material. The Directors' best-estimate assumptions on which the Forecast Financial Information is based relate to future events and/or transactions that management expect to occur and actions that management expect to take and are also subject to uncertainties and contingencies, which are often outside the control of Spring FG Limited. Evidence may be available to support the Directors' best-estimate assumptions on which the Forecast Financial Information is based however such evidence is generally future-oriented and therefore speculative in nature. We are therefore not in a position to express a reasonable assurance conclusion on those best-estimate assumptions, and accordingly, provide a lesser level of assurance on the reasonableness of the Directors' best-estimate assumptions. The limited assurance conclusion expressed in this report has been formed on the above basis.

Prospective investors should be aware of the material risks and uncertainties in relation to an investment in Spring FG, which are detailed in the Prospectus, and the inherent uncertainty relating to the Forecast Financial Information. Accordingly, prospective investors should have regard to the investment risks and sensitivities as described in Section 7 of the Prospectus. The sensitivity analysis described in Section 5.17 of the Prospectus demonstrates the impact on the Forecast Financial Information of changes in key best-estimate assumptions. We express no opinion as to whether the Forecast Financial Information will be achieved.

We disclaim any assumption of responsibility for any reliance on this Report, or on the Forecast Financial Information to which it relates, for any purpose other than that for which it was prepared. We have assumed, and relied on representations from certain members of management of Spring FG, that all material information concerning the prospects and proposed operations of Spring FG has been disclosed to us and that the information provided to us for the purpose of our work is true, complete and accurate in all respects. We have no reason to believe that those representations are false.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard to the scope of this Report and the information provided

by the Directors, to the best of our knowledge and belief no material transaction or event outside of the ordinary business of Spring FG not described in the Prospectus, has come to our attention that would require comment on, or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

INDEPENDENCE

BDOCF is a practice company of BDO East Coast Partnership (BDOECP), a member firm of the BDO international accounting and advisory network. BDOCF or BDOECP do not have any interest in the outcome of the Prospectus other than in connection with the preparation of this Report and participation in due diligence procedures, for which professional fees will be received. From time to time, BDOCF and BDOECP provide Spring FG with certain other professional services for which normal professional fees are received.

GENERAL ADVICE WARNING

This Report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to be a substitute for professional advice and potential investors should not make specific investment decisions in reliance on the information contained in this Report. Before acting or relying on any information, potential investors should consider whether it is appropriate for their objectives, financial situation or needs.

Without modifying our conclusions, we draw attention to Section 5.3 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose.

BDOCF has consented to the inclusion of this Report in the Prospectus in the form and context in which it is included. At the date of this Report this consent has not been withdrawn. However, BDOCF has not authorised the issue of the Prospectus. Accordingly, BDOCF makes no representation regarding, and takes no responsibility for, any other statements or material in or omissions from the Prospectus.

FINANCIAL SERVICES GUIDE

Our Financial Services Guide follows this Report. This guide is designed to assist retail clients in their use of any general financial product advice in our Report.

Yours faithfully,

BDO Corporate Finance (East Coast) Pty Limited

Grant Saxon
Director

Mark Thomas
Director



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Financial Services Guide

This Financial Services Guide is issued in relation to an Investigating Accountant's Report ("Report") prepared by BDOCF Corporate Finance (East Coast) Pty Limited (ABN 70 050 038 170) ("BDOCF") at the request of the directors ("Directors") of Spring FG Limited ("Spring FG").

Engagement

The Report is intended to accompany the product disclosure statement and prospectus proposed to be issued on or about 12 December (Prospectus). The Prospectus is being issued in relation to an offer of 13.333 million fully paid ordinary shares in Spring FG at \$0.30 per share.

Financial Services Guide

BDOCF holds an Australian Financial Services Licence (Licence No: 247420) ("Licence"). As a result of our Report being provided to you BDOCF is required to issue to you, as a retail client, a Financial Services Guide ("FSG"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of a Licence.

Financial services BDOCF is Licenced to provide

The Licence authorises BDOCF to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives to retail and wholesale clients.

BDOCF provides financial product advice by virtue of an engagement to issue the Report in connection with the issue of securities of another person.

Our Report includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our Report (as a retail client) because of your connection with the matters on which our Report has been issued.

Our Report is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the Report.

General financial product advice

Our Report provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Proposal described in the Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that BDOCF may receive

BDOCF has charged fees for providing our Report. The basis on which our fees will be determined has been agreed with, and our fees will be paid by, the person who engaged us to provide the Report. Our fees have been agreed on either a fixed fee or time cost basis.

BDOCF will receive a fee of approximately \$80,000 (plus GST and disbursements) in relation to the preparation of the Report. The fee is not contingent upon the outcome of the Proposal, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposal.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of BDOCF or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our Report was provided.

Referrals

BDOCF does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that BDOCF is Licenced to provide.

Associations and relationships

BDOCF is a member of a national association of independent entities which are all members of BDOCF (Australia) Ltd, an Australian company limited by guarantee. BDOCF and BDOCF (Australia) Ltd are members of BDOCF International Ltd, a UK company limited by guarantee, and form part of the international BDOCF network of independent member firms.

BDOCF's contact details are as set out on our letterhead.


Complaints resolution

As the holder of a Licence, we are required to have a process for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, BDOCF Corporate Finance (East Coast) Pty Limited, Level 11, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("FOS"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. BDOCF is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001
Toll free: 1300 78 08 08
Email: info@fos.org.au

BDO Corporate Finance (East Coast) Pty Ltd ABN 70 050 038 170 AFS Licence No. 247 420 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Corporate Finance (East Coast) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

A photograph of a person in a field, wearing shorts and a watch, with a tripod visible. The person is standing on a path, and the background is a field of tall grass and yellow flowers under a blue sky. The text is overlaid on a green semi-transparent box.

There are a number of risks, some specific to Spring FG and some of a general nature which may either individually or in combination materially adversely affect the future operating and financial performance of Spring FG, its investment returns and the value of the Shares.



Section 07

Risk Factors & Investor Considerations



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7. Risks

There are a number of risks, some specific to Spring FG and some of a general nature, which may either individually or in combination materially and adversely affect the future operating and financial performance of Spring FG, its investment returns and the value of the Shares. Many of these risks are outside the control of Spring FG. There can be no guarantee that Spring FG will achieve its objectives or that any forward looking statements or forecasts will eventuate.

This Section describes the areas which Spring FG believes are the major risks associated with an investment in Spring FG. This is not an exhaustive list and should be considered in conjunction with other information disclosed in this Prospectus.

You should have regard to your own investment objectives and financial circumstances, and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest.

7.1 Risks specific to the business

Licensing, regulatory and enforcement risks

Spring FG operates in highly-regulated markets that require it to hold licences, registrations and other authorities and approvals to operate key aspects of its business and generate revenue and profits.

It holds an AFSL, corporate real estate licences, a registered tax agent authority and it is a Registered ASIC Agent.

Each of these licences and registrations is subject to ongoing compliance with a variety of regulatory and supervisory requirements, that if not met, or if breached in any material way (whether knowingly or inadvertently) could result in restrictive conditions being imposed, or a suspension or cancellation of the licence or registration.

Such outcomes could materially adversely impact Spring FG's operations, its ability to offer certain products or services and/or its revenue and profits.

There is no assurance that Spring FG will be able to maintain its licences and registrations. If Spring FG loses a licence or registration, it will not be able to engage in its business as it currently operates.

Spring Financial has given enforceable undertakings to ASIC with respect to its AFSL the details of which are set out in Section 8.6. There is a risk that should the Spring Financial not comply with those undertakings or the provisions of its AFSL generally, ASIC could impose restrictive conditions, or suspend or cancel Spring Financial's AFSL.

Legislative and regulatory changes

The provision of many of Spring FG's products and services (including financial advice and products, tax & accounting and real estate), and the nature and manner in which its clients can access those services, and the way Spring FG may earn revenue and profits from the provision of those products and services are subject to significant legislation and regulation as well as regulatory oversight.

Legislative or regulatory changes could adversely affect the Group's ability to offer certain products or services and/or its ability to earn revenue and profits from them.

Similarly, legislative or regulatory changes could adversely affect the ability of clients or potential clients of Spring FG to access certain products or services or make them less attractive to them. Such outcomes could materially adversely impact Spring FG's operations, its ability to offer certain products or services and/or its revenue and profits.

In particular, laws and regulations impacting many aspects of financial advice, and financial services generally can be subject to change. Generally speaking governments and regulators take considerable time to consider and/or implement such changes but they can nonetheless materially affect the Company.

Section 07

Risk Factors & Investor Considerations

Financial Systems Inquiry report and recommendations

The recent Financial System Inquiry (FSI) final report to the Federal Government (FSI Report) has made a series of broad recommendations and observations regarding reforms to financial services. The Federal Government has announced that the FSI Report is a report to government rather than a report issued by government and so does not necessarily reflect government policy. It has also announced its intention to engage with stakeholders up until the end of March 2015 before responding to the recommendations sometime in 2015.

A number of recommendations and observations of the FSI Report, if implemented, have the potential to impact the business and operations of Spring FG should they ultimately be adopted in part or whole. Those considered by the Directors to be most material to the Company are summarised as follows:

The FSI Report contains a recommendation that the Federal Government should restore the prohibition on direct borrowing by superannuation funds on a prospective basis. Provisions permitting such borrowing were introduced in 2007 and were amended in 2010 to clarify several aspects of the requirement for an SMSF to enter into a limited recourse borrowing arrangement (LRBA) to acquire an asset.

If this recommendation were to be implemented it could have a material adverse impact on the future revenue and profits of the Company as it may reduce the number of prospective clients who wish to establish and operate an SMSF and limit the capacity of those who do establish and operate an SMSF to invest in residential real estate.

The FSI Report contains a recommendation that the Federal Government should remove legislative provisions that deny some employees the ability to choose the superannuation fund that receives their superannuation guarantee contributions due to enterprise agreements, workplace determinations and some awards. The FSI Report suggests that some 20% of employees fall into the category of being denied choice of superannuation fund.

If this recommendation were to be implemented, it could potentially have a materially positive impact on the Company by increasing the number of people who may seek advice and have more flexibility regarding their superannuation arrangements and/or by increasing the number of people that are attracted to establishing and operating an SMSF.

The FSI Report contains a recommendation that financial advisers and mortgage brokers be required to better disclose ownership structures. The report states that it found that often consumers do not understand their financial advisers' association with product issuers and that this association might limit the product range an adviser or broker can recommend. It further reports that a recently commissioned survey found that 55% of consumers receiving financial advice from an entity owned by a large financial institution (but operated under a different brand name) believed the entity was independent and that in contrast only 14% of consumers considered financial planners working under the brand of the same institution to be independent.

If this recommendation were to be implemented, by obliging financial advisers to better disclose their association with product issuers, this could have a materially positive impact on Spring FG by highlighting that Spring FG is not directly associated with any financial product issuers.

The FSI Report also urged the Federal Government to consider whether there should be reform to tax concessions available to investors (such as deductions for interest and the imputation credit regime) and those associated with contributions to superannuation and the tax rates within pension phase of superannuation. The Company is not able to comment on the potential negative or positive impact of any such review or reforms other than to draw investors' attention to the general legislative and regulatory changes risk noted above.

Brand and reputational risk

The importance of brand and reputation to a company can be amplified in the case of companies offering financial products and services. Accordingly, the brand and reputation of Spring FG is an important factor in its success. Anything that diminishes Spring FG's reputation or brand, or indeed the reputation of the financial products and advice industries generally would likely be adverse to Spring FG. If such an event was widely publicised, the level of enquiries that Spring FG receives; its relationships with key suppliers and third-parties; and its ability to attract and retain employees may suffer; which in turn may adversely affect the Company's revenue, profitability and growth.

The actions of Spring FG's employees, including breaches of the regulations to which Spring FG is subject or negligence in the provision of financial advice, may damage the Spring FG brand.

The actions of Spring FG's employees, including breaches of the regulations to which Spring FG is subject or negligence in the provision of financial advice, may damage the Spring FG brand.

Fee risks

Spring FG charges fees to its clients and to vendors for the provision of services. Spring FG may need to reduce the level of its fees, for example as a result of competitive pressure or as a strategy to grow market share, or due to regulatory or legislative reforms. A reduction in fees could lead to lower revenues overall or to slowing in the rate at which Spring FG's revenues grow.

Liquidity and realisation risk

There can be no guarantee that an active market in the Shares will develop or that the price of the Shares will increase. With the Shareholders set out in the table in Section 1.5 holding approximately 63.17% of the Shares after completion of the Offer, these Shares being subject to escrow commitments, only 36.83% of the Shares will be able to be freely traded at completion of the Offer. With this limited free float, there may be relatively few potential buyers or sellers at any given time and this may increase the volatility of the market price of the Shares. Further, there is a risk that once the Shares subject to escrow commitments are released from these restrictions, there may be a significant sell-down by the holders of those Shares. In the context of the limited free float and potential volatility mentioned above, this may affect the prevailing market price at which Shareholders are able to sell their Shares. This may result in Shareholders receiving a market price for their Shares that is less than the price that Shareholders paid to acquire their Shares.

Need to attract and retain skilled staff

Spring FG's future success will in part depend on its ability to hire and train suitable staff. Competition for such personnel is intense and there can be no assurance that Spring FG will be successful in attracting and retaining such personnel. A failure to do so may have an adverse effect on the operations and profitability of Spring FG's business.

Competition

There are many other companies that offer financial services and related products and services in Australia. The market is intensely competitive and continues to evolve in response to regulatory and market developments, problems and opportunities, with both new entrants and large players releasing new product and service offerings. Spring FG expects to face competition across all aspect of its operations from organisations, some of which will have greater financial, technical and marketing resources. Increased competition could result in margin reductions, underutilisation of employees, reduced operating margins and loss of market share or failure to gain market share. Any of these occurrences could adversely affect Spring FG's business, operating results and financial condition.

Acquisition and renovation strategy risk

As more fully explained in Section 2.6.2 the Company intends to pursue growth opportunities through the acquisition of companies and businesses that operate in the financial services market. In turn, it intends to integrate those businesses into its existing operations and overlay its business model.

There can be no guarantee that the Company will be able to identify suitable acquisition targets or if it does that it will be able to negotiate acquisition terms that are acceptable to it and the vendors of such companies and businesses.

There is a risk that when the Company does make acquisitions that they will fail to deliver the revenue and profits that the Company anticipates and there can be no certainty that the overlay of the Company's business model will be successful.

Management of future growth

Spring FG has experienced and expects to continue to experience a period of rapid growth and increase in the number of its employees and officers and the scope of its supporting infrastructure. This growth has resulted in new and increased responsibilities for management and has placed, and will continue to place, a significant strain on Spring FG's management. Spring FG will be required to continue to implement and improve its systems in a timely manner in order to accommodate the increased number of transactions and clients and the increased size of its operation. A failure to do so may adversely affect Spring FG's revenue and profitability.

Business contracts risk

There are a number of existing contracts which are material to Spring FG's business (see Section 8). Further contracts will likely be entered into by Spring FG which will also be material to Spring FG's business.

Many of these contracts are, or will be, contingent upon Spring FG maintaining certain licences and authorities in good standing, the risks of which are detailed separately in this Section 7.1. Any termination of these contracts may materially impact Spring FG's financial performance.

The business dealings of Spring FG are also exposed to the potential of third-party insolvency. If a third-party with whom Spring FG has dealings becomes insolvent, this may also have a significant adverse effect on Spring FG and on its business and profitability.

Limited operating history

Spring FG has a limited operating history. As an early stage business, Spring FG has a limited operating and financial history which may make it difficult for investors to assess its past performance. There can be no assurance that Spring FG will achieve profitability in the future.

Professional liability and uninsured risks

The provision of financial advice and products, tax & accounting and real estate services by Spring FG gives rise to the risk of potential liability for negligence or other similar client or third party claims. Any such claims may cause financial and reputational damage to Spring FG which would adversely affect Spring FG.

Although Spring FG maintains professional liability insurance to mitigate the financial risk, Spring FG's profitability may be adversely affected in the event that the insurance does not cover a potential claim (e.g. due to some disqualifying act of the personnel involved), the claim exceeds the coverage available or the deductible amount on numerous claims in a period is material. Further, the resulting creation of an adverse claims history may result in higher ongoing premiums for Spring FG, which would adversely affect its profitability.

7.2 General risks**Force majeure risks**

Force majeure is a term generally used to refer to an event beyond the control of a party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war and strikes. Spring FG does not have insurance for all force majeure risks, some of which are, in any event, uninsurable. To the extent that any such risks occur, there may be an adverse effect on the operations and profitability of Spring FG's business.

Potential acquisitions

As part of its business strategy, Spring FG may make acquisitions of, or significant investments in, complementary companies, services, technologies and/or products. Any such future transactions are accompanied by the risks commonly encountered in making acquisitions of companies, products and technologies, such as integrating cultures and systems of operation, relocation of operations, short-term strain on working capital requirements, achieving the sales and margins anticipated and retaining key staff and customer and supplier relationships.

Further funding requirements

Although the Directors believe that, on completion of the Offer, Spring FG will have sufficient working capital to carry out its stated business objectives, there can be no assurance that such objectives can be met without further financing or, if further financing is necessary, that it can be obtained on favourable terms or at all. If additional funds are raised by issuing equity securities, this may result in dilution of some or all of the existing Shareholders.

Long-term investments

Investors are strongly advised to regard an investment in Spring FG as a long-term proposition and to be aware that, as with any equity investment, substantial fluctuations in the value of their investment may occur. Spring FG cannot guarantee its future earnings and cannot provide a guaranteed level of return to investors.

7.3 Risks associated with holding Shares

Investment risk

There are several types of investment risks that may affect an investment in Spring FG, including a decline in the market price of the Shares (the initial capital value may decrease, especially if investing for the short term), the amount received as income may vary over time or the value of an investment may not keep pace with inflation. This includes the possibility that Spring FG may not be able to achieve its medium to long-term capital growth objectives.

There is no assurance that the price of Shares will increase following quotation on ASX, even if Spring FG's earnings forecasts are met.

Economic conditions

The operating and financial performance of Spring FG is influenced by a variety of general economic and business conditions including the level of inflation, property and share markets, interest rates and exchange rates, government fiscal, monetary and regulatory policies.

A prolonged deterioration in general economic conditions, including an increase in interest rates or a decrease in consumer and business demand, could be expected to have a material adverse impact on Spring FG's business or financial situation.

Government

Changes in government, monetary policies, taxation and other laws can have a significant influence on the outlook for companies and investor returns.


Concentration of shareholding

Following completion of the Offer, the existing Shareholders will hold approximately 88.3% of the Shares. Accordingly, the existing Shareholders will continue to be in a position to exert significant influence over the outcome of matters relating to Spring FG, including the election of Directors and consideration of material Board decisions. Although the interests of Spring FG, the existing Shareholders and other Shareholders are likely to be consistent in most cases, there may be instances where their respective interests diverge.

A number of the existing Shareholders have provided escrow commitments in relation to all of their Shares held on completion of the Offer, under which their Shares will be subject to escrow commitments for up to two years.

Taxation

Changes to the rate of taxes imposed on the Group or tax legislation generally may affect Spring FG and its Shareholders. In addition, an interpretation of Australian taxation laws by the Australian Taxation Office that differs to Spring FG's interpretation may lead to an increase in Spring FG's taxation liabilities and reduction in Shareholder returns.



There are a number of contracts and authorisations that are material to Spring FG. The main provisions of each are summarised in this section.

The Directors consider that these material contracts and authorisations are those which an investor and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer

A woman with blonde hair, wearing a white dress with a colorful floral pattern, is seen from the side, holding a vibrant pink flower. She is standing in a field of tall yellow flowers, with a blurred background of green foliage. The scene is bright and sunny, suggesting a pleasant outdoor setting.

Section 08

Material Contracts & Authorisations



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8. Material Contracts & Authorisations

The Directors consider that the material contracts and authorisations described below and elsewhere in this Prospectus are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of the Offer. This Section contains a summary of the material contracts and authorisations and their substantive terms.

8.1 Pink Diamond Unit & Share Sale Agreement

Under the unit and share sale agreement (USSA), on 28 August 2014 Spring FG purchased all of the units on issue in Pink Diamond Financial Group Unit Trust (PDFG Trust) from SBH Investment Group Pty Limited (SBH) and all of the shares in PDFG Pty Limited (PDFG) and PDFG Tax Services Pty Limited (PDFG Tax) from Steven Howell. In consideration, Spring FG paid \$1,250,002 at completion and issued SBH 35,714 Shares in Spring FG (the Shares were later subdivided on a 24 to 1 basis as part of a split of all Shares). Spring FG must pay a further \$1,500,000 (together with interest) (the Deferred Consideration) no later than 31 March 2015.

While the Deferred Consideration remains payable, each of PDFG and PDFG AFSL Pty Limited (PDFG AFSL) granted SBH a security interest in all their property (excluding the distribution contracts described in Section 8.2 below) to secure the payment of the Deferred Consideration and the performance of Spring FG's obligations under the USSA. PDFG and PDFG AFSL have also guaranteed the performance of Spring FG's obligations and liabilities to SBH and indemnified SBH if the obligations or liabilities are not met.

All parties to the USSA gave warranties and indemnities standard for a transaction of this size and nature.

8.2 Product distribution agreements

This Section 8.2 sets out summaries of the material distribution agreements that the Group has entered into with mortgage services and financial product providers.

MLC Agreement

Spring Financial has entered into a licensee remuneration agreement with MLC, under which Spring Financial may submit applications on behalf of consumers to MLC to purchase financial products sold or issued by MLC from time to time. Spring Financial receives remuneration by way of a commission in respect of accepted applications.

The agreement may be terminated by either party giving 30 days written notice to the other party or on the happening of standard termination events. Spring Financial will continue to receive commissions for a period of three months from the date of termination.

Vow Agreement

Spring FG Finance entered into a broker agreement with Vow Financial Pty Limited (Vow) on 3 October 2014 under which Spring FG Finance markets Vow loans and financial products and introduces applicants for these loans and/or products to Vow. In consideration for referring applications through Vow, Vow pays Spring FG Finance an upfront commission and trailing commission on the value of the loan or product sold.

Spring FG Finance provides standard indemnities to Vow for its conduct and the conduct of its employees when dealing in the Vow products.

The broker agreement continues until terminated by either party giving the other party one month's written notice or on the happening of standard termination events. Spring FG Finance will continue to receive commission in respect of Vow loans and finance products that were applied for before the date of termination.

Zurich Agreement

Spring Financial entered into a distribution agreement with Zurich Investment Management Limited and Zurich Australia Limited (together, Zurich) on 9 October 2014.

Under the agreement, Spring Financial may distribute various Zurich products in Australia, being managed investment schemes, life insurance and superannuation products offered by Zurich from time to time (Zurich Products). In consideration, Spring Financial is entitled to receive a commission, being a percentage of the value of the Zurich Product.

The commissions may include an initial commission, renewal commission, ongoing commission and asset commission.

The agreement continues until terminated by either party giving the other party one month's written notice or on the happening of standard termination events.

Spring Financial will continue to receive commissions in respect of Zurich products that were distributed by Spring Financial before the date of termination.

8.3 Pershing Agreement

On 20 October 2014 Spring Financial entered into an equities and derivatives execution and clearing agreement with Pershing Securities Australia Pty Ltd (Pershing), under which Pershing agrees to execute, clear and settle ASX transactions for clients of Spring Financial and provide related services. Pershing also acts as clearing participant for all derivatives transactions. In return, Spring Financial pays Pershing the relevant fees for its services.

Spring Financial gives standard warranties and indemnities to Pershing relating to its conduct and dealing in ASX products.

The agreement continues until terminated by either party giving the other party six months' written notice or on the happening of standard termination events.

8.4 Underwriting Agreement

Under this agreement, dated 12 December 2014, KTM has agreed with Spring FG to underwrite the Offer. The Underwriter will receive an underwriting commission equal to 5% of the aggregate price of all Shares issued under the Prospectus by Spring FG (\$200,000) and a fixed advisory and management fee of \$50,000.

The Underwriter may terminate its obligations to satisfy a shortfall if any of the termination events specified in the agreement occur before the Shares are allotted under the Offer. The termination events are qualified by a requirement that before being entitled to terminate, the Underwriter must believe, on reasonable grounds acting bona fide, that the relevant termination event has or is likely to have a materially adverse effect on Spring FG or the outcome of the Offer, or could give rise to a material liability of the Underwriter.

Events of termination include (among others):

- ASIC issues a stop order in relation to the Offer;
- the Prospectus is defective;
- a supplementary or replacement prospectus needs to be lodged with ASIC to complete the Offer without contravention of the Corporations Act;
- Spring FG withdraws the Prospectus or the Offer;
- any person (other than the Underwriter) withdraws its consent to being named in the Prospectus;
- ASX refuses to quote the Shares;
- an unauthorised change to Spring FG's capital structure takes place;
- an insolvency event takes place in relation to a member of the Group;
- a market fall of 10% or more in the S&P/ASX All Ordinaries Index or the S&P/ASX Small Ordinaries Index takes place and persists for at least three consecutive trading days;
- an outbreak or escalation of hostilities or a state of war exists involving Australia, New Zealand, United States of America, the Commonwealth of Independent States or any of its constituent republics, Canada, Japan, Thailand, Singapore, Malaysia, Hong Kong, North Korea or the Republic of China;

- any material adverse change or disruption to the financial markets of Australia, United States of America or other major international financial markets occurs;
- any change occurs in national or international political, financial or economic conditions which would make it impractical, in the reasonable judgement of the Underwriter, to market the Shares or to enforce contracts to purchase the Shares or is reasonably likely to materially and adversely affect the success of the Offer;
- any new law, regulation or policy which adversely affects, or is likely to adversely affect, the principal business of Spring FG or capital issues or stock markets generally is introduced or announced by a government or the Reserve Bank of Australia;
- an adverse change takes place in relation to Spring FG;
- Spring FG contravenes its constitution or the Corporations Act;
- Spring FG breaches a material obligation under the agreement;
- a director of Spring FG is charged with an indictable offence;
- a representation or warranty given by Spring FG under the agreement or given to the Underwriter is untrue or incorrect in any material respect;
- any of the material contracts summarised in this Section 8 are amended or terminated without the Underwriter's prior consent; or
- Spring FG becomes engaged in any legal proceedings.

8.5 Loan Share Agreement

In April 2014 the Company offered to grant KTM or its nominees a limited recourse loan of up to \$1,050,000 for it or its nominee/s to subscribe for up to 150,000 Shares. On 30 October 2014 a 2-year loan agreement was entered into between the Company and KTM under which with KTM nominees Equitas Nominees Pty Ltd and TM Consulting Pty Ltd subscribed for 75,000 fully paid ordinary shares each in the Company at \$7.00 per Share. The Shares were then subdivided on a 24 for 1 basis as part of a share split of all Shares.

The loan is a limited recourse loan over the Shares held by KTM Capital's nominees and is repayable on the sale of those Shares. The loan accrues interest equal to the dividends paid on the Shares acquired with the loan (disregarding franking) and is payable within 2 business days of payment of the dividend.

8.6 Director and Officer Protection Deeds

The Company has entered into director protection deeds with each Director and an officer protection deed with the company secretary. Under these deeds, the Company has agreed to indemnify, to the extent permitted by the Corporations Act, each officer in respect of certain liabilities which the officer may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company.

The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

8.7 Material licences and authorisations

The Group operates in highly-regulated markets that require it to hold licences, registrations and other authorities and approvals to operate key aspects of its business and generate revenue and profits.

This Section 8.6 sets out the material licences, registrations, authorities and approvals held by the Group.

AFSL

Spring Financial holds AFSL No. 391655 that authorises Spring Financial to carry on a financial services business. Spring Financial's AFSL authorises it to provide advice to, and deal on behalf of, retail and wholesale clients with respect to the following classes of financial products:

- deposit and payment products (limited to basic deposit products and deposit products other than basis deposit products);
- derivatives;
- debentures, stocks or bonds issued or proposed to be issued by a government;
- life products including investment life insurance products and life risk insurance products;
- interests in managed investments schemes including investor directed portfolio services;
- retirement savings accounts products;
- securities;
- standard margin lending facility; and
- superannuation.

Christopher Hall is named on Spring Financial's AFSL as a key person. Spring Financial does not have any appointed authorised representatives.

Enforceable Undertakings

On 18 September 2013, Spring Financial gave enforceable undertakings to ASIC. The enforceable undertakings followed an ASIC investigation initially into the activities of Royale Capital Pty Limited, a third party not involved in any activities conducted directly by Spring Financial. In the period 25 October 2011 to 12 June 2012, Royale Capital Pty Limited had been authorised by Spring Financial to provide a limited range of financial services under its AFSL. ASIC's investigation found deficiencies in compliance measures employed by Spring Financial. These deficiencies related to monitoring and supervision of the activities of authorised representatives to ensure compliance with financial services laws and training processes and education of authorised representatives.

Under the enforceable undertakings, Spring Financial was required to appoint an independent expert to review its business and to develop a plan to rectify the identified compliance deficiencies.

The enforceable undertakings requires a series of up to three reviews and reports by an independent expert appointed by Spring Financial and a corresponding series of remedial action plans by Spring Financial to address any issues identified by the independent expert.

The second such review and report was issued to ASIC on 27 October 2014 with Spring Financial's second remedial action plan issued on 28 November 2014. It is anticipated that the implementation of strategies included in Spring Financial's remedial action plan and any subsequent reviews or actions required by ASIC will not have a material impact on operations of Spring Financial.

Corporate Real Estate Licences

Spring Realty holds corporate real estate licences in the following States:

- New South Wales (No. 1708663);
- Victoria (No. 074746L);
- Queensland (No. 3510266); and
- Australian Capital Territory (No. 18401881).

Other Authorisations

Spring FG Accounting holds a registered tax agent authority (No. 24762689) and is an ASIC Registered Agent (No. 27005).



The background of the page is a photograph of a building's exterior. It features horizontal siding in shades of blue and grey. A prominent green pipe runs diagonally across the lower half of the image. A semi-transparent green rectangular box is overlaid on the upper right portion of the image, containing the text for this section.

Section 09

Additional Information

9. Additional Information

9.1 Incorporation

The Company was incorporated on 10 April 2014.

9.2 Balance date

The accounts for the Company will be made up to 30 June annually.

9.3 Rights Attaching to the Shares

The following information is a summary of the rights attaching to Shares set out in the Company's Constitution. Shareholders have the right to acquire a copy of the Company Constitution, free of charge, from the Company until the expiry of this Prospectus.

Each Share confers on its holder:

1. the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (at present there are none);
2. the right to receive dividends, according to the amount paid up on the Share;
3. the right to receive, in kind, the whole or any part of the Company's property in a winding up, subject to priority given to holders of Shares that have not been classified by ASX as "restricted securities" and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
4. subject to the Corporations Act and the Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

9.4 Dividend Re-Investment Plan (DRP)

The Directors have implemented a dividend reinvestment plan (Plan) and the Plan terms are summarised below:

DRP Eligible Members

Shareholders who may participate in the Plan comprise Shareholders:

- whose address, as it appears in the register of members of the Company, is situated in Australia; or
- whose address, as it appears in the register of members of the Company, is situated outside Australia and who have produced to the Company such evidence as the Company may require to satisfy the Company that any necessary approvals of any government or governmental authority in relation to participation in the Plan have been obtained and that such participation is not contrary to any applicable laws of Australia or any other relevant jurisdiction.

DRP Application

Eligible Shareholders may elect to participate in the Plan in respect of all or part of their Shares which will comprise that Shareholders' Plan Shares (Plan Shares). The Directors may in their absolute discretion accept or refuse any application to participate.

DRP Subscription Price

Shares will be allotted at the volume weighted average market price of Shares sold on ASX during a 30 day period determined by the Directors from time to time as permitted by the Listing Rules discounted by an amount determined by the Directors up to a maximum of 10% to be announced by the Board in due course. Directors will only issue new Shares if it is deemed to be in the interest of all Shareholders.

DRP Investment of Dividends

In respect of each cash dividend from time to time due and payable to a participant of the DRP in respect of the Shareholder's Plan Shares, the Directors will on behalf of and in the name of the participant subscribe for Shares being the maximum number of Shares which could be acquired by subscription, by the application of that participant's entitlement to dividends in respect of the Plan Shares, to the subscription for Shares at the subscription price.

DRP Ranking of Shares

All Shares issued under the Plan will rank equally in all respects with existing Shares from the date of issue.

DRP Shares ASX Listing

The Company will make an application promptly after each allotment of Shares for quotation of such Shares on the Official List.

Variation or Termination of Participation in DRP

A participant may apply to increase or decrease the number of Plan Shares which the Company may in its absolute discretion approve or refuse. A participant may at any time terminate participation in the Plan by notice in writing to the Company.

Investor Considerations Regarding DRP

Before deciding to participate in the DRP, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of securities listed on the ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser immediately.

The potential tax effects relating to the DRP will vary between Investors. Investors are urged to consider the possible tax consequences of participating in the DRP by consulting a professional tax adviser.

9.5 Costs of the Offer

The expenses of the Offer, which are payable by Spring FG are estimated to be approximately \$608,500 (excluding GST where GST is applicable). This includes advisory, legal, accounting, tax, listing and administration fees, share registry and other expenses.

The table below itemises the expenses of the Offer by description and provides an estimate as to the value of each.

Investigating Accountant	\$80,000
Underwriting Fee	\$200,000
Underwriter's Management Fee	\$50,000
Legal	\$140,000
Share Registry	\$10,000
ASX	\$86,000
ASIC	\$2,500
Printing & Marketing	\$40,000
Total	\$608,500

The amounts, and other expenses of the Offer, will be paid by Spring FG out of the proceeds of the Offer or out of available cash.

9.6 Legal proceedings

The Company is not and has not been, in the 12 months preceding the date of this Prospectus, involved in any legal or arbitration proceedings that have had a significant effect on the financial position of the Company. As far as the Directors are aware, no such proceedings are threatened against the Company.

9.7 Interest of advisers and other persons

Other than as set out below, no expert nor any firm in which such expert is a partner or employee has any interest in the promotion of or any property proposed to be acquired by the Company.

Watson Mangioni has acted as Australian legal adviser to the Company in relation to the Offer. The Company has paid or agreed to pay, approximately \$140,000 (excluding disbursements and GST) for these services up until the date of this Prospectus. Further amounts may be paid to Watson Mangioni in accordance with its normal time-based charges.

BDO Corporate Finance (East Coast) Pty Limited has acted as the Investigating Accountant on the Historical Financial Information and the Pro Forma Financial Information in relation to the Offer and has performed work in relation to its Investigating Accountant's Report in Section 6. The Company has paid, or agreed to pay, approximately \$80,000 (excluding disbursements and GST) to BDO Corporate Finance (East Coast) Pty Limited for the services up to the date of this Prospectus. Further amounts may be paid to BDO Corporate Finance (East Coast) Pty Limited under time based charges.

KTM has acted as the Underwriter to the Company in relation to the Offer. The Company has paid or agreed to pay the fees described in Section 8.4.

9.8 Consents and Responsibility Statements

KTM Capital Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Underwriter of the Offer in the form and context in which it is named.

BDO Corporate Finance (East Coast) Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Investigating Accountant to the Company in the form and context in which it is named and the inclusion of its Investigating Accountant's Report in Section 6 and the statements specifically attributed to it in the text of, or by footnote in, this Prospectus in the form and context in which they are included in this Prospectus (and all other references to that report and those statements) in this Prospectus.

BDO East Coast Partnership has given, and before lodgement of this Prospectus, not withdrawn, its consent to be named in this Prospectus as auditor to the Company and the inclusion in this Prospectus of references to and extract, from the audited accounts of Spring FG that have been prepared by it and the statements specifically attributed to it in the text of this Prospectus, in the form and context in which they are included (and all other references to those statements) in this Prospectus.

Rothsay Chartered Accountants has given, and before lodgement of this Prospectus, not withdrawn, its consent to be named in this Prospectus as auditor of the controlled entities of Spring FG and as the AFSL auditor for Spring Financial and the inclusion in this Prospectus of references to and extracts from the audited accounts of the controlled entities of Spring FG and Spring Financial that have been prepared by it and the statements specifically attributed to it in the text of this Prospectus, in the form and context in which they are included (and all other references to those statements) in this Prospectus.

Watson Mangioni Lawyers Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as solicitor to the Offer in the form and context in which it is named.

Boardroom Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as Share Registry of the Company in the form and context in which it is named.

Hill + Knowlton Australia Pty Limited has given, and before lodgement of this Prospectus has not withdrawn, its consent to be named in this Prospectus as the public relations provider for the Company in the form and context in which it is named.

None of KTM Capital Pty Limited, Watson Mangioni Lawyers Pty Limited, BDO Corporate Finance (East Coast) Pty Limited, BDO East Coast Partnership, Rothsay Chartered Accountants, Hill + Knowlton Australia Pty Limited and Boardroom Pty Limited:

- has authorised or caused the issue of the Prospectus;
- has made, or purported to have made, any statement in this Prospectus, except this section; and
- assumes responsibility for any part of this Prospectus except for statements in this section.

Each of these entities to the maximum extent permitted by the law, disclaim any responsibility or liability for any part of this Prospectus other than a statement included in this Section.

9.9 Directors' Statement

The Directors report that after due inquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 5, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus and nothing has come to their attention to suggest the Company is not continuing to earn profit from continuing operations. The Directors believe that on completion of the Offer, the Company will have sufficient working capital available to carry out its stated business objectives. Each Director has consented, and had not withdrawn that consent, to the lodgement of this Prospectus with ASIC and its issue.



Section 10

Glossary

10. Glossary

10.1 Defined Terms

In this Prospectus:

ABS	means the Australian Bureau of Statistics.
AFSL or Australian Financial Services Licence	means a licence granted by ASIC that allows people or companies to legally carry on a financial services business including selling, advising or dealing in financial products.
Applicant	means an applicant for Shares under this Prospectus.
Application	means an application for Shares under this Prospectus.
Application Form	means the application form attached to this Prospectus.
Application Monies	means the Offer Price multiplied by the number of Shares applied for.
ASIC	means the Australian Securities & Investments Commission.
Associate	has the same meaning as in the Corporations Act.
ASX or Australian Securities Exchange	means the ASX Limited or the securities exchange operated by ASX Limited.
ASX Corporate Governance Principles and Recommendations	means the ASX Corporate Governance Council "Corporate Governance Principles and Recommendations" (as amended from time to time).
ASX Settlement Operating Rules	means the rules of ASX Settlement Pty Limited (ACN 008 504 532).
ATO	means the Australian Taxation Office.
Australian Accounting Standards	means Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards board.
BDO East Coast	means the BDO East Coast Partnership.
BDO Corporate Finance	means BDO Corporate Finance (East Coast) Pty Limited (ACN 050 038 170).
Bn	means billion.
Closing Date	means the date by which valid Application Forms must be received being 16 February 2015; or such other dates as the Company may determine in its discretion.
Company	means Spring FG Limited (ACN 169 037 058).
Company Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
CPI	means the Consumer Price Index.
Directors or Board	means the directors of the Company.
FOFA Reforms	means the future of financial advice reforms implemented by each of: a. <i>Corporations Amendment (Future of Financial Advice) Act 2012</i> (Cth); and b. <i>Corporations Amendment (Further Future of Financial Advice measures) Act 2012</i> (Cth), and associated Corporations Regulations.
Graduate Recruit Program	means the graduate recruit program of Spring FG described in Section 4.4.
Group	means each of: a. the Company; b. Spring Financial; c. Spring FG Accounting; d. Spring FG Finance; e. Spring FG Realty; and f. Spring FG Services.
Investigating Accountant	means BDO Corporate Finance.

KTM	means KTM Capital Pty Limited (ACN 086 281 950)
Listing Date	means the date on which the Company is admitted to the Official List of ASX and quotation of the Shares commences.
Listing Rules	means the listing rules of the ASX.
M	means millions.
Moneytree Partners	means the business operations and assets of a group of related companies that operated under the registered business name of Moneytree Partners including each of: <ul style="list-style-type: none"> a. Moneytree Partners Pty Ltd (ACN 91 070 061 022) (now known as PFMTPT Pty Ltd); b. CBD Wealth Accountants Pty Ltd (ACN 131 185 405) (now known as PFCBD Pty Ltd); c. Fusion Capital Pty Ltd (ACN 116 407 222) (now known as PFFC Pty Ltd); d. Capital Property Solutions Pty Ltd (ACN 118 258 950) (now known as PFCPS Pty Ltd); and e. Wealthadviser.com.au Pty Ltd (ACN 138 603 871) (now known as PFWA Pty Ltd).
Offer	means the offer of up to 13,333,333 fully paid ordinary Shares at an offer price of \$0.30 per Share to raise up to \$4 million.
Offer Price	means \$0.30 per Share.
Offer Period	means the period from the Opening Date to the Closing Date.
Official List	means the official list of entities that ASX has admitted to the list and not removed.
Opening Date	means the date the Offer opens, expected to be 30 December 2014.
PDFG	means PDFG Pty Limited (ACN 159 077 951).
PDFG AFSL	means PDFG AFSL Pty Limited (ACN 155 015 599).
PDFG Tax	means PDFG Tax Services Pty Limited (ACN 154 652 990).
PDFG Trust	means the trust known as the Pink Diamond Financial Group Unit Trust established by the trust deed dated 9 December 2011.
Pink Diamond Financial Group	means each of: <ul style="list-style-type: none"> a. PDFG; b. PDFG AFSL; c. PDFG Tax; and d. PDFG Trust.
Portfolio	means the portfolio of investments of the Company from time to time.
Prospectus	means this prospectus as modified or varied by any supplementary document issued by the Company and lodged with the ASIC from time to time.
Related Body Corporate	has the meaning given to that term under Section 50 of the Corporations Act.
Relevant Interest	has the meaning set out in the Corporations Act.
Rothsay Accountants	means Rothsay Chartered Accountants.
Share	means a fully paid ordinary share in the Company.
Shareholder	means a registered holder of a Share.
Share Registry or Boardroom	means Boardroom Pty Ltd (ACN 003 209 836).
SMSF	means a self-managed superannuation fund.
SoA	means a statement of advice.
Spring FG	means Spring FG Limited (ACN 169 037 058) and where the context requires its individual and collective operating subsidiaries operating under the registered business name of Spring Financial Group.

Spring FG Accounting or SFGAPL	mean Spring FG Accounting Pty Limited (ACN 169 385 746).
Spring Equities	means the operational division of Spring Financial operating under the registered business name of Spring Equities.
Spring FG Finance or SFGFPL	mean Spring FG Finance Pty Limited (ACN 169 386 430).
Spring FG Realty or SFGRPL	means Spring FG Realty Pty Limited (ACN 150 134 946).
Spring FG Services or SFGSPL	mean Spring FG Services Pty Limited (ACN 169 385 755).
Spring Financial or SFGPL	means Spring Financial Group Pty Limited (ACN 146 936 763).
Spring Financial Group	means the collective operating subsidiaries of Spring FG operating under the registered business name of Spring Financial Group.
U.S. Person	has the meaning given to it in Rule 902(k) under Regulation S of the United States Securities Act of 1933, as amended.
Underwriter	means KTM Capital Pty Limited (ACN 086 281 950).
Underwriting Agreement	means the agreement between KTM and the Company dated 12 December 2014, a summary of which is set out in Section 8.4.
Watson Mangioni	means Watson Mangioni Lawyers Pty Limited (ACN 120 091 394).
Wealthadviser	means the operational division of Spring Financial operating under the registered business name of Wealthadviser Financial Education.

10.2 Interpretation

In this Prospectus the following rules of interpretation apply unless the context otherwise requires:

- a. Words and phrases not specifically defined in this Prospectus have the same meaning that is given to them in the Corporations Act and a reference to a statutory provision is to the Corporations Act unless otherwise specified;
- b. The singular includes the plural and vice versa;
- c. A reference to an individual or person includes a corporation, partnership, joint venture, association, authority, company, state or government and vice versa;
- d. A reference to any gender includes both genders;
- e. A reference to clause, section, annexure or paragraph is to a clause, section, annexure or paragraph of or to this Prospectus, unless the context otherwise requires;
- f. A reference to "dollars" or "\$" is to Australian currency;
- g. In this document, headings are for ease of reference only and do not affect its interpretation; and
- h. Except where specifically defined in the Prospectus, terms defined in the Corporations Act have the same meaning in this Prospectus.

10.3 Governing Law

This Prospectus is governed by the laws of New South Wales.

10.4 Approval

This Prospectus has been approved by unanimous resolution of the Directors of the Company.

Dated: 12 December 2014



Application Forms

Applications under the Offer must be made and will only be accepted on the Application Form issued with and attached to this Prospectus.

Investors may subscribe for a minimum of 7,000 Shares representing a minimum investment of \$2,100 each.

A fresh approach.

Spring defined

Spring /spr1n/ –noun:

a source or fountainhead of something: a spring of inspiration.
the season of the year characterised by the budding of trees,
growth of plants, the onset of warmer weather, etc.
the first stage and freshest period: the spring of life.

Spring /spr1n/ –adjective:

of, pertaining to, characteristic of, or suitable for the season
of spring: spring flowers.

Spring /spr1n/ –verb (used without object):

to rise, leap, move, or act suddenly and swiftly.
to come into being, arise or rise within a short time..

Spring /spr1n/ –verb (used with object):

to move or act.
to bring out, produce, make.

