

Countplus Limited

ABN 11 126 990 832

Half-Year Financial Statements

For the Half-Year Ended 31 December 2014

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Directors

Barry Martin Lambert
Non-Executive Chairman

Phillip Aris
Managing Director and Chief Executive Officer

Philip Stephen Rix
Executive Director

Graeme Hilton George Fowler
Independent Non-Executive Director

Donald Kenneth Sharp
Independent Non-Executive Director

Secretary

Arlette Jubian

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Bankers

Commonwealth Bank of Australia

Accountants

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Stock Exchange Listings

Countplus Limited shares are listed on the Australian Securities Exchange (ASX).

Website Address

www.countplus.com.au

The directors submit the financial report on the consolidated entity consisting of Countplus Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

Directors

The names of each person who has been a director during the whole of the half-year and to the date of this report are:

Barry Martin Lambert	Non-Executive Chairman
Phillip Aris	Managing Director and Chief Executive Officer (appointed on 14 January
Philip Stephen Rix	Executive Director
Graeme Hilton George Fowler	Independent Non-Executive Director
Donald Kenneth Sharp	Independent Non-Executive Director
Michael Spurr	Managing Director and Chief Executive Officer (resigned on 13 January

Operating and Financial Review

The Company reported consolidated net profit after tax for the half year ending December 2014 of \$6.08m (2013: \$6.78m). This represented a decline of 10.3% due primarily to non-recurring financial planning loyalty payments (\$1.60m after tax) paid in the prior year by Count Financial to group Member Firms who are Count franchisees. No loyalty payments are receivable from Count Financial for the current half-year. Excluding these payments, consolidated net profit before tax of \$8.78m (down 9.1%) was up 19.0% and consolidated net profit after tax was up 17.1%.

In December 2013 (prior period), the Company sold a subsidiary group, LBM. While this group did not materially contribute to operating profits in the prior period, they were fully consolidated in group performance and so have subsequently impacted the movement of revenue and expense items.

The Company's results reflect continued challenging conditions in the accounting/business services area. Non-accounting businesses however, performed strongly. Net revenue of \$46.9m increased by 4.6% (after excluding the impact of this subsidiary and the loyalty payments described above).

Financial planning is continuing to see improvement across the Member Firms with raised confidence levels amongst retail investors. The group's largest firm, Total Financial Solutions has also benefitted from the impact of new firms joining their network over the last 12 months.

Property services group, Pacific East Coast (acquired in February 2012) was one of the group's strongest performers assisted from the continued strength in the residential property market along the eastern seaboard. Property and related services revenues now contribute 6.4% (2014: 4.6%) of total Member Firm net revenue.

Total operating expenses (salary and employment related expenses, premises expenses, depreciation, acquisition related expenses and other operating expenses) increased by 3.5% (excluding the subsidiary sold). This was assisted by reduced premises related expenses following the renegotiation of some member firm leases and relocations as well as reduced movement in provisioning against doubtful debts for accounting/business service clients.

There was a strong contribution from our largest equity accounted associated business, South Australian based firm Hood Sweeney, in which the Company now holds a 26% share following its successful merger with another Adelaide based professional services firm, Shearer & Elliss, 12 months ago.

During the period, Countplus subsidiaries completed one acquisition as detailed in Note 14. We also increased the holding in our associate firm One Hood Sweeney from 23% to 26% during this period. Countplus subsidiary TFS Operations Pty Ltd also completed two acquisitions during the period as detailed in Note 15. Cash consideration for these acquisitions and investment combined with some deferred consideration payments on previous acquisitions contributed to an increase in total interest bearing loans and borrowings to \$24.34m (June 2014: \$20.85m).

A detailed commentary on these results is included in the ASX release dated 26 February 2015.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 1 July 2014 - 31 December 2014 has been received and can be found on page 4 of the financial report.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by Australian Securities and Investments Commission, relating to 'rounding off' of amounts in the financial statements and directors' report. These amounts have been rounded to the nearest thousand dollars in accordance with that Class Order.

This report is signed in accordance with a resolution of the Board of Directors.



Barry Martin Lambert
Director

Sydney
25 February 2015

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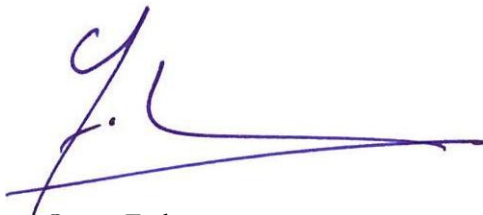
Auditor's Independence Declaration To The Directors of Countplus Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Countplus Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Conor Farley
Partner - Audit & Assurance

Sydney, 25 February 2015

Grant Thornton Audit Pty Ltd ACN 130 913 594
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Countplus Limited
Consolidated Statement of Profit or loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2014

	Note	Half-Year	
		31 December	31 December
		2014	2013
		\$'000	\$'000
Revenue from operating activities	3	63,302	64,536
Fees, commissions and related costs	3	(16,435)	(12,466)
Total revenue		46,867	52,070
Other income			
Gain on deferred consideration adjustment		-	4
Gain on disposal of subsidiary		-	543
Interest income		67	57
Other non-operating income		565	122
Total other income		632	726
Salaries and employee benefits expense	4	(28,162)	(30,673)
Amortisation expense	4	(1,361)	(1,619)
Depreciation expense	4	(563)	(571)
Premises expenses		(2,470)	(3,059)
Acquisition related expenses		(83)	(198)
Share based payment expenses		(99)	(48)
Other operating expenses from ordinary activities	4	(5,886)	(6,528)
Finance costs		(631)	(684)
Total expenses		(39,255)	(43,380)
Share of net profit of associates accounted for using equity method		490	194
Profit from operations before income tax		8,734	9,610
Income tax expense		(2,653)	(2,829)
Net profit from operations after income tax		6,081	6,781
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Fair value movements for available-for-sale financial assets		-	-
Deferred tax on above		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the half-year, net of tax		6,081	6,781
Net profit is attributable to:			
Owners of Countplus Limited		6,051	6,734
Non-controlling interests		30	47
		6,081	6,781
Total comprehensive income for the year is attributable to:			
Owners of Countplus Limited		6,051	6,734
Non-controlling interests		30	47
		6,081	6,781
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings per share		5.50	6.14
Diluted earnings per share		5.50	6.14

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Countplus Limited
Consolidated Statement of Financial Position
As at 31 December 2014

	31 December	30 June
	2014	2014
Note	\$'000	\$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	7,572	8,174
Trade and other receivables	14,496	20,427
Loans and advances	509	183
Work in progress	8,109	5,550
Other financial assets	1,500	-
TOTAL CURRENT ASSETS	32,186	34,334
NON-CURRENT ASSETS		
Loans and other receivables	2,299	1,865
Investments in associates	10,404	5,662
Other investments	2,977	2,977
Property, plant and equipment	4,826	4,443
Investment property	1,250	1,250
Intangible assets	49,377	49,230
TOTAL NON-CURRENT ASSETS	71,133	65,427
TOTAL ASSETS	103,319	99,761
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	9,039	9,942
Interest bearing loans and borrowings	6 24,254	17
Current tax liabilities	766	752
Provisions	3,556	3,698
Other current liabilities	5 4,136	6,604
TOTAL CURRENT LIABILITIES	41,751	21,013
NON-CURRENT LIABILITIES		
Other payables	1,263	1,003
Interest bearing loans and borrowings	6 -	20,849
Deferred tax liabilities	3,314	3,023
Provisions	1,866	1,821
Other non-current liabilities	7 1,414	888
TOTAL NON-CURRENT LIABILITIES	7,857	27,584
TOTAL LIABILITIES	49,608	48,597
NET ASSETS	53,711	51,164
EQUITY		
Contributed equity	8 121,447	121,111
Reserves	(67,266)	(67,413)
Retained earnings / (accumulated losses)	(1,232)	(2,824)
Capital and reserves attributable to owners of Countplus Limited	52,949	50,874
Non-controlling interests	762	290
TOTAL EQUITY	53,711	51,164

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Countplus Limited
Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2014

		Attributable to owners of Countplus Limited							Non-controlling interests (NCI)	Total equity
Note	Issued capital \$'000	Treasury shares \$'000	Retained earnings \$'000	Share based payment reserve \$'000	Available for sale (AFS) reserve \$'000	Acquisition reserves \$'000	Total \$'000	\$'000	\$'000	
	Balance at 1 July 2014	123,384	(2,273)	(2,824)	294	420	(68,127)	50,874	290	51,164
	Profits for the period	-	-	6,051	-	-	-	6,051	30	6,081
	Other comprehensive income	-	-	-	-	-	-	-	-	-
	Total comprehensive income	-	-	6,051	-	-	-	6,051	30	6,081
	Transactions with owners in their capacity as owners									
	Issue of shares	336	-	-	-	-	-	336	530	866
	Dividends paid by subsidiaries to NCI	-	-	-	-	-	-	-	(88)	(88)
	Share based payments for loan funded share plan	-	-	-	99	-	-	99	-	99
	Application of dividends to loan funded share plan	-	-	-	48	-	-	48	-	48
	Dividends paid by Countplus Limited	-	-	(4,459)	-	-	-	(4,459)	-	(4,459)
	Balance at 31 December 2014	123,720	(2,273)	(1,232)	441	420	(68,127)	52,949	762	53,711
	Balance at 1 July 2013	121,186	(730)	(637)	70	-	(68,127)	51,762	223	51,985
	Profits for the period	-	-	6,734	-	-	-	6,734	47	6,781
	Other comprehensive income	-	-	-	-	-	-	-	-	-
	Total comprehensive income	-	-	6,734	-	-	-	6,734	47	6,781
	Transactions with owners in their capacity as owners									
	Issue of shares	384	-	-	-	-	-	384	-	384
	Dividends paid by subsidiaries to NCI	-	-	-	-	-	-	-	(38)	(38)
	Share based payments for loan funded share plan	-	-	-	48	-	-	48	-	48
	Application of dividends to loan funded share plan	-	-	-	22	-	-	22	-	22
	Dividends paid by Countplus Limited	-	-	(6,639)	-	-	-	(6,639)	-	(6,639)
	Balance at 31 December 2013	121,570	(730)	(542)	140	-	(68,127)	52,311	232	52,543

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Countplus Limited
Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2014

	Half-Year	
	31 December 2014	31 December 2013
Note	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (inclusive of goods and service tax)	73,420	69,915
Payments to suppliers and employees (inclusive of goods and service tax)	(61,555)	(60,180)
	11,865	9,735
Dividends/distributions received from other financial assets	198	-
Interest received	67	57
Interest paid	(631)	(684)
Income taxes paid	(2,445)	(3,912)
Net cash inflow from operating activities	9,054	5,196
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	3
Purchase of equipment and other non-current assets	(1,195)	(908)
Payments for acquisition of subsidiaries / business assets	(530)	(2,206)
Payments for other investments	(1,158)	(2,150)
Dividends/distributions received from associated entities	310	233
Payment for deferred consideration on acquisition of controlled entities and associates	(4,963)	(1,456)
Loans from / (to) related parties	(3)	30
Net cash outflow from investing activities	(7,539)	(6,454)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Drawdown on loans and advances	8,652	23,711
Repayment of loans and advances	(5,160)	(17,559)
Repayment of borrowings / hire purchase and lease liabilities	(3)	(246)
Proceeds from repayment of loan in respect of dividends received on loan funded shares	48	22
Payment of dividends on ordinary shares	(5,567)	(6,608)
Payment of dividends by controlled subsidiaries to non-controlling interests	(87)	(38)
Net cash outflow from financing activities	(2,117)	(718)
Net increase (decrease) in cash and cash equivalents held	(602)	(1,976)
Cash and cash equivalents at beginning of half-year	8,174	8,660
Cash and cash equivalents at end of the half-year	7,572	6,684

Note: (1) 'Dividends/distributions received from associated entities' has been classified this full year as Cash Flows from Investing activities. The comparatives for the prior period ending 31 December 2013 have been classified accordingly in order to enhance comparability of the two periods.

1 Basis of Preparation of half-year report

These general purpose condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2014 have been prepared in accordance with the requirements of the Australian Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Act 2001 (Cth)*.

These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2014 and considered together with any public announcements made by Countplus Limited during the half-year ended 31 December 2014 in accordance with the continuous disclosure obligations of the ASX listing rules.

Tax consolidation legislation

Countplus Limited ('the Head Entity' or 'the Group') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly-owned. They would exit the tax consolidation group once they are less than 100% owned. The Head Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Members of the Countplus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agrees to make a tax equivalent payment to the Head Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 *Income taxes*.

Changes in accounting policy, accounting standards and interpretations

The consolidated financial statements have been prepared using the same accounting policies and methods of computation as those adopted in the general purpose financial report for the year ended 30 June 2014. There are no new or changed Australian Accounting Standards that have taken effect since 1 July 2014 that materially impact the Group's financial statements.

The consolidated entity has not early adopted any other standard, interpretation or amendment, that has been issued but is not yet effective.

2 Segment information

The Group treats their operations as the one business segment and reports accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets are held and the revenues are sourced in Australia.

3 Revenue

	Half-Year	
	31 December	31 December
	2014	2013
	\$'000	\$'000
Revenue from operating activities		
Accounting services revenue	31,596	35,045
Financial services revenue	23,129	22,459
Legal services revenue	71	165
Commission earned on property sale	5,612	4,082
Other property related income	431	396
Other operating revenue	2,463	2,389
	63,302	64,536
Fees and related costs	(13,392)	(10,036)
Commission paid on property sale	(3,043)	(2,430)
	(16,435)	(12,466)
Total Revenue	46,867	52,070

Fees, commissions and related costs

Fees, commissions and related costs are made primarily up of two components; those payable by subsidiary, Total Financial Solutions Australia Ltd to financial advisers in accordance with their Authorised Representative Agreements and referral fees payable by the Pacific East Coast group ("PEC group") to its affiliated members.

4 Expenses

	Half-Year	
	31 December 2014 \$'000	31 December 2013 \$'000
Profit before income tax includes the following specific expenses:		
<i>Salaries and employee benefit expense</i>		
Wages, salaries and other on-costs	25,285	27,505
Other employee benefit expenses	2,877	3,168
Total salaries and employee benefit expenses	28,162	30,673
<i>Depreciation</i>		
Motor vehicle	12	12
Furniture & fixtures	146	138
Leasehold improvements	30	24
Other	41	28
Office equipment	276	365
Make good	58	4
	563	571
<i>Amortisation</i>		
Acquired client relationships / adviser networks	1,237	1,489
Software	94	115
Other	30	15
	1,361	1,619
Total Depreciation and Amortisation	1,924	2,190
<i>Professional, service and consulting fees</i>		
Audit fees	167	142
Legal fees	256	398
Accounting and other professional fees	480	494
Total professional, service and consulting fees	903	1,034
<i>Other expenses</i>		
Bad and doubtful debts - trade receivables	461	852
Sales and marketing expenses	467	505
Administration expenses	1,862	1,927
Insurance expense	478	518
Technology expense	1,450	1,379
Net loss on disposal of property, plant and equipment	23	7
Other	242	306
Total other expenses	4,983	5,494
Total other operating expenses from ordinary activities	5,886	6,528

5 Current liabilities - Other current liabilities

	31 December	30 June
	2014	2014
	\$'000	\$'000
Provision for dividend	2,232	3,340
Deferred cash consideration for acquisition of subsidiaries	500	1,348
Deferred equity consideration for acquisition of subsidiaries	-	336
Deferred cash consideration for acquisition of associates	735	692
Other current liabilities	669	888
	4,136	6,604

6 Current liabilities - Interest bearing loans and borrowings

The interest bearing loans and borrowings consist of the borrowing facility from Commonwealth Bank of Australia ("the Commonwealth Bank"). In November 2012, Countplus entered into a variable rate, 3 year interest only, bill facility with a limit of \$15m. This limit was increased to \$25m in November 2013. The maturity date of the facility is 31 October 2015. The bill rate is variable and is based on the indicative BBSY (Bid) Rate with the actual bill rate determined on the day preceding drawdown date. As at reporting date, \$0.66 million remains undrawn.

The maturity date of the facility is 31 October 2015 and accordingly, the interest bearing loans of \$24.25m have been reclassified from non-current to current liability. As a result, at 31 December 2014 the Group had a net current asset deficiency of \$9.57m. The Group has generated a net profit after tax for the period of \$6.08m, and has net cash inflow from operating activities of \$9.05m. The directors are confident of being able to renew / renegotiate the bank facility, and that a revised facility will be in place prior to 30 June 2015. Therefore the directors are satisfied that it is appropriate to prepare the half-year financial statements on a going concern basis, and that the Group will be able to generate sufficient cash flow, along with renegotiating the bank facility, in order to meet the working capital needs of the Group over the next 12 months.

7 Non-current liabilities - Other non-current liabilities

	31 December	30 June
	2014	2014
	\$'000	\$'000
Deferred cash consideration for acquisition of subsidiaries	70	387
Deferred cash consideration for acquisition of associates	721	-
Lease make good provision	623	501
	1,414	888

8 Contributed equity

(a) Share capital

	31 December 2014 Shares	30 June 2014 Shares	31 December 2014 \$'000	30 June 2014 \$'000
Ordinary shares	111,602,110	111,323,461	122,386	122,050
Capital contribution	-	-	1,955	1,955
ASX listing cost	-	-	(586)	(586)
Issued capital held by loan funded share plan (LFSP)	-	-	(2,273)	(2,273)
Loan funded share plan establishment costs	-	-	(35)	(35)
	111,602,110	111,323,461	121,447	121,111

(b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price	\$'000
1 July 2014	Opening balance	111,323,461		122,050
31 October 2014	Shares issued for part of consideration for acquisition of PEC Group	278,649	1.20	336
31 December 2014		111,602,110		122,386

9 Dividends

(a) Dividends paid during the half-year on ordinary shares declared in prior period

	Consolidated	
	31 December 2014 \$'000	31 December 2013 \$'000
Final franked dividend based on tax paid @ 30%, for the year ended 30 June 2014 of 3.0 cents (2013 - 3.0 cents) per share paid on 15 August 2014	3,340	3,304
	3,340	3,304

(b) Dividends paid or provided for during the half-year on ordinary shares declared in current period

Interim dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended 30 June 2015 of 2.0 cents (2014 - 3.0 cents) per share paid on 17 November 2014	2,227	3,304
Interim dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended 30 June 2015 of 2.0 cents (2014 - 3.0 cents) per share payable on 16 February 2015	2,232	3,335
	4,459	6,639

(c) Dividends proposed but not recognised at the end of the half-year

Interim franked dividend based on tax paid @ 30%, for the year ended 30 June 2015 of 2.0 cents (2014 - 3.0 cents) per share to be paid on 15 May 2015	2,232	3,335
	2,232	3,335

10 Subsidiaries

Name of entity	Principal place of business / Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		31 December 2014	30 June 2014
1. The MBA Partnership Pty Ltd*	Australia	100.0	100.0
• Digital O2 Pty Ltd (formerly 888 Corporate Pty Ltd)	Australia	100.0	100.0
• MBA FS (Rawsons) Pty Ltd	Australia	70.0	70.0
2. Twomeys Pty Ltd (formerly HMA Twomeys Pty Ltd)*	Australia	100.0	100.0
3. Bentleys (WA) Pty Ltd*	Australia	100.0	100.0
4. Beames & Associates Accounting and Financial Services Pty Ltd*	Australia	87.5	100.0
• Cooma Accounting and Financial Services Pty Ltd	Australia	87.5	100.0
5. Specialised Business Solutions Pty Ltd*	Australia	100.0	100.0
6. Mogg Osborne Pty Ltd*	Australia	100.0	100.0
7. Crosby Dalwood Pty Ltd*	Australia	100.0	100.0
8. Cooper Reeves Pty Ltd*	Australia	100.0	100.0
9. Countplus One Pty Ltd (formerly known as Countplus MBT Pty Ltd)*	Australia	100.0	100.0
10. Evolution Advisers Pty Ltd*	Australia	100.0	100.0
11. Robson Partners Pty Ltd*	Australia	100.0	100.0
12. Achieve Corporation Pty Ltd*	Australia	100.0	100.0
13. Kidmans Partners Pty Ltd*	Australia	100.0	100.0
14. 360 Financial Advantage Pty Ltd (formerly 360 Financial Vision Pty Ltd)*	Australia	100.0	100.0
15. Wearne & Co Pty Ltd*	Australia	100.0	100.0
16. Cartwright Brown & Company Financial Planning Pty Ltd*	Australia	75.0	75.0
17. Countplus FS Holdings Pty Ltd (TFS group)*	Australia	100.0	100.0
• Total Financial Solutions Australia Ltd	Australia	100.0	100.0
• TFS Operations Pty Limited	Australia	100.0	100.0
• TFS Advice Pty Limited	Australia	100.0	100.0
18. Change Accountants & Advisors Pty Ltd*	Australia	100.0	100.0
• ChangeGPS Pty Ltd (formerly Count GPS Pty Ltd)	Australia	100.0	100.0
19. Kidmans PEC Pty Ltd (PEC group)*	Australia	100.0	100.0
• Pacific East Coast Pty Ltd	Australia	100.0	100.0
• Property Investment Management Ltd	Australia	100.0	100.0
• Pacific East Coast Securities Ltd	Australia	100.0	100.0
• Pacific East Coast Accounting Pty Ltd	Australia	100.0	100.0
• Pacific East Coast Real Estate Pty Ltd	Australia	100.0	100.0
• Pacific East Coast Queensland Pty Ltd	Australia	100.0	100.0
• Pacific East Coast ACT Real Estate Pty Ltd	Australia	100.0	100.0
• Pacific East Coast WA Pty Ltd	Australia	100.0	100.0

* These subsidiaries (Member Firm groups) are separate cash generating units.

• These entities are consolidated into the respective cash generating units (CGUs) identified above. The class of shares acquired for all the subsidiaries is ordinary shares.

11 Contingencies

There were no significant changes to contingent liabilities as disclosed in the most recent annual report.

12 Related Parties

(a) Parent entities

The parent entity within the Group is Countplus Limited.

During 2011, Countplus Pty Limited converted to a public company (Countplus Limited) and ceased to be a controlled subsidiary of Count Financial. During 2012, Count Financial was fully acquired by the Commonwealth Bank of Australia. Count Financial retains an ownership interest in Countplus Limited of 36.7% as at 31 December 2014 (30 June 2014: 36.8%).

(b) Subsidiaries

The Group consists of the Company and its controlled entities (subsidiaries). Details of these subsidiaries are set out in note 10.

Transactions between the Company and its subsidiaries during the year consisted of:

- the loans advanced by the Company to subsidiaries;
- the payment of dividends to the Company by subsidiaries; and
- the remittance of profits to the Company by subsidiaries.

Interest is payable at 10% p.a. on the loans advanced by the Company to subsidiaries. At year end, all loan balances, payment of dividends and the remittance of profits between the Company and these subsidiaries were eliminated on consolidation.

(c) Transactions with related parties

The following transactions occurred with related parties:

(i) Sales of goods and services

	Consolidated	
	31 December	31 December
	2014	2013
	\$	\$
Net fees and commissions received from Count Financial	7,258,327	7,805,571
Loyalty payments from Count Financial	-	2,336,628
	<u>7,258,327</u>	<u>10,142,199</u>

12 Related Parties continued

(c) Transactions with related parties continued

Sixteen subsidiaries of the Group were franchisees of Count Financial during the period and operate under their Australian Financial Services Licence. Fees and commissions received from Count Financial for the provision of financial planning services are either paid by Count Financial to these subsidiaries or paid by investment platform operators who are authorised by Count Financial to pay directly to these subsidiaries. Included in the net fees and commission received from Count Financial are income received by Countplus Limited under a 'Relationship Deed' agreement.

Countplus Limited entered into a 'Relationship Deed' agreement with Count Financial Limited on 4 November 2010. Count Financial granted Countplus "Most Favoured Nation Status" (MFN Status). This means that in relation to an existing or new Count Product or Service, except for Platform and Asset Financing Revenue, Count will offer the Countplus Group the best terms for the existing or new Count Product or Service which is available by the Count Group to any other member of the Count Group. Count will pay Countplus 50% of the Platform Revenue received by Count from a Preferred Platform Provider in respect of Countplus FUM with that Platform Provider. Count will pay Countplus 50% of any revenue received from an Asset Financier in relation to Asset Financing for Countplus' clients, customers and associates. Countplus received fees and commissions of \$781,301 (December 2013: \$546,619) from Count Financial in accordance with the terms set out in the Relationship Deed.

There are no loyalty payments received from Count Financial during the current half-year. (December 2013: \$2,336,628) The loyalty payments from Count Financial, which ceased at the end of FY 2014 were in accordance with the methods defined under the Loyalty Payment Framework which was established as a result of the takeover of Count Financial by the Commonwealth Bank of Australia. Under the framework, Count franchisees were entitled to receive a loyalty payment calculated based on their contribution to Count Financial's income. Sixteen subsidiaries of the Group are franchisees of Count Financial and therefore received the loyalty payment.

(ii) Other transactions

	Consolidated	
	31 December	31 December
	2014	2013
	\$	\$
Service fee paid to Count Financial	83,330	99,996
	83,330	99,996

12 Related Parties continued

(d) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 December	30 June
	2014	2014
	\$	\$
<i>Current receivables</i>		
- Receivable from Count Financial Limited	300,000	3,711,105
<i>Current payables</i>		
- Payable to Count Financial Limited	283,322	200,000

Current receivables

The above current receivable from Count Financial Limited does not include any loyalty payments (June 2014: \$3,355,000). It consists of rebate receivable of \$300,000 (June 2014: \$356,105). These are included in 'Trade and other receivables' in the statement of financial position.

Current payables

The above current payable is the accrual for the service fee payable to Count Financial and is included in the 'Trade and other payables'. Countplus entered into a service agreement with Count Financial in November 2010 under which Count provides services to the parent including shared office space, furniture, computer hardware and software, IT services and support. This agreement was terminated on 30 November 2014 as Countplus Limited changed its registered office with effect from 1 December 2014.

(e) Directors' interests in Other investments

In November 2014 and December 2014 (various dates), Countplus Non-Executive Director, Donald Sharp acquired an additional 100,000 fully paid ordinary shares in Countplus Limited bringing the total number of Countplus shares held by him to 150,000 shares.

On 13 January 2015, Michael Spurr ceased to act as a Director of Countplus Limited. The total number of share held by him are 35,000 shares.

On 14 January 2015, Countplus CEO, Phillip Aris was appointed as a Director of Countplus Limited, Phillip Aris holds 58,596 fully paid shares in Countplus Limited & 21,547 fully paid shares are held by Aris & Associates Pty Ltd as trustee for The Phillip Aris Super Fund. This is the self-managed super fund set up by Phillip Aris, Countplus CEO.

13 Commitments

There have been no significant changes to commitments during the period.

14 Business Combinations

Current Period

Summary of acquisitions

In September 2014, Countplus subsidiary Beames & Associates Accounting and Financial Services Pty Ltd acquired the business assets of a Canberra accounting firm, JDAA Accounting Pty Ltd. The purchase consideration of \$1,058,528 was settled in full at completion.

	John Dormer & Associates (JDAA) Fair value at acquisition date \$'000
Assets and liabilities acquired	
Office equipment	16
	<hr/>
	16
Provisions	(57)
	<hr/>
Total Liabilities	(57)
Fair value of identifiable net assets	(41)
Goodwill arising on acquisition	1,100
	<hr/>
Acquisition date fair value of consideration transferred	1,059
Cash paid	530
Deferred equity consideration	529
	<hr/>
Total Consideration	1,059
	<hr/>

15 Investments in associates

(a) Carrying amounts

In July 2014, Countplus subsidiary TFS Operations Pty Limited acquired a 40% share in Victorian based firm, Financial Momentum Vic Pty Ltd. Consideration for the purchase is the sum of completion payment of \$840,000, plus potential additional payment based on future financial performance in accordance with the share sale and purchase agreement.

In October 2014, Countplus subsidiary TFS Operations Pty Limited acquired a 49% share in Victorian based firm, McQueen Financial Group. Consideration for the purchase is the sum of completion payment of \$1,957,673, plus potential additional payment based on future financial performance in accordance with the share sale and purchase agreement.

In October 2014, Countplus acquired a further 698,243 shares of One Hood Sweeney Pty Ltd for \$672,688 from one of the investors. As a result of this, Countplus' interest in Hood Sweeney has increased from 23% to 25.85%. The consideration is payable 90% upfront and the balance to be settled within 12 months.

Name of company	Principal activity	Ownership interest		Interests in associates	
		31 December 2014 %	30 June 2014 %	31 December 2014 \$	30 June 2014 \$
One Hood Sweeney Pty Ltd	Business services	25.85	23.00	6,037,214	5,342,532
Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust)	Property investments and consultancy	50.00	50.00	1	1
Home Port Property Group Unit Trust	Unit trust	50.00	50.00	1	1
My Accounts Pty Ltd	Book keeping service	30.00	30.00	333,221	319,144
Financial Momentum Vic Pty Ltd	Financial planning and property commissions	40.00	-	1,003,251	-
McQueen Wealth Management	Financial planning business	49.00	-	3,030,083	-
				10,403,771	5,661,678

(b) Movements during the year in equity accounted investment in associated companies

	Consolidated	
	31 December 2014 \$	30 June 2014 \$
Balance at beginning of the financial period	5,661,678	5,223,754
Interests acquired in associates	4,561,922	492,352
Share of associated company's profit after income tax	490,218	345,504
Trust distributions received	(3,000)	(75,295)
Dividends received/receivable	(307,047)	(324,637)
Balance at end of the financial period	10,403,771	5,661,678

16 Fair Value Measurement

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings approximate their fair value.

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 — the fair value is calculated using quoted prices in active markets.

Level 2 — the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 — the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments held by the Group are summarised in the table below.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 31 December 2014				
Financial assets				
Other investments	-	2,977	-	2,977
Investment in shares of listed companies	1,500	-	-	1,500
	<u>1,500</u>	<u>2,977</u>	<u>-</u>	<u>4,477</u>
Financial liabilities				
Deferred cash consideration	-	-	(2,026)	(2,026)
Deferred equity consideration	-	-	-	-
	<u>-</u>	<u>-</u>	<u>(2,026)</u>	<u>(2,026)</u>
Total	<u>1,500</u>	<u>2,977</u>	<u>(2,026)</u>	<u>2,451</u>
At 30 June 2014				
Financial assets				
Other investments	-	2,977	-	2,977
	<u>-</u>	<u>2,977</u>	<u>-</u>	<u>2,977</u>
Financial liabilities				
Deferred cash consideration	-	-	(2,427)	(2,427)
Deferred equity consideration	-	-	(336)	(336)
	<u>-</u>	<u>-</u>	<u>(2,763)</u>	<u>(2,763)</u>
Total	<u>-</u>	<u>2,977</u>	<u>(2,763)</u>	<u>214</u>

16 Fair Value Measurement continued

The fair value of financial assets and liabilities is measured at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Fair value of available-for-sale assets is determined based on observable market transactions. Observable market transactions considered are those transactions which occurred over the past 6 months, excluding new issue of shares under the employee schemes. The fair value is calculated by multiplying the total number of shares outstanding by the market price.

Fair value of Investment in shares of listed companies is determined based on the closing quoted price on the last day of the month in ASX.

Fair value of deferred cash consideration is derived from management expectations of the performance of the acquired businesses and assets.

Fair value of deferred equity consideration is derived from management expectations of the performance of the acquired businesses and assets.

Sensitivity to changes in assumptions

The fair value of deferred consideration may change as a result of changes in the projected future financial performance of the acquired assets and entities. Reasonable possible changes in assumptions will not change fair value significantly, with the exception of:

- If the 2015 operating profit for Financial Momentum declines by 10% compared to the current forecast, a reduction of \$147,720 in deferred consideration would result
- If the 2015 operating profit for Financial Momentum increases by 10% compared to the current forecast, an increase of \$114,348 in deferred consideration would result.
- If the 2016 operating profit for Financial Momentum declines by 10% compared to the current forecast, a reduction of \$147,360 in deferred consideration would result.
- If the 2016 operating profit for Financial Momentum increases by 10% compared to the current forecast, an increase of \$144,330 in deferred consideration would result.

- If the 2015 operating profit for McQueen Financial Group declines by 10% compared to the current forecast, a reduction of \$587,185 in deferred consideration would result.
- If the 2015 operating profit for McQueen Financial Group increases by 10% compared to the current forecast, an increase of \$270,637 in deferred consideration would result.
- If the 2016 operating profit for McQueen Financial Group declines by 10% compared to the current forecast, a reduction of \$181,021 in deferred consideration would result.
- If the 2016 operating profit for McQueen Financial Group increases by 10% compared to the current forecast, an increase of \$454,803 in deferred consideration would result.

Other than the above scenarios, management believes no reasonable change in any other key assumptions would have a material impact on the fair value of other investments and deferred consideration.

The expected maximum potential payment for deferred consideration is \$2,603,000 (June 2014: \$2,763,000).

16 Fair Value Measurement continued

Level 3 measurements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	31 December 2014 \$'000
Balance at beginning of half-year	(2,763)
Total gains or losses for the half-year	
Recognised in profit or loss - other income / other expenses - unrealised	-
Other movements	
Additions to deferred cash & equity consideration for acquisitions of assets, subsidiaries & associates during this period	(1,456)
Shares issued for settling deferred equity consideration	336
Cash paid for settlement of deferred cash consideration	1,857
Balance at end of half-year	<u>(2,026)</u>

17 Events occurring after the reporting date

On 6 January 2015, the investment in the Crowe Horwath shares by Countplus subsidiary, Countplus FS Holdings Pty Limited was acquired by Findex Australia Pty Ltd, for a price of 44.3c per share totalling \$1,329,000. Before the acquisition by Findex Australia Pty Ltd, Crowe Horwath also declared a special dividend of 5.7c per share totalling \$171,000. This dividend is included as income in this half-yearly report.

In January 2015, Countplus subsidiary Kidmans Partners Pty Ltd entered into a sale and purchase agreement to acquire the accounting business and accounting assets of Melbourne based firm, Harmon Partners. The purchase consideration is expected to be \$1,818,000, settled in 4 instalments.

On 24 February 2015, Countplus Limited declared an interim dividend for 2014/15 of 2 cents per share payable on 15 May 2015 (record date: 29 April 2015).

In February 2015, the Directors of Countplus Limited have approved a further investment of \$0.66m to acquire 264,385 Class B shares in Super-IP Pty Limited, the owner of Self-Managed Superannuation Fund (SMSF), software administration system - Class Super.

No other matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect:

- (a) the Group's operations in future financial years, or consolidated entity
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs consolidated entity in future financial years.

Countplus Limited
Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 23 are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Accounting Standards; *Corporations Regulations 2001 (Cth)* and other mandatory professional reporting requirements, and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Barry Martin Lambert
Director

Sydney
25 February 2015

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Independent Auditor's Review Report To the Members of Countplus Limited

We have reviewed the accompanying half-year financial report of Countplus Limited (“Company”), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors’ declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year’s end or from time to time during the half-year.

Directors’ responsibility for the half-year financial report

The directors of Countplus Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity’s financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the

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auditor of Countplus Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain 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.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

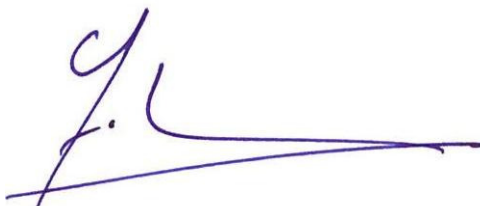
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Countplus Limited is not in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



Conor Farley
Partner - Audit & Assurance

Sydney, 25 February 2015