

Countplus Limited

ABN 11 126 990 832

ASX Preliminary final report

For the Year Ended 30 June 2014

Countplus Limited

ABN 11 126 990 832

For the Year Ended 30 June 2014

(Previous corresponding period: Year ended 30 June 2013)

Results for Announcement to the Market

(The accounts are in the process of being audited)

	Movement	% Change from prior year		\$A'000
Revenue from ordinary activities (Appendix 4E item 2.1)	up	6.4%	to	122,519
Profit / (loss) from ordinary activities after tax attributable to members (Appendix 4E item 2.2)	down	1.7%	to	10,894
Net profit / (loss) for the period attributable to members (Appendix 4E item 2.3)	up	1.9%	to	11,132

Comments

The consolidated entity's net profit after tax for the year ended 30 June 2014 was \$10.9 million (2013: \$11.1 million). Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$20.8 million (2013: \$20.6 million).

NTA Backing (Appendix 4E item 9)

	2014 cents per share	2013 cents per share
Net tangible asset backing per ordinary security	4.18	3.92

Control gained or lost over entities

Countplus gained control over the following entities during the year:

- | | |
|---|------------------------------------|
| 1. Advantage Accountants & Business Consultants Pty Ltd | Control gained at 4 July 2013 |
| 2. Harrison & Siepen | Control gained at 4 July 2013 |
| 3. Mark Palmer | Control gained at 9 July 2013 |
| 4. Taylor Partners | Control gained at 16 July 2013 |
| 5. Peak Financial Services Pty Ltd | Control gained at 19 July 2013 |
| 6. Barry Marks | Control gained at 17 February 2014 |

Countplus lost control over the following entities during the year:

- | | |
|---|----------------------------------|
| 1. Lawrence Business Management Pty Limited | Control lost on 18 December 2013 |
|---|----------------------------------|

Dividends / distributions (Appendix 4E item 2.4)	30 June 2014	30 June 2013
Interim dividend (Fully franked at 30% tax rate)	3.0c per fully paid share (paid 15 November 2013)	3.0c per fully paid share (paid 15 November 2012)
Interim dividend (Fully franked at 30% tax rate)	3.0c per fully paid share (paid 14 February 2014)	3.0c per fully paid share (paid 15 February 2013)
Interim dividend (Fully franked at 30% tax rate)	3.0c per fully paid share (paid 15 May 2014)	3.0c per fully paid share (paid 15 May 2013)
Final dividend (Fully franked at 30% tax rate)	3.0c per fully paid share (paid 15 August 2014)	3.0c per fully paid share (paid 15 August 2013)

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The record date for determining entitlements to the final dividend was 30 July 2014 and the dividend was paid on 15 August 2014. On 20 August 2014, the Company declared its first quarterly dividend for 2014/15 of 2 cents per share payable on 17 November 2014 (record date: 29 October 2014)

(Appendix 4E item 2.5)

Explanation of figures reported above *(Appendix 4E item 2.6)*

Please refer to Results Announcement dated 20 August 2014

Countplus Limited
Consolidated Statement of Comprehensive Income
For the Year Ended 30 June 2014

		2014	2013
	Note	\$'000	\$'000
Revenue from operating activities	1	122,519	115,142
Fees, commissions and related costs	1	(26,689)	(20,340)
Total revenue from continuing operations		95,830	94,802
Other income			
(Loss)/gain on deferred consideration adjustment		(217)	139
Gain on disposal of subsidiary		543	-
Interest income		128	138
Other non-operating income		266	397
Total other income		720	674
Salaries and employee benefits expense	2	(58,238)	(57,830)
Amortisation expense		(3,157)	(3,343)
Depreciation expense	2	(1,125)	(1,253)
Premises expenses		(5,730)	(6,000)
Acquisition related expenses		(236)	(157)
Loss on disposals		-	(204)
Share based payment expense		(214)	(351)
Other operating expenses from ordinary activities	2	(11,725)	(10,813)
Finance costs	2	(1,224)	(1,040)
Total expenses		(81,649)	(80,991)
Share of net profit of associates accounted for using equity method		346	486
Profit from operations before income tax		15,247	14,971
Income tax expense		(4,353)	(3,888)
Net profit from operations after income tax		10,894	11,083
Other comprehensive income, net of income tax			
Items that will be reclassified to profit or loss when specific conditions are met			
Net fair value movements for available-for-sale financial assets		600	-
Deferred tax on above		(180)	-
Other comprehensive income for the year, net of tax		420	-
Total comprehensive income for the year, net of tax		11,314	11,083
Profit attributable to:			
Owners of Countplus Limited		11,132	10,920
Non-controlling interests		182	163
		11,314	11,083
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings per share		10.14	9.98
Diluted earnings per share		10.13	9.98

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 30 June 2014

	Note	2014 \$'000	2013 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		8,174	8,660
Trade and other receivables		20,427	21,312
Loans and advances		183	37
Work in progress		5,550	5,163
TOTAL CURRENT ASSETS		34,334	35,172
NON-CURRENT ASSETS			
Loans and other receivables		1,865	1,009
Investments in associates		5,662	5,223
Other investments		2,977	-
Property, plant and equipment		4,443	5,725
Investment property		1,250	1,250
Intangible assets		49,230	53,247
TOTAL NON-CURRENT ASSETS		65,427	66,454
TOTAL ASSETS		99,761	101,626
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		9,942	10,008
Interest bearing loans and borrowings		16	256
Current tax liabilities		1,061	1,399
Provisions		3,698	3,802
Other current liabilities		6,604	6,662
TOTAL CURRENT LIABILITIES		21,321	22,127
NON-CURRENT LIABILITIES			
Trade and other payables		1,003	457
Interest bearing loans and borrowings		20,849	17,659
Deferred tax liabilities		3,133	5,574
Provisions		1,821	1,660
Other non-current liabilities		889	2,164
TOTAL NON-CURRENT LIABILITIES		27,695	27,514
TOTAL LIABILITIES		49,016	49,641
NET ASSETS		50,745	51,985
EQUITY			
Contributed equity		121,111	120,456
Reserves	3	(67,413)	(68,057)
(Accumulated losses) / retained earnings	4	(3,243)	(637)
Capital and reserves attributable to owners of Countplus Limited		50,455	51,762
Non-controlling interest		290	223
TOTAL EQUITY		50,745	51,985

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 Year Ended 30 June 2014

Attributable to owners of Countplus Limited									
Note	Issued capital \$'000	Treasury Shares* \$'000	Retained Earnings \$'000	Share Based Payment Reserve \$'000	AFS Reserve \$'000	Acquisition Reserves \$'000	Total \$'000	Non- controlling Interests (NCI) \$'000	Total \$'000
Balance at 1 July 2013	121,186	(730)	(637)	70	-	(68,127)	51,762	223	51,985
Profits for the period	-	-	10,712	-	-	-	10,712	182	10,894
Other comprehensive income	-	-	-	-	420	-	420	-	420
Total comprehensive income for the period	-	-	10,712	-	420	-	11,132	182	11,314
Transactions with owners in their capacity as owners									
Issue of shares***	2,198	(1,543)	-	-	-	-	655	-	655
Share based payments for loan funded share plan	-	-	-	142	-	-	142	-	142
Application of dividends to loan funded share plan	-	-	-	82	-	-	82	-	82
Dividends provided for or paid	-	-	(13,318)	-	-	-	(13,318)	(115)	(13,433)
Balance at 30 June 2014	123,384	(2,273)	(3,243)	294	420	(68,127)	50,455	290	50,745
Balance at 1 July 2012	119,901	-	1,627	-	-	(68,127)	53,401	202	53,603
Profits for the period	-	-	10,920	-	-	-	10,920	163	11,083
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	10,920	-	-	-	10,920	163	11,083
Transactions with owners in their capacity as owners									
Issue of shares***	1,320	(730)	-	-	-	-	590	-	590
Loan funded share plan establishment costs	(35)	-	-	-	-	-	(35)	-	(35)
Share based payments for loan funded share plan	-	-	-	47	-	-	47	-	47
Application of dividends to loan funded share plan	-	-	-	23	-	-	23	-	23
Dividends provided for or paid**	-	-	(13,184)	-	-	-	(13,184)	(142)	(13,326)
Balance at 30 June 2013	121,186	(730)	(637)	70	-	(68,127)	51,762	223	51,985

*The Company has formed a trust to administer a Loan Funded Share Plan. Shares held by the trust are disclosed as Treasury Shares and deducted from contributed equity.

**This amount includes the dividends applied to the loan funded share plan.

***Issue of shares includes shares issued to employees of \$71,000 (2013: \$304,000).

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 30 June 2014

	Note	2014 \$'000	2013 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of goods and service tax)		130,938	125,873
Payments to suppliers and employees (inclusive of goods and service tax)		(112,378)	(105,248)
		18,560	20,625
Dividends/distributions received from associated entities		400	261
Interest received		128	138
Interest paid		(1,224)	(1,040)
Income taxes paid		(6,419)	(4,444)
Net cash inflow from operating activities		11,445	15,540
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		6	26
Proceeds from sale of business / investments		-	681
Proceeds from disposal of subsidiary		7,156	-
Purchase of equipment and other non-current assets		(1,950)	(1,669)
Payments for acquisition of subsidiaries / business assets		(2,273)	(1,117)
Payments for other investments (Super IP)		(2,377)	-
Payments for investment in associated entities		(492)	(4,060)
Payment for deferred consideration on acquisition of controlled entities and associates		(1,637)	(2,716)
Loans from / (to) related parties		(34)	(238)
Net cash outflow from investing activities		(1,601)	(9,093)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Drawdown on loans and advances		11,528	16,930
Repayment of loans and advances		(8,236)	(7,520)
Repayment of borrowings / hire purchase and lease liabilities		(307)	(267)
Loan funded share plan establishment costs		-	(35)
Proceeds from repayment of loan in respect of dividends received on loan funded shares		82	23
Payment of dividends on ordinary shares		(13,282)	(13,158)
Payment of dividends by controlled subsidiaries to non-controlling interests		(115)	(142)
Net cash outflow from financing activities		(10,330)	(4,169)
Net increase (decrease) in cash and cash equivalents held		(486)	2,278
Cash and cash equivalents at beginning of year		8,660	6,382
Cash and cash equivalents at end of financial year		8,174	8,660

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1 Revenue

(a) Revenue from operating activities

	2014 \$'000	2013 \$'000
Accounting services revenue	62,737	65,320
Financial services revenue	45,124	36,841
Legal services revenue	241	808
Property revenue	9,147	7,514
Other operating revenue	5,270	4,659
	122,519	115,142
Fees, commissions and related costs		
Fees and related costs	(21,265)	(15,902)
Commission paid on property sale	(5,424)	(4,438)
	(26,689)	(20,340)
Total Revenue from operating activities	95,830	94,802

(b) 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") subsidiaries to its affiliated members.

2 Expenses

(a) Salaries and employee benefits expense

	2014 \$'000	2013 \$'000
<i>Salaries and employee benefit expense</i>		
Wages, salaries and other on-costs	52,008	51,518
Other employee benefit expenses	6,230	6,312
Total salaries and employee benefit expenses	58,238	57,830

2 Expenses continued

(b) Depreciation and amortisation expenses

	2014 \$'000	2013 \$'000
<i>Depreciation</i>		
Office equipment	622	694
Leasehold improvements	46	91
Furniture & fixtures	281	297
Motor vehicles	24	24
Other	104	117
Make good	48	30
Total depreciation	1,125	1,253
<i>Amortisation</i>		
Acquired client relationships / adviser networks	2,860	3,099
Software	243	197
Other	54	47
Total amortisation	3,157	3,343
Total Depreciation and Amortisation	4,282	4,596

(c) Other operating expenses

<i>Professional, service and consulting fees</i>		
Audit fees	463	337
Legal fees	602	503
Service fees - Count Financial	200	263
Accounting and other professional fees	570	249
Total professional, service and consulting fees	1,835	1,352
<i>Other expenses</i>		
Bad and doubtful debts - trade receivables	1,039	520
Sales and marketing expenses	1,101	814
Administration expenses	3,688	3,507
Insurance expense	928	967
Technology expense	2,692	2,541
Net loss on disposal of property, plant and equipment	42	342
Other	400	770
Total other expenses	9,890	9,461
Total other operating expenses	11,725	10,813

3 Reserves

(a) Reserves

	2014 \$'000	2013 \$'000
Acquisition reserves	(68,127)	(68,127)
Share based payment reserve	294	70
Available for sale (AFS) reserve	420	-
	(67,413)	(68,057)

3 Reserves continued

(b) Movements in reserves

	2014 \$'000	2013 \$'000
Acquisition reserves		
At 1 July	(68,127)	(68,127)
Acquisition of non-controlling interests	-	-
At 30 June	(68,127)	(68,127)
Share based payment reserve		
At 1 July	70	-
Share based payment for loan funded share plan	142	47
Application of dividends to loan funded share plan	82	23
At 30 June	294	70
Available for sale (AFS) reserve		
At 1 July	-	-
Fair value gain on revaluation of AFS asset	600	-
Deferred tax on above	(180)	-
At 30 June	420	-
Total reserves	(67,413)	(68,057)

(c) Nature and purpose of reserves

(i) Acquisition reserves

The acquisition reserve arises on the acquisition of the non-controlling interests of subsidiaries. On 1 July 2010, the Company's interests in 15 associates were consolidated with the non-controlling interest being measured as the present ownership's proportionate share of identifiable net assets. The acquisition of these non-controlling interests as part of the public listing was not a business combination but was an equity transaction between owners. Accordingly in 2011, the difference between the consideration paid and fair value of the identifiable net assets of the non-controlling interests has been accounted for in the Acquisition Reserves.

(ii) Share based payment reserve

The share-based payments reserve records the value of shares issued to employee share trust on behalf of employees under the loan funded share plan and the value of dividends on those shares applied to the balance of employee loans under the plan.

(iii) Available for sale (AFS) reserve

Changes in the fair value arising on translation of investments that are classified as available-for-sale financial assets (eg equities), are recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts are reclassified to profit or loss when the associated assets are sold or impaired.

4 Retained Earnings/(accumulated losses)

	2014 \$'000	2013 \$'000
At 1 July	(637)	1,627
Net profit for the year	10,712	10,920
Dividends paid and / or proposed	(13,318)	(13,184)
At 30 June	(3,243)	(637)

5 Additional information to appendix 4E

Additional dividend/distribution information (Appendix 4E item 7)

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2014 are as follows:

Record date	Payment date	Type	Amount per security (Cents)	Total dividend \$A'000	Franked amount per security (Cents)
25 October 2013	15 November 2013	Interim	3.0	3,304	3.0
17 January 2014	14 February 2014	Interim	3.0	3,334	3.0
29 April 2014	15 May 2014	Interim	3.0	3,340	3.0
30 July 2014	15 August 2014	Final	3.0	3,340	3.0

Dividend/distribution reinvestment plans (Appendix 4E item 8)

The company does not operate a dividend reinvestment plan.

Details of entities over which control gained or lost during the year (Appendix 4E item 10)

Name of the entity acquired	Advantage accountants	Harrison & Siepen	Mark Palmer	Taylor Partners	Peak financial services Pty Ltd	Barry Marks
Date control gained	4 July 2013	4 July 2013	9 July 2013	16 July 2013	19 July 2013	17 Feb 2014
Contribution to profit/(loss) from ordinary activities after tax in current period, where material (\$A'000)	198	70	66	218	49	23

Name of the entity whose control lost	Lawrence Business Management Pty Limited
Date of control lost	18 December 2013
Contribution to profit/(loss) from ordinary activities after tax in current period, where material (\$A'000)	-20
Profit/(loss) from ordinary activities after tax in whole of the previous period (\$A'000)	76

5 Additional information to appendix 4E continued

Associates (<i>Appendix 4E item 11</i>)	2014	2013
One Hood Sweeney Pty Ltd		
Ownership interest	23%	25%
Profit from ordinary activities during the year (\$A'000)	2,215	2,610
Contributions towards Group's net profit (\$A'000)	321	485
My Accounts Pty Ltd		
Ownership interest	30%	30%
Profit/(loss) from ordinary activities during the year (\$A'000)	88	-148
Contributions towards Group's net profit (\$A'000)	25	2

Other significant information (*Appendix 4E item 12*)

For other significant information, please refer to Results Announcement dated 20 August 2014.

Commentary on results (*Appendix 4E item 14*)

Please refer to Results Announcement dated 20 August 2014.

After balance date transactions

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

In August 2014, a business sale and purchase agreement has been executed for Countplus subsidiary, Beames & Associates to acquire the business assets of Canberra based professional services firm, JDAA Accounting. Consideration is estimated to be \$1.1 million and settlement is expected by end of August 2014.

On 20 August 2014, Countplus Limited declared an interim dividend for 2014/15 of 2 cents per share payable on 17 November 2014 (record date: 29 October 2014).

Foreign Accounting Standards (*Appendix 4E item 13*)

Not applicable

Audit Alert (*Appendix 4E items 15-17*)

This report is based on accounts which are in the process of being audited.