

Appendix 4D

Half Year Report

1. Company details

Name of entity

Countplus Limited

ABN or equivalent company
reference

11 126 990 832

Half year ended ('current period')

31 December 2014

Half year ended ('previous period')

31 December 2013

2. Results for announcement to the market

\$A'000's

2.1	Revenues from ordinary activities	Down	1.91%	to	63,302
2.2	Profit (loss) from ordinary activities after tax attributable to members	Down	10.14%	to	6,051
2.3	Net profit (loss) for the period attributable to members	Down	10.14%	to	6,051
2.4	Dividends		Current Period		Previous Period
	Final Dividend (fully franked at 30% tax rate) paid		3.0¢ 15-Aug-14		3.0¢ 15-Aug-13
	Interim Dividend (fully franked at 30% tax rate) paid		2.0¢ 17-Nov-14		3.0¢ 15-Nov-13
	Interim Dividend (fully franked at 30% tax rate) payable/paid		2.0¢ 16-Feb-15		3.0¢ 14-Feb-14
	Interim Dividend proposed (fully franked at 30% tax rate)		2.0¢ 15-May-15		3.0¢ 15-May-14
2.5	Record date for determining entitlements to the proposed interim dividend.		29 April 2015		

2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood:

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 (\$1.6m 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 \$8.73m (down 9.1%) was up 20.4% and consolidated net profit after tax was up 18.5%.

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 section 4. 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 section 7. 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 \$24.25m (June 2014: \$20.85m).

The unaudited operating revenue and earnings before interest, tax, depreciation and amortisation for the consolidated entity for the six months to 31 December 2014 and for the corresponding prior period ending 31 December 2013 are as follows:

	31.12.2014	31.12.2013
	\$'000	\$'000
Operating revenue for the period	63,302	64,536
EBITDA for the period	11,289	12,484
Net profit attributable to the members of Countplus Limited	6,051	6,734

3. NTA backing

Net tangible asset backing per security (cent per share)

Current Period	Previous Period	
	30 June 2014	31 Dec 2013
6.85¢	4.45¢	6.74¢

4. Control gained over entities/loss of control over entities

Acquisition of businesses and controlled entities

The consolidated entity acquired the following businesses and entities (100% unless stated otherwise)

Particulars	JDAAC Accounting \$'000
Date of acquisition of entity / business assets of entity	26 September 2014
Consideration:	
Cash paid	530
Deferred equity consideration	529
Total consideration	1,059
Fair value of net assets of controlled entities acquired:	
Office equipment	16
Provisions	-57
Goodwill on acquisition	1,100
Total fair value	1,059

Results contributed by acquired entities since acquisition date and profit for the corresponding prior period:

The contributions made since acquisition by JDAA Accounting was \$342k (*HY 2014: \$184k).

*The net profit for the previous corresponding period is after deducting the salary and superannuation expenses of \$153k paid to the 2 principals of JDAA. This expenses are incurred in the current period by our subsidiary Beames who acquired JDAA accounting on 1 July 2014.

5. Dividends

	Current period		Previous period	
	Date dividend paid/payable	\$'000	Date dividend paid	\$'000
Final Dividend	15 August 2014	3,340	15 August 2013	3,304
Interim Dividend	17 November 2014	2,227	15 November 2013	3,304
Total Dividend Paid		5,567		6,608
Dividend provided for and recognised as a liability	16 February 2015	2,232	14 February 2014	3,335
Dividends proposed and not recognised as a liability	15 May 2015	2,232	15 May 2014	3,335

6. Dividend reinvestment plans

The company does not operate a dividend reinvestment plan.

7. Details of associates and joint venture entities

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 26%. The consideration is payable 90% upfront and the balance to be settled within 12 months.

8. Foreign entities

Not applicable.

9. Events after balance sheet 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 \$0.67m 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 ,
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

10. If the accounts are subject to audit dispute or qualification, details are described below:

Additional disclosures can be found in the notes to the 2015 Half – Year Financial Statements.

This report is based on the consolidated 2015 Half-Year Financial Statements which have been reviewed by Grant Thornton with the Independent Auditor's Review Report included in the 2015 Half-Year Financial Statements.