

CountPlus Limited

ABN 11 126 990 832

ASX Preliminary final report

For the Year Ended 30 June 2017

CountPlus Limited

ABN 11 126 990 832

For the Year Ended 30 June 2017
(Previous corresponding period: Year ended 30 June 2016)



1. 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)	down	0.03%	to	87,594
Profit from ordinary activities after tax attributable to members (Appendix 4E item 2.2)	down	93.7%	to	875
Net profit / (loss) for the period attributable to members (Appendix 4E item 2.3)	down	100.8%	to	(106)

Comments

The consolidated entity's net profit after tax for the year ended 30 June 2017 was \$0.9 million (2016: \$13.9 million). Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$7.1 million (2016: \$26.7 million).

NTA Backing (Appendix 4E item 9)

	2017 cents per share	2016 cents per share
Net tangible asset backing per ordinary security	13.04	17.91

Control gained or lost over entities

CountPlus gained control over the following entities during the year:

- | | |
|-------------------------------------|------------------------------------|
| 1. McPhersons Financial Solutions | Control gained at 1 July 2016 |
| 2. Brooks Accountants | Control gained at 7 November 2016 |
| 3. DFK Crosbie Gold Coast | Control gained at 12 December 2016 |
| 4. Home Port Property Group Pty Ltd | Control gained at 1 July 2016 |

CountPlus lost control over the following entities during the year:

- | | |
|-------------------------------|-------------------------------|
| 1. Cartwright Brown & Company | Control lost on 31 March 2017 |
|-------------------------------|-------------------------------|

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For the Year Ended 30 June 2017



Dividend distribution

Dividends / distributions (Appendix 4E item 2.4)	30 June 2017	30 June 2016
Interim dividend (Fully franked at 30% tax rate)	2.0c per fully paid share (paid 15 November 2016)	2.0c per fully paid share (paid 16 November 2015)
Interim dividend (Fully franked at 30% tax rate)	2.0c per fully paid share (paid 15 February 2017)	2.0c per fully paid share (paid 15 February 2016)
Interim dividend (Fully franked at 30% tax rate)	1.0c per fully paid share (paid 15 May 2017)	2.0c per fully paid share (paid 16 May 2016)
A dividend has not been declared for the 30 June 2017 quarter.	Not applicable	2.0c per fully paid share (paid 15 August 2016)

(Appendix 4E item 2.5)

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

Please refer to Results Announcement dated 28 August 2017

		2017	2016
	Note	\$'000	\$'000
Revenue from operating activities	1	120,381	119,939
Fees, commissions and related costs	1	(32,787)	(32,322)
Total revenue		87,594	87,617
Other income			
Gain on deferred consideration adjustment		1,106	245
Gain on revaluation of investment property		-	30
Gain on disposal of subsidiary		802	1,290
Interest income		87	71
Other income		693	760
Fair value gain on investments		-	16,294
Total other income		2,688	18,690
Salaries and employee benefits expense	2	(59,315)	(59,500)
Amortisation expense	2	(2,871)	(2,673)
Depreciation expense	2	(873)	(948)
Premises expenses		(5,147)	(5,423)
Acquisition related expenses		(110)	(314)
Loss on disposals		(135)	-
Share based payment expense		(204)	(298)
Impairment of intangible assets		(5,001)	(2,672)
Fair value loss on investments		(337)	-
Fair value loss on disposal of investments		(1,125)	-
Finance costs		(1,157)	(1,293)
Other operating expenses	2	(12,736)	(12,486)
Total expenses		(89,011)	(85,607)
Share of net profit of associates accounted for using equity method		892	1,111
Profit from operations before income tax		2,163	21,811
Income tax expense		(1,288)	(7,831)
Net profit from operations after income tax		875	13,980
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year, net of income tax		875	13,980
Net profit / (loss) attributable to:			
Owners of CountPlus Limited		(106)	13,392
Non-controlling interests		981	588
		875	13,980
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings / (loss) per share		(0.10)	12.13
Diluted earnings / (loss) per share		(0.10)	12.13

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

	2017	2016
Note	\$'000	\$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	8,284	6,344
Trade and other receivables	18,827	17,324
Loans and advances	115	259
Work in progress	4,362	5,134
TOTAL CURRENT ASSETS	31,588	29,061
NON-CURRENT ASSETS		
Loans and other receivables	2,554	3,002
Investments in associates	11,716	13,552
Other investments and financial assets	3,366	20,881
Property, plant and equipment	4,328	4,158
Intangible assets	44,994	48,863
TOTAL NON-CURRENT ASSETS	66,958	90,456
TOTAL ASSETS	98,546	119,517
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	10,979	10,845
Interest bearing loans and borrowings	27	18
Current tax liabilities	3,590	240
Provisions	5,403	4,043
Other current liabilities	1,323	4,147
TOTAL CURRENT LIABILITIES	21,322	19,293
NON-CURRENT LIABILITIES		
Trade and other payables	1,449	1,652
Interest bearing loans and borrowings	13,551	25,603
Deferred tax liabilities	1,640	6,547
Provisions	1,862	2,300
Other non-current liabilities	972	1,367
TOTAL NON-CURRENT LIABILITIES	19,474	37,469
TOTAL LIABILITIES	40,796	56,762
NET ASSETS	57,750	62,755
EQUITY		
Contributed equity	121,583	121,583
Reserves	(64,566)	(64,878)
Retained earnings/(accumulated losses)	(2,955)	2,783
Capital and reserves attributable to owners of CountPlus Limited	54,062	59,488
Non-controlling interest	3,688	3,267
TOTAL EQUITY	57,750	62,755

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 2017



Attributable to owners of CountPlus Limited									
Note	Issued Capital \$'000	Treasury Shares* \$'000	Retained Earnings / (Accumulated Losses) \$'000	Share Based Payment Reserve \$'000	AFS Reserve \$'000	Acquisition Reserves \$'000	Total \$'000	Non-controlling Interests (NCI) \$'000	Total \$'000
Balance at July 1, 2016	126,496	(4,913)	2,783	1,122	-	(66,000)	59,488	3,267	62,755
Profit / (loss) for the year	-	-	(106)	-	-	-	(106)	981	875
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(106)	-	-	-	(106)	981	875
Transactions with owners in their capacity as owners									
Issue of shares***	70	(70)	-	-	-	-	-	-	-
Transactions with non-controlling interests (NCI)	-	-	-	-	-	-	-	(158)	(158)
Share based payments for loan funded share plan	-	-	-	204	-	-	204	-	204
Application of dividends to loan funded share plan	-	-	-	177	-	-	177	-	177
Transfer to retained earnings / accumulated losses^	-	-	69	(69)	-	-	-	-	-
Dividends provided for or paid **	-	-	(5,701)	-	-	-	(5,701)	(402)	(6,103)
Balance at June 30, 2017	126,566	(4,983)	(2,955)	1,434	-	(66,000)	54,062	3,688	57,750

*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.

***Shares issued to employees of \$70,084.

^This amount includes dividends relating to the loan funded share plan that did not meet vesting conditions.

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

CountPlus Limited
Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2017



Note	Attributable to owners of CountPlus Limited								
	Issued Capital	Treasury Shares*	Retained Earnings / (Accumulated Losses)	Share Based Payment Reserve	AFS Reserve	Acquisition Reserves	Total	Non-controlling Interests (NCI)	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at July 1, 2015	126,082	(4,528)	(1,899)	637	420	(68,127)	52,585	665	53,250
Profits for the year	-	-	13,392	-	-	-	13,392	588	13,980
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	13,392	-	-	-	13,392	588	13,980
Transactions with owners in their capacity as owners									
Issue of shares***	414	(385)	-	-	-	-	29	-	29
Transfer from AFS reserve to retained earnings	-	-	420	-	(420)	-	-	-	-
Transactions with non-controlling interests (NCI)	-	-	-	-	-	-	-	2,501	2,501
Effect on the reserves on account of Direct Equity Plan (DEP) opted for by 3 subsidiaries	-	-	-	-	-	2,127	2,127	-	2,127
Share based payments for loan funded share plan (LFSP)	-	-	-	282	-	-	282	-	282
Application of dividends to loan funded share plan	-	-	-	203	-	-	203	-	203
Dividends provided for or paid **	-	-	(9,130)	-	-	-	(9,130)	(487)	(9,617)
Balance at June 30, 2016	126,496	(4,913)	2,783	1,122	-	(66,000)	59,488	3,267	62,755

*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 \$16,268.

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

	2017 \$'000	2016 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (inclusive of goods and services tax)	130,683	133,114
Payments to suppliers and employees (inclusive of goods and services tax)	(118,773)	(118,728)
	11,910	14,386
Dividends received	116	216
Interest received	87	71
Interest paid	(1,157)	(1,293)
Income taxes paid	(2,970)	(3,097)
Net cash inflow from operating activities	7,986	10,283
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	-	16
Proceeds from sale of Direct Equity Plan (DEP) to 3 subsidiaries	-	4,917
Proceeds from sale of shares in Class Limited	16,053	-
Proceeds from sale of fees	-	277
Proceeds from sale of share in associate entity (MyAccounts)	-	325
Proceeds from sale of Investment Property	-	2,954
Proceeds from disposal of subsidiary (CBC)	1,827	-
Purchase of equipment and other non-current assets	(1,214)	(1,085)
Payments to acquire other financial assets	-	(984)
Payment for acquisition of subsidiaries/business assets	(3,011)	(3,043)
Dividends/distributions received from associated entities	1,049	888
Payments for investment in associated entities	-	(2,747)
Payment for deferred consideration on acquisition of controlled entities and associates	(542)	(1,180)
Payment for investments	-	(215)
Net cash inflow from investing activities	14,162	123
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	27,635	30,498
Repayment of borrowings	(39,693)	(31,250)
Proceeds of borrowings / hire purchase and lease liabilities	21	-
Proceeds from repayment of loan in respect of dividends received on loan funded shares	223	203
Payment of dividends to equity holders	(7,992)	(9,113)
Payment of dividends by controlled subsidiaries to non-controlling interests	(402)	(487)
Net cash outflow from financing activities	(20,208)	(10,149)
Net increase in cash and cash equivalents held	1,940	257
Cash and cash equivalents at beginning of year	6,344	6,087
Cash and cash equivalents at end of financial year	8,284	6,344

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

1 Revenue

(a) Revenue from operating activities

	2017 \$'000	2016 \$'000
Accounting services revenue	60,241	58,022
Financial services revenue	47,606	47,977
Commission earned on property sales	8,670	8,741
Other property related income	661	647
Other operating revenue	3,203	4,552
	120,381	119,939
Fees, commissions and related costs		
Fees and related costs	(28,377)	(27,637)
Commission paid on property sales	(4,410)	(4,685)
	(32,787)	(32,322)
Total Revenue from operating activities	87,594	87,617

(b) Fees commissions and related costs

Fees, commissions and related costs are primarily made 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.

2 Expenses

	2017 \$'000	2016 \$'000
Depreciation		
Office equipment	416	448
Leasehold improvements	67	71
Furniture & fixtures	218	267
Motor vehicles	19	19
Make good	85	72
Other	68	71
Total depreciation	873	948
Amortisation		
Acquired client relationships / adviser networks	2,574	2,402
Software	103	138
Other	194	133
Total amortisation	2,871	2,673
Total Depreciation and Amortisation	3,744	3,621

2 Expenses

	2017 \$'000	2016 \$'000
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	1,157	1,293
Other Expenses:		
<i>Professional, service and consulting fees</i>		
Audit fees	334	312
Legal fees	690	508
Accounting and other professional fees	853	333
Remedial and other external costs (TFSA) – see note 4	1,187	530
Total professional, service and consulting fees	3,064	1,683
<i>Other expenses</i>		
Bad and doubtful debts - trade receivables	145	550
Sales and marketing expenses	982	1,273
Administration expenses	3,313	3,369
Insurance expense	1,137	1,085
Technology expense	3,535	3,186
Net loss on disposal of property, plant and equipment	44	599
Other	516	741
Total other expenses	9,672	10,803
Total other operating expenses	12,736	12,486
Salaries and employee benefit expense		
Wages, salaries and on-costs	49,014	49,128
Post-employment benefit expenses	4,342	4,247
Other employee benefit expenses	5,959	6,125
Total salaries and employee benefit expenses	59,315	59,500

3 Impairment of assets

During the year ended 30 June 2017 management performed a review of each cash generating unit (CGU) for impairment indicators. For the below entities where an indication of impairment existed, management calculated the recoverable amount of these CGU's in accordance with AASB 136: Impairment of Assets.

Two wholly owned firms, Wearne & Co Pty Ltd and CountplusOne Pty Ltd were merged on 22 June 2017 to take advantage of the synergies that exist between them. As at 30 June 2017, an updated assessment of the recoverable value of this CGU was performed using a pre-tax discount rate of 19.29% (2016: 17.66%). This resulted in the recognition of an additional impairment of \$750,000 for FY17. This is in addition to an impairment provision of \$780,000 which was recognised at 31 December 2016 in respect of Wearne.

As at 30 June 2017, an indication of impairment existed for Total Financial Solutions Australia Ltd in Sydney. Management calculated the recoverable amount of the CGU using a pre-tax discount rate of 19.29%, which resulted in an impairment loss of \$2,700,000 for this CGU, reducing the carrying amount of its goodwill to \$4.56M.

The recoverable amount of the above CGU's were determined based on value in use calculations, consistent with the methods used at 30 June 2016, see note 14(b) of our 30 June 2016 Annual Report for details.

4 Contingencies

Remediation program payments

As a result of the additional licence conditions imposed on Total Financial Solutions Australia Limited (TFSA) effective 25 September 2015, TFSA is currently conducting an ongoing review of financial product advice provided by one of its authorised representatives for the period commencing 1 January 2013 to 11 December 2015.

The review and remediation program involves approximately 520 small retail clients. The objective of the program is to assess the appropriateness of the advice provided and if the advice is found to be inaccurate, incomplete or inappropriate then TFSA is to restore the clients financial position.

TFSA has reached an agreement with its professional indemnity insurer to provide a contribution of \$3.25m towards expected financial detriment that affected clients may have suffered as a result of the advice provided.

TFSA has finalised the methodology to be undertaken in order to assess the quantum of any client detriment and is currently assessing that detriment.

TFSA has previously advised that it provisioned \$530,000 at 30 June 2016 to cover the cost of assessing all advice provided. A further \$1.187m has been provided during the financial year ended 30 June 2017 to cover any additional anticipated costs (net of any contribution from the professional indemnity insurer) of the review and remediation program, including costs associated with assessed clients, where it is considered probable that there will be an outflow of resources (see note 2). Costs of \$835,000 have been incurred during the year, and therefore the balance of the provision is \$882,000 at 30 June 2017. No provision has been recognised in respect of those clients where it is not considered probable (but still possible) that there will be an outflow of resources.

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 2017 are as follows:

Record date	Payment date	Type	Amount per security (Cents)	Total dividend \$A'000	Franked amount per security (Cents)
27 October 2016	15 November 2016	Interim	2.0	2,283	2.0
19 January 2017	15 February 2017	Interim	2.0	2,284	2.0
27 April 2017	15 May 2017	Interim	1.0	1,142	1.0

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	McPhersons Financial solutions	Brooks Accountants	DFK Crosbie Gold Coast	Home Port Property Group Pty Ltd
Date control gained	1 July 2016	7 November 2016	12 December 2016	1 July 2016
Contribution to profit/(loss) from ordinary activities after tax in current period, where material (\$A'000)	122	97	134	112
Name of the entity whose control lost				Cartwright Brown & Company
Date of control lost				31 March 2017
Contribution to profit/(loss) from ordinary activities after tax in current period, where material (\$A'000)				69
Profit/(loss) from ordinary activities after tax in whole of the previous period (\$A'000)				248

Associates (Appendix 4E item 11)	2017	2016
One Hood Sweeney Pty Ltd		
Ownership interest	32.36%	32.36%
Profit from ordinary activities during the year (\$A'000)	2,903	3,035
Contributions towards Group's net profit (\$A'000)	835	512
Financial Momentum*		
Ownership interest (40% until the date of disposal)	0%	40%
Profit/(loss) from ordinary activities during the period to disposal (\$A'000)	309	314
Contributions towards Group's net profit (\$A'000)	92	91
McQueen Wealth Management		
Ownership interest	49%	49%
Profit/(loss) from ordinary activities during the year (\$A'000)	(191)	872
Contributions towards Group's net profit (\$A'000)	(216)	355
Nixon FS Pty Limited		
Ownership interest	30%	30%
Profit/(loss) from ordinary activities during the year (\$A'000)	156	171
Contributions towards Group's net profit (\$A'000)	27	34
Hunter Financial Planning Pty Ltd		
Ownership interest	40%	40%
Profit/(loss) from ordinary activities during the year (\$A'000)	646	552
Contributions towards Group's net profit (\$A'000)	154	119

*On 30 June 2017, CountPlus subsidiary Countplus FS Pty Ltd disposed of its 40% equity interest in Financial Momentum Vic Pty Ltd. The consideration as part of this was \$827,984 and was settled on 10 July 2017.

Other significant information (Appendix 4E item 12)

On 28 June 2017, CountPlus Limited merged the 100% owned subsidiaries Countplus One Pty Limited and Wearne & Co Pty Ltd.

After balance date transactions

On 1 July 2017, CountPlus Limited sold 100% of its interest in its Sydney based subsidiary, Countplus National Audits. The consideration for the sale was \$1,100,000, with the transaction settled on 31 July 2017.

On 8 July 2017, CountPlus Limited's 100% owned subsidiary Total Financial Solutions Australia Limited sold its 49% equity interest in McQueen Financial Group. The consideration for the sale is \$2,396,689.

Subsequent to year end, CountPlus Limited and its subsidiaries disposed of 1,092,000 shares in Class Limited for consideration of \$3,285,952 (after transaction costs).

No other matters or circumstances have arisen since the end of the financial 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.

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.