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Annual General Meeting 2017

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**ADDRESS BY**  
**MATTHEW**  
**ROWE**

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Chief Executive Officer

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## **THANK YOU RAY.**

## **GOOD MORNING LADIES AND GENTLEMEN.**

In August this year, within the first 100 days of my tenure, I wrote to every shareholder in our Company. That letter said – essentially – that if we improved performance across five strategic areas, we would increase shareholder value.

**Getting this right is critical. To realise our vision of unrivalled leadership within the growing financial advice and services sector, requires our core performance to continue to lift across five key areas of:**

- > our people;
- > our firms;
- > our financials;
- > our community; and
- > our focus on process and systems.

We said in August 2017 that our strategic focus for now and in the weeks and years to come represents ***a turning point for our combined future prosperity.***

Together with your Board I set out key immediate priorities – debt reduction, stricter fiscal controls, higher governance standards, and a review of the performance and efficiencies of our Member firms.

These immediate steps would give us certainty and flexibility to pursue growth, and form the foundations for CountPlus playing a pivotal role in the wealth and wellbeing of our Member firms, their clients and our shareholders.

## **DELIVERING ON OUR COMMITMENTS**

I would like to report that the Company has delivered on these immediate commitments. As of today, Company debt is zero and we hold cash at hand of almost \$2,000,000.

Tighter fiscal controls mean, among other benefits, we have re-negotiated new banking and debt arrangements, on a stronger commercial footing, giving the Company the requisite balance sheet strength for future growth.

Stronger governance standards and reporting disciplines give us confidence that the problems of the past, like the TFSA Dobinson matter, are dealt with and the risk of a repeat issue of this nature is strongly reduced.

The picture today of our Member firms is quite different to our roster at the beginning of this calendar year – with several mergers, restructures and sales of firms. We are confident that our core business base is in the best possible shape for the growth and development pathway ahead.

I would now like to briefly turn to the five strategic drivers and discuss the progress made.

# 1 PEOPLE

**CountPlus has made significant leadership appointments:**

- > the Company Board has a New Non-Executive Chairman and new Non-Executive Directors in Alison Ledger and Kate Hill
- > A new CFO, Laurent Toussaint, joins us in January, with acting CFO, Geoff Missen operating in the role until that time
- > Our General Counsel and Company Secretary Angus Finney joined us this year.

**The high-quality standard of our people extends also to Member firms. At TFSA, for example:**

- > Mark Rantall joined as Chairman,
- > Bruce Foy joined as a Non-Executive Director
- > Andrew Kennedy was appointed as CEO
- > A new CFO, Sean Ryan was appointed, along with new Head of Compliance, Shannon Durrant.

**And briefly, in other Member firms:**

- > Victoria Studley appointed as Managing Principal of 360FA
- > Julie Berry appointed as Chair of 360FA
- > Jane Beverley appointed as Managing Principal of Evolution
- > Chris Nicoloff appointed Managing Principal of Bentleys Perth
- > Paul Burton appointed Chair of Bentleys Perth
- > Richard Felice appointed as Managing Principal of CountPlus One incorporating Wearne & Co
- > Ross Hedrick as Managing Principal of Kidmans Partners
- > Graham McGeagh appointed Chair of Crosby Dalwood, CountPlus One and Kidmans Partners
- > Mark Rantall appointed as a NED to Hood Sweeney
- > Tom Reddacliff appointed as Chair of Cooper Reeves

# 2 FIRMS

**Every Member firm has now undergone a review for its strategic fit.**

The Company has sold interests in various business units, receiving around \$8.5m in proceeds. These firms produced an aggregate loss of \$261,000.00 in the 2017 Financial Year.

The Company merged two firms. Several firms have restructured – Kidmans Partners, 360FA, Bentleys Perth, TFSA, and Evolution.

We are now close to finalising DEP terms with various member firms.

Throughout these discussions, we identified opportunity to merge existing firms with new – all part of lifting the efficiencies and bench strength within these firms.

## **3 FINANCIAL**

The Company is debt Free – and our cash position is almost \$2,000,000.

We are close to finalising new banking arrangements on favourable commercial terms and with a long-term commitment from our Bankers.

As at today we have made significant progress on the TFSA remediation matter and we anticipate having made offers to all impacted clients by the end of November 2017.

## **4 COMMUNITY**

The Company has announced a closer working relationship with the Count Foundation and set a target to raise and donate with the Foundation over \$300,000 to worthwhile causes across the CountPlus Community.

An Advisory Committee from leaders in our member firms will work closely with us to implement best practice ideas amongst our community of firms.

## **5 FOCUS**

The Company has embraced new values and team rules through which the fit of all team members is measured.

We have negotiated new service agreements with Class Super and Xero to provide significant value to our firms.

In February 2017 just 2 firms had achieved 'lock up' of 85 days. Today, 7 firms are achieving this benchmark and others are making significant progress toward this goal. We have seen a significant improvement in working capital management which we believe is a proxy for client satisfaction and engagement.

The Company has begun implementing tools and internal benchmarks that will assist our firms to improve performance in key areas.

We have commenced programs to share best practice across our firms and we are working on a new value proposition for our firms and potential future firms.

## **6** **FY2017 FINANCIAL HIGHLIGHTS**

### **Now to financial performance.**

My fellow Directors and I reported a consolidated net profit before tax of \$2,163,000 for the year end 30 June 2017. Core underlying operating profit (after excluding the effect of the investment in Class Limited (Class) and non-cash impairments) was \$8,625,000. This is an improvement on the prior year of \$8,189,000.

The Company's core operating profit was achieved at a time of significant change. As I have outlined, a focus has been to work with our member firms to improve the key financial and strategic drivers. This has led to an improvement in performance since February 2017.

The improvement is borne out in the last six months to 30 June 2017, where accounting revenue for member firms increased by six per cent compared with the same period in the 2016 financial year.

## **CONCLUSION**

I would like to thank you for your continued support of the Company, and reiterate my pride at being able to lead CountPlus, as we strive to become Australia's leading network of professional accounting and advice firms, aligned through shared values, mutual success and our sense of community.

**Thank You.**