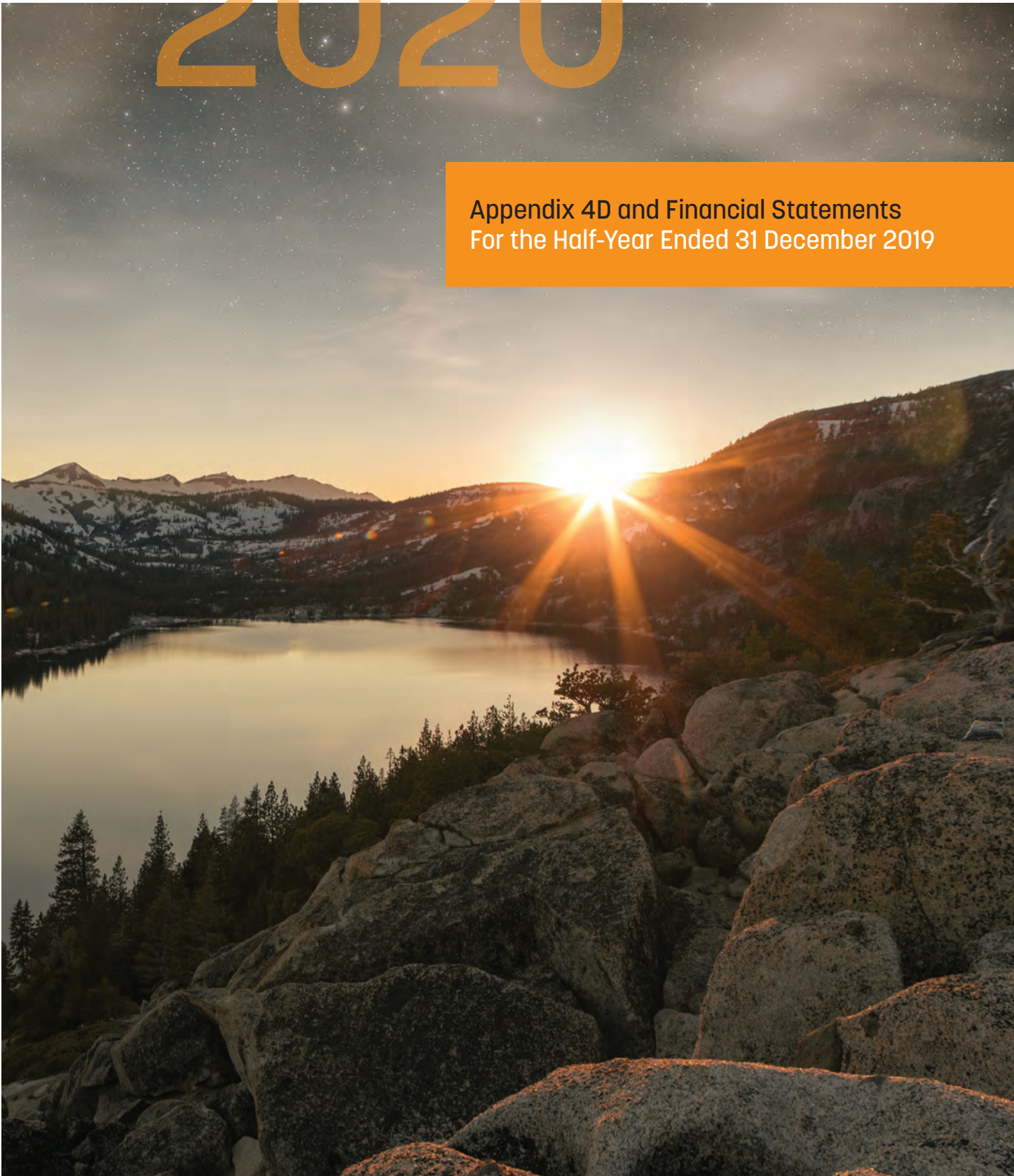


2020

Appendix 4D and Financial Statements
For the Half-Year Ended 31 December 2019





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Corporate Directory

For the Half-Year Ended 31 December 2019

DIRECTORS

Raymond Kellerman

Chairman

Alison Ledger

Independent Non-Executive Director

Kate Hill

Independent Non-Executive Director

Andrew McGill

Independent Non-Executive Director

Matthew Rowe

Managing Director and Chief Executive Officer

CHIEF FINANCIAL OFFICER

Laurent Toussaint

COMPANY SECRETARY

Laurent Toussaint
Narelle Wooden

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 8
1 Chifley Square
Sydney NSW 2000
Telephone +61 2 8218 8778

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 3, 60 Carrington Street
Sydney NSW 2000
Telephone +61 2 8234 5000

INDEPENDENT AUDITOR

Grant Thornton
Level 17, 383 Kent Street
Sydney NSW 2000
Telephone +61 2 8297 2400

SOLICITOR

Thomson Geer Lawyers
Level 25, 1 O'Connell Street
Sydney NSW 2000
Telephone +61 2 8248 5800

BANKER

Westpac Banking Corporation

STOCK EXCHANGE LISTING

CountPlus Limited shares are listed on the Australian Securities Exchange (ASX code: CUP)

WEBSITE ADDRESS

www.countplus.com.au

ABN

11 126 990 832

Appendix 4D

For the Half-Year Ended 31 December 2019

1 Company details

Name of entity	CountPlus Limited
ABN	11 126 990 832
Reporting period	For the half-year ended 31 December 2019
Previous period	For the half-year ended 31 December 2018

2 Results for announcement to the market

				\$'000
Revenue from contracts with customers	up	8%	to	38,852
Profit from ordinary activities after tax attributable to the owners of CountPlus Limited	up	>100%	to	13,061
Profit for the half-year attributable to the owners of CountPlus Limited	up	>100%	to	13,061

Comments

CountPlus Limited reported consolidated net profit after tax (NPAT) for the half-year ended 31 December 2019 of \$13,459,000 (2018: \$2,630,000), including a non-recurring gain on bargain purchase of \$12,489,000 of which a profit of \$13,061,000 (2018: \$1,907,000) was attributable to the shareholders of CountPlus.

3 Net tangible assets

	Reporting period Cents	Previous period Cents
Net tangible assets per ordinary security	29.69	26.12

In the current period, right-of-use assets and lease liabilities recognised under AASB 16, as well as, contract assets and contract liabilities recognised under AASB 15, have been excluded from this calculation.

4 Control gained over entities

Name of entities (or group of entities)	Count Financial Limited
Date control gained	1 October 2019

	\$'000
Contribution of such entities to the reporting entity's profit / (loss) from ordinary activities before income tax during the period	(1,270)

5 Loss of control over entities

Not applicable.

Appendix 4D

For the Half-Year Ended 31 December 2019

6 Dividends

Current period

	Amount per security Cents	Franked amount per security Cents
Final dividend – paid on 16 October 2019	1.000	1.000
Total dividend paid	1.000	1.000
Dividend proposed and not recognised as a liability* – to be paid 15 April 2020	1.250	1.250

All dividends are fully franked.

*record date 20 March 2020

Previous period

	Amount per security Cents	Franked amount per security Cents
Final dividend – paid on 17 October 2018	1.000	1.000
Total dividend paid	1.000	1.000
Dividend proposed and not recognised as a liability – paid on 17 April 2019	1.000	1.000

7 Dividend reinvestment plans

Not applicable.

8 Details of associates

Name of associate	Reporting entity's percentage holding		Contribution to profit	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
One Hood Sweeney Pty Ltd	32.36%	32.36%	437	386
Hunter Financial Planning Pty Ltd	40.00%	40.00%	208	200
OBM Financial Services Pty Ltd	40.00%	40.00%	52	22
Rundles CountPlus Pty Ltd	40.00%	–	187	–
Rundles Financial Planning Pty Ltd	20.00%	–	30	–
DMG Financial Holdings Pty Ltd	30.00%	–	141	–
Group's aggregate share of associates profit				
Profit from ordinary activities after income tax			1,055	608

9 Foreign entities

Not applicable.

10 Events after balance sheet date

The financial report was authorised for issue on 19 February 2020 by the Board of Directors.

No 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 of the consolidated entity in future financial years.

On 19 February 2020, the Directors resolved to declare a half-year dividend of 1.25 cents (fully franked) to be paid on 15 April 2020 (Record date 20 March 2020).

11 Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Appendix 4D and Financial Statements for the Half-Year Ended.

Directors' Report

For the Half-Year Ended 31 December 2019

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of CountPlus Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2019.

Directors

The following persons were Directors of CountPlus Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Raymond Kellerman	Chairman
Alison Ledger	Independent Non-Executive Director
Kate Hill	Independent Non-Executive Director
Andrew McGill	Independent Non-Executive Director
Matthew Rowe	Managing Director and Chief Executive Officer

Review of operations

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to \$13,061,000 (31 December 2018: \$1,907,000).

The main contributing factor for the significant increase in reported profit is due to the gain on bargain purchase of \$12,489,000 recognised on the purchase of Count Financial.

Adjusted net profit after tax ('NPAT') is presented in the table below to reflect the underlying performance of the business. Adjusted NPAT attributable to CountPlus shareholders was \$2,042,000 for the half-year, 7.0% up on the prior comparable period.

	31 December 2019 \$'000	31 December 2018 \$'000	Change \$'000	Change %
Net profit after tax – Reported	13,459	2,630		
Deduct: Gain on bargain purchase	(12,489)	–		
Add: One off M&A costs	215	–		
Add: Transition costs – Count Financial	2,102	–		
Add: AASB 15 effect to Insurance Trail Commissions – Count Financial	200	–		
Deduct: Tax impact of adjustments above	(702)	–		
Adjusted NPAT	2,785	2,630		
Adjusted minority interest	(743)	(723)		
Adjusted NPAT attributable to CountPlus shareholders	2,042	1,907	135	7%

On an adjusted basis, earnings per share increased to 1.85 cents from 1.73 cents in the prior comparable period, reflecting an increase of 7%.

Shareholders equity attributable to owners of CountPlus increased by \$10,974,000 from 30 June 2019 to \$66,083,000 and CountPlus had cash on hand of \$20,140,000 as at 31 December 2019.

Dividends

CountPlus' dividend policy is set at a range of between 40% to 70% of maintainable net profit after tax and minority interests, subject to market conditions and company performance.

CountPlus is committed to the following principles in determining the dividend policy:

- ▶ Payment of dividends out of operating cashflows; and
- ▶ Consideration of debt reduction, working capital and investments.

The Board is pleased to declare an interim dividend of 1.25 cents per share fully franked for the half-year ended 31 December 2019.

Directors' Report

For the Half-Year Ended 31 December 2019

Significant changes in the state of affairs

Count Financial

CountPlus Limited concluded the purchase of Count Financial on 1 October 2019. Count Financial has been successfully integrated into CountPlus. The 100-day plan since acquisition has been implemented and tracked according to plan.

Latitude Advisory Services

During the period, CountPlus member firm Kidmans Partners Pty Ltd purchased the business assets of Toil (Vic) Pty Ltd trading as Latitude Advisory Services. The transaction was funded through a combination of cash and external debt and is expected to be earnings accretive within the first year.

DMG Financial Holdings

During the period, CountPlus Limited successfully made a 30% investment in DMG Financial Holdings Pty Ltd. The acquisition extends the CountPlus network from 19 to 20 member firms. DMG Financial is a significant regional practice located in Sale, Victoria (Gippsland). DMG Financial is one of the largest accounting and financial planning firms in the Gippsland area and has seven shareholder principals.

The existing key principals and management personnel of DMG will remain in place.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016 / 191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors,



Raymond Kellerman
Director
19 February 2020
Sydney

Auditor's Independence Declaration

under Section 307C of the Corporations Act 2001



Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

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 2019. 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

S M Thomas
Partner – Audit & Assurance

Sydney, 19 February 2020

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

www.grantthornton.com.au

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Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Half-Year Ended 31 December 2019

	Note	Consolidated	
		31 December 2019 \$'000	31 December 2018 \$'000
Revenue from contracts with customers	4	38,852	35,997
Other income		229	717
Interest income		98	43
Gain on bargain purchase	17	12,489	–
Expenses			
Salaries and employee benefits expense		(25,972)	(24,091)
Depreciation expense		(1,800)	(418)
Premises expenses		(837)	(2,063)
Acquisition related expenses		(284)	(223)
Amortisation expense		(679)	(853)
Share based payment expense		(52)	(7)
Finance costs		(531)	(162)
Other operating expenses	5	(8,617)	(5,804)
Total expenses		(38,772)	(33,621)
Operating profit		12,896	3,136
Share of net profits of associates accounted for using equity method		1,055	608
Profit before income tax expense		13,951	3,744
Income tax expense		(492)	(1,114)
Profit after income tax expense for the half-year		13,459	2,630
Other comprehensive income for the half-year, net of tax		–	–
Total comprehensive income for the half-year		13,459	2,630
Profit for the half-year is attributable to:			
Owners of CountPlus Limited		13,061	1,907
Non-controlling interest		398	723
		13,459	2,630
Total comprehensive income for the half-year is attributable to:			
Owners of CountPlus Limited		13,061	1,907
Non-controlling interest		398	723
		13,459	2,630
		Cents	Cents
Basic earnings per share		11.83	1.73
Diluted earnings per share		11.83	1.73

The above Consolidated Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2019

	Note	Consolidated	
		31 December 2019 \$'000	30 June 2019 \$'000
Assets			
Current assets			
Cash and cash equivalents		20,140	10,258
Trade and other receivables	6	160,107	11,909
Contract assets	7	11,955	3,522
Current tax assets		7	–
Loans and advances		507	19
Total current assets		192,716	25,708
Non-current assets			
Trade and other receivables	6	380	672
Contract assets	7	16,403	–
Investments in associates		17,337	13,607
Property, plant and equipment		4,354	3,697
Right-of-use assets		15,905	–
Intangible assets		38,320	33,173
Deferred tax assets		–	550
Total non-current assets		92,699	51,699
Total assets		285,415	77,407
Liabilities			
Current liabilities			
Trade and other payables		12,975	5,785
Contract liabilities	8	7,154	916
Interest bearing loans and borrowings		3,356	527
Lease liabilities		2,754	–
Current tax liabilities		–	336
Provisions	9	148,608	5,052
Other current liabilities		1,001	383
Total current liabilities		175,848	12,999
Non-current liabilities			
Trade and other payables		127	108
Contract liabilities	8	14,471	–
Interest bearing loans and borrowings		2,034	1,228
Lease liabilities		14,666	–
Deferred tax liabilities		1,271	–
Provisions	9	1,039	1,130
Other non-current liabilities		769	601
Total non-current liabilities		34,377	3,067
Total liabilities		210,225	16,066
Net assets		75,190	61,341
Equity			
Issued capital	10	121,583	121,583
Reserves		(47,010)	(47,062)
Accumulated losses		(8,490)	(19,412)
Equity attributable to the owners of CountPlus Limited		66,083	55,109
Non-controlling interest	11	9,107	6,232
Total equity		75,190	61,341

The above Consolidated Statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2019

Consolidated	Note	Issued Capital \$'000	Treasury Shares* \$'000	Share Based Payment Reserve \$'000	Acquisition Reserve \$'000	Accumulated Losses \$'000	Non-controlling interests (NCI) \$'000	Total Equity \$'000
Balance at 1 July 2019		126,566	(4,983)	1,486	(48,548)	(19,412)	6,232	61,341
Adjustment for change in accounting policy	2	–	–	–	–	(1,128)	–	(1,128)
Balance at 1 July 2019 – restated		126,566	(4,983)	1,486	(48,548)	(20,540)	6,232	60,213
Profit after income tax expense for the half-year		–	–	–	–	13,061	398	13,459
Other comprehensive income for the half-year, net of tax		–	–	–	–	–	–	–
Total comprehensive income for the half-year		–	–	–	–	13,061	398	13,459
Transactions with owners in their capacity as owners								
Transactions with non-controlling interests (NCI)		–	–	–	–	118	2,819	2,937
Share based payments for long term incentives (LTI)		–	–	52	–	–	–	52
Dividends provided for or paid**		–	–	–	–	(1,129)	(342)	(1,471)
Transfer of treasury shares***		(626)	626	–	–	–	–	–
Balance at 31 December 2019		125,940	(4,357)	1,538	(48,548)	(8,490)	9,107	75,190

Consolidated		Issued Capital \$'000	Treasury Shares* \$'000	Share Based Payment Reserve \$'000	Acquisition Reserve \$'000	Accumulated Losses \$'000	Non-controlling interests (NCI) \$'000	Total Equity \$'000
Balance at 1 July 2018		126,566	(4,983)	1,494	(52,857)	(15,439)	6,007	60,788
Profit after income tax expense for the half-year		–	–	–	–	1,907	723	2,630
Other comprehensive income for the half-year, net of tax		–	–	–	–	–	–	–
Total comprehensive income for the half-year		–	–	–	–	1,907	723	2,630
Transactions with owners in their capacity as owners								
Transactions with non-controlling interests (NCI)		–	–	–	–	–	(161)	(161)
Share based payments for long term incentives (LTI)		–	–	(18)	–	–	–	(18)
Transfer to accumulated losses [^]		–	–	–	4,309	(3,350)	–	959
Dividends provided for or paid**		–	–	–	–	(1,129)	(450)	(1,579)
Balance at 31 December 2018		126,566	(4,983)	1,476	(48,548)	(18,011)	6,119	62,619

The above Consolidated Statement of changes in equity should be read in conjunction with the accompanying notes.

* 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 which are eliminated on consolidation.

*** A number of treasury shares were transferred to issued capital following the release of the shares from the 2015 loan funded share plan

[^] Transfer of Acquisition Reserve to Accumulated Losses for firms disposed.

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2019

	Note	Consolidated	
		31 December 2019 \$'000	31 December 2018 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		66,406	52,396
Payments to suppliers and employees (inclusive of GST)		(63,278)	(47,618)
		3,128	4,778
Interest received		98	43
Interest and other finance costs paid		(531)	(162)
Income taxes paid (net)		(1,008)	(965)
Net cash from operating activities		1,687	3,694
Cash flows from investing activities			
Payment for purchase of business units and associates		(3,676)	(1,325)
Payments for property, plant and equipment		(1,394)	(590)
Payment for deferred consideration on acquisition of controlled entities		–	(333)
Proceeds from acquisition of subsidiary, net of cash acquired	17	32,699	–
Payment for completion adjustment on acquisition of subsidiary		(21,704)	–
Proceeds from disposal of subsidiaries, business units and associates		357	–
Proceeds from disposal of property, plant and equipment		–	14
Dividends received		763	317
Net cash from / (used in) investing activities		7,045	(1,917)
Cash flows from financing activities			
Proceeds from borrowings		3,773	1,168
Dividends paid		(1,129)	(1,129)
Repayment of borrowings		–	(941)
Repayment of lease liabilities		(1,152)	–
Payment of dividends by controlled subsidiaries to non-controlling interests		(342)	(450)
Net cash from / (used in) financing activities		1,150	(1,352)
Net increase in cash and cash equivalents		9,882	425
Cash and cash equivalents at the beginning of the financial half-year		10,258	10,998
Cash and cash equivalents at the end of the financial half-year		20,140	11,423

The above Consolidated Statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2019

1 Basis of preparation of half-year report

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

2 Significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations had a significant impact on the financial performance and position of the consolidated entity. The impact is set out below.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 16 Leases

The consolidated entity has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the Statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 16 was adopted using the modified retrospective approach and as such the comparatives have not been restated. The net impact of adoption on opening retained profits was \$1,128,000 as at 1 July 2019. The following assets and liabilities were recognised and derecognised on 1 July 2019:

	1 July 2019 \$'000
Right-of-use assets (AASB 16)	10,956
Net investment in sublease (AASB 16)	335
Lease liabilities – current (AASB 16)	(2,526)
Lease liabilities – non-current (AASB 16)	(10,134)
Transfer of make good assets from property, plant and equipment	(242)
Deferred tax asset recognised at 1 July 2019	483
Net impact on accumulated losses at 1 July 2019	(1,128)
	1 July 2019 \$'000
Reconciliation from operating lease commitments disclosure at 30 June 2019 to the operating lease liability at 1 July 2019	
Operating lease commitments as at 30 June 2019 (AASB 117)	7,911
Adding the effects of extension and termination options	7,146
Discounted using the lessee's incremental borrowing rate at the date of initial application (4.5%)	(2,398)
Lease liability recognised at 1 July 2019	12,659

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentive received, any initial direct costs incurred, and except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the lease term or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. During the half-year there were additions of \$6,276,000 to right-of-use assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payment that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Lease payments of \$1,498,000 were made during the half-year with the nature of these leases being for premises and related equipment as well as motor vehicles. Interest expense on leases for the year was \$348,000.

3 Operating segments

The chief operating decision making function (CODM) viewed the Group's operations under the following separate reportable segments:

Accounting	which comprises the provision of accounting, audit and assurance, taxation, and business and corporate advisory services.
Financial planning	which comprises of financial planning services offered by member firms.
Financial services	which comprises of financial planning services provided by Australian Financial Services licence (AFSL) holders.
Other	which mainly comprises of information technology related revenue, legal related revenue, conference and insurance related revenue.

The CODM primarily uses the measure of contribution margin (revenue less salaries and superannuation) to assess the performance of the operating segments.

No segment assets and liabilities are disclosed because there is no measure of segment assets and liabilities regularly reported to the CODM.

Segment performance

	Accounting \$'000	Financial Planning \$'000	Financial Services \$'000	Other \$'000	Total \$'000
Consolidated – 31 December 2019					
Revenue	26,927	5,630	4,352	1,943	38,852
Segment contribution margin	12,935	2,914	2,295	1,776	19,920
Segment contribution margin percentage	48%	52%	53%	91%	51%
Consolidated – 31 December 2018					
Revenue	26,303	5,979	2,572	1,143	35,997
Segment contribution margin	12,098	2,881	1,686	1,052	17,717
Segment contribution margin percentage	46%	48%	66%	92%	49%

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

Reconciliation of segment contribution margin to profit from operations before income tax

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Total contribution margin	19,920	17,717
Other income	327	760
Gain on bargain purchase	12,489	–
Share of net profit of associates	1,055	608
Amortisation and depreciation expense	(2,479)	(1,271)
Premises expenses	(837)	(2,063)
Finance costs	(531)	(162)
Other costs	(15,993)	(11,845)
Profit from operations before income tax	13,951	3,744

The segment revenue described above represents revenue generated from external customers.

4 Revenue from contracts with customers

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Accounting services revenue	26,927	26,303
Financial planning revenue	5,630	5,979
Gross financial services revenue	27,399	17,703
Financial services fees and related costs	(23,047)	(15,131)
Other operating revenue	1,943	1,143
Revenue from contracts with customers	38,852	35,997

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Timing of revenue recognition		
Goods transferred at a point in time	11,925	9,694
Services transferred over time	26,927	26,303
	38,852	35,997

Financial planning revenue

Financial planning revenue includes commissions and fees generated by CountPlus firms from financial advice services provided to clients.

Gross financial services revenue

Gross financial services revenue includes revenue generated from services performed by authorised representatives of Total Financial Solutions Australia Limited (TFS) and Count Financial Limited (both Australian Financial Services Licence holders) and product margin rebates that are paid by product providers to TFS and Count Financial. TFS and Count Financial are considered to be acting as agent under the requirements of AASB 15 Revenue from Contracts with Customers. Fees, commissions and related costs are deducted from the gross number to obtain the reported net revenue figure as disclosed in the Consolidated Statement of Profit or Loss and other comprehensive income.

Financial services fees and related costs

Fees, commissions and related costs are made up primarily of two components: those payable by subsidiaries, TFS and Count Financial Limited to financial advisors in accordance with their Authorised Representative Agreements, and referral fees payable to its affiliated members.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

5 Other operating expenses

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Audit fees	205	169
Legal fees	231	177
Accounting and other professional fees	327	327
Bad and doubtful debts – trade receivables	295	156
Sales and marketing expenses	529	430
Administration expenses	1,266	1,765
Insurance expense	1,434	894
Technology expense	2,751	1,707
Other	1,579	179
	8,617	5,804

6 Trade and other receivables

	Consolidated	
	31 December 2019 \$'000	30 June 2019 \$'000
Current assets		
Trade receivables	7,908	9,558
Less: Allowance for expected credit losses	(612)	(570)
Remediation receivable	143,300	–
	150,596	8,988
Other receivables	6,670	1,808
Prepayments	2,841	1,113
	9,511	2,921
	160,107	11,909
Non-current assets		
Other receivables	380	672

7 Contract assets

	Consolidated	
	31 December 2019 \$'000	30 June 2019 \$'000
Current assets		
Contract assets	5,093	3,693
Allowance for expected credit losses of contract assets	(376)	(171)
Ongoing insurance trail commission	7,311	–
Loss allowance on trail commissions	(73)	–
	11,955	3,522
Non-current assets		
Ongoing insurance trail commission	16,570	–
Loss allowance on trail commissions	(167)	–
	16,403	–

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

Contract assets have been raised to reflect the recognition of ongoing insurance trail commissions receivable across various commission arrangements. This reflects the upfront recognition of ongoing insurance commission income when a performance obligation has been met, e.g. a new customer is introduced to a product.

The amount of ongoing insurance trail commission revenue and the associated expenses paid to aligned advisers is dependent on assumptions about the term of the underlying insurance policies generating the commission. The Group has recognised the net present value of expected future risk insurance trail commission income and expense. Included in the recognition of the income are assumptions around the life of the product and the likely run off of products over time. Ongoing insurance trail commission income and associated expenses, present valued, are only recognised to the extent that they are highly probable and are not expected to reverse in future periods.

8 Contract liabilities

	Consolidated	
	31 December 2019 \$'000	30 June 2019 \$'000
Current liabilities		
Unearned revenue	769	916
Ongoing insurance trail commission	6,385	–
	7,154	916
Non-current liabilities		
Ongoing insurance trail commission	14,471	–

Contract liabilities have been raised to reflect the recognition of ongoing insurance commissions payable across various commission arrangements. This reflects the upfront recognition of certain future trail commission expenses when a performance obligation has been met, e.g. a new customer is introduced to a product.

The expense and contract liability is calculated based upon the estimated payout to aligned advisers.

9 Provisions

	Consolidated	
	31 December 2019 \$'000	30 June 2019 \$'000
Current liabilities		
Annual leave	2,277	2,200
Long service leave	2,555	2,253
Bonus provision	425	543
Remediation provision	143,351	51
Other	–	5
	148,608	5,052
Non-current liabilities		
Long service leave	1,035	1,130
Other	4	–
	1,039	1,130

Remediation provision

The company continually assesses whether ongoing investigations into regulatory and remediation matters will result in an outflow other than the amounts that have already been recognised.

A \$143,300,000 corresponding asset and liability has been recognised in the statement of financial position for Count Financial regarding the remediation provision for historical issues pre the purchase of Count Financial by CountPlus. The indemnity provided by Commonwealth Bank of Australia is capped at an amount of \$200,000,000 which can be renegotiated if the failure rate goes above 24%.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

Provisions for customer remediation require significant levels of estimation and judgement. During the current period, as part of the Count Financial acquisition, the Company acquired a provision for remediation issues, including ongoing service fees charged where no service was provided. The provision for ongoing service remediation includes an interest component in accordance with Regulatory Guide 256. The estimated ongoing service fee remediation provision is derived using a number of different assumptions; the key assumptions being: the number of years impacted (assumed to be 11 years), the forecast refund rate of 24%, and the ongoing service fees charged.

An increase / (decrease) in the failure rate by 1% across all 11 years would result in an increase / (decrease) in the provision of approximately \$5,900,000. Potential settlements will not be known until individual cases have been reviewed and compensation offers accepted. Differences in amounts paid to the amount of provision recorded at 31 December 2019 will be recognised in future periods.

10 Issued capital

	Consolidated			
	31 December 2019 Shares	30 June 2019 Shares	31 December 2019 \$'000	30 June 2019 \$'000
Ordinary shares – fully paid	114,222,559	114,222,559	124,593	125,219
Treasury shares – Issued capital held by loan funded share plan	(3,334,966)	(3,813,807)	(4,357)	(4,983)
Capital contribution	–	–	1,968	1,968
ASX listing cost	–	–	(586)	(586)
Loan funded share plan establishment costs	–	–	(35)	(35)
	110,887,593	110,408,752	121,583	121,583

11 Non-controlling interest

Reconciliation of non-controlling interest (NCI) in controlled entities

	Consolidated	
	31 December 2019 \$'000	30 June 2019 \$'000
Opening balance	6,232	6,007
Acquisitions	2,580	–
Purchase of shares from NCI holder	–	(161)
Disposal of shares to NCI holder	239	–
Share of net profit for the period	398	1,321
Dividends paid by subsidiaries to non-controlling interests	(342)	(935)
Closing balance	9,107	6,232

12 Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 December 2019 \$'000	31 December 2018 \$'000
Dividends paid during the half-year on ordinary shares declared in prior period	–	–
Dividends paid or proposed during the half-year on ordinary shares declared in the current period	1,142	1,142

Dividends proposed but not recognised at the half-year 31 December 2019 are \$1,428,000 (31 December 2018 \$1,142,000).

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

13 Fair value measurement

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables, loans, advances and other receivables and interest-bearing 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.

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 Unobservable inputs for the asset or liability

Consolidated – 31 December 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Liabilities				
Contingent cash consideration	–	–	(1,174)	(1,174)
Total liabilities	–	–	(1,174)	(1,174)
Consolidated – 30 June 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial Liabilities				
Contingent cash consideration	–	–	(448)	(448)
Total liabilities	–	–	(448)	(448)

The fair value of the financial assets and liabilities represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

Fair value of other investments held at fair value through profit and loss is determined based on observable market transactions. Observable market transactions considered are those transactions which occurred on 31 December 2019, excluding new issue of shares. The fair value is calculated by multiplying the total number of shares outstanding by the market price.

Fair value of contingent 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.

There were no transfers between levels during the financial half-year.

The maximum potential payment for deferred consideration is \$1,174,000 (2018: \$448,000).

Valuation techniques for fair value measurements categorised within level 2 and level 3

Sensitivity to changes in assumptions

Management believes no reasonable change in any other key assumptions would have a material impact on the fair value of the other investments and deferred consideration.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Total \$'000
Balance at 1 July 2019	(448)
Additions to deferred cash consideration for acquisition of assets during the year	(726)
Balance at 31 December 2019	(1,174)

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

14 Contingent assets

The Group has no contingent assets as at 31 December 2019 (30 June 2019: Nil).

15 Contingent liabilities

The consolidated entity has given bank guarantees as at 31 December 2019 of \$1,141,000 (30 June 2019: \$683,000) to various landlords. No material losses are anticipated in respect of these guarantees.

16 Related party transactions

Parent entity

CountPlus Limited is the parent entity.

The Group consists of the parent and its controlled entities (subsidiaries). During the period an 85% ownership in Count Financial Limited has been purchased.

Commonwealth Bank of Australia has maintained its 35.85% shareholding in CountPlus, held by its subsidiary Colonial First State Group Limited. This shareholding was in place prior to the transaction and the transaction was completed on an arm's length basis.

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

- ▶ the loans advanced by the parent to subsidiaries;
- ▶ the loan repayments by the subsidiaries to the parent;
- ▶ the payment of dividends to the parent by subsidiaries; and
- ▶ recharges from the parent to the subsidiaries.

At the half-year end, all loan balances, payment of dividends and recharges between the parent and these subsidiaries were eliminated on consolidation.

Associates

Interests in associates are set out in note 18.

17 Business combinations

Accounting Policy

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately.

Acquisition of Count Financial Limited

On 1 October 2019, CountPlus Limited acquired 85% of the ordinary shares of Count Financial Limited for \$2,125,000. Count Financial is a financial advice licensee business and operates in the Financial Services division of the consolidated entity. It was acquired to facilitate the growth and development of the Financial Services division. The gain on bargain purchase of \$12,489,000 represents the excess of the fair value of the identifiable net assets of Count Financial over the purchase consideration. The acquired business contributed revenues of \$3,591,000 and loss after tax of \$1,057,000 to the consolidated entity for the period from 1 October 2019 to 31 December 2019.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

Details of the acquisition are as follows:

	1 October 2019 \$'000
Amount settled in cash by CountPlus	2,125
Amount settled by non-controlling interest in Count Financial	375
	2,500
Recognised amounts of identifiable net assets:	
Intangible assets (provisional amounts)	4,614
Trade and other receivables	3,601
Contract assets	24,350
Cash and cash equivalents	34,824
Remediation provision receivable	143,300
Deferred tax liabilities	(2,352)
Remediation provision payable	(143,300)
Trade and other payables	(26,478)
Contract liabilities	(21,365)
Net identifiable assets and liabilities	17,194
Net identifiable assets	17,194
Consideration by CountPlus	(2,125)
Non-controlling interest	(2,580)
Gain on bargain purchase to CountPlus	12,489
Purchase consideration – Cash inflow	
Inflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	(2,125)
Add: Balances acquired	
Cash	34,824
Net inflow of cash – investing activities	32,699

Acquisition-related costs amounting to \$1,436,000 were recognised as an expense in the consolidated statement of comprehensive income during the year to 30 June 2019. No acquisition related costs were incurred in the period between 1 July 2019 and 31 December 2019.

Non-controlling interest in Count Financial Limited

The non-controlling interest in Count Financial at date of acquisition was \$2,580,000. This represents 15% of the fair value of identifiable net assets of Count Financial at date of acquisition.

In accordance with AASB 3, management has recognised the NCI's proportionate share of the fair value of net identifiable assets acquired.

Identifiable net assets

At 31 December 2019, the fair values of the brand and client relationships amounting to \$1,323,000 and \$3,291,000, respectively, are provisional pending finalisation of their valuation. The fair value of the trade and other receivables and contract assets acquired as part of the business combination amounted to \$27,951,000.

Gain on bargain purchase

The gain on bargain purchase represents the excess of the fair value of the acquired identifiable assets and liabilities over the purchase price. This gain on bargain purchase has been allocated to the Group's Financial Services segment and is not expected to be assessable for tax purposes. The gain on bargain purchase arises as CBA decided to exit the aligned financial advice business. CountPlus was a logical acquirer of Count Financial given its historical corporate relationship and equity holdings in 15 Count Financial member firms.

Count Financials' contribution to the Group results

Count Financial has contributed \$3,591,000 in revenue and loss after tax of \$1,057,000 to the Group from the acquisition date to 31 December 2019.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2019

18 Investment in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

Name of associate	Principal place of business / Country of incorporation	Ownership interest	
		31 December 2019 %	30 June 2019 %
One Hood Sweeney Pty Ltd	Australia	32.36%	32.36%
Hunter Financial Planning Pty Ltd	Australia	40.00%	40.00%
OBM Financial Services Pty Ltd	Australia	40.00%	40.00%
Rundles CountPlus Pty Ltd	Australia	40.00%	40.00%
Rundles Financial Planning Pty Ltd	Australia	20.00%	20.00%
DMG Financial Holdings Pty Ltd	Australia	30.00%	–

Movements during the year in equity accounted investment in associated companies

	Consolidated	
	31 December 2019 \$'000	30 June 2019 \$'000
Opening balance	13,607	9,088
Acquisitions	3,438	3,722
Share of associate company's profit after tax	1,055	1,553
Dividends and distributions	(763)	(756)
	17,337	13,607

19 Events after the reporting period

Apart from the dividend declared as disclosed in note 12, no other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Declaration

For the Half-Year Ended 31 December 2019

In the Directors' opinion:

- ▶ the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- ▶ the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- ▶ there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors,



Raymond Kellerman
Director
19 February 2020
Sydney

Independent Auditor's Review Report to the members of CountPlus Limited



Level 17, 383 Kent Street
Sydney NSW 2000

Correspondence to:
Locked Bag Q800
QVB Post Office
Sydney NSW 1230

T +61 2 8297 2400
F +61 2 9299 4445
E info.nsw@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Review Report

To the Members of CountPlus Limited

Report on the review of the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of CountPlus Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of CountPlus Limited does not give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the half year ended on that date, in accordance with the Corporations Act 2001, including complying with Accounting Standard AASB 134 Interim Financial Reporting.

Directors' responsibility for the half year financial report

The Directors of the Company 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 internal control as the Directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half year financial report based on our review. We conducted our review in accordance with 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 Group's financial position as at 31 December 2019 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 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

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Independent Auditor's Review Report to the members of CountPlus Limited



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 have complied with the independence requirements of the *Corporations Act 2001*.

A stylized, handwritten signature in black ink that reads "Grant Thornton".

Grant Thornton Audit Pty Ltd
Chartered Accountants

A handwritten signature in black ink that reads "S M Thomas".

S M Thomas
Partner – Audit & Assurance

Sydney, 19 February 2020



2020

Appendix 4D and Financial Statements
For the Half-Year Ended 31 December 2019