countplus

ANNUAL REPORT 2011

About Countplus

Countplus is a professional services aggregation network of 19 businesses across Australia; 17 accounting/business advisory firms, one financial planning specialist and a financial planning dealer group. We operate out of 33 offices in 18 towns and cities across Australia, with over 400 employees.

We are committed to growth by developing a best practice accounting and wealth advice network through the sharing of ideas, practices and systems across the Group and joining with new partners that share our goal of delivering outstanding quality service and advice to clients.

Contents

Financials

Financial Highlights

Operating Profit (EBITA)	$18.41m
Consolidated Net Profit After-Tax (NPAT)	$13.30m
Earnings Per Share	13.20 cents
Dividend Per Share (Post Listing)	6c declared and paid for half year ended June 2011
Contribution Margin (Total Net Member Income/Net Member Revenue)	23%

Financial Summary

2011	$ 000	% of Total Revenue
Total Net Revenue of Member Firms [1]	81,538	100%
Salaries and Employment Expenses [2]	(46,175)	(57%)
Premises Expenses	(4,186)	(5%)
Depreciation Expenses	(1,319)	(2%)
Other Operating Expenses	(11,151)	(13%)
Total Expenses	**(62,831)**	**(77%)**
Net Income Member Firms	**18,707**	**23%**
Head Office Contribution (net cost) [3]	(300)	(1%)
EBITA	**18,407**	**22%**
Interest Expenses	(967)	
Profit before Tax	**17,440**	**21%**
Tax	(5,554)	
Consolidated Cash Profit	**11,886**	**14%**
Amortisation Expenses (net tax) [4]	(1,817)	
Fair Value Uplift on Consolidation of Member Firms (net) [5]	3,227	
Consolidated Net Profit after Tax	**13,296**	**16%**
Current Assets	30,388	
Current Liabilities [6]	28,913	
Non-Current Assets	56,670	
Non-Current Liabilities	9,098	
Net Assets	**49,047**	
Total Loans and Borrowings [7]	**1,817**	
Debt to Equity Ratio	**3.7%**	

Notes to Financial Summary

1. **Net Revenue**
   This line item represents fees and revenue primarily from accounting (81%), legal (4%) and financial planning services (13%).
2. **Salary and Employment Expenses**
   This is the Group's largest expense with over 400 employees across the Group.
3. **Head Office Contribution**
   This relates to Countplus Corporate Head Office. For 2010/11 this included legal expenses associated with the larger final acquisitions. Head Office is expected to have a neutral to positive contribution in future periods.
4. **Amortisation Expense**
   Amortisation Expense (non-cash) relates primarily to acquired client relationships (intangible assets) arising on acquisition.
5. **Fair Value Uplift on Consolidation**
   This line item arises is non-cash and non-recurring arising predominantly from the consolidation of interests in firms at 1 July 2010.
6. **Current Liabilities**
   Current Liabilities include deferred equity consideration for acquisitions (non-cash) of approximately $6.75m.
7. **Total Loans and Borrowings**
   Existing working capital loan loans of Member Firms were repaid out of proceeds from the public raising in December 2010. Remaining debt relates primarily to one Member Firm ($600,000) with the remainder being finance and operating leases. The cash flow of Member Firms is strong and expected to meet future working capital requirements and fund the bulk of future acquisitions.

   A $10 million debt facility with Count Financial was undrawn at the balance date.

Chairman's Report

Focused on Growing Stronger Together

Barry Lambert
CHAIRMAN

Profits & Dividend

I am pleased to report a net profit after tax (NPAT) of $13.30m representing 13.20 cents per share. Whilst Countplus did not make a projection in the float prospectus, the NPAT is in line with details previously projected by the Countplus majority shareholder Count Financial Ltd.

A fully franked dividend of 6 cents has been paid for the first six months, representing 8% per annum on the list price of $1.50. If the Directors maintain this level of dividend for the year ending June 2012, our stated buyout ratio of 50-70% may be slightly exceeded. Dividends are expected to be fully franked. It is significant to note that Countplus is debt free.

The Countplus model is unique. Unlike other business aggregators that make generally aggressive acquisitions, Countplus is a long term business builder. Like the tree on the front cover, Countplus aims for steady growth as it develops strong systems and processes before branching out with an accounting franchise. In the interim, Countplus' existing Member Firms are profitable, continuing to grow and learning from one another to become even better businesses.

The professional accounting franchise will utilise intellectual property and systems from Countplus Member Firms as well as from Count Financial. This combination is expected to make the franchise unique and attractive to the accounting profession, especially when combined with Countplus' succession solutions.

New Succession Offering

Our new succession offering will provide the opportunity for new Member Firms to be acquired selectively on a progressive basis subject to meeting performance hurdles. We expect this will prove attractive to Principals wondering how they are going to finance the retirement of a partner or finance the purchase of another firm.

Whilst Countplus is young, the Member Firms are experienced. They are strong, stable and profitable and collectively form the foundation for Countplus' expansion and healthy growth over the decades to come.

Thank you for being a Countplus shareholder.

Barry Lambert
Chairman

Chief Executive Officer's Report

Michael James Spurr
MANAGING DIRECTOR, CEO AND CFO

I would like to join the Chairman in welcoming you as shareholders to the first annual report of Countplus.

This financial year saw the completion of the acquisitions of our Firms and the public listing of Countplus on 22 December. Our first annual consolidated group result of $18.41m EBITA and $13.30m NPAT is a strong one and in line with expectations.

Whilst it has been a challenging year for accounting and business services, with varying conditions across the country, our two Canberra Members have had an outstanding year. Beames & Associates, and niche service provider Achieve Corporation, have recorded very strong results. Our regional southern NSW Member, HMA Twomey Patterson and Northern NSW Member, 360 Financial Vision have also performed strongly.

Financial planning (excluding self-managed superannuation funds administration) represents a small proportion of the overall business, 15% of total revenue, but is an important part of the holistic offering of many of our Members. Investor confidence remains fragile given the continuing crisis in global financial markets. The lack of appetite for investing has prompted a greater focus on personal insurance advice, where the opportunity given the significant underinsurance that exists in Australia remains vast.

Our financial planning dealership business, Total Financial Solutions (TFS), has a large component of their business in personal insurance, which is less impacted by the proposed regulatory changes to the financial advice industry (see below). This focus on insurance together with strong expense control has ensured TFS has contributed significantly to the group 2011 result, in a very difficult year for financial advice practices.

The Future of Financial Advice (FOFA) reforms due for implementation next July should have only a minimal impact on our overall business. We expect that Count Financial, which provides financial planning dealer services to 18 of our Member Firms and Total Financial Solutions, will be able to successfully adapt to the new regulatory environment.

Our Group

Countplus is now made up of 19 Member Firms:

- Our 17 accounting Firms offer traditional tax and accounting services to individuals and small to medium businesses.
- Auditing is a specialisation offered by a number of our practices.
- 18 of the 19 group members offer financial planning services, including the financial planning dealer group of 67 advisers.
- Lawrence Business Management, one of our Western Australian Members, now has two legal subsidiaries.
- Self-managed superannuation funds are a core business with the group having in excess of 2,000 funds and growing by 10% per annum.

Many of our Member Firms have had an association with each other stretching back many years via their franchise membership with Count Financial to provide financial planning services. Indeed, 14 of the accounting practices and the stand-alone financial planning practice have been members of the Count Financial group for an average of 10 or more years. The financial planning dealership, Total Financial Solutions also has a referral arrangement with Count Financial to provide insurance advice services to clients of Count Member Firms.

Countplus has only acquired what were already very successful, profitable and established businesses. There has not and will not be any plans to try to purchase and turnaround struggling businesses that have not shown an ability to deliver sustainable organic profit growth. The existing management teams at the time of buyout, remain in charge and incentivised to continue to grow.

Chief Executive Officer's Report continued

Our Partnership

Countplus' relationship with its largest shareholder, Count Financial is very important. Count has traded profitably for all 30 years of its operation and sixteen of the nineteen Member Firms have been long-term franchisees of Count. We expect that many further acquisitions, particularly "tuck-in' opportunities will come from the Count Group. A 10 year service agreement is in place whereby Count provides Countplus Head Office with office space, IT and back-office service support. There is also a revenue sharing arrangement with Count, reflecting the fact that many of Count's top financial planning franchises are Countplus Member Firms. This ensures that Head Office is able to fund itself rather than be an additional cost burden to the Group.

The proposed acquisition of Count Financial by the Commonwealth Bank of Australia is expected by the Directors to have potentially positive benefits for Countplus. Under the proposal, Count will continue to operate as a stand-alone entity and all arrangements between Count and Countplus will remain in place.

Our Advantage

The Self-Managed Superannuation Fund (SMSF) sector has continued to grow very strongly despite the volatility in financial markets and is expected to continue to do so as Australians seek to take more control of their financial assets in retirement. SMSFs are very much the preserve of the accountant, given the access to small businesses and affluent clients they enjoy. As was noted above, the Group already has over 2,000 funds with double-digit growth, ensuring Countplus is ideally positioned to continue to take advantage of this booming sector via servicing and support.

A key attribute of the Countplus model, is also our ability to reward employees for their service and performance via equity in a listed business.

Earlier this year, an allocation of $1,000 worth of Countplus shares (pro-rated for part time employees) was granted to 333 employees of our Member Firms with 12 months service or more. Our Board has committed to making these grants on an annual basis for the first three years post listing.

Equity rewards based on performance will be determined by one key metric - profit growth as measured by earnings per share for each Member Firm. Any entitlement will be shared between the employees of that business. This ensures all team members who have contributed to the achievement of that result will share in the allocation. The equity scheme will take the form of a loan funded share plan and the first allocation will be based on 2011/2012 performance.

This ability to offer equity based on the performance of each Member Firm will provide a key plank in both our retention strategy of star employees at the managerial level and recruitment strategy for entry level positions. Managers will be able to build up equity in the Countplus Group over time and for those who wish to pursue promotion to a Principal/Director position, there is no need to "buy in" to the Firm. This is unlike most accounting firms, where there is no equity remuneration for managers and funding must also be secured to access promotion to a Principal/Partner level.

Countplus should be an attractive proposition to prospective employees in both the accounting and financial planning sectors because all the advantages of a small business (local management control, smaller teams, less red tape) are complemented by the backing of a listed company (listed equity rewards, funding for growth, independence).

Acquisition Strategy

During the financial year Countplus made three Group acquisitions prior to the ASX listing; the accounting practice, Wearne & Co based in North Sydney; the financial planning dealer group, Total Financial Solutions; and leading Count Financial franchise, CBC Financial Planning.

Our Member Firms were also active in doing their own acquisitions to complement their existing businesses, what we call, "tuck-ins". Five tuck-ins were completed during the year, ranging from small parcels of fees, to entire businesses.

Two major tuck-ins were completed in 2010/2011 and one just after the end of Financial Year:

- Our South Australian member Crosby Dalwood acquired the accounting and financial planning business of Bishop & Bishop Financial Services. Principal Colin Bishop has long been one of Count Financial's leading financial advisers and his wealth of experience will be of enormous benefit to Crosby Dalwood and the Countplus Group.
- In March, our legal subsidiary MPL, part of the Lawrence Business Management group based in Perth, acquired SuperGeneration, a legal business that specialises in the Self Managed Superannuation (SMSF) sector. Its founder and principal, Chris Hogan, a former partner of Mallesons, has built a strong reputation in the SMSF space. SuperGeneration is expected to provide services to both the Count and Countplus Groups, which have deep exposure to the SMSF sector, as well as continuing to grow a client base from across the accounting industry.
- Just after the end of financial year, North Sydney Member Firm Countplus MBT completed the tuck-in of Western Sydney accounting and financial planning practice, Loughhead Roberts (also a long-term franchise member of Count Financial).

We expect "tuck-ins" to proceed regularly with the demographics of the accounting industry dictating that there will be a steady stream of practices that will wish to be considered for acquisition by one of our Members, or acquired at the Group level. It is important to note that acquisitions will never become the core driver of growth for Countplus. Our Members have been acquired on the basis that they have a record of delivering organic growth (through a combination of growing their client base, introducing new services, as well as efficiency gains) and we expect that they will continue to deliver on this.

Our Challenge

Countplus is now a Group of very successful stand-alone businesses. Our challenge is to make Countplus greater than simply the straight sum of its parts. This will come via facilitating collaboration within the Group to make each individual business better, becoming an employer of choice for the best and brightest in the industry and developing an accounting franchise (which will in turn, drive other practices to aspire to be part of the Group).

In relation to collaboration and sharing of ideas within the Group, this is indeed already starting to occur on a one on one basis. Whether that is manifest in an enhancement to a Member Firm's existing service offering, or a decision to outsource services to other Members. The momentum here is expected to build.

Later this year, Countplus will host its first CEO forum. This forum will give an opportunity for each Firm in the Group to share its best ideas and prioritise those that require Group collaboration. This forum will also agree the Group's core principles, which will assist in the development of our brand within the accounting and financial planning industries and within our employee base.

Our Opportunity

A key component in our long-term growth strategy is the development of a franchise offering for accountants. Modelling from what Count Financial has already done very successfully in financial planning, the franchise will offer access to the necessary tools, whether it be systems, processes, templates or training required for running an accounting practice. Importantly, these tools will have in many cases been developed as well as tested and implemented by Countplus accounting Member Firms, through the utilisation of their knowledge, experience and expertise, providing valuable verification for prospective users. We expect the franchise will prove popular with practices in all stages of development, from new entrants, to more mature firms looking to enhance their service offering or just to become more efficient. Our aim will be to position franchise membership as a badge representing quality and innovation to the industry.

We expect to be able to launch the accounting franchise within the next two years.

Our first financial year as a listed company is now behind us, but this is just the first step for Countplus. There is a strong sense of co-operation within the managing Principal Group and determination to take advantage of an opportunity to combine a group of great businesses into an outstanding company.

Michael James Spurr
Managing Director, Chief Executive Officer and
Chief Financial Officer

Countplus' Journey So Far

Acquisition of 25% of Fremantle (WA) based accounting & financial planning firm **Lawrence Business Management** (LBM)

Acquisition of 25% of regional Southern NSW based accounting and financial planning business **HMA Twomey Patterson** (HMATP)

Acquisition of 25% of Canberra (ACT) based accounting & financial planning business **Beames & Associates Accounting and Financial Services**

LBM makes tuck-in acquisition of Fremantle (WA) based commercial legal firm **McDonald Pynt Lawyers**

Jeremy Wardell appointed as first CEO

Acquisition of 25% of Kent Town (Adelaide, SA) based accounting business **Crosby Dalwood**

Introduction of Countplus to Count Wealth Accountants Franchises

Bentley's (WA) makes tuck-in acquisition of Perth (WA) based accounting business DF Crawley & Associates

SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC JAN FEB MAR

2006 2007 2008

Acquisition of 25% of Salisbury (Brisbane, QLD) based accounting & financial planning business **Cooper Reeves**

Pre-Float

Post-Float

MBA makes tuck-in acquisition of accounting business assets of Southport, Gold Coast (QLD) based 3TM

Acquisition of 25% of Cobram (VIC) & Finley (NSW) based accounting and financial planning business **Mogg Osborne**

Acquisition of 25% of Brisbane (QLD) based accounting & financial planning firm **Specialised Business Solutions** (SBS)

Acquisition of 25% of Perth (WA) based audit, business services and financial planning firm **Bentleys (WA)**

Acquisition of 25% of Southport (Gold Coast, QLD) based accounting & financial planning firm **MBA Partnership**

Countplus incorporated

LBM makes tuck-in acquisition of accounting & financial planning assets of Osborne Park, Perth (WA) based PG Business Services & PG Wealth Planners

Acquisition of 25% of St Leonards (Sydney, NSW) based accounting & financial planning business **MBT** (Countplus MBT)

Acquisition of 25% of Gosford (NSW) based accounting & financial planning firm **Robson Partners**

LBM makes tuck-in acquisition of accounting & financial planning assets of West Perth (WA) based accountant, Lena Hilton

Acquisition of 25% of Macksville & Coffs Harbour (NSW) based accounting & financial planning business **360 Financial Vision**

Acquisition of North Sydney (NSW) based accounting business **Wearne & Co**

Acquisition of 25% of Campsie (Sydney, NSW) based financial planning business **CBC Financial Advisers**

Acquisition of national financial planning dealer group **Total Financial Solutions** (TFS)

Lodgement of Countplus Prospectus with ASIC

Completion of acquisition of remaining equity in Countplus Member Firms

FLOAT: Countplus Limited is listed on the ASX

ASX half year result announced Consolidated Net Profit After Tax of $8.34 million

McDonald Pynt Lawyers makes tuck-in acquisition of Perth (WA) based legal business **SuperGeneration**

Second 2c Dividend declared

First ASX full year result announced with consolidated Net Profit After Tax of $13.30million

APR MAY JUN JUL AUG SEP OCT NOV DEC
2009

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
2010

JAN FEB MAR APR MAY JUN JUL AUG SEP OCT
2011

Countplus MBT makes tuck-in acquisition of Parramatta (NSW) based chartered accounting & financial planning practice **Loughhead Roberts**

Formation of Brisbane (QLD) based Countplus accounting & financial planning firm **Change Accountants & Advisors**

Achieve makes tuck-in acquisition of payroll management and assets of Kingston (ACT) based CAL CPM & CAL Consulting

Countplus Conference held in Auckland New Zealand

4c First Dividend declared

Crosby Dalwood makes tuck-in acquisition of the Modbury (Adelaide, SA) based accounting and financial planning business of Colin Bishop

Acquisition of 25% of Kingston (ACT) based specialist payroll & advice firm **Achieve Corporation**

$20 million Countplus public offer opens

Michael Spurr appointed as CEO

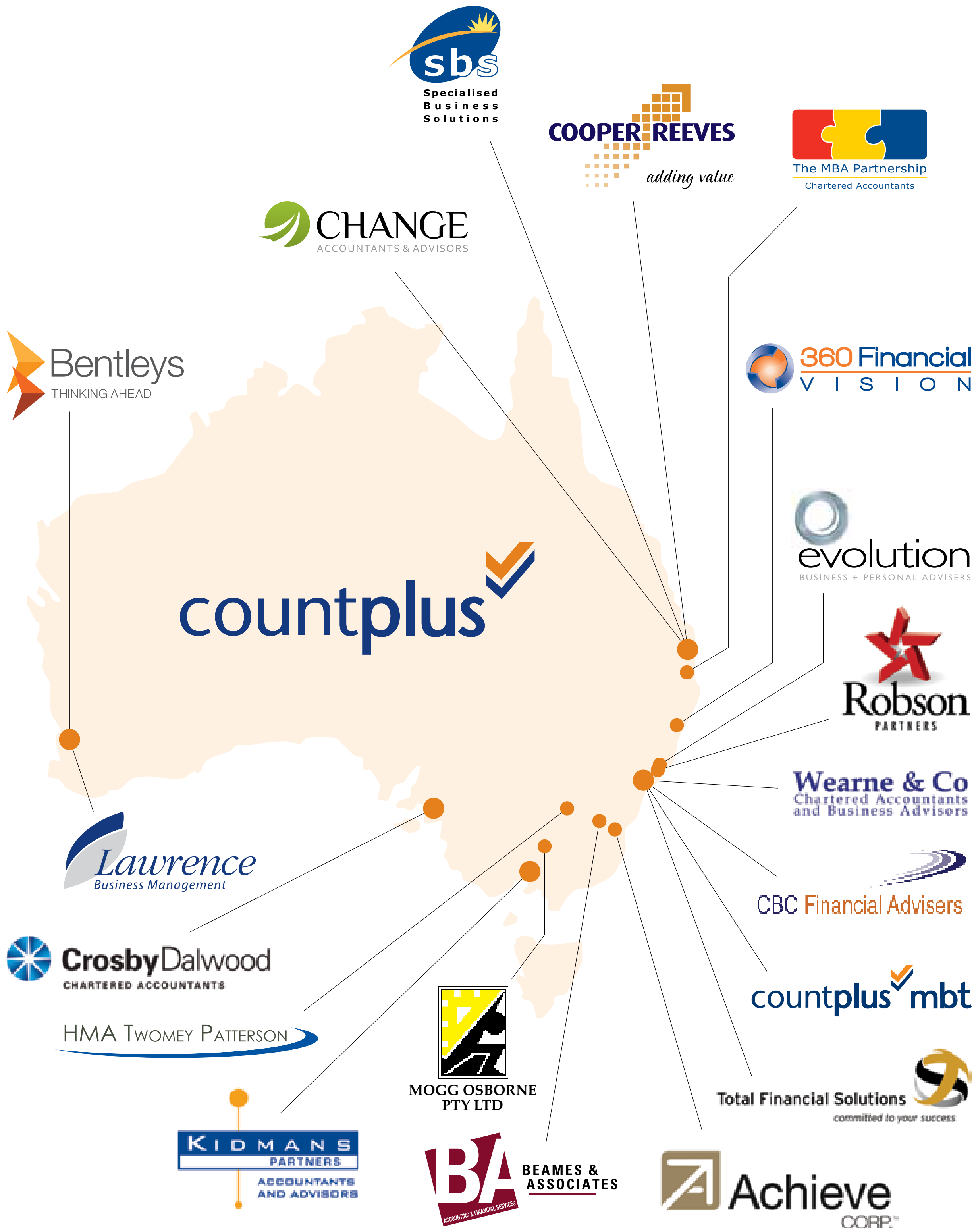
Acquisition of 25% of Warners Bay (Hunter Region, NSW) based accounting & financial planning firm **Evolution Advisers**

Appointment of Don Sharp as a Non-Executive Director of Countplus

Appointment of David Smith & Graeme Fowler as Non-Executive Directors of Countplus

Acquisition of 25% of Balwyn (VIC) based accounting & financial services firm **Kidmans Partners**

Countplus Member Firms



Total Financial Solutions is a national group with offices across 5 states. Their Head Office is in Sydney, NSW.

Lawrence Business Management [Perth, WA]

This business is dedicated to providing a holistic solution for their clients that includes accounting, financial planning, lending and legal services.

Since opening in 1996, Lawrence has developed into one of the most successful mid-tier firms in Western Australia, with over 80 staff and three offices in the Perth metropolitan area.

Lawrence acquired Perth based McDonald Pynt Lawyers in July 2008. McDonald Pynt Lawyers offer access to professional advisers for all property and business-related legal requirements. In March 2011 McDonald Pynt Lawyers acquired Perth based self-managed super-funds specialist law firm, SuperGeneration.

Business established 1996 – Acquired 30 November 2007

The MBA Partnership [Gold Coast, QLD]

This Gold Coast-based accounting and financial planning business has been providing businesses and individuals an extensive range of professional services over the last decade. The MBA Partnership has two directors and a young and enthusiastic team who have chosen to focus on the professional, construction and SMSF sectors.

Business established 1997 – Acquired 30 November 2007.

HMA Twomey Patterson [South Western NSW]

Servicing areas across South Western NSW, this practice has operated for more than 60 years and now operates from five locations. Specialising in business services, financial advice and audit, it enjoys a high level of market penetration in regional NSW.

Business established 1949 – Acquired 31 January 2008

Bentleys Perth [Perth, WA]

The quality of this firm has been recognised by it being granted the exclusive Bentleys licence for WA, which has opened up additional networks and referral sources for the business. Their specialist skills include the audit of large private and ASX listed companies, corporate advisory and valuation services, ASX Listing and IPO coordination.

Business established 1975 – Acquired 29 February 2008

Beames and Associates [Canberra, ACT]

This accounting and financial planning business is well-regarded in the ACT for its consulting, advice and tailored expansion and wealth creation strategies for a diverse range of clients, from both the private and public sectors.

Business established 2001 – Acquired 31 March 2008

Specialised Business Solutions [Brisbane, QLD]

Centrally located in Brisbane, SBS has a long standing strong commitment to client service. They provide complete financial solutions for both individuals and businesses, which include asset protection, tax minimisation, wealth creation and compliance services.

Established 1990 – Acquired 30 April 2008

Mogg Osborne [Regional VIC]

With offices located in regional Victoria and southern NSW, at the centre of Australia's "food bowl", Mogg Osborne offers a complete range of professional services ranging from individual tax returns to complex audits, companies and financial planning assignments. The firm's many strengths include its well established client relationships and strong commitment to the local community.

Business established 1954 – Acquired 1 July 2008

Crosby Dalwood [Adelaide, SA]

Long established firm that provides services to individuals and businesses. They act as a coach to businesses assisting with growth, profit, cashflow, asset protection, succession and estate planning and have been successful in delivering financial planning to clients.

In December 2010 Crosby Dalwood acquired Adelaide based accounting and financial planning business Bishop & Bishop Financial Services.

Business established 1983 – Acquired 2 September 2008

Countplus Member Firms continued

Cooper Reeves [Brisbane, QLD]

This professional Brisbane accounting firm has been providing business taxation, consulting, accounting and financial planning services to local, national and international businesses since 1988. Cooper Reeves' services a diverse range of industries, reflective of its industrial precinct location, including the manufacturing, retail and professional sectors.

Business established 1988 – Acquired 1 November 2008

Countplus MBT [Sydney, NSW]

This well-established accounting and financial planning business builds its success on providing clients and team members with an exceptional experience. Led by an energetic and innovative Principal group, Countplus MBT attracts clients across a broad spectrum. Clients enjoy a depth and breadth of experience, expertise and services rarely available.

In July 2011, Countplus MBT acquired Sydney-based chartered accounting & financial planning practice Loughhead Roberts.

Business established 1978 – Acquired 1 July 2009

Evolution Advisers [Newcastle, NSW]

Evolution is a vibrant, four Principal business, enjoying the benefits that the burgeoning Newcastle, Lake Macquarie, and Hunter Region have on offer. Evolution forms long term partnerships with its clients, helping them enjoy their journeys to success and wellbeing. The business focus is on more than just the services on offer, it's the value and peace of mind provided that their clients appreciate.

Business established 2004 – Acquired 31 July 2009

Robson Partners [Gosford & Sydney, NSW]

This four Principal firm services the growing areas of Newcastle, the Central Coast and Sydney. With more than 25 years experience in professional consulting to successful small and medium businesses, Robson Partners combine extensive experience with "best-practice" consulting services that focus on superannuation and financial planning, business development and coaching and the more traditional audit, assurance and compliance based services.

Business established 1988 – Acquired 7 September 2009

Achieve Corporation [Canberra, ACT]

The primary focus of this young and dynamic firm is the provision of payroll management, taxation and financial planning advice to Information Technology and Communications (IT&C) consultants, whose services are in high demand by a number of Federal Government agencies based in Canberra.

Business established 2003 – Acquired 30 September 2009

Kidmans Partners [Melbourne, VIC]

This firm's growth has been driven by developing solution based non-compliance/consulting services and enhancing their traditional auditing, accounting and wealth management service offerings.

Kidmans Partners have also developed a highly successful referral arrangement for loans, investment and risk insurance.

Business established 2000 – Acquired 30 June 2010

360 Financial Vision [Northern NSW]

This accounting and financial services practice has two offices on the growing mid-north coast of NSW. The business has developed best practice processes to deliver tailored advice and solutions to businesses and individuals utilising all types of ownership structures including self-managed superannuation funds, whilst specialising in taxation, holistic financial services and comprehensive business advice.

Business established 1979 – Acquired 30 June 2010

Wearne & Co. [Sydney, NSW]

The firm's core business is the provision of accounting and business services. The Principals have also developed an expertise and strong network of contacts in capital markets and mergers and acquisitions. Located in North Sydney, it is well positioned to compete against the larger CBD accounting firms.

Business established 1974 – Acquired 16 August 2010

CBC Financial Advisers [Sydney, NSW]

This financial planning business was established in 1994 and has been awarded Count Financial's number one financial planning franchisee for eight years from 2000. The firm's unique business model enables it to meet the differing needs of its advisory and self-directed clients.

Business established 1994 – Acquired 31 August 2010

Total Financial Solutions (TFS) [National Group]

TFS is a National Financial Planning Dealer Group (AFS Licensee) with practices in NSW, QLD, VIC, SA and WA. TFS has a strong background in life insurance and more recently holistic financial planning. While the industry is dominated by bank and life-owned financial planning groups, under the Count/Countplus banner and with Count's assistance, it is poised to benefit both from a referral relationship with Count, as well as to become a home for professional planners looking for both independence and financial stability.

Business established 2000 – Acquired 30 September 2010

Change Accountants & Advisors [Brisbane, QLD]

Newly established in June 2011, this business is a showcase of cloud based technologies that allow faster and better provision of services to clients. Newly introduced services such as Lifeplan™ and CashPlan™ help clients in all areas of their financial lives in addition to accounting and tax. The systems and processes used by the business have been made available to accounting firms throughout Australia as part of the CountGPS service.

CountGPS, along with a number of established Count services, will become the core platform of the accounting franchise.

Business established 2011 – Acquired 1 June 2011

Member Profile: Beames & Associates

Your Financial Success is Our Success

From left: The Principals of Beames – Ross Beames, Peter Beames, James Watt & David Rae

Beames & Associates is a Canberra-based accounting and financial planning firm tailoring innovative expansion and wealth creation strategies for a diverse range of clients from both the private and public sectors.

Beames & Associates are a founding Firm of Countplus and one of the shining stars of the group.

The Beames ethos is about working with clients to build relationships based on trust, honesty, accessibility, expertise and experience. It's through this approach that Beames have gained a reputation for personalised service and value for money.

We are Canberra Accountants tailoring innovative expansion and wealth creation strategies for a diverse range of clients...

"We are deliberately not a traditional accounting practice. We strive to be authentic, to bring what we stand for personally to the business of building our client's wealth," said founder, Peter Beames.

"We are honestly enthusiastic, motivated and aggressive about delivering the best whole of life advisory solutions for our clients. We know our value to them is measured in how well we help them reach their financial goals, tailoring our advice to their future needs," he said.

Developing and mentoring staff is a key part of the Beames success formula. With approximately thirty five employees in the Canberra office and a small team in Vietnam, training in the Beames Way is critical. That training includes not only technical expertise but industry learning and personal development.

"Our training program and our external branding comes at a short term cost, but our goal is to build success for the long term by attracting the right mix of talent, people who are smart, articulate and motivated, and building a corporate culture in which they can do their best work," said Peter.

Beames & Associates was founded in 2001 by Peter Beames after many years of private and public practice accounting experience in Canberra. In 2003 he was joined by his brother Ross Beames and financial planner David Rae. James Watt joined the firm one year later.

Since then, Beames & Associates has grown from strength to strength, solidifying its reputation in Canberra and surrounds for providing exceptional service at an affordable price.

New Business Profile: SuperGeneration

Part of the Lawrence Business Management group

Countplus Member Firm, Lawrence Business Management (LBM) is a mid-tier specialist accountancy and advisory firm in Western Australia. Lawrence offers a broad range of expertise including accounting and tax, financial planning, lending, business performance and legal services.

The firm opened in 1996 and is now one of the most successful mid-tier firms in Western Australia, with over eighty staff and three offices in the metropolitan area. LBM is a founding Member of Countplus.

A key to LBM's success is the breadth of their service offering, including the twelve person commercial legal team at affiliated McDonald Pynt Lawyers.

"Our legal team works hand in hand with our other business specialists to ensure complex client matters are never viewed in isolation," said Brent Fairhead, Director of Financial Planning.

"Over time there has been a growing need for specialised self managed superannuation fund advice so we made the decision to acquire a specialist legal superannuation service called Super Generation. This acquisition was completed in March 2011," he said.

SuperGeneration was founded and continues to be managed by Chris Hogan, a specialist in Superannuation law and a former partner of national legal firm, Mallesons Stephen Jaques.

Chris has practised Superannuation Law exclusively for the last 20 years. Prior to establishing his own firm in 1994, he led the Mallesons Stephen Jaques' superannuation practice in Perth. He also served as a Board member of the Association of Super Funds of Australia and ASFA's Federal Self Managed Funds Committee.

SuperGeneration is a business that complements the core accounting services of the group, perfectly. This acquisition of SuperGeneration has opened up a new range of services for LBM clients as well as clients of other Countplus Members. In particular, SuperGeneration's Trust Deed Update service is now available more broadly, as well as access to legal expertise which previously needed to be outsourced.

Chris Hogan

For SuperGeneration founder Chris Hogan, joining LBM and the Countplus network will allow for the expansion of services to self managed super funds and in particular additional marketing and technology support to grow the Trust Deed Update service.

"The potential market for the Trust Deed service is huge and we currently only serve a fraction of that total market, but together with LBM and the Countplus network we have the strength, expertise and energy to really grow that program," said Chris Hogan.

"Specialist services for super funds is a fast growing business, but the expertise required to deliver high quality advice is a rare and expensive commodity for a small business like SuperGeneration. With a bigger network, the risk of expansion is mitigated, so becoming part of LBM was an attractive proposition," he said.

SuperGeneration is a business that complements the core accounting services of the group perfectly.

Board Profiles

Barry Martin Lambert

FCPA, SFFin, Affiliate ICAA
Executive Chairman
Member of Countplus Board
Member of Risk & Compliance Committee
Member of Acquisitions Committee

Barry Lambert established Count in 1980. Prior to establishing Count, Barry worked for 19 years within the Commonwealth Bank of Australia including CBFC. Barry was a Founding Director of the industry body ASIFA (now the FPA) in 1982 and was elected NSW President in 1985 and National President of ASIFA in 1988.

Barry is also a Director of Count Financial Limited, all Countplus Member Firms and various companies in which Count has minor direct or indirect shareholdings. Barry is also the Chairman of Class Super, an IT software solutions business specialising in Self-Managed Superannuation Funds administration.

Michael James Spurr

B.Com, CPA, FFin
Managing Director, Chief Executive Officer & Chief Financial Officer
Member of Countplus Board
Member of Risk & Compliance Committee
Member of Acquisitions Committee

Michael Spurr joined Count in February 1996 and has held senior managerial positions within Count's compliance, business development, research, member services and paraplanning teams. Michael was also a member of Count's research committee from 1999 to 2010.

Michael was the Chief Financial Officer of Count from 2005 to 2010 and has been a Director of Countplus since 2007.

Michael was appointed Countplus Chief Executive Officer and Chief Financial Officer on 8 November 2010.

Michael is also either a director or alternate director to all the Countplus Member Firms.

Graeme Hilton George Fowler

B.Bus, CPA, MAICD
Independent Non-Executive Director
Member of Countplus Board
Chair of Board Audit Committee
Member of Risk & Compliance Committee
Member of Acquisitions Committee
Member of Remunerations & Nominations Committee

Graeme Fowler is currently Managing Director and CEO of listed legal firm aggregator, Integrated Legal Holdings Limited.

Graeme was previously Group Chief Executive of listed Accounting & Financial Services aggregator WHK Group Limited from 2003 to 2007.

Prior to this, Graeme spent over 15 years in senior management roles with the BT Financial Group including Group CFO, CEO of BT Funds Management NZ and CEO of BT Portfolio Services.

Graeme was appointed a Director of Countplus in August 2010.

Donald Kenneth Sharp

CPA, FAICD
Independent Non-Executive Director
Member of Countplus Board
Member of Board Audit Committee
Member of Risk & Compliance Committee
Chair of Acquisitions Committee
Member of Remunerations & Nominations Committee

Don Sharp is a Certified Practising Accountant and worked for public practice firms before commencing, in partnership, in his own practice which was successfully merged with a larger practice.

Don co-founded Bridges Financial Services whose business covered financial planning, stockbroking, corporate advice and established one of the first platforms in Australia. Don was also the Chairman of Investors Mutual, Global Value Managers, Premium Investors and a Director of Treasury Group.

Don is currently CEO and Director of Payment Adviser, an innovative payment and reconciliation solution.

Don was appointed a Director of Countplus in September 2010.

David Maxwell Smith

B.Bus, FCA, FCPA, FAICD, CISA
Non-Executive Director
Member of Countplus Board
Member of Board Audit Committee
Chair of Risk & Compliance Committee
Member of Acquisitions Committee
Member of Remunerations & Nominations Committee

David Smith is a founding Director of FMRC Smithink, an accounting firm best practice group which focuses on professional firm management, strategy and process innovation.

David is also a regular speaker on topics relating to the future of the accounting profession, practice strategy, process improvement and innovation and is the host of two monthly programs on cpe.tv, an internet-based TV station for the accounting profession.

In 2003, David was the National President of the Institute of Chartered Accountants in Australia and for over 16 years was a partner at leading mid-tier accounting firm PKF Sydney where he created a significant software business which was sold to MYOB.

David is currently an external adviser to numerous accounting businesses.

David was appointed a Director of Countplus in August 2010.

Caress Andrews

Company Secretary

Caress joined Count in 2000 as Executive Assistant to the Chair & Managing Director and also held the position of Count Annual Conference Manager from 2001 to 2007. Prior to joining Count, Caress worked for a number of organisations in the accounting, property and finance industries.

Caress was officially appointed Company Secretary of Countplus Limited on 10 August 2007 and Deputy Company Secretary of Count Financial Limited on 30 June 2006.

Corporate Governance Statement

The Board is responsible for the overall corporate governance of Countplus, including adopting the appropriate policies and procedures and seeking to ensure Countplus Directors, management and employees fulfil their functions effectively and responsibly.

The Board has adopted corporate governance policies and practices by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (ASX Recommendations). Where Countplus' practices depart from the ASX Recommendations, Countplus intends to work towards compliance but does not consider that all practices are appropriate for the size and scale of Countplus' operations.

Countplus' main policies and practices (by reference to the ASX Recommendations) are summarised below.

Principle 1: Lay solid foundations for management and oversight

The Board has ultimate responsibility for setting policy regarding the business and affairs of Countplus for the benefit of Shareholders and other stakeholders. The Board delegates management of Countplus' resources to senior management, under the leadership of the CEO, to deliver the strategic direction and objectives determined by the Board.

The Board and management have agreed on their respective roles and responsibilities and the Board has adopted a Board charter that details the Board's functions and responsibilities and the areas of authority delegated to senior management.

The Board has established a Remuneration Committee which, amongst other functions, will evaluate the performance of the CEO and CFO.

Responsibilities

The responsibilities of the Board include:

- Review and approve the strategic plan for the Company with involvement in planning and goal setting for the Company and its intended growth;
- Monitoring the performance of the Company and its management team;
- Selecting and appointing the Managing Director and/or CEO, planning for the succession of senior management and setting appropriate remuneration packages;
- Setting clearly defined lines of authority from the Board to the Managing Director and/or CEO;
- Agreeing on performance indicators with management;
- Taking appropriate steps to protect the Company's financial position and its ability to meet its debts and other obligations as they fall due;
- Establishing and monitoring policies directed to ensuring that the Company complies with the Law and conforms to the highest standards of financial and ethical behaviour;
- Ensuring that the Company is adhering to reporting systems and appropriate internal controls (operational and financial) together with appropriate monitoring of compliance activities; and
- Ensuring that the Company accounts are true and fair in conformity with Australian Accounting Standards (AAS) and the Corporations Regulations 2001.

Countplus's management is required to supply the Board with information in a timeframe, form and quality that will enable it to effectively discharge its duties and to request additional information if required to make informed decisions. This is facilitated by the Company Secretary who is responsible for completion and dispatch of Board agendas and briefing materials and is accountable to the Board through the Chairman on all governance matters.

Principle 2: Structure the Board to add value

Recommendation 2.1 of the ASX Recommendations states that a Board should comprise a majority of independent Directors. The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgment. Directors are considered to be independent if they are not a member of management and if they are free of any business or other relationship that could materially interfere with the independent exercise of their judgment. The Board will consider the materiality of any given relationship on a case-by-case basis and will adopt materiality guidelines to assist it in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

The Countplus Board is currently made up of five Directors, three of whom are Non-Executive Directors.

An entity controlled by David Smith, Smithink Pty Limited (ACN 079 245 239) was engaged as an adviser to Countplus during the period from January 2007 to May 2010 to assist with due diligence on the Firms when Countplus first acquired an interest in the Firms. Smithink has also been engaged to provide consulting services to some Countplus Member Firms. Having regard to the nature and extent of the work performed by Mr Smith, the Board has determined that Mr Smith is not an independent Director.

Graeme Fowler and Donald Sharp have not been employed by Countplus, and are not associated with any of Countplus' substantial Shareholders. Accordingly, Mr Fowler and Mr Sharp are each considered to be independent Directors.

The Board believes that the current Non-Executive Directors bring the appropriate perspective to the Board's consideration of strategic, risk and performance matters and are well placed to exercise appropriate judgement and review and constructively challenge the performance of management. The Board further considers that the existing Board structure is appropriate for Countplus' current operations and stage of development, despite the fact that it does not have a majority of independent Non-Executive Directors.

The Chairman, Barry Lambert, is not an independent Chairman. Notwithstanding Recommendation 2.2 of the ASX Recommendations provides that the Chairperson of the Board should be independent, the Board believes that this departure is appropriate given Count's interest in Countplus and as Mr Lambert brings extensive experience to the Board.

The Board has determined that given its size, no additional benefit will be derived from adopting a formal nomination Committee structure. The Chairman has the responsibility for planning succession in Board appointments subject to Board and Shareholder approval.

Countplus will from time to time engage the services of external parties to carry out evaluations on individual Directors, the Board Committees and the Board as a whole. Such evaluations will involve self-assessments and third party assessments.

Principle 3: Promote ethical and responsible decision making

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal Code of Ethics and Conduct to be followed by all employees and officers. The key aspects of this Code are to:

- act honestly, with integrity, fairness and equity;
- observe the rule and spirit of all laws and regulations which govern the operation of Countplus, its business environment and its employment practices;
- act in the best interest of Countplus except where to do so contravenes any other ethical standards;
- avoid any real or perceived conflict of interest; and
- use company resources and property properly.

The Code and the Company's Trading Policy is discussed with each new employee as part of their induction training. Further training is periodically provided and all employees are asked to sign an annual declaration confirming their compliance with the Code and the Trading Policy.

A copy of the Code and the Trading Policy are available on the Company's website (www.countplus.com.au).

Corporate Governance Statement continued

Diversity Policy

The Company values diversity and recognises the benefits it can bring to the organisations ability to achieve its goals. Accordingly, the Company has developed a Diversity Policy, a copy of which can be found on the Company's website (www.countplus.com.au). This Policy outlines the Company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the Company's progress in achieving them.

Gender Diversity

The Company's Diversity Policy outlines gender diversity and its commitment to creating fair, equitable and respectful workplaces where women are supported in an inclusive environment, are given recognition based on individual merit and are considered for opportunities to advance and succeed regardless of their gender or term of employment. As part of its commitment to improving gender balance in the workplace, the Company has adopted the ASX Corporate Governance Council's recommendations including a target for female participation within the Company as follows:

	Target % by 2016	Actual % 2011
Number of women employees in the whole organisation	40% – 60%	62%
Number of women in senior Executive positions	40% – 60%	33%
Number of women on Member Firms Boards	40% – 60%	9%
Number of women on the Board	40% – 60%	0%

Principle 4: Safeguard integrity in financial reporting

The Board requires the CEO/CFO to provide letters of assurances to the Board that Countplus' financial reports present a true and fair view, in all material respects, of Countplus' financial position and operational results and are in accordance with the relevant accounting standards.

The Board has also established an Audit Committee.

Audit Committee

This Committee must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors. Currently, all the Non-Executive Directors are members of this Committee. Graeme Fowler will act as Chair of the Committee.

Details of these directors' qualifications and attendance at Audit Committee meetings are set out in the Directors' Report on pages 25-31.

As set out in Countplus' Audit Committee Charter, the Committee's primary functions include:

- overseeing the process of financial reporting, internal control, risk management and compliance and external audit;
- monitoring Countplus' compliance with laws and regulations and Countplus' own Code of Conduct & Ethics;
- facilitate effective relationships with, and communication between the Board, management and Countplus' external auditor; and
- evaluating the adequacy of internal processes and controls established to identify and manage areas of potential risk and to seek to safeguard Countplus' assets.

It is the policy of Countplus that its external auditing firm be independent. The Committee will review and assess the independence of the external auditor on an annual basis.

Principle 5: Make timely and balanced disclosures

Countplus is committed to observing its disclosure obligations under the Listing Rules. Countplus has adopted a policy which establishes procedures which are aimed at ensuring that Directors and management are aware of and fulfil their obligations in relation to the timely disclosure of material price-sensitive information.

This Continuous Disclosure Policy is disclosed on Countplus' website (www.countplus.com.au).

Principle 6: Respect the rights of shareholders

Countplus is committed to keeping Shareholders informed of all major developments affecting Countplus' state of affairs relevant to Shareholders in accordance with all applicable laws. Information will be communicated to Shareholders through the lodgement of all relevant financial and other information with ASX and publishing information on Countplus' website (www.countplus.com.au).

In particular, Countplus' website will contain information about Countplus, including media releases, key policies and the charters of Countplus' Board Committees. All relevant announcements made to the market and any other relevant information will be posted on Countplus' website as soon as they have been released to ASX.

Principle 7: Recognise and manage risk

The identification and proper management of Countplus' risk is an important priority of the Board. Countplus has adopted a Risk Management Policy appropriate for its business. This policy highlights the risks relevant to Countplus' operations, and Countplus' commitment to designing and implementing systems and methods appropriate to minimise and control its risk, and ensures:

- regular reporting to the Board by management through the CEO on Countplus' key risks and the management of those risks; and
- assurances are provided from the CEO/CFO about the soundness and effectiveness of Countplus' risk management and internal compliance and control system.

This policy is disclosed on Countplus' website (www.countplus.com.au).

The Risk and Compliance Committee and the Audit Committee are responsible for monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed.

Risk & Compliance Committee

This Committee must have at least three members, who may be Executive or Non-Executive Directors. Currently, all the Non-Executive Directors are members of this Committee. David Smith will act as Chair of the Committee.

As set out in Countplus' Risk & Compliance Committee Charter, the Committee's primary functions include:

- reviewing and monitoring the effectiveness of Countplus' internal control processes; and
- monitoring Countplus' compliance with the law, the contracts it has entered into and best practices.

Acquisition Committee

This Committee must have at least three members, who may be Executive or Non-Executive Directors. Currently, all the Non-Executive Directors are members of this Committee. Donald Sharp will act as Chair of the Committee.

As set out in Countplus' Acquisition Committee Charter, the purpose of the Committee is to review and approve certain investment, acquisition, and divestiture transactions proposed by Countplus' management.

Corporate Governance Statement continued

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration Committee.

The remuneration structure for Non-Executive Directors is clearly distinguished from that of the Executive Directors.

Remuneration Committee

This Committee must have at least three members, who may be Executive or Non-Executive Directors. Currently, all the Non-Executive Directors are members of this Committee.

As set out in Countplus' Remuneration Committee Charter, the Committee's primary functions are to make recommendations to the Board on:

- Remuneration and incentive policies for Executive Directors and senior management;
- Countplus' recruitment, retention and termination policies for senior Executives; and
- Remuneration and incentive policies for Non-Executive Directors.

Directors' Report

Your Directors present their report on the consolidated entity consisting of Countplus Limited and the entities it controlled, for the financial year ended 30 June 2011.

Board of Directors and Company Secretary

The following persons were Directors of Countplus Limited during the financial year and up to the date of this report:

Name	Position	Date of Appointment
Barry Martin Lambert	Executive Chairman	10 August 2007
Michael James Spurr	Director Chief Executive Officer/Chief Financial Officer/Managing Director	10 August 2007 8 November 2010
Graeme Hilton George Fowler	Independent Non-Executive Director	26 August 2010
Donald Kenneth Sharp	Independent Non-Executive Director	6 September 2010
David Maxwell Smith	Non-Executive Director	26 August 2010
Caress Teresa Andrews	Company Secretary	10 August 2007

Information on Directors including their experience, expertise and other current directorships (including former directorships in the last three years) of publicly listed companies, is contained in the Board Profile Report on pages 18-19.

Meetings of Directors

The Board of Directors has an Audit Committee, a Risk & Compliance Committee, an Acquisitions Committee and a Remuneration & Nominations Committee. The members acting on the Committees of the Board during the year were:

Name	Countplus	Audit	Risk & Compliance Committee	Acquisitions Committee	Remunerations & Nominations
Barry Martin Lambert	Executive Chairman		Member	Member	
Michael James Spurr	CEO/CFO/Managing Director		Member	Member	
Graeme Hilton George Fowler	Non-Executive Director	Chair	Member	Member	Member[1]
Donald Kenneth Sharp	Non-Executive Director	Member	Member	Chair	Member[1]
David Maxwell Smith	Non-Executive Director	Member	Chair	Member	Member[1]

1 Chair is appointed by rotation.

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2011 and the number of meetings attended by each Director were:

Name	Directors' Meetings	Audit Committtee	Risk & Compliance Committee	Acquisitions Committee	Remunerations & Nominations
No. of meetings held	4	4	2	0	0
Barry Martin Lambert	4 / 4	4 / 4[2]	2 / 2		
Michael James Spurr	4 / 4	4 / 4[2]	2 / 2		
Graeme Hilton George Fowler	4 / 4	4 / 4	2 / 2		
Donald Kenneth Sharp	4 / 4	4 / 4	2 / 2		
David Maxwell Smith	4 / 4	4 / 4	2 / 2		

2 Non Members in attendance.

Directors' Interests

At the date of this report, the relevant interests of the Directors in the shares of Countplus Limited, as notified to the Australian Stock Exchange in accordance with the Corporations Act (2001) are:

Name	Number of Ordinary Shares
Barry Martin Lambert	4,633,333
Michael James Spurr	35,000
Graeme Hilton George Fowler	12,945
Donald Kenneth Sharp	0
David Maxwell Smith	15,000

Directors' Report continued

Principal Activities

The principal activities of the Company and its controlled entities (the Group) in the course of the financial year were accounting, tax and audit services; financial advice in relation to personal insurance, investment and superannuation; and broking services for home and investment loans, business loans and leasing/hire purchase. Legal services are also provided through two Member Firms.

Dividends

Dividends declared to members during the financial year were as follows:

Financial Year Ended	Franking	Status	Cents Per Share	Payment Date
2011	Unfranked	Paid	6.4 (per partly paid share)	5 November 2010
2012	Fully Franked	Paid	4.0 (per fully paid share)	1 July 2011
2012	Fully Franked	Paid	2.0 (per fully paid share)	15 August 2011

Review of Operations

For 2010/2011 the Company reported a consolidated net profit after tax of $13.30 million of which $8.9 million was attributable to shareholders. Fifteen Member Firms were consolidated at 1 July 2010, due to a call option the Company held over these entities becoming exercisable. On 16 December 2010, the Company completed the acquisition of its Member Firms and raised $20 million via a public listing on the ASX on 22 December 2010. Further information is contained in the Chairman's Report and Chief Executive Officer's Report on pages 6-9.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- On 1 July 2010, the Company consolidated its interests in 15 member Firms due to a call option over the remaining equity in those entities becoming exercisable.
- On 17 August 2010, the Company acquired a 100% interest in accounting firm, Wearne & Co Pty Ltd.
- On 31 August 2010, the Company acquired a 25% interest in CBC Financial Planning Pty Ltd.
- On 27 August 2010, the Company changed from a proprietary limited company structure to a public company structure.
- On 1 October 2010, the Company acquired financial planning dealer group, Total Financial Solutions Australia.
- On 16 December 2010, the Company acquired the remaining equity in its Member Firms (with the exception of CBC Financial Planning in which there remains a 25% non-controlling interest.
- On 22 December 2010, the Company listed on the Australian Stock Exchange (ASX) completing a public raising of $20 million.
- On 22 December 2010, Member Firm, Crosby Dalwood acquired the accounting and financial planning business assets of Bishop & Bishop Financial Services for $1.65 million.
- On 11 March 2011, Member Firm, McDonald Pynt Lawyers made a tuck-in acquisition of SuperGeneration, a legal firm and self-managed Superannuation consulting specialist for $1.38 million.
- On 15 June 2011, a new Member Firm, Change Accountants & Advisors was formed in Brisbane.

There were no other significant changes in the state of affairs during the financial year.

Matters Subsequent to the End of the Financial Year

On 13 July 2011, Member Firm Countplus MBT acquired Parramatta (Sydney) based chartered accounting and financial planning practice Loughhead Roberts, for $1.23 million.

On 31 August 2011, the Company's largest single shareholder, Count Financial Limited announced it had entered into a scheme implementation deed with the Commonwealth Bank of Australia (CBA) and if successful the CBA will acquire all ordinary shares in Count Financial via a scheme of arrangement, subject to shareholder approval and in the absence of a superior proposal. Should this proceed, all contractual arrangements between the Company and Count Financial will remain in place. This acquisition is not expected to materially impact the operations of the consolidated entity.

Other than the above, no matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:
(a) the consolidated entity's operations in future financial year, or
(b) the results of those operations in future financial year, or
(c) the consolidated entity's state of affairs in future financial year.

Likely Developments and Expected Results of Operations

Disclosure of information relating to the future developments in the operations of the Company and its controlled entities is contained in the reports of the Chairman and the Chief Executive Officer on pages 6-9.

Environmental Regulation

The consolidated entity is not regulated by any significant environmental regulations under the Laws of the Commonwealth, State or Territory.

Remuneration Report

This report outlines the remuneration arrangements in place for the Company's Directors and Executives. This section of the Directors' report has been audited by the Company's external auditors, Ernst & Young.

Remuneration Committee

The Remuneration Committee of the Board of Directors of Countplus Limited is responsible for determining and reviewing remuneration arrangements for the Directors, Member Firm Principals (generally Executives of subsidiaries) and employees of the Parent Entity. The Committee will meet twice a year from 2011/12 onwards.

The Committee's purpose is to:
- Make recommendations to the Board of Directors in relation to the remuneration of Executive and Non-Executive Directors;
- Review and approve Executive and employee remuneration policy for the parent entity; and
- Evaluate potential candidates for Executive positions and oversee the development of Executive succession plans.

Any decision made by the Committee concerning an individual Executive's remuneration is made without the Executive being present.

Remuneration Policy

Remuneration arrangements are based on an assessment of the appropriateness of the nature and amount of emoluments of the Directors and other Key Management Personnel, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and Executive team.

The objective of the consolidated entity's Executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The Board ensures that Executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders; and
- performance linkage / alignment of executive compensation.

The consolidated entity has structured an Executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of Executive Directors' and Officers' remuneration to the Company's financial and operational performance.

Remuneration Structure

The Board has established a Remuneration Committee which will provide advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives and Non-Executive Directors.

Non-Executive Directors

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Non-Executive Directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution and the ASX Listing Rules specify that the total aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration put to shareholders for approval and the manner in which it is apportioned amongst Directors, is reviewed annually.

Group Executives

The main principle underlying the Company's Employee Remuneration Policy is to ensure rewards are commensurate with the Company's objectives and the results delivered. Specifically, this is achieved by ensuring:

- Remuneration reflects each employee's position and responsibilities within the Company;
- The interests of all employees are aligned with those of shareholders;
- Rewards are linked with the strategic goals and performance of the Company; and
- Total remuneration is competitive by market standards.

Member Firm Principals

Member Firm Principals refer to the former owners of the Group's Member Firms. Member Firm Principals were permitted to set their salaries upon acquisition by Countplus, subject to being competitive with market rates and subject to increases being capped between 3% and 5% per annum for the first 3 years post-listing.

Following the first 3 years post listing, salary packages of Member Firm Principals will be determined in consultation with the Board Remuneration Committee. The Committee will have regard to contribution to Group performance and comparative information to other Member Firms and the industry.

Member Firm Employees

Remuneration of employees of Member Firms is determined by the Executive Management of each Firm. At a minimum, each employee receives an annual performance review which includes a review of remuneration. Remuneration for employees is set with regard to their individual performance and contribution to the Firm, cost of living increases and market benchmarks for the relevant geographical area.

All employees are generally remunerated with a base salary and superannuation at the statutory rate of 9% of salary and wages. Annual cash bonuses may also be paid based on individual performance.

Equity Scheme

1. Employee Loyalty Equity Plan

All full time employees with a service period of 12 months or more received an allocation of $1,000 worth of Company shares on 4 April 2011. Part-time employees received a proportional entitlement. The Company Board is committed to making this an annual allocation for the first 3 years post- listing.

2. Long Term Incentive Plan EPS Growth Target Bonus

From 2011/2012 onwards, Directors/ Principals and Managers of Member Firms may qualify for an allocation under the Company's equity entitlement scheme if 10% pa growth in earnings per share is achieved. Individual allocations will be determined by each Member Firm's Board of Directors but only a maximum of 50% of each Member Firm's entitlement may be retained by Directors/Principals. The scheme is currently in development.

Contractual Arrangements

Non-Executive and Executive Directors

Non-Executive Directors do not have fixed term contracts with the Company. On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation. These terms include that each year one third of Countplus' Directors (excluding the Managing Director) and any Director who has held office for three or more years since their last election, must retire by rotation.

Remuneration and other terms of employment for Group Executives are also formalised in service agreements. Each of these agreements provide for the provision of performance related cash bonuses and other benefits (which may include sickness and accident insurance, car allowances, car parking and participation in any equity scheme). Other major provisions of the agreements relating to remuneration are set out below.

The Executive Chairman, Barry Lambert, has chosen not to receive any compensation for his services. Mr Lambert does not have a fixed term contract with the Company.

The CEO and Managing Director, Michael Spurr is employed under a 4 year agreement which commenced on 15 November 2010. Mr Spurr was paid a sign-on bonus on the commencement of his contract. He is entitled to a short-term incentive (STI) and a long-term incentive (LTI) bonus arrangement.

The STI is an annual cash award commencing in 2011/2012 determined by the Board as part of an annual performance and remuneration review process. The entitlement will be based on Countplus' earnings per share growth.

The LTI is a cash award commencing in 2013/2014. Entitlement will be based on Countplus' average earnings per share growth over the preceding 3 financial years.

At the discretion of the Board and subject to any necessary approvals (including shareholder approvals), from 2011/2012, Mr Spurr may be entitled to participate in the Company's equity plan which is currently in development. Eligibility to participate will be by reference to Countplus' earnings per share growth for the relevant financial year.

Mr Spurr's contract may be terminated early with three months' notice, subject to termination payments.

Executives

The former Chief Executive Officer, Jeremy Wardell, was employed by Count Financial Limited, the former ultimate parent entity of Countplus, under a 5 year contract. Mr Wardell resigned on 3 December 2010.

Member Firm Principals

Member Firm Principals do not have fixed term contracts with the Company but can be terminated without cause with 12 months written notice.

In the event of retrenchment, the Executives listed above and Member Firm Principals are entitled to the written notice or payment in lieu of notice as provided in their service agreement.

The contracts of Executives and Member Firm Principals include a restraint clause post-employment of up to 12 months, to ensure that valuable knowledge and experience is not accessed by competitors.

Company Performance and the Link to Remuneration

The Company's Remuneration Policy aims to achieve a link between the remuneration received by Key Management Personnel and the creation of shareholder wealth. This will be attained via the inclusion of an the Earnings per Share (EPS) growth target criteria for the entitlement to loan funded shares under the proposed equity scheme and cash bonuses for Group Executives. However, as the final acquisition of Member Firms was only completed in December 2010, this will not be apparent until 2011/12 and beyond.

For the year: Basic EPS has increased by 25.2% to 13.20 cents per share
Diluted EPS has increased by 208.0% to 12.75 cents per share
Consolidated Net Profit After Tax increased by 814% to $13.30 million.

The Company's share price has fallen over the financial year from $1.50 at listing in December 2010 to $1.30 at 30 June 2011.

Amounts of Remuneration

Details of the remuneration of the Directors, the Key Management Personnel of the Group (as defined in AASB 124 Related Party Disclosures) and the five highest remunerated employees are set out in the following table.

In addition to the Directors, the employees referred to in the table are the following:

Name	Position	Company
Phillip Aris	Managing Director	Countplus FS Operations Pty Ltd Total Financial Solutions Australia Pty Ltd TFS Operations Pty Ltd
Jonathan Carcich	Director and Principal	Bentleys (WA) Pty Ltd
Ranko Matic	Director and Principal	Bentleys (WA) Pty Ltd
Phillip Rix	Director and Principal	Bentleys (WA) Pty Ltd
Linh Truong (resigned June 2011)	Senior Executive Finance and Acquisitions	Countplus Limited
Jeremy Wardell (resigned December 2010)	Chief Executive Officer	Countplus Limited
Christopher Watts	Director and Principal	Bentleys (WA) Pty Ltd

	Short-Term Employee Benefits			Post-Employment Benefits		Long-Term Benefits	Share Based Payments	
2011	Salary and Fees $	Bonus $	Other $	Superannuation $	Long Service Leave $	Termination Benefits $	Employee Loyalty Share Plan $	TOTAL $
Non-Executive Directors								
Graeme Hilton George Fowler [1]	56,383	0	0	5,074	0	0	0	**61,457**
Donald Kenneth Sharp [2]	53,428	0	0	4,809	0	0	0	**58,237**
David Maxwell Smith [3]	56,383	0	0	5,074	0	0	0	**61,457**
Executive Directors								
Barry Martin Lambert [4] (Chairman)	0	0	0	0	0	0	0	**0**
Michael James Spurr [5] (Managing Director/CEO/CFO)	131,945	60,000	0	17,275	16,567	0	0	**225,787**
Other								
Phillip Craig Aris [6, 9]	226,375	126,813	6,840	11,400	0	0	0	**371,428**
Jonathan Carcich [9]	246,445	0	0	22,262	1,000	0	0	**269,707**
Philip Rix [9]	220,017	0	0	49,599	1,000	0	0	**270,616**
Ranko Matic [9]	247,354	0	0	22,262	1,000	0	0	**270,616**
Linh Truong [7, 10]	82,849	15,000	0	8,806	6,340	0	1,000	**101,315**
Jeremy Wardell [8, 10]	–	–	–	–	–	–	–	**–**
Christopher Watts [9]	247,354	0	0	22,262	1,000	0	0	**270,616**
TOTAL	**1,568,533**	**201,813**	**6,840**	**168,823**	**13,227**	**0**	**1,000**	**1,960,236**

1 Graeme Fowler was appointed 26 August 2010.
2 Donald Sharp was appointed 6 September 2010.
3 David Smith was appointed 26 August 2010.
4 Barry Lambert was appointed 10 August 2007.
5 Michael Spurr was appointed as a Director on 10 August 2007 and as the CEO & CFO on 15 November 2010.
6 Phillip Aris was appointed 1 October 2010.
7 Linh Truong was appointed 15 November 2010 and resigned 30 June 2011.
8 Jeremy Wardell resigned 3 December 2010. His remuneration was paid by Count Financial Limited, the former ultimate parent of the entity.
9 Denotes the five highest remunerated employees.
10 Denotes other Key Management Personnel.

The elements of remuneration have been determined on the basis of the cost to the Company and the consolidated entity.

In 2010, Count Financial Limited was the ultimate parent of Countplus and owned 100% of the ordinary shares in Countplus (previously Countplus Pty Limited). As such, the Key Management Personnel (including Directors) of Countplus remunerations were paid by Count Financial Limited and no allocation of cost was made to Countplus. Jeremy Wardell's remuneration was paid by Count Financial Limited for the full term of his employment.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid premiums in respect of a contract insuring all the Directors and Officers of the Company against any claims and wrongful acts arising out of their conduct while acting in their capacity as Director or Officer of the Company.

All Directors' and Officers' liability policies contain a Confidentiality Condition, which restricts the insured from disclosing certain information in regard to this insurance.

Non-Audit Services

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

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 on page 32.

Rounding of Amounts

The consolidated entity is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the ''rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.

Barry M. Lambert
Executive Chairman
Sydney
29 September 2011

Audit Independence Declaration

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Auditor's Independence Declaration to the Directors of Countplus Limited

In relation to our audit of the financial report of Countplus Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Raumer
Partner
29 September 2011

Financial Contents

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Revenue from operating activities	5	93,162	–
Fees, commissions and related costs	5	(11,529)	–
Gross profit		81,633	–
Other income			
Fair value uplift on consolidation of associates	35	3,438	–
Gain on deferred consideration adjustment	21	677	–
Fair value gain on investments		447	–
Interest received		199	6
Other non-operating income		288	–
Total other income		5,049	6
Salaries and employee benefits expense	6	(46,745)	–
Premises expenses		(4,186)	–
Depreciation and amortisation expense	6	(3,867)	–
Acquisition related expenses		(897)	–
Other operating expenses from ordinary activities	6	(11,013)	(379)
Finance costs	6	(967)	–
Total expenses		(67,675)	(379)
Share of net profit of associates accounted for using the equity method	36	–	2,249
Profit from operations before income tax		19,007	1,876
Income tax expense	7	(5,711)	(242)
Net profit from operations after income tax		13,296	1,634
Other comprehensive income		–	–
Total comprehensive income and profit for the year		13,296	1,634
Total comprehensive income for the year is attributable to:			
Owners of Countplus Limited		8,896	1,634
Non-controlling interests		4,400	–
		13,296	1,634
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings per share	39	13.20	10.54
Diluted earnings per share	39	12.75	4.14

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 30 June 2011

	Notes	2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**9,934**	930
Trade and other receivables	9	**15,000**	343
Loans and advances	10	**40**	3,653
Work in progress	11	**4,633**	–
Other financial assets	12	**781**	–
Total current assets		**30,388**	4,926
Non-current assets			
Property, plant and equipment	14	**6,222**	–
Intangible assets	15	**50,431**	–
Other financial assets	16	**17**	–
Investment in associates	36	**–**	15,789
Total non-current assets		**56,670**	15,789
Total assets		**87,058**	20,715
LIABILITIES			
Current liabilities			
Trade and other payables	17	**5,465**	–
Interest bearing loans and borrowings	18	**725**	–
Current tax liabilities	19	**3,679**	–
Provisions	20	**3,023**	–
Other current liabilities	21	**16,021**	500
Total current liabilities		**28,913**	500
Non-current liabilities			
Interest bearing loans and borrowings	22	**1,092**	–
Provisions	23	**920**	–
Deferred tax liabilities	13	**4,934**	610
Other non-current liabilities	24	**2,152**	–
Total non-current liabilities		**9,098**	610
Total liabilities		**38,011**	1,110
Net assets		**49,047**	19,605
EQUITY			
Contributed equity	25	**113,044**	17,545
Reserves	26(a)	**(67,689)**	–
Retained earnings	26(b)	**3,495**	2,060
Capital and reserves attributable to owners of Countplus Limited		**48,850**	19,605
Non-controlling interest	27	**197**	–
Total equity		**49,047**	19,605

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2011

	Notes	Attributable to owners of Countplus Limited					
		Contributed equity $'000	Acquisition reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 July 2009		**11,267**	**–**	**926**	**12,193**	**–**	**12,193**
Profit for the year		**–**	**–**	**1,634**	**1,634**	**–**	**1,634**
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**1,634**	**1,634**	**–**	**1,634**
Transactions with owners in their capacity as owners:							
Issue of shares	25	6,000	–	–	6,000	–	6,000
Equity dividends payable	28	–	–	(500)	(500)	–	(500)
Capital contribution	25	278	–	–	278	–	278
		6,278	–	(500)	5,778	–	5,778
Balance at 30 June 2010		**17,545**	**–**	**2,060**	**19,605**	**–**	**19,605**
Balance at 1 July 2010		**17,545**	**–**	**2,060**	**19,605**	**–**	**19,605**
Profit for the year		**–**	**–**	**8,896**	**8,896**	**4,400**	**13,296**
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**8,896**	**8,896**	**4,400**	**13,296**
Transactions with owners in their capacity as owners:							
Issue of shares	25	95,675	–	–	95,675	–	95,675
Acquisition of non-controlling interest		–	(67,689)	–	(67,689)	(7,790)	(75,479)
IPO Costs		(586)	–	–	(586)	–	(586)
Dividends paid by Countplus	28	–	–	(7,461)	(7,461)	–	(7,461)
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(3,954)	(3,954)
Capital contributions	25	410	–	–	410	–	410
Equity recognised on consolidation		–	–	–	–	7,541	7,541
		95,499	(67,689)	(7,461)	20,349	(4,203)	16,146
Balance at 30 June 2011		**113,044**	**(67,689)**	**3,495**	**48,850**	**197**	**49,047**

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

Consolidated Statement of Cash Flows

for the year ended 30 June 2011

	Notes	2011 $'000	2010 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		98,780	–
Payments to suppliers and employees (inclusive of GST)		(80,751)	–
		18,029	–
Dividends received from associated entities		–	1,117
Interest received		199	6
Interest paid		(967)	–
Income taxes paid		(5,884)	–
Net cash inflow (outflow) from operating activities	38	11,377	1,123
Cash flows from investing activities			
Purchase of equipment and other non-current assets		(1,841)	–
Purchase of Investments		(209)	–
Proceeds from consolidation of controlled entities net of cash divested		2,716	(725)
Payment for deferred consideration on acquisition of controlled entities		(1,497)	–
Net cash (outflow) from investing activities		(831)	(725)
Cash flows from financing activities			
Loans to related parties		(260)	–
Payment for acquisition of non-controlling Interest		(3,813)	–
Repayment of loans and advances to Count Financial		(14,004)	–
Repayment of loans to related parties		517	273
Proceeds from issue of shares		22,640	–
Equity raising costs		(822)	–
Repayments of borrowings		(4,428)	–
Proceeds from borrowings		6,563	–
Payment of dividends on ordinary shares	28	(1,700)	–
Payment of dividends by controlled subsidiaries to non-controlling interest	28	(6,235)	–
Net cash inflow (outflow) from financing activities		(1,542)	273
Net increase (decrease) in cash and cash equivalents		9,004	671
Cash and cash equivalents at the beginning of the financial year		930	259
Cash and cash equivalents at end of year	8	9,934	930

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

Notes to the Consolidated Financial Statements

for the year ended 30 June 2011

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Countplus Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Both the functional and presentation currency of Countplus Limited and its subsidiaries is Australian dollars (A$) and the financial report is presented in Australian dollars (A$). All values are rounded to the nearest thousand dollars ($000) unless otherwise stated as permitted under ASIC Class Order 98/100.

(i) Compliance with IFRS

The consolidated financial statements of the Countplus Limited consolidated entity also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards that have been issued but are not yet effective

A number of new accounting standards have been issued but are not yet effective during this financial year. The Group has not elected to early adopt any of these new standards or amendments in this financial report. These new standards, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Group other than the following:

- AASB 9 'Financial instruments: Classification and measurement': The amending standard specifies new recognition and measurement requirements for financial assets within the scope of AASB 139 requiring financial assets to be measured at fair value through the profit and loss unless the criteria for amortised cost measurement are met or the entity qualifies and elects to recognise gains and losses on equity securities that are not held for trading directly in other comprehensive income. AASB 9 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 10 'Consolidated Financial Statements': This standard establishes a new control model that applies to all new entities. It replaces parts of AASB 27 and Interpretation 112. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. AASB 10 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 12 'Disclosure of Interests in Other Entities': New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. AASB 12 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 13 'Fair Value Measurement': This standard establishes a single source of guidance under AIFRS for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AIFRS when fair value is required or permitted by AIFRS. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about assumptions made and the qualitative impact of those assumptions on the fair value determined. AASB 13 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective for annual reporting periods beginning on or after 1 January 2011). In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities. The consolidated entity will apply the amended standard from 1 July 2011. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013). On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two tier differential reporting regime applies to all entities that prepare general purpose financial statements. Countplus Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards Reduced Disclosure Requirements. The standard will have no impact on the financial statements of the entity.

(iii) Historical cost convention

The financial report has been prepared on an accruals basis, and is based on historical costs modified by the revaluation of certain financial assets for which the fair value basis of accounting has been applied.

(iv) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Countplus Limited (''company" or ''parent entity") as at 30 June 2011 and the results of all subsidiaries for the year then ended. Countplus Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the consolidated entity (refer to note 1(g)).

Changes in the consolidated entity's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated in full. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and consolidated statement of financial position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Countplus Limited less any impairment charges.

(ii) Associates

Associates are all entities over which the consolidated entity has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The consolidated entity's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 36).

The consolidated entity's share of its associates' post-acquisition profits or losses is recognised in the consolidated income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's consolidated income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the consolidated entity and its associates are eliminated to the extent of the consolidated entity's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's operations are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The financial statements are presented in Australian dollars, which is the consolidated entity's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(d) Revenue recognition

The consolidated entity recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the consolidated entity's activities as described below.

Revenue from the provision of accounting and financial planning is recognised on an accrual basis in the period in which the financial service or advice is provided. Financial planning and loans and leasing commission revenue is recognised in the period when the services are rendered.

Revenue from the provision of accounting and financial planning services (where fee for service is charged) are recognised according to the terms of the client service agreement or engagement letter with reference to the professional staff hours incurred on each client assignment adjusted for any time that may not be recoverable.

Interest revenue is recognised when there is control of the right to receive the interest payment.

Dividends received from associates are accounted for in accordance with the equity method of accounting.

Other revenue is recognised when the right to receive payment is established.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Countplus Limited and its wholly-owned Australian controlled entities have not implemented the tax consolidation legislation.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

(f) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the consolidated group will obtain ownership of the asset or over the term of the lease.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Other operating lease payments are charged to profit or loss in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the consolidated entity. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Business combinations are initially accounted for on a provisional basis until either the earlier of (i) 12 months from the date of acquisition or (ii) the finalisation of fair value. On an acquisition-by-acquisition basis, the consolidated entity recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Acquisition related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value at the acquisition date through profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the consolidated entity's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

The Company has measured the non-controlling interest at the acquirees' share of the identifiable net assets. Accordingly, goodwill arising on consolidation represents only Countplus' proportionate share of goodwill at the date of acquisition. Key factors contributing to goodwill are synergies existing within the acquired businesses, superior management and superior service offerings. None of the goodwill recognised is expected to be deductible for tax purposes.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash flows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired, or more frequently if events or changes in circumstances indicate that they might be impaired. Where an indicator exists, the consolidated entity makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered to be impaired and is written down to its recoverable amount.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Non-financial assets other than goodwill that suffer an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments may be considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other income in profit or loss.

(k) Work in progress

Work in progress represents costs incurred and profit recognised on client assignments and services that are in progress and have not yet been invoiced at balance date. Work in progress is valued at net realisable value after providing for any foreseeable losses. Work in progress is recognised on the statement of financial position and the movement recognised in the statement of comprehensive income. Financial planning work in progress not representing fees for services, is not recognised in the statement of financial position and statement of comprehensive income until invoiced.

(l) Financial instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition; (ii) less principal repayments; (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) Loans and advances

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using effective interest method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Financial guarantees

Where material, financial guarantees issued, which requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition. The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(m) Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation and any accumulated impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Leasehold improvements	2.5% – 20%
Office equipment	4% – 67%
Furniture and fittings	8% – 37%
Motor vehicles	9%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is consolidated entity policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(n) Intangible assets

(i) Goodwill

Goodwill acquired in a business combinations is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's identified assets acquired and liabilities assumed, if this consideration transferred is lower than the fair value of the net identified assets of the subsidiary acquired, the difference is recognised in profit or loss.

Goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities acquired at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Further details on the methodology and assumptions used are outlined in note 15.

(ii) IT software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service and direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over periods generally ranging from 3 to 5 years.

(iii) Acquired client relationships

Acquired client relationships are the intangible assets identified in the acquisition of businesses and represent that part of the purchase consideration that is attributable to and represented by the clients and customers with long term relationship with the business being acquired. These assets are capitalised at fair values at the date of acquisition. Acquired client relationships are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is considered to be 10 years and are amortised and expensed in accordance with expected pattern of future benefits. The amortisation period and the amortisation method are reviewed at least at each financial year end to reflect the amortisation expense is consistent with the function of the intangible asset.

(iv) Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised where the project will deliver future economic benefits and these benefits can be reliably measured.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(o) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent whereby there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use of sale.

All other borrowing costs are recognised in income in the period in which they are incurred.

(r) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events. It is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(s) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

The entity provides benefits to employees in the form of share-based payment transactions, whereby employees are rewarded with an entitlement to shares ("equity-settled transactions").

The plan to provide these benefits will be known as the Employee tax-exempt "loyalty" share plan.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the instruments at the date at which they were granted.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, on the date of grant.

(t) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (note 25(d)).

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(v) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(w) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(x) Parent entity financial information

The financial information for the parent entity, Countplus Limited, disclosed in note 40 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Countplus Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

Countplus Limited and its wholly owned Australian controlled entities have not implemented the tax consolidation legislation.

(iii) Financial guarantees

Where the parent entity have provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

The parent entity has not provided any financial guarantees in respect of bank overdrafts or loans of subsidiaries.

(iv) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the consolidated entity is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The consolidated entity makes estimates and assumptions concerning the future. The result may sometimes be different from the estimated amounts. The estimates and assumptions that have a significant risk of causing a material misstatement which would result in an adjustment to the carrying amounts in the Statement of Financial Position are as follows:

(i) Impairment

At each reporting date, the group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets may be impaired. If such an indication exists, the recoverable amount of the asset, assessed as its fair value less costs of disposal, is compared to its current carrying amount. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement.

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimation of the recoverable amount of the cash-generating units and assessment of fair values. In assessing fair value, a multiple of earnings before interest, tax and amortisation (EBITA) is used, assessed as comparable to the market trading multiples of similar assets.

Acquired client relationships are tested for impairment whenever there is an indication that the intangible asset may be impaired. This assessment is made at least on annual basis. The net carrying value is compared with the expected future benefits from the relationships for each cash generating unit. If the carrying value of the relationships is higher than the expected future benefits an impairment loss is recorded for the difference.

(ii) Provision for impairment of receivables

Where receivables are outstanding beyond the normal trading terms, the recovery likelihood of these receivables is assessed and reviewed by management. Outstanding debts that are deemed to be uncollectible are written off when identified. Historical experience and information of the Group's client base are considered when determining the provision for impairment loss.

(iii) Provision for write-off of work in progress

The recoverability of work in progress is assessed and reviewed by management on a regular basis. Any amounts in excess of net recoverable value are written off when identified. Historical experience and information of the Group's client base are considered when determining the provision for impairment loss.

(iv) Provision for make good

A provision has been made for the present value of anticipated costs of future restoration of various leased office premises. The provision includes future cost estimates associated with refurbishment to restore the leased premises to their original conditions. Provision recognised for each office is measured at the management's best estimate of the expenditures where it is probable that an outflow of resources will be required. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting both the expense or asset (if applicable) and provision.

3 FINANCIAL RISK MANAGEMENT

The consolidated entity's principal financial instruments comprise cash and cash equivalents, trade and other receivables, interest bearing loans and borrowings, work in progress, investments in listed shares and investment in stock options.

The main purpose of the financial instruments is to generate a short or long term return on surplus cash and capital of the consolidated entity. The consolidated entity has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly out of its operations. The consolidated entity has not entered into any derivative contracts and does not hedge any of its risks. The consolidated entity does not undertake trading in any of its financial instruments. The main risks arising from the consolidated entity's financial instruments are interest rate risk, market risk and credit risk.

(a) Market risk

(i) Price risk

The consolidated entity's exposure to market risk relates to price risk associated with its investments in financial instruments. The Group's exposure to market price risk arises from its investments in listed shares and stock options of which are subject to significant risk of changes in value from changing market prices. The risk is monitored and managed by having appropriate investment strategies in place.

The following sensitivity analysis is based on the equity securities price risk exposures in existence at the reporting date. The assumption is that the stipulated change took place at the beginning of the financial year and is held constant through the reporting period.

At 30 June 2011, if the Australian All Ordinaries Index (Australia) had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Effect on post-tax profit Higher/(Lower)	
	2011	2010
Sensitivity analysis	**$'000**	$'000
All ords index +10%	**55**	–
All ords index -10%	**(55)**	–

The movements in profit are due to adjustments in the carrying value of the equity securities reflected in the income statement.

(ii) Interest rate risk

The consolidated entity's risk exposure to changes in market interest rates relates primarily to cash and cash equivalents, which are deposited at floating rates and interest bearing loans, which are under a variable rate arrangement. The consolidated entity has not entered into any contracts to mitigate this risk.

Consolidated	Carrying amount		Floating interest rate		Fixed interest rate						Non interest bearing		Weighted average	
			1 year or less		1 year or less		Between 1 and 5 years		More than 5 years					
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**%**	%
Financial assets														
Cash and cash equivalents	**9,934**	930	**9,691**	930	**243**	–	**–**	–	**–**	–	**–**	–	**2.64**	4.10
Trade receivable	**15,000**	343	**–**	–	**–**	–	**–**	–	**–**	–	**15,000**	343	**N/A**	N/A
Loans and advances	**40**	3,653	**–**	–	**17**	–	**–**	–	**–**	–	**23**	3,653	**7.40**	N/A
Work in progress	**4,633**	–	**–**	–	**–**	–	**–**	–	**–**	–	**4,633**	–	**N/A**	N/A
Listed shares	**358**	–	**–**	–	**–**	–	**–**	–	**–**	–	**358**	–	**N/A**	N/A
Stock options	**423**	–	**–**	–	**–**	–	**–**	–	**–**	–	**423**	–	**N/A**	N/A
Total financial assets	**30,388**	4,926	**9,691**	930	**260**	–	**–**	–	**–**	–	**20,437**	3,996		
Financial liabilities														
Trade payables	**(5,465)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(5,465)**	–	**N/A**	N/A
Borrowings	**(1,817)**	–	**(300)**	–	**(711)**	–	**(792)**	–	**–**	–	**(14)**	–	**6.32**	N/A
Other liabilities														
– Provision for dividend	**(6,259)**	(500)	**–**	–	**–**	–	**–**	–	**–**	–	**(6,259)**	(500)	**N/A**	N/A
– Deferred cash consideration	**(3,347)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(3,347)**	–	**N/A**	N/A
– Deferred equity consideration	**(6,750)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(6,750)**	–	**N/A**	N/A
– Other current liabilities	**(1,067)**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(1,067)**	–	**N/A**	N/A
Total financial liabilities	**(24,705)**	(500)	**(300)**	–	**(711)**	–	**(792)**	–	**–**	–	**(22,902)**	(500)		
Net financial instruments	**5,683**	4,426	**9,391**	930	**(451)**	–	**(792)**	–	**–**	–	**(2,465)**	3,496		

3 FINANCIAL RISK MANAGEMENT – continued

(a) Market risk – continued

The Group's borrowings are backed by various forms of securities. Bank loans are secured by personal guarantee/s by the Director/s of the relevant Member Firm. Lease liabilities and hire purchase liabilities are guaranteed or indemnified by the relevant Director/s, the Member Firm or Countplus Limited.

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Impact on post-tax profit	
	2011	2010
Consolidated	$'000	$'000
+2% (200 basis points)	131	13
-1% (100 basis points)	(65)	(6)

A combination of 200 and 100 basis point movement is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

The movement in profit are due to higher/lower interest income from cash balances and higher/lower interest expense incurred on loans on variable rate of interest.

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables (including guarantees held by financial institutions, as described in Note 31) and loans and advances.

The Group trades only with creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of counterparties to minimize the risk of default of counterparties.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments as indicated in the Balance Sheet. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's experience of bad debts has not been significant.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its debt obligations, or other cash outflows, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms. The Group monitors its liquidity position on a regular basis to ensure that there is adequacy to meeting obligations.

Financing arrangements

The consolidated entity had access to the following undrawn borrowing facilities at the end of each reporting period:

	Consolidated	
	2011	2010
	$'000	$'000
Floating rate		
– Expiring within one year	400	–
– Expiring beyond one year	10,000	–
	10,400	–

The consolidated group has a bank overdraft facility of $400,000. The facility is subject to annual review and interest is payable at 10.37% pa.

The consolidated group has a bilateral funding facility of $10,000,000 provided by Count Financial Limited that is expiring on 3 November 2015. Interest is payable at 10% pa.

3 FINANCIAL RISK MANAGEMENT – continued

(c) Liquidity risk – continued

Maturities of financial assets and liabilities

At 30 June 2011	Less than 6 months $'000	1 year or less $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
Financial assets					
Cash	9,934	–	–	–	9,934
Trade and other receivables	15,000	–	–	–	15,000
Loans and advances	–	40	–	–	40
Work in progress	4,633	–	–	–	4,633
Listed shares	358	–	–	–	358
Stock options	423	–	–	–	423
Total financial assets	**30,348**	**40**	**–**	**–**	**30,388**
Financial liabilities					
Trade and other payables	(5,465)	–	–	–	(5,465)
Borrowings	(370)	(655)	(792)	–	(1,817)
Other liabilities					
– Provision for dividend	(6,259)	–	–	–	(6,259)
– Deferred cash consideration	(1,945)	–	(1,402)	–	(3,347)
– Deferred equity consideration	(6,750)	–	–	–	(6,750)
– Other current liabilities	(1,067)	–	–	–	(1,067)
Total financial liabilities	**(21,856)**	**(655)**	**(2,194)**	**–**	**(24,705)**

At 30 June 2010	Less than 6 months $'000	1 year or less $'000	Between 1 and 5 years $'000	More than 5 years $'000	Total $'000
Financial assets					
Cash and cash equivalents	930	–	–	–	930
Other receivables	343	–	–	–	343
Loans to related parties	3,653	–	–	–	3,653
Total Financial assets	4,926	–	–	–	4,926
Financial liabilities					
Other liabilities					
– Provision for dividend	(500)	–	–	–	(500)
Total financial liabilities	(500)	–	–	–	(500)

(d) Fair value measurements

The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and 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. The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – the fair value is calculated using quoted prices in active markets.

Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).

Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

3 FINANCIAL RISK MANAGEMENT – continued

(d) Fair value measurements – continued

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

At 30 June 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
Listed shares	358	–	–	358
Stock options	–	423	–	423
	358	423	–	781
Financial liabilities				
	–	–	–	–

The above table excludes deferred equity consideration amounting to $6.75m to be issued to vendors of Countplus Member Firms. The liability which is based on the performance of the Member Firms at 30 June 2011 has been crystallised. Refer to note 21 for further details.

At 30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets				
	–	–	–	–
Financial liabilities				
	–	–	–	–

The fair value of financial instruments traded in active markets (such as listed shares) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (such as stock options) is determined using valuation techniques. The valuation methodology maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The instrument is included in level 2.

The fair value of financial instruments that are based on significant unobservable inputs are included in level 3. Details relating to the movement in provisions for deferred equity consideration and deferred cash consideration are included in notes 21 and 24.

4 SEGMENT INFORMATION

The consolidated entity's operations are assessed by management and Board of Directors as one operating segment.

5 REVENUE

	2011 $'000	2010 $'000
(a) Revenue from operating activities		
Accounting services revenue	75,529	–
Financial services revenue	12,436	–
Legal services revenue	3,412	–
Other operating revenue	1,785	–
	93,162	–

(b) Fees, commissions and related costs

Fees, commissions and related costs comprise largely the brokerage commissions payable by subsidiary Countplus FS Holdings Pty Ltd to financial planning advisers in the ordinary course of business in accordance with the Authorised Representative Agreement. The commissions payable is calculated based on the level of Funds Under Management under the various investment platforms. The commissions paid for referral business is based on the assumption that advisers will achieve the estimated number of conversions from the risk referral agreement.

6 EXPENSES

	2011 $'000	2010 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Make good	140	–
Office equipment	635	–
Leasehold improvements	199	–
Furniture & fixtures	268	–
Motor vehicles	13	–
Other	64	–
	1,319	–
Amortisation		
Acquired client relationships	2,434	–
Software	114	–
	2,548	–
Total depreciation and amortisation expense	3,867	–
Other expenses		
Professional and consulting fees		
Audit fees – E&Y	396	–
Legal fees	441	–
Other professional fees	310	–
	1,147	–
Other expenses		
Bad and doubtful debts – trade receivables	1,024	–
Sales and marketing expenses	928	–
Administration expenses	3,622	379
Insurance expense	920	–
Technology expense	2,606	–
Net loss on disposal of property, plant and equipment	65	–
Other	701	–
	9,866	379
Total other operating expenses from ordinary activities	11,013	379
Salaries and employee benefits expense		
Wages and salaries	39,880	–
Superannuation expense	3,818	–
Share based payment expense	303	–
Other employee benefit expenses	2,744	–
Total salaries employee benefits expense	46,745	–
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	967	–

7 INCOME TAX EXPENSE

	2011 $'000	2010 $'000
(a) Income tax expense:		
Current tax (benefit)/expense	**5,948**	(99)
Under/(over) provision – prior year	**(53)**	–
Deferred tax expense/(benefit)	**(184)**	341
	5,711	242
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 13)	**(884)**	–
(Decrease) increase in deferred tax liabilities (note 13)	**700**	341
	(184)	341
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**19,007**	1,876
Tax at the Australian tax rate of 30% (2010 – 30%)	**5,702**	563
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-deductible depreciation and amortisation	**48**	–
Non-deductible entertainment	**41**	–
Non-deductible legal fees	**79**	–
Fines	**1**	–
Non-taxable dividends	**(24)**	–
Gain on deferred consideration adjustment	**(222)**	–
Deductible expense – borrowing costs	**1**	–
Franking dividend rebates	**(863)**	(426)
Other non-deductible expenses	**1,001**	105
	5,764	242
Under/(over) provision in prior years	**(53)**	–
Total income tax expense/(benefit)	**5,711**	242

The parent entity, Countplus Limited and the controlled entities in the group continue to account for their own current and deferred tax amounts. The current and deferred tax amounts are measured in a systematic manner that is consistent with the broad principles in AASB 112 Income Taxes.

In addition to its own current and deferred tax amounts, Countplus Limited and the controlled entities also recognise their own current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits.

(c) Tax consolidation group

Countplus Limited and its subsidiaries have not formed a tax consolidated group under the tax consolidation regime. Consideration is being made to forming a group which must be determined by December 2011. Any tax benefits arising will be accounted for once the tax consolidated group is formed.

8 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2011 $'000	2010 $'000
Cash at bank and on hand	**9,934**	930

Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows.

(a) Risk exposure

The consolidated entity's exposure to interest rate risk is discussed in note 3. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of cash and cash equivalents mentioned above.

9 CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2011 $'000	2010 $'000
Trade receivables	13,097	–
Provision for impairment of trade receivables (note (a))	(912)	–
	12,185	–
Dividends receivable	–	305
Goods and service tax refundable	–	38
Prepayments	1,023	–
Other receivables	1,792	–
	15,000	343

(a) Ageing analysis of trade receivables

	2011 $'000	2010 $'000
0 to 1 month	7,040	–
0 to 1 month CI^	22	–
1 to 3 months PDNI*	3,465	–
1 to 3 months CI^	41	–
3 to 6 months PDNI*	1,155	–
3 to 6 months CI^	53	–
Over 6 months PDNI*	526	–
Over 6 months CI^	795	–
	13,097	–

* Past due but not impaired ('PDNI')
^ Considered impaired ('CI')

Trade receivables are non-interest bearing and are generally on 30 day terms. A provision for impairment is recognised when there is objective evidence that a trade receivable is impaired. An impairment loss of $1,024,000 (2010: nil) has been recognised by the Group in the current year. These amounts have been included in other operating expenses.

Movements in the provision for impairment of receivables are as follows:

	2011 $'000	2010 $'000
At 1 July	–	–
Provision for impairment recognised during the year	(1,024)	–
Receivables written off during the year as uncollectible	112	–
	(912)	–

The creation and release of the provision for impaired receivables has been included in 'other operating expenses' in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Fair value and credit risk

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 3 for more information on the risk management policy of the consolidated entity and the credit quality of the entity's trade receivables.

10 CURRENT ASSETS – LOANS AND ADVANCES

	2011 $'000	2010 $'000
Loans and advances to related parties	40	3,653

Loans and advances to related parties include one loan to a private company as defined in Division 7A of Part III of the Income Tax Assessment Act 1936 (Division 7A) and one loan to a client of a subsidiary. Interest on the Division 7A loan is charged at the benchmark rate provided by the Australian Taxation Office. Loan to client is non-interest bearing and is currently under a monthly repayment arrangement.

11 CURRENT ASSETS – WORK IN PROGRESS

	2011 $'000	2010 $'000
Work in progress – at cost	**4,907**	–
Provision for write-off of Work in progress	**(274)**	–
	4,633	–

(a) Ageing analysis of Work in progress

As of 30 June 2011, ageing analysis of work in progress is as follows:		
0 to 1 month	**2,091**	–
0 to 1 month PWO*	**21**	–
1 to 3 months CR^	**1,260**	–
1 to 3 months PWO*	**41**	–
Over 3 months CR^	**1,282**	–
Over 3 months PWO*	**212**	–
	4,907	–

*Provided for write-off ('PWO')
^Considered recoverable ('CR')

A provision for write-off is recognised when an amount in excess of net recoverable value of work in progress is identified. A provision of $274,000 (2010: nil) has been recognised by the Group in the current year. The provision has been included in other operating expenses.

(b) Movements in provision for write off

As of 30 June 2011, movements in work in progress write off is as follows:

	2011 $'000	2010 $'000
Opening balance at 1 July	**–**	–
Provision recognised during the year	**274**	–
Total provision for work in progress as at 30 June	**274**	–

Details of the significant accounting policies and methods adopted for accounting for work in progress can be found in note 1.

12 CURRENT ASSETS – OTHER FINANCIAL ASSETS

	2011 $'000	2010 $'000
Investments held at fair value through profit & loss	**781**	–

Investments held at fair value include the holdings of listed shares and stock options. The fair value of the listed securities has been determined directly by reference to published price quotations in an active market. The fair value of unlisted stock options is based on the Black-Scholes valuation model.

The movement in fair value has been recognised in profit or loss for the year.

13 NON-CURRENT ASSETS – DEFERRED TAX ASSETS

	2011 $'000	2010 $'000
The balance comprises temporary differences attributable to:		
Provisions		
Bonus	**42**	–
Employee liabilities	**942**	–
Bad debts	**249**	–
Other	**47**	–
Superannuation accrued	**56**	–
Accrued audit fees	**65**	–
Prepaid expenses	**7**	–
Accruals (others)	**84**	–
Depreciation	**21**	–
Dividends accrued prior year	**91**	–
Equity raising costs	**239**	–
Tax loss prior years	**1**	–
Total deferred tax assets	**1,844**	–
Set-off of deferred tax liabilities pursuant to set-off provisions	**(1,844)**	–
Total deferred tax assets	**–**	–

Movements – Consolidated	Equity raising cost $'000	Other $'000	Total $'000
At 1 July 2009	–	–	–
(Charged)/credited to the consolidated income statement	–	–	–
(Charged)/credited directly to equity	–	–	–
Deferred tax balance on acquisition of subsidiaries	–	–	–
At 30 June 2010	–	–	–
At 1 July 2010	–	–	–
(Charged)/credited to the consolidated income statement	–	884	884
(Charged) directly to equity	239	–	239
Deferred tax balance on acquisition of subsidiaries	–	721	721
At 30 June 2011	239	1,605	1,844

NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	2011 $'000	2010 $'000
The balance comprises temporary differences attributable to:		
Work in progress	**1,280**	–
Accrued dividends	**62**	–
Gain on investment at fair value through profit & loss	**134**	–
Share of profits of associates	**–**	610
Fair valued consolidation uplift	**1,498**	–
Fair valued intangible assets	**3,804**	–
	6,778	610
Set-off of deferred tax assets pursuant to set-off provisions (note 13)	**(1,844)**	–
Net deferred tax liabilities	**4,934**	610

Movements – Consolidated	Share of profit of associates $'000	Fair valued intangible assets $'000	Fair valued consolidation uplift $'000	Other $'000	Total $'000
At 1 July 2009	269	–	–	–	269
Charged/(credited) to the statement of comprehensive income	341	–	–	–	341
At 30 June 2010	610	–	–	–	610
At 1 July 2010	610	–	–	–	610
Deferred tax balance on acquisition of subsidiaries	–	4,560	–	908	5,468
Charged/(credited) to the statement of comprehensive income	(610)	(756)	1,498	568	700
At 30 June 2011	–	3,804	1,498	1,476	6,778

14 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Furniture, fittings and equipment	Make good	Leasehold improvements	Other property, plant and equipment	Motor vehicle	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 30 June 2010							
Cost	–	–	–	–	–	–	–
Accumulated depreciation	–						
Net book amount	–	–	–	–	–	–	
Year 30 June 2011							
Opening net book amount	–	–	–	–	–	–	–
Acquisition of business	2,066	1,117	750	1,747	255	57	5,992
Additions	954	354	–	176	62	80	1,626
Disposals	–	–	–	–	(12)	–	(12)
Write offs	(3)	(9)	–	(50)	(3)	–	(65)
Transfers out	(1)	(1)	–	1	1	–	–
Depreciation charge	(635)	(268)	(140)	(199)	(64)	(13)	(1,319)
Closing net book amount	2,381	1,193	610	1,675	239	124	6,222
At 30 June 2011							
Cost	3,016	1,461	750	1,874	303	137	7,541
Accumulated depreciation	(635)	(268)	(140)	(199)	(64)	(13)	(1,319)
Net book amount	2,381	1,193	610	1,675	239	124	6,222

15 NON-CURRENT ASSETS – INTANGIBLE ASSETS

	Goodwill	Acquired client relationships	IT Software	Total
	$'000	$'000	$'000	$'000
At 30 June 2010				
Cost	–	–	–	–
Accumulated amortisation and impairment	–	–	–	–
Net book amount	–	–	–	–
Year 30 June 2011				
Opening net book amount	–	–	–	–
Additions through acquisition of subsidiaries	37,312	15,202	465	52,979
Amortisation charge	–	(2,434)	(114)	(2,548)
Closing net book amount	37,312	12,768	351	50,431
At 30 June 2011				
Cost	37,312	15,202	465	52,979
Accumulated amortisation and impairment	–	(2,434)	(114)	(2,548)
Net book amount	37,312	12,768	351	50,431

15 NON-CURRENT ASSETS – INTANGIBLE ASSETS – continued

(a) Impairment tests for goodwill

Goodwill acquired through business combinations have been allocated to and are tested at the level of their respective cash generating units (CGUs), for impairment testing.

Each subsidiary listed in note 34 is considered a separate cash generating unit, operating largely independently from other businesses in the group. The carrying amount of goodwill and other intangibles allocated to CGUs is disclosed in the table below. For the 16 CGUs where the carrying amount of goodwill is not individually significant compared with the group's total, they have been aggregated in the column "Other".

Carrying amount of goodwill allocated to each of the cash generating units:

2011	TFS Operations $'000	Wearne & Co $'000	Lawrence Business Management $'000	Other $'000	Total $'000
Goodwill	11,670	5,346	3,196	17,100	37,312
Acquired client relationships	–	1,806	2,172	11,224	15,202
IT software	–	–	–	465	465
Amortisation	–	(273)	(358)	(1,917)	(2,548)
	11,670	6,879	5,010	26,872	50,431

2010	TFS Operations $'000	Wearne & Co $'000	Lawrence Business Management $'000	Other $'000	Total $'000
Goodwill	–	–	–	–	–
	–	–	–	–	–

The recoverable amount of a CGU is determined based on fair value less costs calculations. The fair value less costs to sell is based on the best information available to reflect the amount that an entity could obtain, at the end of the reporting period, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the cost of disposal. These calculations use comparable market earnings multiples in order to assess fair value.

Based on this analysis no impairment has occurred over the year. Reasonable possible change in assumption will not result in impairment except the following:
- For TFS Operations, which was acquired on 30 September 2010, the calculated fair value equates to carrying value.
- For Wearne & Co, which was acquired on 16 August 2010, the calculated fair value exceeds carrying value by $760,000. Decrease of 10% in EBITDA would result in the fair value equating to carrying value.

(b) Key assumptions used for fair value less costs calculations

The key assumptions used are:
- The gross margin for each cash generating unit used in the calculation is based on the actual 2011 gross margin and is assumed to remain constant.
- For cash generating units that are accounting/financial planning businesses, the comparable enterprise value to EBITA margins are between 4.5 and 5.5x.
- For financial planning businesses the comparable enterprise value to EBITA margins are between 5 and 5.5x.
- Disposal costs were estimated at between 0.5% and 2% of fair value.

These assumptions reflect the group's past experience of acquiring accounting and financial services businesses and were also compared to market multiples of comparable businesses.

(c) Sensitivity to changes in assumptions

For Total Financial Solutions:
If the comparable earnings multiple was 0.5x lower, an impairment of $1,290,000 would result.
If the company's EBITA was 15% lower, an impairment of $2,017,000 would result.

For Wearne & Co:
If the comparable earnings multiple was 0.5x lower, the carrying value would not materially exceed the recoverable amount.
If the company's EBITA was 15% lower, an impairment of $501,000 would result.

For LBM and the other CGUs:
Management believes that no reasonable change in any of the key assumptions would cause the carrying value to materially exceed its recoverable amount.

(d) Amortisation period of intangible assets other than goodwill

The remaining amortisation period for the intangible assets are as follows:

Acquired client relationships	9 years
Software	2-4 years

16 NON-CURRENT ASSETS – OTHER FINANCIAL ASSETS

	2011 $'000	2010 $'000
Other investments	17	–
	17	–

These financial assets are carried at cost.

17 CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2011 $'000	2010 $'000
Trade payables	1,530	–
GST payables	1,792	–
Accrued expenses	2,060	–
Other payables	83	–
	5,465	–

18 CURRENT LIABILITIES – INTEREST BEARING LOANS AND BORROWINGS

	2011 $'000	2010 $'000
Secured		
Bank loans	104	–
Lease liabilities (note 32)	144	–
Hire purchase liabilities (note 32)	460	–
	708	–
Unsecured		
Loans from related parties	17	–
Total current borrowings	725	–

There are no restrictions placed upon the borrower by entering into the transactions above.

(a) Risk exposures

Details of the consolidated entity's exposure to risks arising from current and non-current borrowings are set out in note 3.

19 CURRENT LIABILITIES – CURRENT TAX LIABILITIES

	2011 $'000	2010 $'000
Provision for income tax	3,679	–

20 CURRENT LIABILITIES – PROVISIONS

	2011 $'000	2010 $'000
Employee benefits – annual leave	2,208	–
Employee benefits – long service leave	647	–
Provision for cash bonus	168	–
	3,023	–

21 CURRENT LIABILITIES – OTHER CURRENT LIABILITIES

	2011 $'000	2010 $'000
Provision for dividend	**6,259**	500
Deferred cash consideration for acquisition of subsidiaries	**1,945**	–
Deferred equity consideration for acquisition of subsidiaries	**6,750**	–
Other current liabilities	**1,067**	–
	16,021	500

Deferred equity consideration is an additional share entitlement in Countplus Limited shares, issued to vendors of Countplus Member Firms (the non-controlling interests) who nominated to receive Countplus equity as part of acquisition consideration. The entitlement is limited to a maximum of 5% of issued shares and is based on performance of the respective Member Firms for the 2010/2011 financial year over the 2009/2010 financial year. It is expected to be issued by November 2011. On acquisition, the deferred equity consideration was estimated to be $7,350,000 based on forecast performance of the Member Firms. Subsequently, when actual results for the year were finalised, the provision was revised and the decrease in deferred equity consideration is credited to the Consolidated Statement of Comprehensive Income.

Deferred cash consideration for acquisitions relates to the acquisition of non-controlling interest in the subsidiaries during the year. Please refer to note 35 for further information in relation to Business combination.

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Dividend $'000	Deferred cash consideration $'000	Deferred equity consideration $'000	Total $'000
At 1 July 2010	500	–	–	500
Acquisition of subsidiaries	–	4,844	7,350	12,194
Arising during the year	7,459	–	–	7,459
Payment for adjustment	(1,700)	(1,497)	(600)	(3,797)
At 30 June 2011	6,259	3,347	6,750	16,356
Current 2011	6,259	1,945	6,750	14,954
Non-current 2011 (refer note 24)	–	1,402	–	1,402
	6,259	3,347	6,750	16,356
Current 2010	500	–	–	500
Non-current 2010	–	–	–	–
	500	–	–	500

22 NON-CURRENT LIABILITIES – BORROWINGS

	2011 $'000	2010 $'000
Secured		
Bank loans – term loan	**600**	–
Lease liabilities (note 32)	**99**	–
Hire purchase liabilities (note 32)	**393**	–
Total non-current borrowings	**1,092**	–

(a) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	2011 $'000	2010 $'000
Bilateral funding facility	**10,000**	–
Bank loan facility	**1,000**	–
	11,000	–
Total facilities	**11,000**	–
Used at balance date	**600**	–
Unused at balance date	**10,400**	–

The consolidated entity has entered into a funding arrangement with Court Financial Limited under the Bilateral funding agreement. The facility limit of $10,000,000 is currently undrawn.

The facility matures on 3 November 2014. Interest is payable at 10% pa.

23 NON-CURRENT LIABILITIES – PROVISIONS

	2011 $'000	2010 $'000
Employee benefits – long service leave	**920**	–
	920	–

24 NON-CURRENT LIABILITIES – OTHER NON-CURRENT LIABILITIES

	2011 $'000	2010 $'000
Deferred cash consideration for acquisition of subsidiaries	**1,402**	–
Lease make good provision	**750**	–
	2,152	–

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

	Deferred cash consideration for the acquisition of subsidiaries	Lease make good provision	Total
	$'000	$'000	$'000
Carrying amount at start of year	–	–	–
Acquisition of subsidiary	1,402	–	1,402
Additional provision recognised during the year	–	750	750
Carrying amount at end of year	1,402	750	2,152

25 CONTRIBUTED EQUITY

	2011 Shares	2010 Shares	2011 $'000	2010 $'000
(a) Share capital				
Ordinary shares				
Fully paid (b)	**104,676,233**	–	**111,675**	–
Partly paid (c)	**–**	40,000,000	**–**	16,000
Capital contribution (d)	**–**	–	**1,955**	1,545
Float costs	**–**	–	**(586)**	–
	104,676,233	40,000,000	**113,044**	17,545

(b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price	$'000
1 July 2010	Opening balance	–		–
	Transfer from partly paid to fully paid shares	40,000,000	$0.47	18,640
	Shares issued on acquisition of TFSA	4,616,000	$1.42	6,555
	Shares issued to principals under the Principals Offer	45,111,000	$1.42	64,057
	Shares issued under Prospectus	13,333,142	$1.50	20,000
	Shares issued on acquisition of Bishop Financial services	880,000	$1.50	1,320
4 April 2011	Shares issued for Employee Loyalty Share Plan	201,824	$1.50	302
6 May 2011	Shares issued for Employee Loyalty Share Plan – part 2	667	$1.50	1
9 May 2011	Shares issued to SuperGeneration Pty Ltd	533,600	$1.50	800
30 June 2011	Closing balance	104,676,233		111,675

25 CONTRIBUTED EQUITY – continued

(c) Partly paid ordinary shares

Date	Details	Number of shares	Issue price	$'000
1 July 2009	Opening balance	40,000,000	$0.25	10,000
	Further call made on 40 million partly paid shares at $0.15 cents each	–	$0.15	6,000
30 June 2010	Balance	40,000,000		16,000
1 July 2010	Opening balance	40,000,000	$0.40	16,000
	Further call made on 40 million partly paid shares at $0.066 each	–	$0.07	2,640
	Transfer to fully paid ordinary shares	(40,000,000)	$0.47	(18,640)
30 June 2011	Balance	–		–

40 million partly paid shares of $1.00 per share have been issued to Count Financial Limited ("Count Financial"). Calls for the unpaid portion on the shares have been made in accordance with the terms of issue. All rights of ordinary shares are pro-rated whilst the shares are partly paid. At 5 November 2010, the unpaid portion on the partly paid shares was cancelled with the shares deemed to be fully paid. No cash was transferred.

(d) Capital contribution

Date	Details	$'000
1 July 2009	Opening balance	1,267
	Contribution during the period	278
30 June 2010	Closing balance	1,545
1 July 2010	Opening balance	1,545
	Contribution during the period	410
30 June 2011	Closing balance	1,955

The Company's former parent entity, Count Financial, has made additional capital contributions to the Company through the issuance of shares in Count Financial at a discount to the prevailing market price as part of the consideration for the acquisition of investees as well as the extension of interest free loans to investees for the purposes of funding stamp duty on the transactions.

(e) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(f) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management monitors the capital structure to ensure that the Company is positioned to take advantage of favourable costs of capital or higher expected returns on assets. Return on equity is the primary measure used to monitor capital, in which a 15% target is used. The Company currently has a facility of $10 million with Count Financial Limited, undrawn at balance date. Future acquisitions are expected to be funded from existing surplus cash flow and issuing new capital, however, this facility will be utilised to supplement this if required. The Company expects to maintain a dividend payout ratio of between 50-70%. Management will consider varying the amount of dividends paid having regard to economic and industry conditions as well as acquisition requirements. Dividends are paid quarterly. Dividends paid and declared during 2011 are disclosed in note 28.

The Board of Directors have committed to issuing $1,000 of shares to full time employees with 12 months service or more on an annual basis for the first 3 financial years post the Company's public listing (part time employees in proportion).

The company is not subject to any externally imposed capital requirements.

26 RESERVES AND (ACCUMULATED LOSSES)/RETAINED PROFITS

	2011 $'000	2010 $'000
(a) Reserves		
Acquisition reserves	(67,689)	–
	(67,689)	–
Movements:		
Acquisition Reserve		
Balance 1 July	–	–
Acquisition of non-controlling interest	(67,689)	–
Balance 30 June	(67,689)	–
(b) Retained profits		
Movements in retained profits were as follows:		
Balance 1 July	2,060	926
Net profit for the year	8,896	1,634
Dividends paid and / or proposed	(7,461)	(500)
Balance 30 June	3,495	2,060

(c) Nature and purpose of reserves

(i) Acquisition reserve

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 is not a business combination but is an equity transaction between owners. Accordingly, 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 Reserve.

27 NON-CONTROLLING INTEREST

	2011 $'000	2010 $'000
Reconciliation of non-controlling interest in controlled entities		
Opening balance	–	–
Shares of operating profit	4,400	–
Acquisition of non-controlling interest	(7,790)	–
Dividends paid by subsidiaries to non-controlling interests	(3,954)	–
Equity recognised on consolidation	7,541	–
	197	–

28 DIVIDENDS

The dividends provided for or paid by the parent entity, Countplus Limited are as follows:

	2011 $'000	2010 $'000
(a) Ordinary shares		
Interim dividend for the year ended 30 June 2011 of 6.5 cents (2010 – nil) per partly paid share paid on 5 November 2010		
Fully franked based on tax paid at 30%	1,200	–
Interim dividend for the year ended 30 June 2011 of 4.0 cents (2010 – nil cents) per fully paid share paid on 1 July 2011		
Fully franked based on tax paid at 30%	4,187	–
Final dividend for the year ended 30 June 2011 of 2.0 cents (2010 – 1.25 cents on 40m partly paid shares) per fully paid share paid on 15 August 2011		
Fully franked based on tax paid at 30%	2,074	500
Total dividends provided for or paid	7,461	500
(b) Franked dividends		
Franking (debits)/credits for subsequent financial years based on a tax rate of 30% (2010 – 30%)	(3,804)	–

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:
(a) franking credits that will arise from the payment of the amount of the provision for income tax;
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The company expects to receive sufficient franking credits from the payment of dividends from subsidiaries in 2012 to ensure the balance of the franking account has a credit balance by the end of the year. The franking credit balance of subsidiaries as at the end of the financial year was $2,855,493.

29 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Directors

The following persons were Directors of Countplus Limited during the financial year:

(i) Chairman – Executive
Barry Martin Lambert

(ii) Executive Directors
Michael James Spurr (Managing Director, CEO and CFO)

(iii) Non-Executive Directors
Graeme Hilton George Fowler
Donald Kenneth Sharp
David Maxwell Smith

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the consolidated entity, directly or indirectly, during the financial year:

Name	*Position*
Jeremy Wardell (Resigned December 2010)	Chief Executive Officer
Linh Truong (Resigned June 2011)	Senior Executive – Finance and acquisitions

(c) Key management personnel compensation

	2011 $	2010 $
Short-term employee benefits	**1,770,346**	–
Post-employment benefits	**168,823**	–
Long-term benefits	**13,227**	–
Other	**6,840**	–
Share-based payments	**1,000**	–
	1,960,236	–

Detailed remuneration disclosures are provided in the remuneration report.

(i) Share holdings
The numbers of shares in the company held during the financial year by each Director of Countplus Limited and other key management personnel of the consolidated entity, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

2011	Balance at the start of the year	Granted during the year	Purchase during the year	Balance at the end of the year
Name				
Directors of Countplus Limited				
Ordinary shares				
Barry Martin Lambert	–	–	4,633,333	4,633,333
Michael James Spurr	–	–	35,000	35,000
Graeme Hilton George Fowler	–	–	9,450	9,450
Donald Kenneth Sharp	–	–	–	–
David Maxwell Smith	–	–	15,000	15,000
Other key management personnel of the consolidated entity				
Ordinary shares				
Jeremy Wardell (Resigned December 2010)	–	–	–	–
Linh Truong (Resigned June 2011)	–	667	–	667

No shares were held by Directors or key management personnel during 2009-2010.

(d) Other transactions with key management personnel

A Non-Executive Director of the Company, David Smith, is a Director of Smithink Pty Ltd, which was paid fees amounting to $5,160 for professional consulting services by a Countplus subsidiary.

No other transactions were involved with key management personnel during the financial year 2011 (2010: $nil).

30 REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity and its related practices:

	2011 $	2010 $
Audit services – Ernst & Young		
Audit services		
Audit and review of financial reports	386,500	–
Total remuneration for audit and other services	386,500	–
Non audit services		
Due diligence services including investigating accountants report for IPO	251,067	–
Total remuneration for non-audit services	251,067	–
Total remuneration of Ernst & Young	637,567	–

31 CONTINGENCIES

(a) Contingent liabilities

Guarantees

Guarantees given in respect of bank overdrafts and loans of subsidiaries amounted to $629,407 for consolidated entity. No material losses are anticipated in respect of these guarantees.

32 COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2011 $'000	2010 $'000
Property, plant and equipment		
Within one year	342	–
	342	–

The group has a commitment for capital expenditure totalling $342,000 as at 30 June 2011. This commitment relates to the refurbishment of a leasehold property and is due to be settled within 12 months of the reporting date.

(b) Lease commitments

(i) Operating leases

The Group has entered into a number of leases for various office spaces under non-cancellable operating leases. These leases are expiring at different times up to ten years from the reporting date. The leases are subject to different terms and conditions and rent renewals. The Group also leases various office equipment under non-cancellable operating leases.

	2011 $'000	2010 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	3,913	–
Later than one year but not later than five years	9,244	–
Later than five years	1,591	–
	14,748	–

(ii) Finance leases

The Group leases various office equipment, motor vehicles and leasehold improvements under finance leases. The future commitments under these leases are as follows:

	2011 $'000	2010 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	144	–
Later than one year but not later than five years	99	–
Minimum lease payments	243	–
Future finance charges	–	–
Total lease liabilities	243	–
Representing lease liabilities:		
Current (note 18)	144	–
Non-current (note 22)	99	–
	243	–

32 COMMITMENTS – continued

(c) Hire purchase commitments

The Group leases various office equipment, motor vehicles and leasehold improvements under finance leases. The future commitments under these leases are as follows:

	2011 $'000	2010 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	492	–
Later than one year but not later than five years	431	–
Minimum lease payments	923	–
Future finance charges	(70)	–
Total lease liabilities	853	–
Representing lease liabilities:		
Current (note 18)	460	–
Non-current (note 22)	393	–
	853	–

33 RELATED PARTY TRANSACTIONS

(a) Parent entities

The parent entity within the consolidated entity is Countplus Limited.

During the period, Countplus Pty Limited converted to a public company (Countplus Limited) and ceased to be a controlled subsidiary of Count Financial. Count Financial retains an ownership interest in Countplus Limited of 39.1% as at 30 June 2011.

On 4 November 2010, Count Financial assigned its loan facility and stamp duty agreements that related to Countplus Member Firms and their vendors to Countplus acquiring loans with a total value of $14m. Countplus and Count Financial have also entered into a Services Agreement dated 4 November 2010. Under the Agreement, Count Financial agrees to provide Countplus with certain agreed services and Countplus agreed to pay Count Financial an annual fee of $500,000 (excluding GST) commencing from 1 May 2011.

(b) Subsidiaries

The Group consists of the Company and its controlled entities (subsidiaries). Details of these subsidiaries are set out in note 34.

Transactions between the Company and its subsidiaries during the year consisted of:
- the loans advanced by the Company to subsidiaries;
- the payment of dividends to the Company by subsidiaries; and
- the remittance of profits to the Company by subsidiaries.

The interest is payable at 10% pa on the loans advanced by the Company to subsidiaries. At year end, all loan balances, payment of dividends and the remittance of profits between the Company and these subsidiaries were eliminated on consolidation.

(c) Key management personnel

Disclosure relating to key management personnel is set out in note 29.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2011 $	2010 $
Revenue from accounting and financial services		
Revenue from financial services	1,029,383	–
Fees revenue net of expenses received from CountGPS Pty Ltd	349,709	–
	1,379,092	–

Countplus Limited entered into a 'Relationship Deed' agreement with Count Financial Limited on 4 November 2010. Count Financial granted Countplus "Most Favoured Nation Status" (MFN Status). This means that in relation to an existing or new Count Product or Service, except for Platform and Asset Financing Revenue, Count will offer the Countplus Group the best terms for the existing or new Count Product or Service which is available by the Count Group to any other Member of the Count Group. Count will pay Countplus 50% of the Platform Revenue received by Count from a Preferred Platform Provider in respect of Countplus FUM with that Platform Provider. Count will pay Countplus 50% of any revenue received from an Asset Financier in relation to Asset Financing for Countplus' clients, customers and associates. Countplus received fees and commissions of $1,029,383 (2010: $nil) from Count Financial in accordance with the terms set out in the Relationship Deed.

CountGPS Pty Ltd is an associate of Specialised Business Solutions Pty Ltd (SBS), a wholly owned subsidiary of the parent entity. SBS has a 50% ownership interest in CountGPS Pty Ltd at the reporting date.

33 RELATED PARTY TRANSACTIONS – continued

(d) Transactions with related parties – continued

	2011 $	2010 $
Payment of rental expense to		
Bartonwood Pty Ltd	**136,843**	–
Catalyst Finance Pty Ltd	**172,290**	–
The Southport Unit Trust	**252,709**	–
	561,842	–

Bartonwood Pty Ltd is an unlisted entity controlled by Mr T Dalwood. Mr T Dalwood is a principal of Crosby Dalwood Pty Ltd, a wholly owned subsidiary of the parent entity.

Catalyst Finance Pty Ltd is an unlisted entity controlled by Mr D Glover, Mr C Bartlett and Ms J Beverley. Mr D Glover, Mr C Bartlett and Ms J Beverley are also principals of Evolution Advisers Pty Ltd, a wholly owned subsidiary of the parent entity.

Mr M Beddoes and Mr G Missen are the joint trustees for the Southport Unit Trust. Both Mr M Beddoes and Mr G Missen are principals of The MBA Partnership Pty Ltd, a wholly owned subsidiary of the parent entity.

(e) Outstanding balances arising from transactions with related parties

The following balances are outstanding at the end of each reporting period in relation to transactions with related parties:

	2011 $	2010 $
Current receivables		
Receivable from Count Financial Limited	**129,706**	3,652,594
Current payables		
Payable to Count Financial Limited	**117,113**	–

The above balances with related parties are included in 'Other receivables' in note 9 & 'Other liabilities' in note 21.

34 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding 2011 %	Equity holding 2010 %
1. The MBA Partnership Pty Ltd*	Australia	Ordinary	**100**	–
2. Lawrence Business Management Pty Ltd*	Australia	Ordinary	**100**	–
3. HMA Twomey Patterson Pty Ltd*	Australia	Ordinary	**100**	–
4. Bentleys (WA) Pty Ltd*	Australia	Ordinary	**100**	–
5. Beames & Associates Accounting and Financial Services Pty Ltd*	Australia	Ordinary	**100**	–
6. Specialised Business Solutions Pty Ltd*	Australia	Ordinary	**100**	–
7. Mogg Osborne Pty Ltd*	Australia	Ordinary	**100**	–
8. Crosby Dalwood Pty Ltd*	Australia	Ordinary	**100**	–
9. Cooper Reeves Pty Ltd*	Australia	Ordinary	**100**	–
10. Countplus MBT Pty Ltd*	Australia	Ordinary	**100**	–
11. Evolution Advisers Pty Ltd*	Australia	Ordinary	**100**	–
12. Robson Partners Pty Ltd*	Australia	Ordinary	**100**	–
13. Achieve Corporation Pty Ltd*	Australia	Ordinary	**100**	–
14. Kidmans Partners Pty Ltd*	Australia	Ordinary	**100**	–
15. 360 Financial Vision Pty Ltd*	Australia	Ordinary	**100**	–
16. Wearne & Co Pty Ltd	Australia	Ordinary	**100**	–
17. Cartwright Brown & Company Financial Planning Pty Ltd*	Australia	Ordinary	**75**	–
18. Countplus FS Holdings Pty Ltd	Australia	Ordinary	**100**	–
19. Total Financial Solutions Australia Pty Ltd	Australia	Ordinary	**100**	–
20. TFS Operations Pty Ltd	Australia	Ordinary	**100**	–
21. SuperGeneration Pty Ltd	Australia	Ordinary	**100**	–
22. Change Accountants & Advisors Pty Ltd	Australia	Ordinary	**100**	–

* Prior to 1 July 2010, Countplus did not own 100% of equity holdings in all of the above subsidiaries. Details on ownership interest are set out in note 36.

At initial investment, Countplus entered into call option deeds with the Principals of those entities, which gave Countplus control of the entities as defined in AASB 127 Consolidated and Separate Financial Statements from the date call options become exercisable. From 1 July 2010 (Cartwright Brown & Company effective from 31 August 2010), call options could be exercised at Countplus' discretion and were held in conjunction with Countplus' existing interest in these businesses.

On 16 December 2010, Countplus acquired the remaining interest in all the above entities with the exception of Cartwright Brown & Company in which a further 50% interest was acquired.

35 BUSINESS COMBINATION

Current period

(a) Summary of acquisition

Between 1 July 2010 and 31 December 2010, Countplus had an interest ranging from 23% to 100% in the businesses (no. 1 to 20) in Note 34 Subsidiaries.

Countplus entered into call option deeds with the Principals of those businesses (ref. 1 to 20 as listed in Note 34) of which it did not acquire 100% initially, which gave Countplus control of these businesses from that controlled date, as defined in AASB 127 Consolidated and Separate Financial Statements. From 1 July 2010 (CBC effective from 31 August 2010), call options could be exercised at Countplus' discretion and were held in conjunction with Countplus' existing interest in the investee business.

On 16 December, Countplus acquired the remaining interest in all those businesses with the exception of CBC in which a further 50% interest was acquired.

The Group has recognised the consolidated fair values of the identifiable assets and liabilities of its subsidiaries since 1 July 2010, based upon the best information available as of the reporting date. Business combination accounting is as follows:

Year ended 30 June 2011	Acquisition due to vesting of call options (a) Fair value at acquisition date $'000	Wearne* (b) Fair value at acquisition date $'000	TFS* (c) Fair value at acquisition date $'000	Bishop* (d) Fair value at acquisition date $'000	SuperGen-eration* (e) Fair value at acquisition date $'000	Other* (f) Fair value at acquisition date $'000
Contribution since acquisition						
Gross revenue	71,523	4,481	15,165	634	307	26
Net profit	9,492	930	322	142	155	16
Assets and liabilities acquired						
Cash and cash equivalents	6,013	217	–	–	–	–
Trade and other receivables	10,174	1,186	142	–	–	–
Property, plant and equipment	5,374	374	230	13	1	–
Deferred tax assets	545	106	–	–	–	–
Acquired Client Relationships	13,396	1,806	–	–	–	–
Intangible Assets – other (excl. ACRs)	147	–	–	–	–	–
Other assets	4,227	22	3	–	–	–
Total Assets	39,876	3,711	375	13	1	–
Trade and other payables	4,367	262	–	1	–	–
Provisions	5,390	198	142	12	–	–
Borrowings	10,289	1,098	2,283	–	–	–
Taxation liabilities	8,298	779	–	–	–	–
Other liabilities	984	65	25	–	–	–
Total Liabilities	29,328	2,402	2,450	13	–	–
Fair value of identifiable net assets	10,548	1,309	(2,075)	–	1	–
Non-controlling interest in identifiable acquired net assets	(7,544)	–	–	–	–	–
Goodwill arising on acquisition**	16,888	5,347	11,670	1,650	1,379	378
Acquisition date fair value of consideration transferred	19,892	6,656	9,595	1,650	1,380	378
Fair value of consideration transferred on consolidation, for entities with call option vesting on 1 July 2010 (Existing investment carrying value including adjustment on remeasurement of existing interest at fair value $3.43M)	19,227	–	–	–	–	–
Shares issued at fair value (Count Financial Limited shares)	407	1,197	1,920	–	–	–
Shares issued at fair value (Countplus Limited shares)	–	–	6,555	1,320	800	–
Cash paid	258	1,570	1,120	–	325	303
Deferred cash consideration liability	–	3,889	–	330	255	75
Total consideration	19,892	6,656	9,595	1,650	1,380	378

* The fair value of assets and liabilities acquired in these business combinations has been provisionally determined based on available information. This particularly impacts fair values for acquired customer relationships (ACR) as part of the business combinations and the related deferred tax liabilities which were not complete as at the reporting date.

** The Company has measured the non-controlling interest at the acquirees' share of the identifiable net assets. Accordingly, goodwill arising on consolidation represents only Countplus' proportionate share of goodwill at the date of acquisition. Key factors contributing to goodwill are synergies existing within the acquired businesses, superior management and superior service offerings. None of the goodwill recognised is expected to be deductible for tax purposes.

35 BUSINESS COMBINATION – continued

(a) Summary of acquisition – continued

Contribution of entities acquired during the period

The consolidated statement of comprehensive income includes gross revenue and net profit for 2011 of $92,136,190 and $11,056,000 respectively, as a result of the above acquisitions. Had the acquisitions occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included gross revenue and net profit of approximately $99,065,329 and $11,989,385 respectively.

Summary of significant business combinations undertaken in the year:

(a) The acquisition due to vesting of call options relates to the acquisition of the businesses that are numbered 1 to 20 in Note 34 *Subsidiaries*. The assets and liabilities acquired in these business combinations are initially accounted for on a provisional basis but their fair values have now been finalised. No consideration was paid except in the case of Cartwright Brown & Company (CBC). The fair value of consideration for the other entities acquired is reflected in the initial investment value of $15.8m as disclosed in note 36.

A gain of $3,437,000 was recognised from remeasuring the equity interest in acquisitions held by Countplus before the business combination to fair value. This is disclosed on the Consolidated Statement of Comprehensive Income as a Fair Value Uplift on Consolidation of Associates.

On 31 August 2010, Countplus acquired 25% of the total issued share capital of Cartwright Brown & Company Financial Planning Pty Ltd (CBC) under the CBC Share Sale Deed. As a result of the existence of a call option over an additional 50% of CBC's shares as well as the 25% acquired, Countplus controlled the Company at 31 August 2010 and the group has recognised the consolidated fair values of the identifiable assets and liabilities of its subsidiaries from that date.

There were no acquisitions in the year ending 30 June 2010.

(b) Wearne & Co Pty Ltd

On 16 August 2010, Countplus acquired 100% of the ordinary and voting shares of Wearne & Co Pty Ltd. The firm's core business is the provision of accounting and business services. Under the terms of the Wearne Share Sale Deed, the consideration for the acquisition of shares comprised an initial payment of 40.23% of the purchase consideration which was paid in cash and by the issue of Count Financial ordinary shares to the relevant vendors plus a deferred consideration amount of approximately 59.77% of the purchase consideration to be settled in 3 instalments over 2 years. The first instalment was paid on 20 December 2010. The balance of the deferred consideration is reflected in note 21 and note 24 *Other liabilities*.

(c) Countplus FS Holdings Pty Ltd, Total Financial Solutions Australia Pty Ltd and TFS Operations Pty Ltd

On 30th September 2010, Countplus and TFSA entered into a business sale and purchase deed under which Countplus acquired the TFSA Business. Under the terms of the deed, the consideration paid for the acquisition of TFSA's business comprised of an initial payment of 30% of the purchase consideration paid in cash and by the issue of Count Financial ordinary shares to TFSA's vendors and a deferred consideration amount of 70% of the purchase consideration. This deferred amount was satisfied in full by the issue of 4,616,246 Countplus shares on 5 November 2010.

(d) Acquisition of assets and liabilities in MSI Tilley and Bishop & Bishop Financial Services Pty Ltd

On 22 December 2010, Countplus' subsidiary, Crosby Dalwood Pty Ltd completed a tuck-in acquisition of the assets and liabilities owned by the MSI Tilley partnership, the accounting business, and Bishop & Bishop Financial Services, the financial planning business. Consideration for the purchase was $1.65m which was paid by the issue of a combination of 880,000 Countplus shares and a deferred cash payment of $330,000.

(e) SuperGeneration Pty Ltd

On 1st March 2011, Countplus' Western Australian legal subsidiary, McDonald Pynt Lawyers (a wholly owned subsidiary of Lawrence Business Management Pty Ltd) has acquired the Perth based legal business, SuperGeneration. Under the terms of the sales agreement, the consideration paid for the acquisition of SuperGeneration's business comprises of an initial payment of 23.50% of the purchase consideration paid in cash and by the issue of ordinary shares in Countplus Limited (CUP) to SuperGeneration's vendors and a deferred consideration amount of 18.50% of the purchase consideration. The deferred consideration is payable in cash in 2 instalments over 2 years subsequent to initial acquisition and is subject to retention of acquired client fees.

(f) Other

'Other' acquisitions represent aggregate information for the business combinations completed in the year that are considered to be individually immaterial.

All acquisitions disclosed in 'other' relate to the acquisition of client fees and are 'tuck-in' acquisitions to existing Countplus businesses.

Summary of significant business combination undertaken after the reporting date:

	2011 $'000
Assets acquired	
Goodwill	1,211
Property, plant and equipment	15
Total assets	**1,226**
Cash paid	863
Deferred cash consideration liability	363
Total consideration	**1,226**

On 1 July 2011, Countplus' subsidiary, Countplus MBT Pty Ltd acquired the Parramatta (Sydney) based chartered accounting and financial planning practice Loughhead Roberts, for a total of $1.23 million cash consideration. Under the terms of the Sale of Business Agreement, the purchase price comprises of an initial payment of 70% of the purchase consideration to Loughhead Roberts' vendors with the remaining 30% been deferred consideration payable over 2 years. The deferred consideration is subject to terms of retention.

36 INVESTMENTS IN ASSOCIATES

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest 2011 %	Ownership interest 2010 %	Carrying value 2011 $'000	Carrying value 2010 $'000
The MBA Partnership Pty Ltd	Business services	–	36	–	1,448
Lawrence Business Management Pty Ltd	Business services	–	23	–	2,072
HMA Twomey Patterson Pty Ltd	Business services	–	25	–	1,164
Bentleys (WA) Pty Ltd	Business services	–	27	–	1,473
Beames & Associates Accounting and Financial Services Pty Ltd	Business services	–	25	–	767
Specialised Business Solutions Pty Ltd	Business services	–	25	–	1,588
Mogg Osborne Pty Ltd	Business services	–	25	–	687
Crosby Dalwood Pty Ltd	Business services	–	25	–	725
Cooper Reeves Pty Ltd	Business services	–	25	–	1,194
Countplus MBT Pty Ltd	Business services	–	25	–	1,035
Evolution Advisers Pty Ltd	Business services	–	25	–	694
Robson Partners Pty Ltd	Business services	–	25	–	722
Achieve Corporation Pty Ltd	Business services	–	25	–	1,136
Kidmans Partners Pty Ltd	Business services	–	25	–	628
360 Financial Vision Pty Ltd	Business services	–	25	–	456
				–	15,789

Each of the above associates is incorporated in Australia. On 16 December, Countplus acquired the remaining interest in all the above listed Firms. Equity holdings in each subsidiary are set out in note 34.

	2011 $'000	2010 $'000
(a) Movements in carrying amounts		
Carrying amount at the beginning of the financial year	**15,789**	11,296
Interests acquired in associates	–	3,636
Interest free loans	–	30
Share of profit of associates	–	2,249
Dividends from associates	–	(1,422)
Consolidation of subsidiaries and derecognition of investment in associates at 1 July 2010	**(15,789)**	–
Carrying amount at the end of the financial year	–	15,789
Total current assets	–	19,389
Total non-current assets	–	57,907
Total current liabilities	–	(14,635)
Total non-current liabilities	–	(9,082)
	–	53,579
Share of associates' net assets	–	13,782
Share of associates' revenues	–	15,119
Share of associates' profit after income tax	–	2,249

As part of each investment made to Countplus Pty Ltd in associated entities, the following options were issued:

- a Call Option – granted to Countplus to call the remaining shares that it did not already own in the associate. The option could be exercised between 1 July 2010 and 31 December 2015.
- a Put Option – granted to each shareholder in the associate to put their shares to Countplus between 1 January 2013 and 31 December 2013 in the event the call option above was not exercised.

As at 30 June 2010, both options were considered to have nil value.

At the exercise of the call option for each associate, the consideration was cash or shares in Countplus. The price was based on an agreed multiple of earnings plus the value of net assets.

The options over the shares of the associates described above were exercisable on 1 July 2010. Under Accounting Standards the Company gained control over those businesses at that date. The disclosures required under the accounting standards in relation to business combinations are provided in note 36 of this financial report.

37 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 1 July 2011, Member Firm Countplus MBT Pty Ltd acquired a Parramatta (Sydney) based chartered accounting and financial planning practice. Details of the acquisition are disclosed in note 35.

On 31 August 2011, the Company's largest single shareholder, Count Financial Limited announced it had entered into a scheme implementation deed with the Commonwealth Bank of Australia (CBA) whereby CBA will acquire all ordinary shares in Count Financial via a scheme of arrangement, subject to shareholder approval and in the absence of a superior proposal. Should this proceed, all contractual arrangements between the Company and Count Financial will remain in place, as this acquisition is not expected to materially impact the operations of the consolidated entity.

On 26 August 2011, an interim dividend of 3.0 cents per share fully franked at 30% Australian tax rate was declared. The record date is 21 October 2011 and the dividend is payable on 15 November 2011. Based on the estimated number of ordinary shares outstanding, the dividend payment is expected to be approximately $3,275,000.

Other than the above, no matter or circumstance has arisen since 30 June 2011 that has significantly affected, or may significantly affect:
(a) the consolidated entity's operations in future financial year, or
(b) the results of those operations in future financial year, or
(c) the consolidated entity's state of affairs in future financial year.

38 RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 $'000	2010 $'000
Profit for the year	13,296	1,634
Depreciation and amortisation	3,867	–
Share of associates' net profits	–	(2,249)
Employee loyalty share plan	303	–
Bad debt written off / provision for impairment of receivables and work in progress	1,186	–
Fair value uplift on consolidation of associates	(3,438)	–
Fair value gain on deferred consideration	(677)	–
Dividends from associate entities	–	1,422
Income tax expense	–	242
Gain on fair value of investment	(447)	–
Other adjustments	–	379
Net (gain)/loss on disposal of assets	57	–
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(4,296)	(305)
(Increase)/decrease in work in progress	(757)	–
(Increase)/decrease in deferred tax assets	890	–
Increase/(decrease) in payables	1,575	–
Increase/(decrease) in provision for income taxes payable	(167)	–
Increase/(decrease) in deferred tax liabilities	(890)	–
Increase/(decrease) in provisions	875	–
Net cash inflow from operating activities	11,377	1,123

39 EARNINGS PER SHARE

	2011 Cents	2010 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary owners of the company	13.20	10.54
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary owners of the company	12.75	4.14

(c) Reconciliations of earnings used in calculating earnings per share

	2011 $'000	2010 $'000
Basic earnings per share		
Profit attributable to the ordinary owners of the company used in calculating basic earnings per share		
From continuing operations	8,896	1,634
Diluted earnings per share		
Profit attributable to the ordinary owners of the company used in calculating diluted earnings per share		
From continuing operations	8,896	1,634

39 EARNINGS PER SHARE – continued

(d) Weighted average number of shares used as the denominator

	2011 Number	2010 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**67,414,528**	15,506,849
Adjustments for calculation of diluted earnings per share:		
Amounts related to future issue of 'Deferred equity consideration' (note 21)	**2,354,795**	–
Amounts uncalled on partly paid shares and calls in arrears	**–**	24,000,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**69,769,323**	39,506,849

(e) Information concerning the classification of securities

(i) Partly paid ordinary shares

Partly paid ordinary shares carry the right to participate in dividends in proportion to the amount paid relative to the total issue price and to that extent they have been recognised as ordinary share equivalents in the determination of basic earnings per share. Amounts uncalled on partly paid shares and calls in arrears are treated as the equivalent of options to acquire ordinary shares and are included as potential ordinary shares in the determination of diluted earnings per share.

40 PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2011 $'000	2010 $'000
Balance sheet		
Current assets	**8,431**	4,926
Non-current assets	**119,748**	14,060
Total assets	**128,179**	18,986
Current liabilities	**20,159**	500
Non-current liabilities	**1,346**	91
Total liabilities	**21,505**	591
Net Assets	**106,674**	18,395
Shareholders' equity		
Contributed equity	**113,044**	17,545
Reserves	**–**	–
Retained earnings	**(6,370)**	850
Non-controlling interest	**–**	–
	106,674	18,395
Profit or loss for the year	**240**	1,053
Total comprehensive income	**240**	1,053

(b) Guarantees entered into by the parent entity

The parent entity has not provided any financial guarantees in respect of bank overdrafts or loans of subsidiaries.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2011 (30 June 2010: $nil).

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2011, the parent entity had no contractual commitments (30 June 2010: $nil).

Directors' Declaration

In the Directors' opinion:

The attached financial statements and notes thereto comply with the Accounting Standards, the

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the financial year ended on that date, and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.

On behalf of the Directors

Barry Martin Lambert
Director
Sydney
29 September 2011

Independent Auditors' Report to the Members of Countplus Limited

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent auditor's report to the members of Countplus Limited

Report on the financial report

We have audited the accompanying financial report of Countplus Limited, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a)(i), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

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Opinion

In our opinion:

a. the financial report of Countplus Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a)(i).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Countplus Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Raumer
Partner
Sydney
29 September 2011

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows:

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of shares as at 31 July 2011 are:

	Ordinary shares	
	Number of holders	**Number of shares**
1 - 1,000	351	214,729
1,001 - 5,000	391	1,319,104
5,001 - 10,000	185	1,423,857
10,001 - 100,000	148	4,132,104
100,000+	93	97,586,439
	1,168	104,676,233

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares as at 4 August 2011 are:

		Listed ordinary shares	
		Number of holders	**Number of shares %**
1	Count Financial Limited	40,945,747	39.12%
2	ACN 003 636 968 Pty Ltd	4,600,096	4.39%
3	Mr Barry Martin Lambert	3,300,000	3.15%
4	Mr Joseph James Lawrence <Joe Lawrence #2 A/C>	2,349,579	2.24%
5	Mr Thomas Brian Lawrence <T Lawrence Family A/C>	2,349,577	2.24%
6	DR & DE Holdings Pty Limited <DR & DE Holdings Unit A/C>	2,310,968	2.21%
7	Santos L Helper Pty Ltd <The SBS Van Paassen A/C>	2,294,599	2.19%
8	Timlyn Investments Pty Ltd <SBS Munro A/C>	2,294,599	2.19%
9	Cobram Business Services Pty Ltd	2,005,933	1.91%
10	Joy Wilma Lillian Lambert	1,333,333	1.27%
11	Without a Trace Pty Ltd	1,331,463	1.27%
12	E3OR Pty Ltd	1,316,363	1.26%
13	Old RLF Pty Ltd (ACN 092 786 537) <Rix Acocunting A/C>	1,036,824	0.99%
14	Mr Jonathan Edward Carich <Imperial Business A/C>	1,036,823	0.99%
15	Old RLF Pty Ltd (ACN 092 786 537) <Sherwood A/C>	1,036,823	0.99%
16	Harvey Investment Company Pty Ltd <Seastar Investment A/C>	923,459	0.88%
17	Mr Michael Allan Beddoes <Beddoes Practice A/C>	923,458	0.88%
18	R C Beames Pty Limited ACN 102 801 249 <Ross Beames Discretionary A/C>	858,705	0.82%
19	Danthom Pty Ltd <Reeves Investment A/C>	768,166	0.73%
20	Queensland Investment Corporation	691,896	0.66%
		73,708,411	**61.21%**

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Investors' Information

Share Trading

Countplus Limited fully paid ordinary shares are listed on the Australian Stock Exchange and are traded under the code CUP.

Shareholders' Enquiries

Investors seeking information regarding their shareholding or wishing to change their address, should contact our share registry:

Computershare Investor Services Pty Ltd

Level 3
60 Carrington Street
Sydney NSW 2000
Telephone: 1300 855 080
+61 2 8234 5000
Facsimile: +61 -2 8234 8150

Any other enquiries relating to Countplus Limited can be directed to:
Countplus Limited
GPO Box 1453
Sydney NSW 2001
Telephone: +61 2 8272 0491
Email: info@countplus.com.au

Voting Rights

At a General Meeting, every member present in person or by proxy or attorney, or in the case of a corporation, by a representative duly authorised under the seal of that corporation, has one vote on a show of hands and in the event of a poll, one vote for each ordinary share held by the member. Options carry no voting rights.

Corporate Directory

Directors

Barry Martin Lambert	(Executive Chairman)
Michael James Spurr	(Executive Director)
Greame Hilton George Fowler	(Non-Executive Director)
Donald Kenneth Sharp	(Non-Executive Director)
David Maxwell Smith	(Non-Executive Director)

Company Secretary

Caress Teresa Andrews

Website

www.countplus.com.au

Registered Office

Level 19
Gold Fields House
1 Alfred Street
Sydney NSW 2000
Telephone: +61 2 8272 0491
Facsimile: +61 2 9241 7342

Solicitors

Addisons Lawyers
Level 12
60 Carrington Street
Sydney NSW 2000
Telephone: +612 8915 1000
Facsimile: +612 8916 2000

Accountants

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: +61 (0) 2 9322 7000
Facsimile: +61 (0) 2 9322 7001

Bankers

Commonwealth Bank of Australia

Share Registry

Computershare Investor Services Pty Ltd
Level 3
60 Carrington Street
Sydney NSW 2000
Telephone: 1300 855 080
+61 2 8234 5000
Facsimile: +61 2 8234 5050

Independent Auditors

Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000
Telephone: +61 2 9248 5555
Facsimile: +61 2 9248 5218

Shareholder's Calendar

Annual General Meeting

The Annual General Meeting for shareholders of Countplus Limited will be held at:

Address:	Goldfields House Level 19, 1 Alfred Street Sydney NSW 2000
Time:	10.00am
Date:	Wednesday 30 November 2011

Dividends Paid/Payable

2012 Year – Maiden Dividend	1 July 2011	Four cents
2012 Year – Dividend	15 August 2011	Two cents
2012 Year – Dividend	15 November 2011	Three cents

Proposed Future Dividends

Dividend	15 February 2012
Dividend	15 May 2012
Dividend	15 August 2012

Head Office
Level 19
1 Alfred Street
Sydney NSW 2000
Tel: 02 8262 0491

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