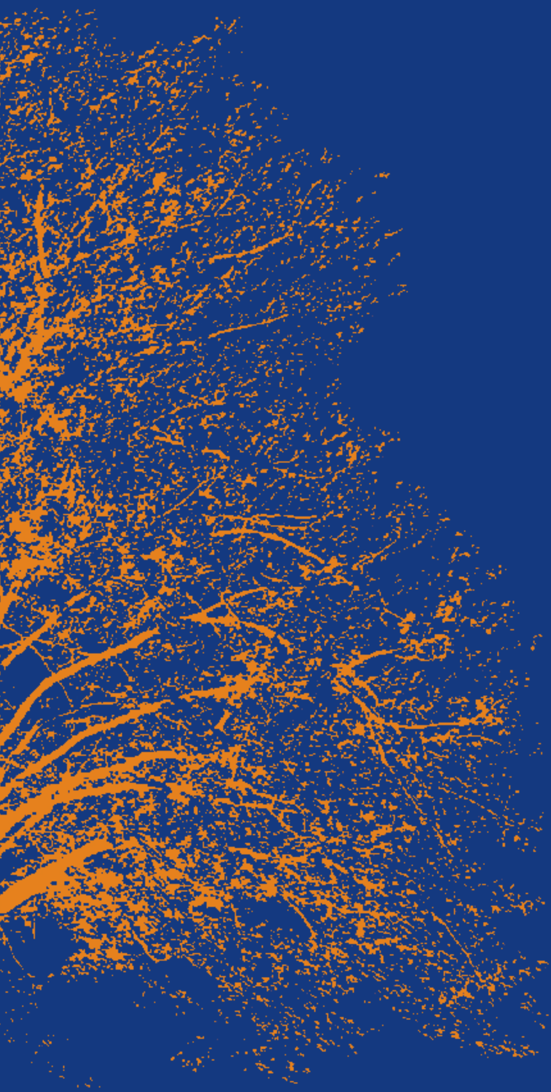
countplus

Annual Report 2012



About Countplus

Countplus is a professional services aggregation network of 20 businesses across Australia; 17 accounting/business advisory firms, one financial planning specialist, a property services group and a financial planning dealer group. We operate out of 35 offices in 18 towns and cities across Australia, with over 600 employees.

Countplus' strategic objectives are to:

- Promote organic growth by developing a best practice accounting and wealth advice network through the sharing of ideas, practices and systems across the Group;
- Pursue growth through further acquisitions of minority stakes in stand-alone businesses and full acquisitions of businesses by existing subsidiaries;
- Join with new partners that share our goal of delivering outstanding quality services and advices to clients; and
- Capitalise on access to both the resources and network of Count Financial, a franchise group of nearly 300 accounting firms and a subsidiary of Commonwealth Bank of Australia, which will facilitate ongoing growth opportunities.

Contents

Financial Highlights	4
Financial Summary	5
Chairman's Report	6
CEO's Report	7
Acquisitions Strategy	10
Countplus Member Firms	12
Member Firm Profile: Cooper Reeves	14
Member Firm Profile: HMA Twomey Patterson	15
Countplus Board Profiles	16
Corporate Governance Statement	18
Directors' Report	22
Audit Independence Declaration	30

Financials

Consolidated Statement of Comprehensive Income	32
Consolidated Statement of Financial Position	33
Consolidated Statement of Changes in Equity	34
Consolidated Statement of Cash Flow	35
Notes to the Consolidated Financial Statements	36
Directors' Declaration	68
Independent Auditor's Report	69
ASX Additional Information	71
Investors' Information	72
Corporate Directory	73
Shareholders' Calendar	74

Financial Highlights

	2012	2011 (Restated)
Operating Profit (EBITA)	$19.22m	$17.96m
Consolidated Net Profit After-Tax (NPAT)	$11.31m	$12.88m
Earnings Per Share	10.23 cents	13.23 cents
Dividend Per Share	12c declared and paid for full year ended June 2012	6c declared and paid for half year ended June 2011
Contribution Margin (Total Net Member Income / Net Member Revenue)	22%	23%

Note: 2011 included a positive non-cash fair value adjustment of $3.54m net of tax. Most of this uplift was attributable to a revaluation on the consolidation of the Company's investments in July 2011.

Financial Summary

	2012 $ 000	2011 (Restated) $ 000	Change %
Total Net Revenue (Member Firms) [1]	90,242	81,091	11%
Salaries and Employment Expenses [2]	(51,698)	(46,375)	11%
Premises Expenses	(5,240)	(4,186)	25%
Depreciation Expenses	(1,359)	(1,319)	3%
Other Operating Expenses [3]	(12,431)	(10,951)	14%
Total Expenses	**(70,728)**	**(62,831)**	**13%**
Net Income Member Firms	**19,514**	**18,260**	**7%**
Head Office Contribution (net cost) [4]	(297)	(300)	(1%)
Operating Profit (EBITA)	**19,217**	**17,960**	**7%**
Interest Expense	(779)	(967)	(19%)
Profit before Tax	**18,438**	**16,993**	**9%**
Tax	(4,799)	(5,358)	(10%)
Consolidated Cash Profit	**13,639**	**11,635**	**17%**
Amortisation Expenses (net tax) [5]	(2,489)	(2,296)	8%
Net Profit after Tax (ex non-cash fair value adjustments)	**11,150**	**9,339**	**19%**
Non-cash Fair Value Adjustments (net tax)	160	3,540	(95%)
Consolidated Net Profit after Tax	**11,310**	**12,879**	**(12%)**
Current Assets	30,244	30,388	(1%)
Current Liabilities	22,429	28,912	(22%)
Current Ratio	**1.35**	**1.05**	
Non-Current Assets	64,777	58,201	11%
Non-Current Liabilities	18,989	10,977	73%
Net Assets	**53,603**	**48,700**	**10%**
Total Loans and Borrowings [6]	**8,742**	**1,818**	
Debt to Equity Ratio	**16%**	**4%**	

Countplus is made up of 20 subsidiaries (Member Firms). The financial statements presented within this Annual Report provide the consolidated financial information for the Countplus Head Office and its Member Firms. We present the above table to show the performance of our Member Firms excluding Head Office contribution. The first part of the financial summary above, presents the results of these Member Firms excluding Countplus Head Office. The second part of the table reconciles the summary to the consolidated net profit after tax figure of $11.31 million, as presented in the consolidated financial statement.

Notes to Financial Summary

1. **Net Revenue**
   2012 line item represents fees and revenue from accounting (71%), financial planning services (18%), legal (3%) and other (8%).
2. **Salary and Employment Expenses**
   This is the group's largest expense with over 600 employees across the group in 2012.
3. **Other Operating Expenses**
   This includes the impact of new debtor and long service leave provisioning policies implemented in 2012.
4. **Head Office Contribution**
   This relates to Countplus Corporate Head Office. Head office is expected to continue to have a neutral contribution in future periods.
5. **Amortisation Expenses**
   Amortisation Expenses (non-cash) relate primarily to acquired client relationships and adviser networks (intangible assets) arising on acquisition.
6. **Total Loans and Borrowings**
   Debt has increased due to payments for new acquisitions and deferred consideration on prior year acquisitions. The cash flow of Member Firms is strong and expected to meet future working capital requirements and fund the bulk of future acquisitions.

Chairman's Report

Barry Lambert
CHAIRMAN

Profits & Dividend

In our first full financial year after listing on the ASX in December 2010 (ASX code: CUP), I am pleased to report a Net Profit after Tax (NPAT) of $11.31m, representing 10.23 cents per share. The result is a solid one, bearing in mind the subdued business environment for many small and medium sized businesses (SME's). This profit was after a non-cash amortisation charge of $3.5m and an on-going provisioning policy which further reduced Net Profit before Tax (NPBT) by $1.5m.

A full year fully franked dividend of 12c per share has been declared and paid for the 2011/12 year, via quarterly 3c dividends. This is a high pay-out ratio and as a percentage of after tax "cash" profits, the cash pay-out ratio is approximately 96%. Whilst we have no intention of increasing the 3c quarterly dividends in 2012/13, I can see no reason, at this time, as to why the dividend would fall in 2012/13.

As reported elsewhere in this report, we have made a number of small "tuck-in" acquisitions, as well as one larger acquisition at group level during the year. The new investments have been made from our cash reserves, retained cash earnings and borrowings. Our gross debt at 30/06/12 was a very modest $8.7m with interest cost covered 14.5 times by consolidated profit.

Countplus is a long term business builder. Like the tree on the front cover, Countplus aims for steady organic growth from its existing Member Firms, supplemented by mainly "tuck-in" acquisitions.

Countplus' existing Member Firms are profitable, growing and at the same time learning from one another to become even better businesses.

A professional accounting franchise is currently being planned that will utilise intellectual property and systems from Countplus Member Firms, as well as from Count Financial. The synergy from this combination, along with Countplus' expertise with Cloud Computing systems, will make the franchise unique and attractive to the profession, especially when combined with Countplus' succession solutions.

New Succession Offering

Our new succession offering for accounting firms to be acquired on a progressive basis subject to meeting performance hurdles, has been greeted with enthusiasm by the accounting profession. Accounting Principals no longer have to worry about financing the retirement of a partner, the purchase of fees or another firm.

Whilst Countplus is young in its life as a group, the Member Firms are strong and experienced. They are also progressive, profitable and collectively form the foundation for Countplus' expansion as well as healthy growth over the years and decades to come.

CBA Shareholding

I am pleased to report the Commonwealth Bank of Australia remains the largest shareholder of Countplus, although collectively the Principals of the Member Firms remain the largest group of shareholders.

Thank you for being a Countplus shareholder.

Barry Lambert
Chairman
Countplus Limited

Chief Executive Officer's Report

Michael James Spurr
MANAGING DIRECTOR, CEO AND CFO

I am very pleased to present my report for 2012, our first full year as a listed company. Our results, as reported by the Chairman, were a reflection of challenging business conditions. However they also highlight the resilience of our Member Firms and the diversity of our business.

Our Group

Countplus is now made up of 20 Member Firms; 18 Members offer traditional tax and accounting services to individuals and small to medium sized businesses (SMEs); 17 Members offer financial planning services as franchise members of the Count Wealth Accountants group; Total Financial Solutions (TFS), a financial planning dealer group consisting of 68 advisers; and Pacific Eastcoast, a property services group that also consists of an accounting practice, operates a property research and broking division and has a responsible entity and management division.

Accounting and business services (including audit and self-managed superannuation funds (SMSF) administration) make up 71% of revenues, with financial planning contributing 18% and the remaining income being generated by legal services, property services and lending services.

Our Group consists of successful, profitable and well-established businesses. The management teams of Member Firms that were in place prior to the Firms joining Countplus, remain as Principals of the businesses, in charge of the business and incentivised to continue to grow the business.

Results

Countplus delivered a consolidated operating profit (EBITA) result of $19.2 million (up 7%) and a consolidated cash profit of $13.6 million (up 17%). Consolidated Net Profit after Tax of $11.3 million was down 12% due to the impact of non-cash fair value adjustments in the previous year.

This is a solid result in a challenging environment where business confidence outside of the resource sector is generally weak and the climate for investing, while beginning to improve, is still in recovery.

The diversity of the Group was apparent in our 2012 results. Our Queensland Firms have bounced back strongly following 2011, which was disrupted by natural disasters (refer to Cooper Reeves profile on page 14).

Some of our Members have benefitted from the strength of the resources sector, most notably our Perth (WA) based Bentleys franchise and our Newcastle/Hunter (NSW) Firm, Evolution Advisers, both of whom delivered strong results after a comparatively weak 2011.

Many of our regional Firms have had to deal with prolonged periods of drought and floods in recent times, but also have benefitted from better farming conditions that have fed right through their local economies. One of our most consistent performers remains our Southern NSW Member Firm, HMA Twomey Patterson (refer to HMATP profile on page 15).

Our Sydney CBD Firms by contrast, have had to deal with quite weak business confidence in the metropolitan areas. While clients are being retained and regular compliance work remains, the demand for specialised transactional work has been slow.

Financial planning remains a significant contributor to our revenues. But like most of the industry, our Firms have felt the effects of weak investment markets making clients wary of equity investing in particular. Our Firms continue to focus on strategic advice and have used this opportunity to focus on addressing insurance, an area in which tremendous potential remains.

Our largest financial planning business and one of our largest Members, TFS was able to recruit new advisers during the year as well as generate organic growth. This was assisted by its focus on insurance advice, which now accounts for more than half of all new business income.

A distraction to our result was the restructuring of the Perth legal firm, a subsidiary of Member Firm LBM, during the year. Legal services are unlikely to be a growth driver in the Group.

Chief Executive Officer's Report continued

New Partners

With very low debt (net debt was just $2.4m at 30 June 2012), we continue to be on the lookout to partner with quality accounting and wealth advice businesses. The demographics of the accounting profession alone ensure that there will be plenty of valuable opportunities for Countplus and its Member Firms to take advantage of in the years ahead.

Our Member Firms completed 7 "tuck-in" acquisitions during the financial year. These included the following:

In July 2011, Countplus MBT acquired a 2 partner accounting and financial planning practice in Western Sydney, Loughhead Roberts (now named Countplus LR).

In February 2012, the property services group, Pacific Eastcoast was acquired by our wholly owned subsidiary, Kidmans PEC. Established in 1978, Pacific Eastcoast has over 30 years experience and now comprises of an accounting division, a responsible entity and management division, as well as a direct property division, which has assisted over 8,000 clients with their property investments.

In March 2012, Canberra Firm Beames & Associates acquired an accounting practice in regional Southern NSW, with a fee base of approximately $1 million.

Also in March 2012, our other Canberra Firm, Achieve Corporation acquired a payroll contracting business in Melbourne, complementing their existing business in this area.

Acquisitions will not become the core driver of growth for Countplus, however, the Group has the capacity to take advantage of strategic opportunities as they arise. More information on our acquisition options is included on page 10.

Special Relationship

Our accounting Firms benefit from the bond of trust that accountants have with their clients, which remains a distinguishing feature of the profession developed through the provision of personalised quality service. In a recent Roy Morgan survey that asked which professions had the highest standards of ethics and honesty, accountants were rated well above other professionals including financial planners, lawyers and stockbrokers[1]. For many of our Firms, they are the primary advisers to their clients, a unique position much envied by other professions.

As the main client base of our accounting Firms are SMEs, our Firms are effectively plugged in to the engine room of our economy, with our diversity ensuring we are not dependent on any single portion of the market or geographical region. This is a key strength of the Group, as illustrated in our results this year.

Count Financial (Count), our former parent, was acquired by the Commonwealth Bank of Australia (CBA) last December, effectively making Australia's largest bank our largest single shareholder, with an interest of 37%. All agreements between Count (through which many of our Members provide financial planning) and Countplus remain in place, including a revenue sharing agreement and a services agreement to support Head Office operations. While no firm undertakings have been given by the bank, we expect CBA will wish to remain a shareholder due to the large number of Count franchises in our Group.

Developing our People

A 2011 survey by the research and consulting firm, Beaton, on Australian professional services firms found that the 3 most important reasons given by employees in considering a place to work were 1. opportunities to undertake challenging, interesting work; 2. great work/life balance; and 3. opportunities to learn and develop[2].

Countplus is ideally positioned to attract and retain quality people as our Firms are able to effectively offer the best of both worlds – all the advantages of working in a medium sized business with the support of a large listed business – a unique proposition! Countplus can offer the opportunity to work in a medium sized business, perhaps in a suburban or regional centre that suits one's lifestyle, with less "red tape" than would be expected at a big corporate firm, greater access for Principals to learn and develop from other Principals of similar businesses and a greater capacity to influence decision making. Promotion is possible (unlike many big firms famous for throwing their hard workers on the scrap heap after years of loyal service) and is not dependent on financing but on ability, unlike most small to medium sized firms. This all comes with the backing of a strong parent that will provide support for growth and reward top performers with equity in a listed company.

Since listing, Countplus employees (subject to service conditions) have received 2 allocations of shares under a tax-exempt loyalty plan. Furthermore, a loan funded share plan will launch and make its first allocation later this year (and then annually), with allocations dependent on each Member Firm's performance.

1 Roy Morgan Survey 2011
2 Beaton Consulting 2012 Professional Services Survey

We are likely to see the demise of many small accounting and wealth advice businesses that are unable to offer what the best young professionals are looking for. This is likely to provide further acquisition opportunities for Countplus Member Firms.

One of the Group's greatest challenges will be the transition of our current business leaders to the next generation. This is not an immediate issue as the average age of our Principal group is just above 50 years of age, nor will it be an issue that all of our Member Firms will face at the same time. However, the success of this transition will be crucial to the Group's future success. Our Firms already have many talented people, but the jump to Principal level requires strategic training, as well as the development of confidence and leadership. To complement the training at the Firm level, Countplus has launched an emerging leaders' development program in association with leadership consultants, Courageous Leaders. The inaugural program begins in December and runs for 18 months, bringing together the next generation of leaders of our Member Firms.

As well as developing skills, this program also provides networking opportunities for our future leaders to learn from and exchange knowledge with each other, thereby leveraging the invaluable expertise within the Countplus Group. The shared experience of the program also marks the beginnings of the development of a Group culture to complement what already exists within each Member Firm.

Industry Change

The rapid pace of technological development is changing the way accountants conduct their business. Many Countplus Firms have enthusiastically adopted new technology solutions to improve efficiencies for their clients as well as within their own practices. A number of our Firms are now certified accountants for XERO, a relatively new but fast growing online accounting solution package for small businesses in the Australian market. XERO's user-friendliness and operational simplicity reduces user error and being online, enables real time access and analysis. The system also integrates easily with other business systems, which increases efficiency.

SMSFs are the fastest growing sector of the Australian Superannuation industry, now accounting for 31% of the $1.3 trillion Superannuation market[3]. SMSFs have always been a core business for accountants and Countplus is closing in on 2,500 funds across its Membership. The strong growth in this sector, which is expected to continue, has prompted financial institutions and other non-accounting based groups to try and get involved by offering services specifically targeted at SMSFs. In order to maintain their natural advantage in this area, accountants have had to significantly improve their efficiency in administration. Most of our accounting Firms now use Class Super, a cloud based administration service for SMSFs. It has enabled our Firms to substantially improve their administration efficiency, ensuring that they remain competitive against larger scale providers.

Working Together

While still early in our life as a consolidated Group, Member Firms are beginning to collaborate with each other, whether it be sharing practice management ideas, or using services from across the Group. This collaboration has been in a number of areas, including audit services, financial planning back office, insurance advice and marketing support. Our Firms are able to draw on the resources of a Network with over 600 employees and nearly 70 affiliated advisers through the TFS adviser group.

Our Firms are already very efficient by industry standards, which is reflected in our contribution or EBIT margin of 22%, but there remains scope to take advantage of the scale of our operations. For instance, we have already established a group professional indemnity insurance policy that has reduced group premiums by more than 20%.

Countplus may be a new listed company but our Member Firms have long track records of success, run by Principals who remain in control of their practices and as our largest shareholder group, are motivated to continue that success. I would like to thank our Principals and employees of all our Member Firms for their hard work and dedication to providing high quality services to their clients and their contribution to what I consider to be some of the finest professional services businesses in the country. I would also like to thank my small, but very hard working Head Office team, the Chairman and the Board of Directors for their continued support. Finally, to our shareholders, we thank you for your continued support of our business.

Michael James Spurr
Managing Director and Chief Executive Officer

3 Source: Australian Taxation Office

Acquisitions Strategy

Looking for New Recruits

Countplus continues to seek to partner with more quality professional services practices around Australia.

Advantages of joining Countplus:

- Enabling businesses to be part of an ASX listed company – Countplus (ASX: CUP);
- Regular income stream (paid in the form of quarterly dividends);
- Access to the expertise of the wider Countplus Network, enhancing internal efficiencies;
- Access to capital to fund growth (such as "tuck-ins") and working capital;
- Opportunity to benefit from lower cost and access to better quality supply inputs over time;
- Assist with succession planning and funding concerns; and
- Aligned ownership and incentive models to attract and retain quality employees.

Most importantly, in the Countplus aggregation business model, management is decentralised:

- there is no requirement for stand-alone firms to rebrand;
- Principals will retain management responsibility of their firm;
- there is minimal change to strategic direction; and
- minimal change to day-to-day operations, allowing businesses to operate largely independently.

There are 4 different opportunities for professional services firms to become involved in Countplus:

1. Low Involvement

We have an online subscription service, CountGPS that provides accounting firms with "best practice" tools, templates and showcases technology solutions. We also intend to launch an accounting franchise where we assist firms to build a more valuable business. This involves no future commitments or lock-ins.

2. Part Sale (Minimum 30%)

This alternative is for businesses that may be in need of capital for a variety of purposes such as; to buy out a retiring partner, to fund an acquisition or to reduce debt.

Countplus would initially acquire an interest of up to 30%, which could increase but with no obligation. If the business is performing strongly without the need for further capital investment, Countplus could simply remain as a 'silent' minority shareholder. This option would require the business to have profits of more than $1.5 million.

3. "Tuck In" Sale for Smaller Businesses

This is where one of our existing Member Firms acquires the business directly. There is no set size requirement under this option, the only requirement is compatibility with one of our existing Firms.

4. 75 – 100% Purchase of Larger Stand Alone Businesses

These would need to be quality firms with management and succession plans in place. These firms would remain as stand-alone businesses, similar to the 20 Firms that we currently own. The preferred minimum size would be profits of more than $1.5 million. A purchase of less than 75% would be considered for businesses with after tax profits of more than $5 million.

The key criteria for acquisitions is quality NOT size. We are seeking to partner with businesses that are already profitable and successful in their own right.

2011/2012 Acquisitions

Over the last year, 7 acquisitions were completed. The 2 largest were the Western Sydney accounting and financial planning practice, Loughhead Roberts (now Countplus LR) and the property services group, Pacific Eastcoast.

Joined Countplus July 2011

Loughhead Roberts was a 2 partner accounting & financial planning business, with a 35 year old history, located in Rosehill, near Parramatta in the western suburbs of Sydney. Countplus Member Firm, Countplus MBT, a full service accounting & financial planning firm (based in St Leonards, in the lower north shore area of Sydney) was looking for an opportunity to expand into the growing population centre of the north-western corridor of Sydney, an area in which Countplus did not have a presence. The partners of both businesses were well known to each other, both being long-term financial planning franchise members of the Count Wealth Accountants group. The merger was finalised in July 2011 and both Loughhead Roberts partners have remained in the business.

Countplus LR continues to operate from its beautiful heritage building in Rosehill. The business now enjoys a number of shared services with Countplus MBT and have begun to implement new technology solutions, such as practice management & self managed superannuation fund administration, which have proved very successful at Countplus MBT. This is freeing resources to set the business on an expansion path. The merger has also provided more opportunities for team members with Shane Krautz, after 6 years at Countplus MBT, relocating to the Countplus LR office to become Practice Manager.

Countplus LR office located in Rosehill, Sydney NSW

Joined Countplus February 2012

Established in 1978, the Pacific Eastcoast Group has operated for over 30 years with offices now in Melbourne, Sydney, Brisbane, Canberra and Perth. There are three parts to the Group: a Direct Property Division; a CPA Accounting practice; and a Responsible Entity and Management Division, which administers 7 managed investment schemes.

The property division provides research and broking services on new residential property developments to its National Alliance Member Network, comprising in excess of 600 members, mainly accounting and financial planning firms. To date, they have placed over $3 billion of investment property to over 8,000 individual investors, making Pacific Eastcoast Australia's leading source of property investments to the professional industries.

The investment criteria used by Pacific Eastcoast in their research can be summarised below:

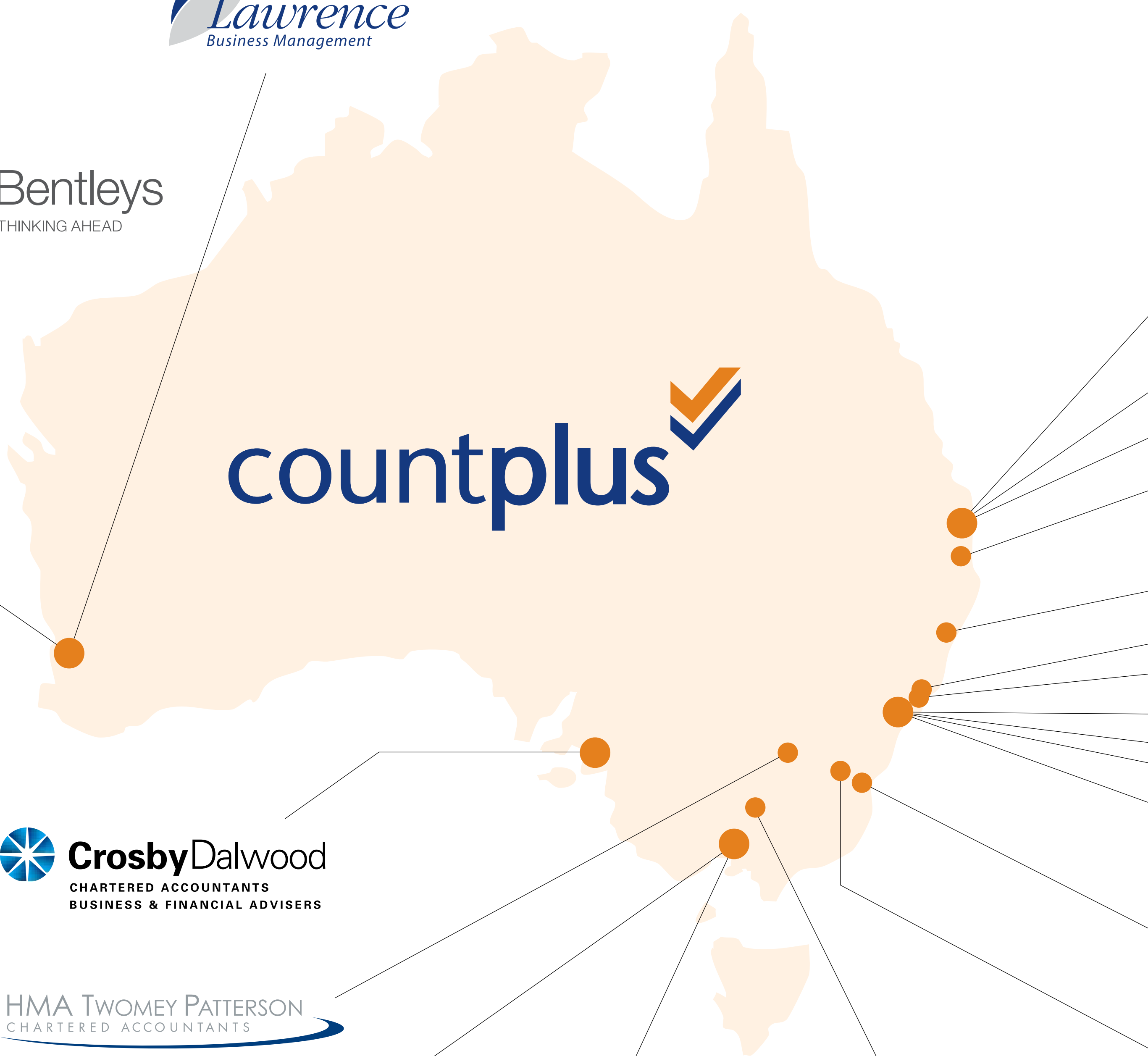
- The property must have a competitive advantage in the market – uniqueness is essential;
- Properties in the inner and middle ring radius – within 15 kms of the major CBDs – namely Sydney, Melbourne, and Brisbane are preferred;
- Where possible, recommendations will include a spread of investment types including low, medium and high density residential, commercial and retail; and
- Different types of property suit people at different stages in their life, so recommendations will include a mix of capital growth and income based investments.

Pacific Eastcoast is well positioned to grow in the long term, and especially now that the Self-Managed Super Fund (SMSF) market can now utilise gearing to own residential property. The Group have partnered with Countplus Member Firm, Kidmans Partners, to educate their alliance partners on strategies for SMSFs using property.

Countplus Member Firms

Lawrence
Business Management

Bentleys
THINKING AHEAD



countplus

CrosbyDalwood
CHARTERED ACCOUNTANTS
BUSINESS & FINANCIAL ADVISERS

HMA TWOMEY PATTERSON
CHARTERED ACCOUNTANTS

countplus
KIDMANS
PARTNERS
ACCOUNTANTS
AND ADVISORS

PacificEastcoast

MOGG OSBORNE
PTY LTD

CHANGE
ACCOUNTANTS & ADVISORS

sbs
Specialised Business Solutions

COOPER REEVES
adding value

The MBA Partnership
Chartered Accountants

360 Financial
VISION

evolution
BUSINESS + PERSONAL ADVISERS

Robson
PARTNERS

Wearne & Co
Chartered Accountants and Business Advisors

CBC Financial Advisers

countplus
mbt

* Total Financial Solutions
committed to your success

BA
BEAMES & ASSOCIATES
ACCOUNTING & FINANCIAL SERVICES

Achieve
CORP.

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

Member Profile: Cooper Reeves

From Left: *Principals of Cooper Reeves – Peter Malanos, Nathan Manning & David Reeves*

Cooper Reeves is an accounting and financial planning firm based on the South side of Brisbane. Established in 1988, the firm has 3 Directors and a team of 32, servicing a client base of predominantly SME's across a diverse range of sectors including medical, industrial, retail, rural and export.

A member of Countplus since 2008, Cooper Reeves was one of the top performers in the Countplus group over the last year. The firm attributes its strong performance to a range of factors, including assisting clients through tough periods; the attainment of new production efficiencies and their established goodwill which continues to bring in new business through referrals from satisfied clients.

Adding value for clients has always been the primary focus of the business built on the development of strong partnerships, "Our best clients see us as essentially part of their management team. We are constantly looking for ways to help them grow and prosper," said co-founder David Reeves.

The firm has earned a strong reputation for investing in its people all the way from entry level to directorship. Careful attention is given to ensure that their team is given challenging work and are rewarded for performance. Flexible "POD" team structures are used to maximise learning opportunities for team members by giving them the opportunity to work with different Principals and managers in their areas of expertise.

As an industry partner and leading sponsor of Griffith University's award winning Bachelor of Commerce (Professional) program, each year Cooper Reeves offers an annual scholarship to one first year student participating in the program. The firm runs mentor groups and guest lectures in the University's Professional Development program as well as employing accounting interns to work part-time whilst completing their studies.

The success of developing and promoting talented personnel was tested with the retirement of firm founder, Paul Cooper last year (Paul still provides consulting services to the business). The transition has been very smooth with client and referrer relationships being well developed with other senior team members over an extended period of time in preparation.

The 2011 Queensland floods had a heavy impact on many of Cooper Reeves' clients and on the business directly (while not flooded, the business was closed for 3 days for safety reasons). The firm assisted with the rebuilding of numerous local businesses by providing valuable advice around flood recovery assistance loans, organising Government grants and negotiating with financiers.

Cooper Reeves will celebrate its 25th anniversary next year and is well placed to continue to grow, "The quality of our team has never been stronger and new technological developments around cloud technology also provides more exciting opportunities in the servicing of our business clients and self-managed superannuation funds" says David. Being part of Countplus has also brought benefits, "Apart from the networking and sharing best practice ideas with the group, Countplus has assisted in the management of the long-term succession in our business while retaining our identity and autonomy", David continues, "It also gives us access to the capital of a listed company to help facilitate growth when we need it."

Member Profile: HMA Twomey Patterson

HMA TWOMEY PATTERSON
CHARTERED ACCOUNTANTS

HMA Twomey Patterson (HMATP) is a Chartered Accounting firm, originally formed in 1949 in the regional town of Cootamundra in Southern NSW. It has become one of the largest accounting firms in Southern NSW with additional offices in Young, Harden, Wagga, Coolamon and has recently expanded into Sydney. The firm has 7 Principals and over 60 team members with a highly diverse client base. Beyond locally based rural and business clients, there are specialist helicopter companies in Queensland, Medical specialists in Tasmania, as well as many small businesses and individuals situated through the Eastern states of Australia.

HMATP became one of the first members of the Countplus group in 2008 and has consistently been one of the group's top performers.

Managing Principal, Andrew Pryor puts the continued success of the business down to the care and respect with which it treats its clients and staff, as well as the unswerving discipline to keep up to date with the latest in technical knowledge and technological development. 8 years of regional drought followed by 2 floods in 3 years in Wagga have provided its share of challenges but the firm assisted many clients through these tough periods, reinforcing their very strong relationships.

Whilst the core business remains geared towards providing tax and accounting services to small businesses, it also has a substantial audit division, as well as financial planning and residential/commercial lending divisions.

From left: *Michael Douglas, Emily Bender and Managing Principal Andrew Pryor*

Financial planning was introduced to the business in 1998 when the firm joined the Count Wealth Accountants group. Over the last 3 years, this division has really started to thrive, with revenues nearly doubling due to more effective resourcing and integration into the larger accounting business. The business is now one of Count's top performing franchises nationally.

Andrew is confident that HMATP is well-placed to continue its success, having transitioned a number of younger Principals into its leadership team and have a number of very talented professionals within the ranks that are bringing energy to drive HMATP forward. In addition, being part of Countplus has brought important networking benefits, "We are able to talk to other firms to find out what is working for them, share what is working for us and bring back fresh ideas that can be applied to our business," Andrew says, "We are all shareholders and we all want each other to be as successful as we can be."

Super Ezy Audit

Steven Watson joined HMA Twomey Patterson in 2009 and was appointed a Principal of the firm in 2011 at just 30 years of age, running the audit division. A Registered Company Auditor, Steven leads a team of 7 in what is a growing business unit for the firm, recently expanding into metropolitan Sydney.

"I enjoy working at HMATP because of the great support that I receive and the deep sense of involvement in the direction of the business that I share with other Principals and team members," said Steven.

A recent initiative was the development of a new business for the firm, Super Ezy Audit, which handles the audit of over 500 self-managed super funds, referred from accountants from around the country. Increased scrutiny of self-managed super funds has been flagged by regulators as well as tougher licensing requirements, making it all the more important for audits to be handled by specialists. This should provide more growth opportunities for the Super Ezy team.

Countplus Board Profiles

Barry Martin Lambert

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

Barry Lambert established Count in 1980. Prior to establishing Count, Barry worked for 19 years within the Commonwealth Bank of Australia. 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 the Chairman of Count Financial Limited, a Director of many Countplus Member Firms as well as a Director of the Count Charitable Foundation.

Outside of the Count / Countplus group, Barry is also the Chairman of the Class Super companies, a rapidly growing cloud based 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 Acquisitions Committee
Member of Remuneration & Nominations Committee
Member of Risk & Compliance 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 on 8 November 2010.

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

Philip Stephen Rix

B.Bus, FCA, FFin
Executive Director
Member of Countplus Board
Member of Board Audit Committee
Member of Acquisitions Committee
Member of Risk & Compliance Committee

Phil Rix is the founder and Managing Director of Bentleys (WA), one of Countplus' largest Member Firms based in Perth. For four years he was on the National Board of Bentleys Australia, which represents 10 offices across Australia with 49 partners and over 300 staff.

Phil's professional expertise spans more than 30 years of managing accounting firms which has included an extensive audit career, business advisory services as well as financial planning.

Phil has also been actively involved in Finsia (previously known as the Securities Institute of Australia) where he was the lead lecturer in their core unit "Investment Analysis and Valuation" and has sat on The State Education committee for the Institute of Chartered Accountants in Western Australia. He was also appointed by AusIndustry to provide Business Planning and Business Assessment advice.

Phil was appointed a Director of Countplus in April 2012.

Graeme Hilton George Fowler

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

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

He 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 Chief Financial Officer, Chief Executive BT Funds Management NZ and Chief Executive 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
Chair of Acquisitions Committee
Member of Remuneration & Nominations Committee
Member of Risk & Compliance 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 group, 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
Member of Acquisitions Committee
Member of Remuneration & Nominations Committee
Chair of Risk & Compliance Committee

David Smith is a founding Director of Smithink 2020 Pty Limited, 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.

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

Arlette Jubian

M.Com, CPA, SAFin
Company Secretary

Arlette Jubian is the Group Financial Controller for Countplus.

Arlette has a Master of Commerce degree from the University of Sydney majoring in accounting and finance. Arlette is also a Certified Practicing Accountant and an Associate of the Financial Services Institute of Australia.

Arlette has 16 years of experience in the commercial accounting field, having worked in professional services (legal), construction (architecture), technology and financial industries. For over 10 years, Arlette held senior accounting positions working with senior management running local and global listed and unlisted organisations.

Arlette was appointed Company Secretary of Countplus in June 2012.

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 & Nominations Committee which, amongst other functions, will evaluate the performance of the CEO /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' 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 of 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 six 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 and runs conferences where there are often Countplus Member Firms in attendance. 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 Mr Lambert's role in the Company's formation and the extensive experience he brings to the Board.

The Remuneration & Nominations Committee has the responsibility for planning succession in Board appointments subject to Board and Shareholder approval. The Remuneration and Nominations Committee consists of three Non-Executive Directors as well as the CEO.

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 ("Code") 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 Countplus Trading Policy applies to all staff, Directors and contractors. The policy prohibits these individuals from dealing in the company's securities (e.g. shares) when they are in possession of price-sensitive information, as defined by the Corporations Act 2001 (Cth). The Trading Policy also restricts Directors and employees from trading in Countplus securities during "black-out" period. A black-out period is a period between; the end of the financial half-year and 24 hours after the announcement of the half-year results or the end of the financial full-year and 24 hours after the announcement of the full-year results. The Trading Policy is circulated twice a year to Directors, key management personnel and anyone who is in possession of price sensitive information along with an email reminding them of their obligations to abide with the Trading Policy.

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 organisation's 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 % 2012
Number of women employees in the whole organisation	40% – 60%	57%
Number of women in senior Executive positions	40% – 60%	32%
Number of women on Member Firms Boards	40% – 60%	7%
Number of women on the Group 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 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 acts as the Chair of the Committee.

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 and 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 disclosure

Continuous disclosure and shareholder communication

Countplus is committed to observing its disclosure obligations under the Listing Rules. Countplus has adopted the Continuous Disclosure 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.

The Risk Management 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 members of the Board are members of this Committee. David Smith, who is a Non- Executive Director, acts as the 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.

Acquisitions Committee

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

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

Principle 8: Remunerate fairly and responsibly

The Board has established a Remuneration & Nominations Committee.

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

Remuneration & Nominations 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 and the Chair is appointed by rotation.

As set out in Countplus' Remuneration & Nominations Committee Charter, the primary functions of the Committee 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 2012

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 2012.

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	Managing Director	10 August 2007
	Chief Executive Officer/Chief Financial Officer	8 November 2010
Philip Stephen Rix	Executive Director	1 April 2012
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
Arlette Jubian	Company Secretary	20 June 2012

Information on Directors including their experience, expertise and other current directorships (including former directorships in the last 3 years) of publicly listed companies, is contained in the Board Profile Report on pages 16-17.

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 Committee	Risk & Compliance Committee	Acquisitions Committee	Remuneration & Nominations Committee
Barry Martin Lambert	Executive Chairman		Member	Member	
Michael James Spurr	CEO/CFO/Managing Director		Member	Member	Member
Philip Stephen Rix	Executive 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 2012, and the number of meetings attended by each Director were:

Name	Directors' Meetings	Audit Committee	Risk & Compliance Committee	Acquisitions Committee	Remuneration & Nominations Committee
No. of meetings held	8	7	5	3	2
Barry Martin Lambert	8 / 8	7 / 7 [2]	5 / 5	3 / 3	2 / 2 [2]
Michael James Spurr	8 / 8	7 / 7 [2]	5 / 5	3 / 3	2 / 2
Philip Stephen Rix [1]	2 / 2	1 / 1 [2]	2 / 2	2 / 2	N/A
Graeme Hilton George Fowler	7 / 8	7 / 7	4 / 5	2 / 3	1 / 2
Donald Kenneth Sharp	7 / 8	6 / 7	4 / 5	2 / 3	2 / 2
David Maxwell Smith	8 / 8	7 / 7	5 / 5	2 / 3	2 / 2

1 Appointed 1 April 2012.
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
Philip Stephen Rix	1,044,252
Graeme Hilton George Fowler	12,945
Donald Kenneth Sharp	50,000
David Maxwell Smith	15,000

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; broking services for home and investment loans, business loans and leasing/hire purchase; property brokers for new residential and commercial property; and legal services provided through one Member Firm.

Dividends

Dividends paid or declared on ordinary shares during the financial year were as follows:

Financial Year Ended	Franking	Status	Cents Per Share	Payment Date
2012	Fully Franked	Paid	3.0 (per fully paid share)	15 November 2011
2012	Fully Franked	Paid	3.0 (per fully paid share)	15 February 2012
2012	Fully Franked	Paid	3.0 (per fully paid share)	15 May 2012
2012	Fully Franked	Paid	3.0 (per fully paid share)	15 August 2012

Review of Operations

For 2011/2012 the Company reported a consolidated net profit after tax of $11.31 million (down 12.2% on the corresponding period) of which $11.16 million was attributable to shareholders (up 25.1% on the corresponding period). Diluted EPS decreased by 20.0% to 10.23 cents per share.

The decrease in earnings per share was due primarily to a fair value uplift recorded on the consolidation of associates in that corresponding period of $3.44m and other non-cash fair value increases. Removing the impact of that non-cash fair value uplift on consolidation, diluted EPS increased by 12.0%. Please note that prior year 2011 earnings per share is calculated on a lower average number of shares as final acquisition of subsidiaries and associated new share issues were completed in November and December 2010.

The introduction of new group provisioning policies for debtor and work-in-progress also negatively impacted this year's result. Revenue from operating activities increased 15.0% assisted by a full year contribution of some subsidiaries and acquisitions made during the year. The Directors view the result as a solid one given difficult business conditions experienced by the SME sector across the country, which are the target client base of our Member Firms . The group has benefited from its diversified portfolio of businesses, represented in every mainland capital city and a number of regional centres. Further information is contained in the Chairman's Report and Chief Executive Officer's report on pages 6-9.

Directors' Report continued

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 1st July 2011, Member Firm Countplus MBT acquired the business assets of Loughhead Roberts, an accounting & business services firm.
- On 9th December 2011, Countplus' largest single shareholder, Count Financial Limited, was acquired by the Commonwealth Bank of Australia.
- On 11th February 2012, Countplus acquired Pacific Eastcoast, a property & accounting group.
- On 29th February 2012, Member Firm Beames & Associates acquired the business assets of accounting firm Mark Kenmir & Co.
- On 31st March 2012, Member Firm Achieve Corporation acquired the salary packaging payroll management assets of Contract1.
- On 1st April 2012, Philip Stephen Rix was appointed as an Executive Director.
- On 20th June 2012, Caress Andrews resigned as Company Secretary and Arlette Jubian was appointed as Company Secretary.

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 4th July 2012, Member Firm Kidmans Partners acquired the assets of Dyason & Associates, an accounting firm for $219,000. The consideration was an initial cash component with a deferred equity and cash component payable in 15 months.
- On 22nd August 2012, the Company declared its first quarterly dividend for 2012/13 of 3 cents per share payable on 15 November 2012 (record date: 26 October 2012).

Other than the above, no matter or circumstance has arisen since 30 June 2012 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 & Nominations Committee

The Remuneration & Nominations Committee of the Board of Directors of Countplus Limited is responsible for determining and reviewing remuneration arrangements for the Directors, and Member Firm Principals (generally Executives of subsidiaries).

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 Directors and Senior Management 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 at the meeting.

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 & Nominations 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. As 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 19 April 2012. Part-time employees received a proportional entitlement. The 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

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 Vendor Principals. This plan is due to be launched later in 2012.

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 does not have a fixed term contract with the Company.

The CEO, CFO and Managing Director, Michael Spurr is employed under a 4 year agreement which commenced on 8 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.

The Executive Director, Philip Rix is also a Member Firm Principal (Bentleys WA) and as such is employed and remunerated by Bentleys (WA) in accordance with the below.

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 are 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 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.

For the Year:

Consolidated Net Profit After Tax (excluding non-cash fair value adjustments) increased by 19.4% to $11.15 million.

Basic EPS decreased by 22.7%* to 10.23 cents per share. Removing the impact of non-cash fair value uplift on consolidation, basic EPS increased by 8.4%*. The non-cash fair value uplift on Consolidation of Associates, is the non-cash gain from remeasuring to fair value, the equity interest in acquisitions held by Countplus before the business combination. This non-cash fair value uplift is recognised in the Statement of Comprehensive Income for 2011.

Diluted EPS decreased by 20.0%* to 10.23 cents per share. Removing the impact of non-cash fair value uplift on consolidation, diluted EPS increased by 12.0%*.

The Company's share price has fallen over the financial year from $1.30 at 30 June 2011 to $1.28 at 30 June 2012.

*Please note that prior year 2011 earnings per share is calculated on a lower average number of shares as final acquisition of subsidiaries and associated new share issues were completed in November and December 2010.

Amounts of Remuneration

Details of the remuneration of the Directors & other Key Management Personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out below.

	Short-Term Employee Benefits			Post-Employment Benefits		Long-Term Benefits	Share Based Payments	
2012	Salary and Fees $	Bonus $	Other $	Superannuation $	Long Service Leave $	Termination Benefits $	Employee Loyalty Share Plan $	TOTAL $
Non-Executive Directors								
Graeme Hilton George Fowler[1]	65,000	0	0	5,850	0	0	0	**70,850**
Donald Kenneth Sharp[2]	65,000	0	0	5,850	0	0	0	**70,850**
David Maxwell Smith[3]	65,000	0	0	5,850	0	0	0	**70,850**
Executive Directors								
Barry Martin Lambert[4] (Chairman)	75,000	0	0	6,750	0	0	0	**81,750**
Philip Stephen Rix[5] (Executive Director)	228,458	0	0	44,541	0	0	0	**272,999**
Michael James Spurr[6] (Managing Director/CEO/CFO)	214,411	0	11,868	19,297	4,805	0	0	**250,381**
TOTAL	**712,869**	**0**	**11,868**	**88,138**	**4,805**	**0**	**0**	**817,680**

	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[6] (Managing Director/CEO/CFO)	131,945	60,000	0	17,275	16,567	0	0	**225,787**
Other Key Management Personnel								
Linh Truong[7]	82,849	15,000	0	8,806	-6,340	0	1,000	**101,315**
Jeremy Wardell[8]	–	–	–	–	–	–	–	**–**
TOTAL	**380,988**	**75,000**	**0**	**41,038**	**10,227**	**0**	**1,000**	**508,253**

1 Graeme Fowler was appointed as a Director 26 August 2010.
2 Donald Sharp was appointed as a Director 6 September 2010.
3 David Smith was appointed as a Director 26 August 2010.
4 Barry Lambert was appointed as a Director 10 August 2007.
5 Philip Rix was appointed as a Director on 1 April 2012 and as Bentleys WA Principal in February 2008.
6 Michael Spurr was appointed as a Director on 10 August 2007 and as the CEO & CFO on 8 November 2010.
7 Linh Truong was appointed as Senior Executive Finance and Acquisitions 15 November 2010 and resigned 30 June 2011.
8 Jeremy Wardell was appointed as Countplus CEO 21 August 2006 and resigned 3 December 2010. His remuneration was paid by Count Financial Limited, the former ultimate parent of Countplus.

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

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 30.

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
Director
Sydney
13 September 2012

Audit Independence Declaration

ERNST & YOUNG

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

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 2012, 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
13 September 2012

Liability limited by a scheme approved under Professional Standards Legislation

Financial Contents

Consolidated Statement of Comprehensive Income	32
Consolidated Statement of Financial Position	33
Consolidated Statement of Changes in Equity	34
Consolidated Statement of Cash Flow	35
Notes to the Consolidated Financial Statements	36
Summary of Significant Accounting Policies	36
Critical Accounting Estimates & Judgements	43
Financial Risk Management	43
Segment Information	46
Revenue	47
Expenses	47
Revision of Acquisition Accounting	48
Income Tax Expense	48
Current Assets – Cash & Cash Equivalents	49
Current Assets – Trade & Other Receivables	49
Current Assets – Loans & Advances	50
Current Assets – Work in Progress	50
Current Assets – Other Financial Assets	50
Non-Current Assets – Receivables	50
Non-Current Assets – Deferred Tax Assets	51
Non-Current Assets – Property, Plant & Equipment	52
Non-Current Assets – Intangible Assets	53
Non-Current Assets – Other Financial Assets	54
Current Liabilities – Trade & Other Payables	54
Current Liabilities – Interest Bearing Loans & Borrowings	55
Current Liabilities – Current Tax Liabilities	55
Current Liabilities – Provisions	55
Current Liabilities – Other Current Liabilities	55
Non-Current Liabilities – Other Payables	56
Non-Current Liabilities – Borrowings	56
Non-Current Liabilities – Provisions	57
Non-Current Liabilities – Other Non-Current Liabilities	57
Contributed Equity	57
Reserves & Retained Profits	59
Non-Controlling Interest	59
Dividends	59
Key Management Personnel Disclosures	60
Remuneration of Auditors	61
Contingencies	61
Commitments	61
Related Party Transactions	62
Subsidiaries	64
Business Combinations	65
Investments in Associates	66
Events Occurring After the Reporting Period	66
Reconciliation of Profit after Income Tax to Net Cash Inflow from Operating Activities	66
Earnings Per Share	67
Parent Entity Financial Information	67
Directors' Declaration	68
Independent Auditor's Report	69
ASX Additional Information	71
Investors' Information	72
Corporate Directory	73
Shareholders' Calendar	74

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	2012 $'000	2011 $'000 (Restated)*
Revenue from operating activities	5	**107,146**	93,162
Fees, commissions and related costs	5	**(15,555)**	(11,529)
		91,591	81,633
Other income			
Fair value uplift on consolidation of associates	38	**–**	3,438
Gain on deferred consideration adjustment	23	**300**	677
Fair value (loss) / gain on investments		**(199)**	447
Interest received		**164**	199
Other non-operating income		**165**	288
Total other income		**430**	5,049
Salaries and employee benefits expense	6	**(52,497)**	(46,745)
Premises expenses		**(5,240)**	(4,186)
Depreciation and amortisation expense	6	**(4,915)**	(4,459)
Acquisition related expenses		**(217)**	(897)
Other operating expenses from ordinary activities	6	**(13,390)**	(11,014)
Finance costs	6	**(779)**	(967)
Total expenses		**(77,038)**	(68,268)
Profit from operations before income tax		**14,983**	18,414
Income tax expense	8	**(3,673)**	(5,535)
Net profit from operations after income tax		**11,310**	12,879
Other comprehensive income		**–**	–
Total comprehensive income for the year		**11,310**	12,879
Total comprehensive income for the year is attributable to:			
Owners of Countplus Limited		**11,155**	8,917
Non-controlling interests		**155**	3,962
		11,310	12,879
		Cents	Cents
Earnings per share for profit from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings per share	42	**10.23**	13.23^
Diluted earnings per share	42	**10.23**	12.78^

* Certain amounts shown here do not correspond to the 2011 financial statements and reflect adjustments made on account of revision of acquisition accounting, as detailed in note 7.

^ 2011 earnings per share is calculated on a lower average number of shares as final acquisition of subsidiaries and associated new share issues were completed in November and December 2010.

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 2012

	Notes	2012 $'000	2011 $'000 (Restated)*
ASSETS			
Current assets			
Cash and cash equivalents	9	**6,382**	9,934
Trade and other receivables	10	**19,131**	15,000
Loans and advances	11	**85**	40
Work in progress	12	**4,646**	4,633
Other financial assets	13	**–**	781
Total current assets		**30,244**	30,388
Non-current assets			
Other receivables	14	**944**	–
Property, plant and equipment	16	**7,358**	6,222
Intangible assets	17	**56,475**	51,962
Other financial assets	18	**–**	17
Investment in associates	39	**–**	–
Total non-current assets		**64,777**	58,201
Total assets		**95,021**	88,589
LIABILITIES			
Current liabilities			
Trade and other payables	19	**6,681**	5,465
Interest bearing loans and borrowings	20	**460**	729
Current tax liabilities	21	**4,201**	3,683
Provisions	22	**3,432**	3,085
Other current liabilities	23	**7,655**	15,950
Total current liabilities		**22,429**	28,912
Non-current liabilities			
Trade and other payables	24	**587**	–
Interest bearing loans and borrowings	25	**8,282**	1,089
Provisions	26	**1,310**	858
Deferred tax liabilities	15	**6,036**	6,878
Other non-current liabilities	27	**2,774**	2,152
Total non-current liabilities		**18,989**	10,977
Total liabilities		**41,418**	39,889
Net assets		**53,603**	48,700
EQUITY			
Contributed equity	28	**119,901**	113,044
Reserves	29(a)	**(68,127)**	(68,127)
Retained earnings	29(b)	**1,627**	3,586
Capital and reserves attributable to owners of Countplus Limited		**53,401**	48,503
Non-controlling interest	30	**202**	197
Total equity		**53,603**	48,700

* Certain amounts shown here do not correspond to the 2011 financial statements and reflect adjustments made on account of revision of acquisition accounting, as detailed in note 7.

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 2012

	Notes	Attributable to owners of Countplus Limited				Non-controlling interests $'000	Total equity $'000
		Contributed equity $'000	Acquisition reserves $'000	Retained earnings $'000	Total $'000		
Balance at 1 July 2010		**17,545**	**–**	**2,060**	**19,605**	**–**	**19,605**
Adjustment of distribution of pre-acquisition profit of a subsidiary by reclassifying it from payables to opening retained earnings		–	–	70	70	–	70
Restated total equity as at 1 July 2010		**17,545**	**–**	**2,130**	**19,675**	**–**	**19,675**
Profit for the year as reported in the 2011 financial statements		–	–	9,334	9,334	3,962	13,296
Adjustment on correction of error		–	–	(3)	(3)	–	(3)
Adjustment on finalisation of acquisition	7	–	–	(414)	(414)	–	(414)
Restated profit for the year		–	–	8,917	8,917	3,962	12,879
Other comprehensive income		–	–	–	–	–	–
Restated comprehensive income for the year		**–**	**–**	**8,917**	**8,917**	**3,962**	**12,879**
Transactions with owners in their capacity as owners:							
Issue of shares	28	95,675	–	–	95,675	–	95,675
Acquisition of non-controlling interest		–	(68,127)	–	(68,127)	(7,352)	(75,479)
IPO costs		(586)	–	–	(586)	–	(586)
Dividends paid/provided	31	–	–	(7,461)	(7,461)	–	(7,461)
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(3,954)	(3,954)
Capital contributions	28	410	–	–	410	–	410
Equity recognised on consolidation		–	–	–	–	7,541	7,541
		95,499	(68,127)	(7,461)	19,911	(3,765)	16,146
Restated balances at 30 June 2011*		**113,044**	**(68,127)**	**3,586**	**48,503**	**197**	**48,700**
Balance at 1 July 2011		**113,044**	**(68,127)**	**3,586**	**48,503**	**197**	**48,700**
Profit for the year		–	–	11,155	11,155	155	11,310
Other comprehensive income		–	–	–	–	–	–
Total comprehensive income for the year		**–**	**–**	**11,155**	**11,155**	**155**	**11,310**
Transactions with owners in their capacity as owners:							
Issue of shares	28	6,557	–	–	6,557	–	6,557
Dividends paid/provided	31	–	–	(13,114)	(13,114)	(150)	(13,264)
Employee share options	28	300	–	–	300	–	300
		6,857	–	(13,114)	(6,257)	(150)	(6,407)
Balance at 30 June 2012		**119,901**	**(68,127)**	**1,627**	**53,401**	**202**	**53,603**

* Certain amounts shown here do not correspond to the 2011 financial statements and reflect adjustments made on account of revision of acquisition accounting, as detailed in note 7.

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

Consolidated Statement of Cash Flow

For the year ended 30 June 2012

	Notes	2012 $'000	2011 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**111,601**	98,780
Payments to suppliers and employees (inclusive of GST)		**(92,537)**	(80,751)
		19,064	18,029
Dividends received from associated entities		**27**	–
Interest received		**164**	199
Interest paid		**(779)**	(967)
Income taxes paid		**(4,538)**	(5,884)
Net cash inflow (outflow) from operating activities	41	**13,938**	11,377
Cash flows from investing activities			
Purchase of equipment and other non-current assets		**(1,971)**	(1,841)
Sale / (purchase) of investments		**582**	(209)
Proceeds from sale of property, plant and equipment		**13**	–
Proceeds from consolidation of controlled entities net of cash divested		**–**	2,716
Payment for acquisition of subsidiaries		**(4,742)**	–
Payment for deferred consideration on acquisition of controlled entities		**(1,959)**	(1,497)
Net cash (outflow) inflow from investing activities		**(8,077)**	(831)
Cash flows from financing activities			
Loans to related parties		**–**	(260)
Payment for acquisition of non-controlling interest		**–**	(3,813)
Proceeds of loans and advances from Count Financial		**14,680**	–
Repayment of loans and advances to Count Financial		**(7,160)**	(14,004)
Repayment of loans to related parties		**–**	517
Proceeds from issue of shares		**–**	22,640
Equity raising costs		**–**	(822)
Repayments of borrowings		**(688)**	(4,428)
Proceeds from borrowings		**–**	6,563
Payment of dividends on ordinary shares	31	**(16,095)**	(1,700)
Payment of dividends by controlled subsidiaries to non-controlling interest		**(150)**	(6,235)
Net cash inflow (outflow) from financing activities		**(9,413)**	(1,542)
Net increase (decrease) in cash and cash equivalents		**(3,552)**	9,004
Cash and cash equivalents at the beginning of the financial year		**9,934**	930
Cash and cash equivalents at end of year	9	**6,382**	9,934

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 2012

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 Group 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 (Cth).

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 Group also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2011 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods.

(iii) Accounting standards and interpretations issued but not yet effective

Australian accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2012 are outlined below:

- 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 2016. 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 127 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 11 'Joint Arrangements': This standard is mandatory for adoption by the Group in the year ending 30 June 2013 and the Group intends to adopt it in its financial statements in next reporting period. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to a portion of the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the portion of net assets is accounted for using the equity method. AASB 11 is mandatory for adoption by the Group in the year ending 30 June 2013. 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 IFRS 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 IFRS when fair value is required or permitted by IFRS. 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.
- AASB 2011-9 'Amendments to Australian Accounting Standards Presentation of Other Comprehensive Income [AASB 101]': This Standard requires entities to group items presented in other comprehensive income on the basis of whether they might be reclassified subsequently to profit or loss or not. This standard is mandatory for adoption by the Group in the year ending 30 June 2013 and the Group intends to adopt it in its financial statements in the next reporting period.
- AASB 119 'Employee Benefits': The main change introduced by this standard is to revise the accounting for defined benefit plans. The amendment removes the options for accounting for the liability, and requires that the liabilities arising from such plans is recognised in full with actuarial gains and losses being recognised in other comprehensive income. It also revised the method of calculating the return on plan assets. The revised standard also changes the definition of short-term employee benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date. This standard is mandatory for adoption by the Group in the year ending 30 June 2013 and the Group intends to adopt it in its financial statements in the next reporting period.
- 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 Group.

(iv) 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.

(v) 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 Group'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.

(vi) Changes to presentation

Wherever necessary, Countplus Limited has regrouped and reclassified certain balances in the financial statements in order to provide more relevant information to our stakeholders. The comparative information has been reclassified accordingly. These reclassifications are not expected to have any impact on the profit for the current year or prior year.

(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 2012 and the results of all subsidiaries for the year then ended. Countplus Limited and its subsidiaries together are referred to in these financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group 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 Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. 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 Group (refer to note 1(g)).

Changes in the Group'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 Group 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 Group.

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 Group 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 using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill identified on acquisition (refer to note 39).

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

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

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group'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 Group'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 Group 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 Group'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 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.

Revenue from the provision of commission on property sales is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised after an estimation of the percentage of work completed, based on actual service provided as a proportion of the total services to be provided.

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, if any.

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.

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.

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 reporting date.

Deferred income tax is provided on all temporary differences at the reporting 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 reporting 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.

Tax consolidation legislation

Countplus Limited ('the Head Entity') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly-owned. The Head Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Members of the Countplus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the Head Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income taxes.

(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 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 Group will obtain ownership of the asset or over the term of the lease. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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 Group. 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 Group 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 and the amount of any non-controlling interests in the acquiree over the fair value 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 Group 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 Group 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.

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 consolidated statement of financial position.

(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.

Countplus Limited implemented a group policy for provision for impairment of trade receivables, based on ageing, in December 2011. The purpose of the group policy is to ensure that assessment of collectability of trade receivables by subsidiaries across the Group are guided by a consistent policy and are accounted for in the same manner.

Collectability of trade receivables is reviewed on an ongoing basis. Debtors 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 Group 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 reporting date. Work in progress is valued at net realisable value after providing for any foreseeable losses. Work in progress is recognised in 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.

Countplus Limited implemented a group policy for provision for write-off of Work in Progress in December 2011. The purpose of the group policy is to ensure that measurement of net realisable value by subsidiaries across the Group are guided by a consistent policy and are accounted for in the same manner.

(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.

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 Group 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%
Signage (other property, plant & equipment)	4%
Make good	Over the remaining estimated life of the lease

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 Group 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 17.

(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 and Adviser network

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 relationships 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 they are amortised and expensed using a declining balance method. This is in accordance with the expected pattern of future benefits based on the net cash flows estimated from these assets assessed on acquisition. The amortisation period and the amortisation method is reviewed at least at each financial year end to ensure the amortisation expense reflects the function of the intangible asset.

Adviser network relationships are the intangible assets identified in the acquisition of the Total Financial Solutions group and represent that part of the purchase consideration that is attributable to and represented by the advisers with long term relationships with that business. These assets were capitalised at fair value at the date of the acquisition, 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 15 years and are amortised and expensed using a declining balance method. This is in accordance with the expected pattern of future benefits based on the net cash flows estimated from these assets assessed on acquisition. The amortisation period and the amortisation method is reviewed at least each financial year end to ensure that the amortisation expense reflects 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.

(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 Group prior to the end of the financial year that are unpaid and arise when the Group 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 expensed 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"). Refer to note 28(f).

The plan to provide these benefits is 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 42(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.

(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 consolidated 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 43 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 ('the Head Entity') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly-owned. The Head Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Members of the Countplus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the Head Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income Taxes.

(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 Group 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 Group 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 an 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 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.

(v) Deferred consideration

Some acquisitions involve the payment of deferred consideration to vendors. This consideration is determined based on a multiple of actual earnings over a fixed period of time and is dependant on revenue or client retention. Consideration payable to the vendors in relation to acquisitions is recognised at fair value based on expected financial performance over the applicable future financial years.

3 Financial risk management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, interest bearing loans, borrowings and work in progress.

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

(a) Market risk

(i) Price risk

The Group's exposure to market risk relates to price risk associated with its investments in financial instruments. At 30 June 2012, the Group did not hold investments in financial instruments.

In the prior year, the Group's exposure to market price risk arose from its investments in listed shares and stock options which were subject to significant risk of changes in value from changing market prices. The risk was 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 2012, 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)	
	2012	2011
Sensitivity analysis	**$'000**	$'000
All ords index +10%	**N/A**	55
All ords index -10%	**N/A**	(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 Group'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 Group 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		Over 1 to 5 years		More than 5 years					
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	%	%
Financial assets														
Cash and cash equivalents	**6,382**	9,934	**5,758**	9,691	**624**	243	**–**	–	**–**	–	**–**	–	**2.01**	2.64
Trade receivable	**20,075**	15,000	**–**	–	**–**	–	**–**	–	**–**	–	**20,075**	15,000	**N/A**	N/A
Loans and advances	**85**	40	**–**	–	**15**	17	**–**	–	**–**	–	**70**	23	**1.31**	7.40
Work in progress	**4,646**	4,633	**–**	–	**–**	–	**–**	–	**–**	–	**4,646**	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	**31,188**	30,388	**5,758**	9,691	**639**	260	**–**	–	**–**	–	**24,791**	20,437		
Financial liabilities														
Trade payables	**(7,268)**	(5,465)	**–**	–	**–**	–	**–**	–	**–**	–	**(7,268)**	(5,465)	**N/A**	N/A
Borrowings	**(8,742)**	(1,818)	**(300)**	(300)	**(736)**	(711)	**(7,682)**	(792)	**–**	–	**(24)**	(15)	**9.82**	6.32
Other liabilities														
– Provision for dividend	**(3,278)**	(6,259)	**–**	–	**–**	–	**–**	–	**–**	–	**(3,278)**	(6,259)	**N/A**	N/A
– Deferred cash consideration	**(4,668)**	(3,347)	**–**	–	**–**	–	**–**	–	**–**	–	**(4,668)**	(3,347)	**N/A**	N/A
– Deferred equity consideration	**(1,171)**	(6,750)	**–**	–	**–**	–	**–**	–	**–**	–	**(1,171)**	(6,750)	**N/A**	N/A
– Other current liabilities	**(556)**	(996)	**–**	–	**–**	–	**–**	–	**–**	–	**(556)**	(996)	**N/A**	N/A
Total financial liabilities	**(25,683)**	(24,635)	**(300)**	(300)	**(736)**	(711)	**(7,682)**	(792)	**–**	–	**(16,965)**	(22,832)		
Net financial instruments	**5,505**	5,753	**5,458**	9,391	**(97)**	(451)	**(7,682)**	(792)	**–**	–	**7,826**	(2,395)		

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

At 30 June 2012, 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	
	2012	2011
Consolidated	$'000	$'000
+2% (200 basis points)	**76**	131
-1% (100 basis points)	**(38)**	(65)

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 with 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 34) 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 spread 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 consolidated statement of financial position. 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 Group had access to the following undrawn borrowing facilities at the end of each reporting period:

	Consolidated	
	2012	2011
	$'000	$'000
Fixed rate		
Expiring within one year	**400**	400
Expiring beyond one year	**2,480**	10,000
	2,880	10,400

The Group has a bank overdraft facility of $400,000 (2011: $400,000). The facility is subject to annual review and interest is payable at 10.37% pa (2011: 10.37% pa).

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

Maturities of financial assets and liabilities

	Less than 6 months	1 year or less	Between 1 and 5 years	More than 5 years	Total
At 30 June 2012	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets					
Cash	6,291	91	–	–	6,382
Trade and other receivables	19,131	–	944	–	20,075
Loans and advances	–	85	–	–	85
Work in progress	4,646	–	–	–	4,646
Total financial assets	30,068	176	944	–	31,188
Financial liabilities					
Trade and other payables	(6,681)	–	(587)	–	(7,268)
Borrowings	(233)	(227)	(8,282)	–	(8,742)
Other liabilities					
Provision for dividend	(3,278)	–	–	–	(3,278)
Deferred cash consideration	(1,810)	(1,729)	(1,058)	–	(4,597)
Deferred equity consideration	–	(282)	(834)	–	(1,116)
Other current liabilities	(556)	–	–	–	(556)
Total financial liabilities	(12,558)	(2,238)	(10,761)	–	(25,557)

	Less than 6 months	1 year or less	Between 1 and 5 years	Over 5 years	Total
At 30 June 2011	**$'000**	**$'000**	**$'000**	**$'000**	**$'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)	(793)	–	(1,818)
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	(996)	–	–	–	(996)
Total financial liabilities	(21,785)	(655)	(2,195)	–	(24,635)

(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.

The fair value of the financial instruments held by the Group are summarised in the table below.

	Level 1	Level 2	Level 3	Total
At 30 June 2012	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets	–	–	–	–
Financial liabilities				
Deferred equity consideration	–	–	1,116	1,116
	–	–	1,116	1,116

At 30 June 2012, the Group had deferred equity consideration as a result of the business combinations that settled during the year as detailed in note 38. The fair value of deferred equity consideration, amounting to $1.12m, is measured as the present value of expected future equity consideration calculated based on anticipated future financial performance in accordance with the business sales and purchase agreement of the respective businesses. Refer to note 23 for further details.

	Level 1	Level 2	Level 3	Total
At 30 June 2011	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets				
Listed shares	358	–	–	358
Stock options	–	423	–	423
	358	423	–	781
Financial liabilities				
Deferred equity consideration	–	–	6,750	6,750
	–	–	6,750	6,750

At 30 June 2011, the Group had deferred equity consideration amounting to $6.75m to be issued to vendors of Countplus subsidiaries that are calculated based on performance of subsidiaries at 30 June 2011. This deferred equity consideration has been crystallised and a gain on deferred consideration was recognised in the consolidated statement of comprehensive income. Refer to note 23 for further details.

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 are included in note 23 and 27.

4 Segment information

The Group treat their operations as the one business segment and report accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets with the exception of the office in Vietnam, are held and the revenues are sourced in Australia.

5 Revenue

	2012 $'000	2011 $'000
(a) Revenue from operating activities		
Accounting services revenue	**63,992**	60,128
Financial services revenue	**33,760**	27,837
Legal services revenue	**2,723**	3,412
Other operating revenue	**6,671**	1,785
	107,146	93,162

(b) Fees, commissions and related costs

Fees, commissions and related costs comprise largely of 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 are calculated based on the level of Funds Under Management under the various investment platforms. The commissions paid for referral business are based on the assumption that advisers will achieve the estimated number of conversions from the risk referral agreement.

6 Expenses

	2012 $'000	2011 $'000
Depreciation		
Office equipment	**727**	635
Leasehold improvements	**209**	199
Furniture & fixtures	**325**	268
Motor vehicles	**19**	13
Other	**79**	64
Total depreciation	**1,359**	1,179
Amortisation		
Acquired client relationships	**3,270**	3,026
Software	**166**	114
Make good	**120**	140
Total amortisation	**3,556**	3,280
Total depreciation and amortisation	**4,915**	4,459
Other expenses		
Professional and consulting fees		
Audit fees	**370**	396
Accounting and legal fees	**526**	441
Other professional fees*	**775**	310
Total	**1,671**	1,147
Other expenses		
Bad and doubtful debts – trade receivables	**959**	1,024
Sales and marketing expenses	**973**	928
Administration expenses	**4,478**	3,623
Insurance expense	**1,017**	920
Technology expense	**3,220**	2,606
Net loss on disposal of property, plant and equipment	**43**	65
Other	**1,029**	701
Total	**11,719**	9,867
Total other operating expenses from ordinary activities	**13,390**	11,014
Salaries and employee benefit expenses		
Wages and salaries	**45,066**	39,880
Superannuation expense	**4,077**	3,818
Share based payment expense	**300**	303
Other employee benefit expenses	**3,054**	2,744
Total salaries and employee benefit expenses	**52,497**	46,745
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	**779**	967

* Fees from Count Financial represents $504,000 for a full year in current financial year 2012, compared to $83,000 for two months in previous financial year 2011.

7 Revision of acquisition accounting

Acquisitions made in the comparative period ending 30 June 2011 were provisionally accounted. Purchase price accounting on these acquisitions was finalised on 30 June 2012 and 31 December 2011. In accordance with AASB 3, comparative periods have been restated to reflect the new valuations of identifiable intangible assets (acquired client relationships and adviser network), the associated increase in amortisation expense and the tax effect. The impact is summarised below:

Total consolidated comprehensive income and profit for the year ended 30 June 2011 (comparative period) has reduced by $414,400. This arises from an increase in amortisation expense of $592,000 and a reduction in income tax expense of $177,600. The profits attributable to non-controlling interest have been reduced by $438,000, being their share of the loss due to additional amortisation expense.

For the consolidated statement of financial position as at 30 June 2011 (comparative period), as a result of profit being reduced due to increased amortisation expenses and its associated tax effect, retained earnings for the year ending 30 June 2011 has been reduced by $414,400. Intangible assets has increased by $2,122,500 and deferred tax liabilities have increased by $1,944,900. Also due to a reduction in the share of profit of non-controlling interest by $438,000, the reserves attributable to them are also reduced by the same amount.

8 Income tax expense

	2012 $'000	2011 $'000
(a) Income tax expense:		
Current tax (benefit) / expense	**6,312**	3,827
Under/(over) provision – prior year	**(1)**	(53)
Benefit realised on tax consolidation	**(1,186)**	–
Deferred tax expense / (benefit)	**(1,452)**	1,761
	3,673	5,535
Deferred income tax (revenue) expense included in income tax expense comprises:		
Decrease (increase) in deferred tax assets (note 15)	**(1,596)**	(884)
(Decrease) increase in deferred tax liabilities	**144**	2,645
	(1,452)	1,761
(b) Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	**14,983**	18,414
Tax at the Australian tax rate of 30% (2011 – 30%)	**4,495**	5,524
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non deductible depreciation and amortisation	**7**	48
Non-deductible entertainment	**57**	41
Non-deductible legal fees	**16**	79
Fines	**1**	1
Non-taxable dividends	**–**	(24)
Gain / (loss) on deferred consideration adjustment	**72**	(222)
Deductible expense – borrowing costs	**(1)**	1
Share-based payments	**90**	–
Franking dividend rebates	**–**	(863)
Other non-deductible expenses	**123**	1,003
	4,860	5,588
Under/(over) provision in prior years	**(1)**	(53)
Benefit realised on tax consolidation	**(1,186)**	–
	(1,187)	(53)
Total income tax expense	**3,673**	5,535

The parent entity, Countplus Limited and its subsidiaries 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 its subsidiaries also recognise the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(c) Tax consolidation group

Countplus Limited ('the Head Entity') and its 100% owned Australian subsidiaries formed an income tax consolidation group with effect from 5 November 2010. Subsidiaries joined the tax consolidation group from the date they became wholly-owned. The Head Entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Members of the Countplus tax consolidation group entered into a tax sharing and funding agreement. Under the terms of this agreement, each member in the tax consolidation group agreed to make a tax equivalent payment to the Head Entity based on their current tax liability or current tax asset. Deferred taxes are recorded by members of the tax consolidation group in accordance with the principles of AASB 112 Income Taxes.

9 Current assets – Cash and cash equivalents

	2012	2011
	$'000	$'000
Cash at bank and on hand	6,382	9,934

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 Group'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.

10 Current assets – Trade and other receivables

	2012	2011
	$'000	$'000
Trade receivables	15,813	13,097
Provision for impairment of trade receivables (note (a))	(1,595)	(912)
	14,218	12,185
Prepayments	884	1,023
Other receivables	3,560	1,792
Accrued service revenue and licence fees – unbilled receivables	469	–
	4,029	1,792
	19,131	15,000

(a) Ageing analysis of trade receivables

As of 30 June 2012, ageing analysis of trade receivables is as follows:

	2012	2011
0 to 1 month	9,840	7,039
0 to 1 month CI^	11	23
1 to 3 months PDNI*	2,345	3,465
1 to 3 months CI^	18	41
3 to 6 months PDNI*	1,303	1,155
3 to 6 months CI^	226	53
Over 6 months PDNI*	730	526
Over 6 months CI^	1,340	795
	15,813	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 $959,000 (2011: $1,024,000) 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:

	2012	2011
	$'000	$'000
At 1 July	(912)	–
Provision for impairment recognised during the year	(959)	(1,024)
Receivables written off during the year as uncollectible	276	112
At 30 June	(1,595)	(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 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 Group and the credit quality of the entity's trade receivables.

11 Current assets – Loans and advances

	2012 $'000	2011 $'000
Loans and advances	85	40

Refer to note 36(e) for information on loans to related party.

12 Current assets – Work in progress

	2012 $'000	2011 $'000
Work in progress – at cost	4,941	4,907
Provision for write-off of Work in progress	(295)	(274)
	4,646	4,633

(a) Ageing analysis of Work in progress

	2012	2011
As of 30 June 2012, ageing analysis of work in progress is as follows:		
0 to 1 month	2,239	2,091
0 to 1 month PWO*	15	21
1 to 3 months CR^	1,256	1,260
1 to 3 months PWO*	9	41
Over 3 months CR^	1,151	1,282
Over 3 months PWO*	271	212
	4,941	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 $295,000 (2011: $274,000) 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 2012, movements in work in progress write off is as follows:

	2012 $'000	2011 $'000
Opening balance at 1 July	274	–
Provision recognised during the year	21	274
Total provision for work in progress as at 30 June	295	274

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

13 Current assets – Other financial assets

	2012 $'000	2011 $'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.

In 2012, these investments were sold and the loss has been recognised in the statement of comprehensive income.

14 Non-current assets – Receivables

	2012 $'000	2011 $'000
Other receivables*	944	–

* Other receivables relates to commissions on new property sales receivable on property completion.

15 Non-current assets – Deferred tax assets

	2012 $'000	2011 $'000
The balance comprises temporary differences attributable to:		
Provisions		
Bonus	**44**	42
Employee liabilities	**1,341**	942
Bad and doubtful debts	**504**	249
Other	**–**	47
Superannuation accrued	**17**	56
Make good	**36**	–
Accrued audit fees	**132**	65
Prepaid expenses	**(116)**	7
Accruals (others)	**84**	84
Deferred revenue	**6**	–
Depreciation	**67**	21
Dividends accrued prior year	**–**	91
Equity raising costs	**248**	239
Tax loss prior years	**1**	1
Total deferred tax assets	**2,364**	1,844
Set-off of deferred tax liabilities pursuant to set-off provisions	**(2,364)**	(1,844)
Total deferred tax assets	**–**	–

Movements – Consolidated	Equity raising cost $'000	Other $'000	Total $'000
At 1 July 2010	–	–	–
(Charged)/credited to the consolidated income statement	–	884	884
(Charged)/credited directly to equity	239	–	239
Deferred tax balance on acquisition of subsidiaries	–	721	721
At 30 June 2011	239	1,605	1,844
At 1 July 2011	239	1,605	1,844
(Charged)/credited to the consolidated income statement	–	1,596	1,596
(Charged) directly to equity	9	–	9
Deferred tax balance on acquisition of subsidiaries	–	(1,085)	(1,085)
At 30 June 2012	248	2,116	2,364

Non-current liabilities – Deferred tax liabilities

	2012 $'000	2011 $'000
The balance comprises temporary differences attributable to:		
Work in progress	**1,423**	1,280
Accrued dividends	**–**	62
Gain on investment at fair value through profit & loss	**–**	134
Adjustment to carrying value of investment in subsidiaries	**1,498**	1,498
Fair value intangible assets	**5,218**	5,748
Adjustment to tax cost base on depreciation of asset due to tax consolidation	**133**	–
Other	**128**	–
Total deferred tax liabilities	**8,400**	8,722
Set-off of deferred tax assets pursuant to set-off provisions (note 15, refer above)	**(2,364)**	(1,844)
Net deferred tax liabilities	**6,036**	6,878

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 2010	610	–	–	–	610
Deferred tax balance on acquisition of subsidiaries	–	6,504	–	908	7,412
Charged/(credited) to the statement of comprehensive income	(610)	(756)	1,498	568	700
At 30 June 2011	–	5,748	1,498	1,476	8,722
At 1 July 2011	–	5,748	1,498	1,476	8,722
Deferred tax balance on acquisition of subsidiaries	–	–	–	(466)	(466)
Charged/(credited) to the statement of comprehensive income	–	(530)	–	674	144
At 30 June 2012	–	5,218	1,498	1,684	8,400

16 Non-current assets – Property, plant and equipment

	Office equipment $'000	Furniture, fittings and equipment $'000	Make good $'000	Leasehold improvements $'000	Other property, plant and equipment $'000	Motor vehicle $'000	Total $'000
At 30 June 2010							
Cost	–	–	–	–	–	–	–
Accumulated depreciation	–	–	–	–	–	–	–
Net book amount	–	–	–	–	–	–	–
Year 30 June 2011							
Opening net book amount	–	–	–	–	–	–	–
Additions	954	354	–	176	62	80	1,626
Acquisition of business	2,066	1,117	750	1,747	255	57	5,992
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
Year 30 June 2012							
Opening net book amount	2,381	1,193	610	1,675	239	124	6,222
Acquisition of business	108	–	–	7	996	–	1,111
Additions	763	514	6	89	145	71	1,588
Disposals	(12)	(11)	–	–	(1)	(32)	(56)
Write offs	(4)	–	–	(24)	–	–	(28)
Transfers out	–	–	–	(224)	224	–	–
Depreciation charge	(727)	(325)	(120)	(209)	(79)	(19)	(1,479)
Closing net book amount	2,509	1,371	496	1,314	1,524	144	7,358
At 30 June 2012							
Cost	3,871	1,964	756	1,722	1,667	176	10,156
Accumulated depreciation	(1,362)	(593)	(260)	(408)	(143)	(32)	(2,798)
Net book amount	2,509	1,371	496	1,314	1,524	144	7,358

17 Non-current assets – Intangible assets

	Goodwill	Acquired client relationships	IT Software	Other intangible assets	Total
	$'000	$'000	$'000	$'000	$'000
At 30 June 2010					
Cost	–	–	–	–	–
Accumulated amortisation	–	–	–	–	–
Net book amount	–	–	–	–	–
Year 30 June 2011					
Opening net book amount	–	–	–	–	–
Additions through acquisition of subsidiaries	32,360	22,277	465	–	55,102
Amortisation charge	–	(3,026)	(114)	–	(3,140)
Closing net book amount	32,360	19,251	351	–	51,962
At 30 June 2011					
Cost	32,360	22,277	465	–	55,102
Accumulated amortisation and impairment	–	(3,026)	(114)	–	(3,140)
Net book amount	32,360	19,251	351	–	51,962
Year 30 June 2012					
Opening net book amount	32,360	19,251	351	–	51,962
Additions	–	–	227	156	383
Additions through acquisition of subsidiaries	7,041	526	1	–	7,568
Amortisation charge	–	(3,270)	(166)	–	(3,436)
Disposal	–	–	(2)	–	(2)
Closing net book amount	39,401	16,507	411	156	56,475
At 30 June 2012					
Cost	39,401	22,803	691	156	63,051
Accumulated amortisation and impairment	–	(6,296)	(280)	–	(6,576)
Net book amount	39,401	16,507	411	156	56,475

(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.

From the member firms listed in note 37, twenty member firm groups are considered as separate CGUs, operating largely independently from other businesses in the Group. These twenty member firms are separately identified in note 37. The carrying amount of goodwill and other intangibles allocated to CGUs is disclosed in the table below. Four of the twenty CGUs are considered individually significant (2011: 3 CGUs). For the 16 CGUs (2011: 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:

	TFS Group*	Wearne & Co	Lawrence Business Management	Kidmans PEC	Other	Total
2012	$'000	$'000	$'000	$'000	$'000	$'000
Goodwill	7,260	5,346	3,196	4,688	18,911	39,401
Acquired client relationships	6,200	1,806	2,172	–	12,625	22,803
IT software	–	–	–	–	659	659
Other intangibles	–	–	–	–	156	156
Amortisation	(1,130)	(553)	(695)	–	(4,166)	(6,544)
	12,330	6,599	4,673	4,688	28,185	56,475

	TFS Group*	Wearne & Co	Lawrence Business Management	Other	Total
2011	$'000	$'000	$'000	$'000	$'000
Goodwill	7,260	5,346	3,196	16,558	32,360
Acquired client relationships	6,200	1,806	2,172	12,099	22,277
IT software	–	–	–	465	465
Amortisation	(515)	(273)	(358)	(1,994)	(3,140)
	12,945	6,879	5,010	27,128	51,962

* Entities within the TFS Group are shown in note 37.

The recoverable amount of each CGU has been determined based on fair value less costs to sell 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.

(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 multiples are between 4.5 and 5.7x (2011: 4.5 and 5.5x).
- For financial planning businesses the comparable enterprise value to EBITA multiples are between 5 and 5.5x (2011: 5 and 5.5x).
- Disposal costs were estimated at between 0.5% and 2.0% (2011: 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 the TFS Group (acquired 30 September 2010):
The calculated fair value exceeds the carrying value by $387,000.
Reasonable possible changes in assumptions will not result in impairment except the following:
- If the comparable earnings multiple was 0.5x lower, an impairment of $813,000 would result;
- If the company's EBITA was 3% lower, it would result in fair value equating to the carrying value; or
- If the company's EBITA was 15% lower, an impairment of $1,427,400 would result.

For Wearne & Co (acquired 16 August 2010):
The calculated fair value exceeds carrying value by $257,789.
Reasonable possible changes in assumptions will not result in impairment except the following:
- If the comparable earnings multiple was 0.5x lower, an impairment- of $416,712 would result;
- If the company's EBITA was 3% lower, it would result in fair value equating to the carrying value; or
- If the company's EBITA was 15% lower, an impairment of $897,621 would result.

For Kidmans PEC (KPEC), Lawrence Business Management 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	8-10 years
Adviser network	13-14 years
Software	2-4 years

18 Non-current assets – Other financial assets

	2012 $'000	2011 $'000
Other investments	–	17
	–	17

This investment was consolidated in the accounts for the year as it is now a fully owned subsidiary.

19 Current liabilities – Trade and other payables

	2012 $'000	2011 $'000
Trade payables	**2,079**	1,530
GST payables	**1,995**	1,792
Accrued expenses	**811**	2,060
Other payables	**1,796**	83
	6,681	5,465

20 Current liabilities – Interest bearing loans and borrowings

	2012 $'000	2011 $'000
Secured		
Bank loans	27	110
Lease liabilities (note 35)	91	144
Hire purchase liabilities (note 35)	327	458
Total current borrowings	445	712
Unsecured		
Loans from related parties	15	17
Total current borrowings	460	729

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

(a) Risk exposures

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

21 Current liabilities – Current tax liabilities

	2012 $'000	2011 $'000
Provision for income tax	4,201	3,683

22 Current liabilities – Provisions

	2012 $'000	2011 $'000
Employee benefits – annual leave	2,263	2,103
Employee benefits – long service leave	1,119	814
Provision for cash bonus	50	168
	3,432	3,085

23 Current liabilities – Other current liabilities

	2012 $'000	2011 $'000
Provision for dividend	3,278	6,259
Deferred cash consideration for acquisition of subsidiaries	3,539	1,945
Deferred equity consideration for acquisition of subsidiaries	282	6,750
Other current liabilities	556	996
	7,655	15,950

Deferred cash and equity consideration for acquisition relates to the acquisitions made by the subsidiaries. Please refer to note 38 for further information in relation to Business combination.

Deferred equity consideration for acquisition is an additional share entitlement in Countplus Limited shares, issued to vendors of Countplus' subsidiaries and 'tuck in' subsidiaries who nominated to receive Countplus equity as part of acquisition consideration. The entitlement will be calculated based on future financial performance in accordance with the business sales and purchase agreement of the respective businesses.

Movements in provisions

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

	Dividend	Deferred cash consideration	Deferred equity consideration	Total
	$'000	$'000	$'000	$'000
Consolidated – 2012				
At 1 July 2011	6,259	1,945	6,750	14,954
Acquisition of subsidiaries	–	2,184	282	2,466
Transferred from non current	–	1,355	–	1,355
Arising during the year	3,278	–	–	3,278
Payment made / shares issued during the year	(6,259)	(1,945)	(6,750)	(14,954)
At 30 June 2012	3,278	3,539	282	7,099
Consolidated – 2012				
Current 2012	3,278	3,539	282	7,099
Non-current 2012 (refer note 27)	–	1,129	889	2,018
	3,278	4,668	1,171	9,117
Current 2011	6,259	1,945	6,750	14,954
Non-current 2011 (refer note 27)	–	1,402	–	1,402
	6,259	3,347	6,750	16,356

24 Non-current liabilities – Other payables

	2012	2011
	$'000	$'000
Other payables	**587**	–
	587	–

25 Non-current liabilities – Borrowings

	2012	2011
	$'000	$'000
Secured		
Bank loans – term loan	**600**	600
Lease liabilities (note 35)	**16**	99
Hire purchase liabilities (note 35)	**146**	390
Loans from related parties	**7,520**	–
Total non-current borrowings	**8,282**	1,089

Financing arrangements

	2012	2011
Unrestricted access was available at balance date to the following lines of credit:		
Bilateral funding facility	**10,000**	10,000
Bank loan facility	**1,000**	1,000
	11,000	11,000
Total facilities	**11,000**	11,000
Used at balance date	**8,120**	600
Unused at balance date	**2,880**	10,400

The Group has a funding arrangement with Count Financial Limited under the Bilateral funding agreement. The facility limit is of $10,000,000 of which $2,480,000 is currently undrawn.

The facility matures on 3 November 2015. Interest is payable at 10% pa.

26 Non-current liabilities – Provisions

	2012 $'000	2011 $'000
Employee benefits – long service leave	**1,310**	858
	1,310	858

27 Non-current liabilities – Other non-current liabilities

	2012 $'000	2011 $'000
Deferred cash consideration for acquisition of subsidiaries	**1,129**	1,402
Deferred equity consideration for acquisition of subsidiaries	**889**	–
Lease make good provision	**756**	750
	2,774	2,152

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 $'000	Deferred equity consideration for the acquisition of subsidiaries $'000	Lease make good provision $'000	Total $'000
Consolidated – 2012				
Non-current				
Carrying amount at start of year	1,402	–	750	2,152
Acquisition of subsidiary	1,129	889	–	2,018
Payment / adjustment during the year	(47)	–	6	(41)
Transferred to current	(1,355)	–	–	(1,355)
Carrying amount at end of year	1,129	889	756	2,774

28 Contributed equity

	2012 Shares	2011 Shares	2012 $'000	2011 $'000
(a) Share capital				
Ordinary shares				
Partly paid (b)	**–**	–	**–**	–
Fully paid (c)	**109,263,997**	104,676,233	**118,532**	111,675
Capital contribution (d)	**–**	–	**1,955**	1,955
Float costs	**–**	–	**(586)**	(586)
	109,263,997	104,676,233	**119,901**	113,044

(b) Partly paid ordinary shares

Date	Details	Number of shares	Issue price	$'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	Closing balance	–		–

40 million partly paid shares of $1.00 per share had been issued to Count Financial Limited ("Count Financial") in 2011. 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.

(c) 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
1 July 2011	Opening balance	104,676,233		111,675
20 October 2011	Shares issued to principals under the additional share entitlement	4,173,029	$1.50	6,260
15 December 2011	Shares issued to principals under the additional share entitlement	198,184	$1.50	297
19 April 2012	Shares issued for Employee Loyalty Share Plan	216,551	$1.38	300
30 June 2012	Closing balance	109,263,997		118,532

(d) Capital contribution

Date	Details	$'000
1 July 2010	Opening balance	1,545
	Contribution during the period	410
30 June 2011	Closing balance	1,955
1 July 2011	Opening balance	1,955
	Contribution during the period	–
30 June 2012	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 at 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 in 2011. No capital contributions were made in 2012.

(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, of which $2.48 million is undrawn at reporting 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 2012 are disclosed in note 31.

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.

29 Reserves and retained profits

	2012 $'000	2011 $'000
(a) Reserves		
Acquisition reserves	(68,127)	(68,127)
	(68,127)	(68,127)
Movements:		
Acquisition reserves		
Balance 1 July	(68,127)	–
Acquisition of non-controlling interest	–	(68,127)
Balance 30 June	(68,127)	(68,127)
(b) Retained profits		
Movements in retained profits were as follows:		
Balance 1 July	3,586	2,130
Net profit for the year	11,155	8,917
Dividends paid and / or proposed	(13,114)	(7,461)
Balance 30 June	1,627	3,586

(c) Nature and purpose of reserves

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.

30 Non-controlling interest

	2012 $'000	2011 $'000
Reconciliation of non-controlling interest in controlled entities		
Opening balance	197	–
Share of operating profit	155	3,962
Acquisition of non-controlling interest	–	(7,352)
Dividends paid by subsidiaries to non-controlling interests	(150)	(3,954)
Equity recognised on consolidation	–	7,541
Closing balance	202	197

31 Dividends

	2012 $'000	2011 $'000
(a) Dividends paid during the year		
Interim dividends of 9.0 cents per share (2011 – 6.5 cents on 40 million partly paid shares) fully franked based on tax paid at 30%	9,815	1,200
Under provision for final dividend for the year ended 30 June 2011	21	–
	9,836	1,200
(b) Dividends proposed and recognised as a liability		
Interim dividend of 0 cents per share (2011 – 4.0 cents per share) fully franked based on tax paid at 30%	–	4,187
Final dividend of 3.0 cents per share (2011 – 2.0 cents per share) fully franked based on tax paid at 30%	3,278	2,074
Total dividends provided for or paid	13,114	7,461
(c) Dividends proposed but not recognised as a liability		
On 22 August 2012, Directors declared an interim dividend of 3 cents per fully paid ordinary share, fully franked based on tax paid at 30%. Dividend is payable on 15 November 2012.	3,278	–
(d) Franked dividends		
Franking credits/(debits) for subsequent financial years based on a tax rate of 30% (2011 – 30%)	3,318	(3,804)

The above amounts represent the balance of the franking account as at the end of the reporting period, 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 end of each reporting period.

32 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)
Philip Stephen Rix (Executive Director appointed 1 April 2012)

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

(b) Other key management personnel

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

Name	*Position*
Jeremy Wardell	Chief Executive Officer (resigned 3 December 2010)
Linh Truong	Senior Executive – Finance and Acquisitions (resigned 30 June 2011)

(c) Key management personnel compensation

	2012	2011
	$	$
Short-term employee benefits	**724,737**	1,770,346
Post-employment benefits	**92,943**	168,823
Long-term benefits	**–**	13,227
Other	**–**	6,840
Share-based payments	**–**	1,000
	817,680	1,960,236

Detailed remuneration disclosures are provided in the Remuneration Report.

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

2012 Name	Balance at the start of the year	Granted during the year	Purchase during the year	Balance at the end of the year
Directors of Countplus Limited				
Ordinary shares				
Barry Martin Lambert	4,633,333	–	–	4,633,333
Michael James Spurr	35,000	–	–	35,000
Philip Stephen Rix*	1,036,824	7,428	–	1,044,252
David Maxwell Smith	15,000	–	–	15,000
Donald Kenneth Sharp	–	–	–	–
Graeme Hilton George Fowler	12,945	–	–	12,945

*Philip Stephen Rix was appointed as Director on 1 April 2012.

2011 Name	Balance at the start of the year	Granted during the year	Purchase during the year	Balance at the end of the year
Directors of Countplus Limited				
Ordinary shares				
Barry Martin Lambert	–	–	4,633,333	4,633,333
Michael James Spurr	–	–	35,000	35,000
David Maxwell Smith	–	–	15,000	15,000
Donald Kenneth Sharp	–	–	–	–
Graeme Hilton George Fowler	–	–	12,945	12,945
Other key management personnel of the Group				
Ordinary shares				
Jeremy Wardell (Resigned December 2010)	–	–	–	–
Linh Truong (Resigned June 2011)	–	667	–	667

(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 $15,200 (2011: $5,160) for professional consulting services by a Countplus subsidiary.

No other transactions were involved with key management personnel during the financial year 2012 (2011: $nil).

33 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:

	2012 $	2011 $
Audit services – Ernst & Young		
Audit services		
Audit and review of financial reports	**355,500**	386,500
Total remuneration for audit and other services	**355,500**	386,500
Non audit services		
Due diligence services including investigating accountants report for IPO	**–**	251,067
Total remuneration for taxation services	**–**	251,067
Total remuneration of Ernst & Young	**355,500**	637,567

34 Contingencies

(a) Contingent liabilities

Guarantees
Guarantees given in respect of bank overdrafts and loans of subsidiaries amounted to $629,407 (2011: $629,407) for the Group. No material losses are anticipated in respect of this guarantees.

35 Commitments

(a) Capital commitments

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

	2012 $'000	2011 $'000
Property, plant and equipment		
Payable:		
Within one year	**11**	342
Later than one year but not later than five years	**20**	–
	31	342

The Group has a commitment for capital expenditure totalling $31,000 (2011: $342,000) as at 30 June 2012. This commitment relates to the capital expenditure for office equipments and is due to be settled within 44 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.

	2012 $'000	2011 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**4,186**	3,913
Later than one year but not later than five years	**7,512**	9,244
Later than five years	**500**	1,591
	12,198	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:

	2012 $'000	2011 $'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**91**	144
Later than one year but not later than five years	**16**	99
Minimum lease payments	**107**	243
Future finance charges	**–**	–
Total lease liabilities	**107**	243
Representing lease liabilities:		
Current (note 20)	**91**	144
Non-current (note 25)	**16**	99
	107	243

(c) Hire purchase commitments

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

	2012 $'000	2011 $'000
Commitments in relation to hire purchase are payable as follows:		
Within one year	**360**	492
Later than one year but not later than five years	**187**	426
Minimum hire purchase payments	**547**	918
Future finance charges	**(74)**	(70)
Total hire purchase liabilities	**473**	848
Representing hire purchase liabilities:		
Current (note 20)	**327**	458
Non-current (note 25)	**146**	390
	473	848

36 Related party transactions

(a) Parent entities

The parent entity within the Group is Countplus Limited.

During 2011, Countplus Pty Limited converted to a public company (Countplus Limited) and ceased to be a controlled subsidiary of Count Financial. During 2012, Count Financial was fully acquired by Commonwealth Bank of Australia. Count Financial retains an ownership interest in Countplus Limited of 37.5% as at 30 June 2012 (2011: 39.1%).

(b) Subsidiaries

The Group consists of the Company and its controlled entities (subsidiaries). Details of these subsidiaries are set out in note 37.

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.

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 32.

(d) Transactions with related parties

The following transactions occurred with related parties:

	2012 $	2011 $
Sales of goods and services		
Fees and commissions received from Count Financial	**1,639,143**	1,029,383
Loyalty payments from Count Financial	**1,511,000**	–
Fees revenue net of expenses received from CountGPS Pty Ltd	**–**	349,709
	3,150,143	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 $1,639,143 (2011: $1,029,383) from Count Financial in accordance with the terms set out in the Relationship Deed.

An amount of $1,511,000 is estimated on account of Loyalty payments receivable from Count Financial in accordance with the methods defined under the Loyalty Payment Framework which was established as a result of the takeover of Count Financial by the Commonwealth Bank of Australia. Under the framework, Count franchisees are entitled to receive a loyalty payment calculated based on their contribution to Count Financial's income. 17 subsidiaries of the Group are franchisees of Count Financial and are therefore recipients of the loyalty payment.

CountGPS Pty Ltd was an associate of Specialised Business Solutions Pty Ltd (SBS) in 2011, a wholly owned subsidiary of the parent entity. On 1 July 2011, the parent entity acquired the remaining 50% share of CountGPS from Count Financial, thereby obtaining full control of the entity (see note 38). The assets, liabilities and results of CountGPS are incorporated in the consolidated financial statements in 2012 and are therefore no longer reported separately in this note. CountGPS is now a fully owned subsidiary of Change Accountants & Advisors, which is a subsidiary of Countplus.

	2012 $	2011 $
Other transactions		
Service fee paid to Count Financial	504,000	–
Interest expense paid to Count Financial	376,761	83,333
	880,761	83,333
Premises expenses		
Bartonwood Pty Ltd	143,363	136,843
Catalyst Finance Pty Ltd	177,418	172,290
The Southport Unit Trust	255,406	252,709
	576,187	561,842

Bartonwood Pty Ltd is an unlisted entity controlled by Mr A C Dalwood. Mr A C Dalwood was a former principal of Crosby Dalwood Pty Ltd, a wholly owned subsidiary of the parent entity. Mr A C Dalwood still provides consulting services to the 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 the 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.

Premises expenses with related parties are set and maintained at commercial rates, with reviews carried out per the terms of standard contracts.

(e) Outstanding balances arising from transactions with related parties

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

	2012 $	2011 $
Current receivable		
Receivable from Count Financial Limited	1,686,000	129,706
Loan to Home Port Property Group	10,000	–
Current payable		
Payable to Count Financial Limited	175,000	117,113
Non-current payable (loans)		
Loans payable to Count Financial Limited	7,520,000	–

Current receivable

The above current receivable from Count Financial Limited includes the loyalty payments totalling $1,511,000 and a rebate receivable of $175,000. These are included in 'Trade and other receivables' in note 10.

The loan to Home Port Property Group, which is 50% owned by Pacific East Coast, is an unsecured interest free loan which is expected to be settled in December 2012. This is included in 'Loans and advances' in note 11.

Current and non-current payable

The above current payable is the deferred cash consideration payable to Count Financial for the acquisition of CountGPS and is included in 'Other current liabilities' in note 23.

The above non-current loan payable to Count Financial is included in 'Non-current liabilities – Borrowings' in note 25.

37 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 2012 %	Equity holding 2011 %
1. The MBA Partnership Pty Ltd*	Australia	Ordinary	**100**	100
2. Lawrence Business Management Pty Ltd*	Australia	Ordinary	**100**	100
• Capital Legal Pty Ltd	Australia	Ordinary	**100**	100
3. HMA Twomey Patterson Pty Ltd*	Australia	Ordinary	**100**	100
4. Bentleys (WA) Pty Ltd*	Australia	Ordinary	**100**	100
5. Beames & Associates Accounting and Financial Services Pty Ltd*	Australia	Ordinary	**100**	100
• Beames & Associates Co Ltd (Vietnam office)	Vietnam	Ordinary	**100**	–
• Cooma Accounting and Financial Services Pty Ltd	Australia	Ordinary	**100**	–
6. Specialised Business Solutions Pty Ltd*	Australia	Ordinary	**100**	100
7. Mogg Osborne Pty Ltd*	Australia	Ordinary	**100**	100
8. Crosby Dalwood Pty Ltd*	Australia	Ordinary	**100**	100
9. Cooper Reeves Pty Ltd*	Australia	Ordinary	**100**	100
10. Countplus MBT Pty Ltd*	Australia	Ordinary	**100**	100
11. Evolution Advisers Pty Ltd*	Australia	Ordinary	**100**	100
12. Robson Partners Pty Ltd*	Australia	Ordinary	**100**	100
13. Achieve Corporation Pty Ltd*	Australia	Ordinary	**100**	100
14. Kidmans Partners Pty Ltd*	Australia	Ordinary	**100**	100
15. 360 Financial Vision Pty Ltd*	Australia	Ordinary	**100**	100
16. Wearne & Co Pty Ltd*	Australia	Ordinary	**100**	100
17. Cartwright Brown & Company Financial Planning Pty Ltd*	Australia	Ordinary	**75**	75
18. Countplus FS Holdings Pty Ltd*	Australia	Ordinary	**100**	100
• Total Financial Solutions Pty Ltd	Australia	Ordinary	**100**	100
• TFS Operations Pty Ltd	Australia	Ordinary	**100**	100
19. Change Accountants & Advisors Pty Ltd*	Australia	Ordinary	**100**	100
* CountGPS Pty Ltd	Australia	Ordinary	**100**	–
20. Kidmans PEC Pty Ltd*	Australia	Ordinary	**100**	–
• Pacific East Coast Pty Ltd	Australia	Ordinary	**100**	–
• Property Investment Management Ltd	Australia	Ordinary	**100**	–
• Pacific East Coast Securities Ltd	Australia	Ordinary	**100**	–
• Pacific East Coast Accounting Pty Ltd	Australia	Ordinary	**100**	–
• Pacific East Coast Real Estate Pty Ltd	Australia	Ordinary	**100**	–
• Pacific East Coast Queensland Pty Ltd	Australia	Ordinary	**100**	–
• Pacific East Coast ACT Real Estate Pty Ltd	Australia	Ordinary	**100**	–
• Pacific East Coast WA Pty Ltd	Australia	Ordinary	**100**	–

* These subsidiaries (member firm groups) are separate cash generating units.
• These entities are consolidated into the respective cash generating units (CGUs) identified above.

38 Business combinations

Current period

Summary of acquisitions

On 1 July 2011, subsidiary Countplus MBT acquired the business assets of accounting and financial planning firm, Loughhead Roberts. Under the terms of the share sale deed, initial consideration of 70% was paid in cash with the remaining 30% to be paid over 2 years. The deferred consideration is subject to terms of retention.

On 1 July 2011, the parent entity acquired the remaining 50% of CountGPS from Count Financial, a subscription based business that services the accounting sector. Under the terms of the share sale deed, deferred cash consideration is payable over 2 years. The carrying value of existing holding approximates fair value.

On 11 February 2012, subsidiary Kidmans PEC Pty Ltd completed the acquisition of the Pacific East Coast group. The initial purchase consideration was paid in cash. Subsequent performance based payments to the sellers will involve cash and equity payments.

On 29 February 2012, subsidiary Beames & Associates completed the acquisition of business assets of accounting firm, Mark Kenmir & Associates (Cooma Accounting). Consideration is a combination of cash and equity payable over 2 years subject to terms of retention.

On 31 March 2012, subsidiary Achieve Corporation Pty Ltd acquired the salary packaging and payroll management assets of Melbourne based firm, Contract1 Pty Limited. Purchase consideration is cash only and will be paid over 12 months subject to terms of retention.

	Loughhead Roberts	CountGPS	Contract1	Pacific East Coast Group*	Cooma Accounting and Financial Services*	Other*
Year ended 30 June 2012:	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000	Fair value at acquisition date $'000
Contribution since acquisition						
Gross revenue	2,101	762	66	2,602	456	–
Net profit	352	408	42	203	104	–
Assets and liabilities acquired						
Cash and cash equivalents	–	255	–	757	–	–
Trade and other receivables	–	156	–	2,714	–	–
Property, plant and equipment	15	5	–	1,091	–	–
Acquired Client Relationships	326	–	–	–	200	–
Intangible Assets – other (excl. ACRs)	–	1	–	–	–	–
Other assets	–	15	–	1,255	–	–
Total Assets	341	432	–	5,817	200	–
Trade and other payables	–	97	–	1,992	–	–
Provisions	134	5	–	290	32	–
Borrowings	–	94	–	–	–	–
Taxation liabilities	98	26	–	357	60	–
Other liabilities	–	210	–	1,219	–	–
Total Liabilities	232	432	–	3,858	92	–
Fair value of identifiable net assets	109	–	–	1,959	108	–
Goodwill arising on acquisition	1,024	175	371	4,688	592	191
Acquisition date fair value of consideration transferred	1,133	175	371	6,647	700	191
Cash paid	770	–	278	3,283	250	161
Deferred cash consideration***	363	175	93	2,393	250	30
Deferred equity consideration***	–	–	–	971	200	–
Total consideration	1,133	175	371	6,647	700	191

* 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.

** 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.

*** Refer to note 1 and 38.

Contribution of entities acquired during the period

The consolidated statement of comprehensive income includes gross revenue and net profit for 2012 of $5,987,000 and $1,109,000 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 $10,958,000 and $1,637,631 respectively.

'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 subsidiaries.

39 Investments in associates

(a) Carrying amounts

Information relating to associates is set out below.

Name of company	Principal activity	Ownership interest 2012 %	Ownership interest 2011 %	Carrying value 2012 $	Carrying value 2011 $
Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust)	Property investments and consultancy	50	–	1	–
Home Port Property Group Unit Trust	Unit trust	50	–	1	–
				2	–

(b) Movements in carrying amounts

	2012 $	2011 $
Carrying amount at the beginning of the financial year	–	15,789,000
Interests acquired in associates	2	–
Consolidation of subsidiaries and derecognition of investment in associates at 1 July 2010	–	(15,789,000)
Carrying amount at the end of the financial year	2	–

On 16 December 2010, Countplus acquired the remaining interest in all its associates. Equity holdings in each subsidiary is set out in note 37. There are no other investments in associates for the years ending 30 June 2012 and 30 June 2011.

40 Events occurring after the reporting period

In July 2012 Countplus' subsidiary Kidmans Partners acquired the assets of Melbourne accounting firm Dyason & Associates. Consideration for purchase was $219,000. Purchase consideration is to be settled in two instalments, $125,000 on settlement date and remainder is subject to performance hurdles.

On 22 August 2012, the Company declared its first quarterly dividend for 2012/13 of 3 cents per share payable on 15 November 2012 (record date: 26 October 2012).

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:
(a) the Group's operations in future financial year; or
(b) the results of those operations in future financial year; or
(c) the Group's state of affairs in future financial year.

41 Reconciliation of profit after income tax to net cash inflow from operating activities

	2012 $'000	2011 $'000
Net profit from operations after income tax for the year	11,310	12,879
Depreciation and amortisation	4,915	4,459
Employee loyalty share plan	300	303
Bad debt written off / provision for impairment of receivables and work in progress	683	1,186
Fair value uplift on consolidation of associates	–	(3,438)
Fair value gain on deferred consideration	(300)	(677)
Gain on fair value of investment	199	(447)
Net (gain)/loss on disposal of assets	43	57
Write-offs	45	–
Change in operating assets and liabilities		
(Increase)/decrease in trade and other receivables	(1,660)	(4,296)
(Increase)/decrease in work in progress	(13)	(757)
(Increase)/decrease in deferred tax assets	–	890
Increase/(decrease) in payables	(924)	1,575
Increase/(decrease) in provision for income taxes payable	(23)	(164)
Increase/(decrease) in deferred tax liabilities	(842)	(1,068)
Increase/(decrease) in provisions	205	875
Net cash inflow from operating activities	13,938	11,377

42 Earnings per share

	2012 Cents	2011 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary owners of the company	**10.23**	13.23
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary owners of the company	**10.23**	12.78

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

	2012 $'000	2011 $'000
Basic earnings per share		
Profit attributable to the ordinary owners of the company used in calculating basic earnings per share		
From continuing operations	**11,155**	8,917
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary owners of the company:		
From continuing operations	**11,155**	8,917

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

	2012 Number	2011 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**109,090,638**	67,414,528
Adjustments for calculation of diluted earnings per share:		
Amounts related to future issue of 'Deferred equity consideration' (note 23)	**–**	2,354,795
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**109,090,638**	69,769,323

43 Parent entity financial information

(a) Summary financial information

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

	2012 $'000	2011 $'000
Balance sheet		
Current assets	**1,348**	8,431
Non-current assets	**128,570**	119,748
Total assets	**129,918**	128,179
Current liabilities	**8,722**	20,159
Non-current liabilities	**7,715**	1,346
Total liabilities	**16,437**	21,505
Net Assets	**113,481**	106,674
Shareholders' equity		
Contributed equity	**119,901**	113,044
Reserves	**–**	–
Retained earnings	**(6,420)**	(6,370)
Non-controlling interest	**–**	–
	113,481	106,674
Profit or loss for the year	**9,854**	240
Other comprehensive income for the year, net of tax	**–**	–
Total comprehensive income	**9,854**	240

(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 2012 (30 June 2011: $nil).

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

As at 30 June 2012, the parent entity had no contractual commitments (30 June 2011 – $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 (Cth), 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 2012 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 (Cth).

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

On behalf of the directors

Barry Martin Lambert
Director
Sydney
13 September 2012

Independent Auditor's 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 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 2012, 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

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 2012 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 2012. 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 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Raumer
Partner
Sydney
13 September 2012

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 2012 are:

	Ordinary Shares	
	Number of Holders	Number of Shares
1 – 1,000	233	150,979
1,001 – 5,000	590	1,560,181
5,001 – 10,000	192	1,476,496
10,001 – 100,000	216	6,296,526
100,000+	109	99,779,815
	1,340	109,263,997

(b) Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares as at 31 July 2012 are:

		Listed ordinary shares	
		Number of holders	Number of shares
1.	Count Financial Limited	40,945,747	37.47%
2.	ACN 137 064 236 Pty Ltd	4,600,095	4.21%
3.	Mr Barry Martin Lambert	3,300,000	3.02%
4.	Timlyn Investments Pty Ltd <SBS Munro A/C>	2,294,599	2.10%
5.	Santos L Helper Pty Ltd <The SBS Van Paassen A/C>	2,229,733	2.04%
6.	Mr Joseph James Lawrence <Joe Lawrence #2 A/C>	2,018,513	1.85%
7.	Mr Thomas Brian Lawrence <Tom Lawrence A/C>	2,018,512	1.85%
8.	DR & DE Holdings Pty Limited <DR & DE Holdings Unit A/C>	1,990,968	1.82%
9.	E3OR Pty Ltd	1,744,268	1.60%
10.	Joy Wilma Lillian Lambert	1,333,333	1.22%
11.	Serenity Dream Pty Ltd <Sharon Mitchell Family A/C>	1,331,463	1.22%
12.	R C Beames Pty Limited ACN 102 801 249	1,166,711	1.07%
13.	Harvey Investment Company Pty Ltd <Seastar Investment A/C>	923,459	0.85%
14.	Mr Michael Allan Beddoes <Beddoes Practice A/C>	923,458	0.85%
15.	Peter Beames Pty Limited <Beames Family A/C>	800,335	0.73%
16.	Cobram Business Services Pty Ltd	775,899	0.71%
17.	Danthom Pty Ltd <Reeves Investment A/C>	768,166	0.70%
18.	Cobram Investment Services Pty Ltd	761,859	0.70%
19.	Mr Colin John Bishop + Mrs Rowan Bishop <Bishop Super Fund A/C>	747,777	0.68%
20.	Rogue Star Investments Pty Ltd	704,409	0.64%
		71,379,304	65.33%

(c) Voting Rights

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

Investors' Information

Share Trading

Countplus Limited's 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 855 505
+61 2 8234 5000
Fax: +61 2 8234 8150

Any other enquiries relating to Countplus Limited can be directed to Countplus at:
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

Registered Office

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

Board of Directors

Current Board Member	Position
Barry Martin Lambert	Chairman
Michael James Spurr	Managing Director
Philip Stephen Rix	Executive Director
David Maxwell Smith	Non-Executive Director
Donald Kenneth Sharp	Non-Executive Director
Graeme Hilton George Fowler	Non-Executive Director

Company Secretary

Arlette Jubian

Website

www.countplus.com.au

Accountants

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

Bankers

Commonwealth Bank of Australia

Independent Auditors

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

Share Registry

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

Solicitors

Addisons Lawyers
Level 12
60 Carrington Street
Sydney NSW 2000
Telephone: +61 2 8915 1000
Facsimile: +61 2 8916 2000

Shareholders' Calendar

Annual General Meeting

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

Address:	Regus Business Centre Level 4, 95 Pitt Street Sydney NSW 2000
Time:	10.00 am
Date:	Tuesday 13 November 2012

Dividends Declared

A fully franked dividend for the 2013 financial year of three cents per ordinary share was declared on 22 August 2012 to investors registered at the close of business on 26 October 2012. Shares will be quoted ex-dividend on 22 October 2012.

Dividends Paid/Payable

2012 Year – Interim dividend	1 July 2011	Payment of four cents
2012 Year – Final dividend	15 August 2011	Payment of two cents
2012 Year – Interim dividend	15 November 2011	Payment of three cents
2012 Year – Interim dividend	15 February 2012	Payment of three cents
2012 Year – Interim dividend	15 May 2012	Payment of three cents
2013 Year – Final dividend	15 August 2012	Payment of three cents
2013 Year – Interim dividend	15 November 2012	Payment of three cents

Proposed Future Dividends

Dividend	15 February 2013
Dividend	15 May 2013
Dividend	15 August 2013

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

www.countplus.com.au