

Appendix 4D

Half-Year Report 31 December 2017



Appendix 4D

For the Half-Year Ended 31 December 2017

This information should be read in conjunction with the 30 June 2017 annual financial report.

1 Company Details

Name of entity	CountPlus Limited
ABN or equivalent company reference	11 126 990 832
Half-year ended ('current period')	31 December 2017
Half-year ended ('previous period')	31 December 2016

2 Results for announcement to the market

					\$A'000's
2.1	Revenues from ordinary activities	Down	7.00%	to	52,401
2.2	Profit (loss) from ordinary activities after tax attributable to members	Down	259.00%	to	(3,281)
2.3	Net profit (loss) for the period attributable to members	Down	355.00%	to	(3,804)

2.4	Dividends	Current Period	Previous Period
	Final Dividend (fully franked at 30% tax rate) paid	—	2.0¢ 15-Aug-16
	Interim Dividend (fully franked at 30% tax rate) paid	—	2.0¢ 15-Nov-16
	Interim Dividend (fully franked at 30% tax rate) payable/paid	—	2.0¢ 15-Feb-17
	Interim Dividend proposed (fully franked at 30% tax rate)	—	1.0¢ 15-May-17

2.5	Record date for determining entitlements to the proposed interim dividend.	—
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2.6 Brief explanation of any of the figures in 2.1 to 2.4 above necessary to enable the figures to be understood:

The Company reported consolidated net loss after tax for the half-year ending 31 December 2017 of \$3,281,000 (2016: profit of \$2,070,000) of which a loss of \$3,804,000 (2016: profit of \$1,494,000) was attributable to the shareholders of CountPlus Limited (CUP)

The CountPlus management team focuses on a range of key metrics when assessing the performance of the Company.

A central measure is the "same firm" analysis, where key operating metrics for our core business units is calculated. In this "same firm" scenario we have removed impairments, revaluation of investments, gains on sale of investments, gains on deferred consideration, non-recurring restructuring costs and all the business units we have sold.

The results are detailed in the following table:

	31 December 2017 \$'000	31 December 2016 \$'000
Profit from continuing operations before income tax	144	1,803
Impairments of intangible assets	4,700	780
Revaluation of investments	0	2,298
Gain on sale of investments	(1,402)	(256)
Gain on deferred consideration	0	(925)
Profit from Associates	328	230
Termination and redundancy costs on restructure	613	45
Results from exited firms	0	(378)
Adjusted profit (same firm analysis)	4,383	3,597

Significant items in Financial Report within the half-year period ending on 31 December 2017 are as follows:

- ▶ An impairment of goodwill in the carrying value of Total Financial Solutions (TFS) of \$3,500,000.
- ▶ A write-back of \$247,000 against the provision made at 30 June 2017 for the Dobinson remediation program.
- ▶ On 27 February 2018 a binding sale agreement was signed to sell Achieve Corporation, the payroll processing business unit in our Canberra firm for a total consideration of \$2,020,000. The sale of this business unit and the restructure of our Canberra office will result in a loss on disposal of \$1,200,000 which has been recognised as an impairment in the half-year period ending 31 December 2017.
- ▶ A loss from discontinued operations in relation to the Pacific East Coast business of \$2,055,000 (*after tax*).
- ▶ Gain on sale of investment includes \$108,000 gain on sale of Bentleys Corporate Advisory (WA) Pty Ltd, \$1,261,000 gain on sale of Twomeys Accounting & Advice Pty Ltd, Twomeys Wagga Financial Planning Pty Ltd, and Audits Service Company Pty Ltd and \$33,000 gain on sale of Class shares.

Accounting revenue decreased by 7% for the half-year ended 31 December 2017 and net financial planning revenue decreased by 14% for the half-year ended 31 December 2017 in comparison to half-year ended 31 December 2016.

Total expenses excluding goodwill impairment decreased by 13%.

The reviewed operating revenue and earnings before interest, tax, depreciation and amortisation for the consolidated entity for the six months to 31 December 2017 and for the corresponding prior period ending 31 December 2016 are as follows:

	31 December 2017 \$'000	31 December 2016 \$'000
Operating revenue for the period	52,401	56,347
EBITDA for the period	(93)	4,920
Net profit attributable to the members of CountPlus Limited	(3,804)	1,494

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3 NTA backing

	Current Period	Previous Period	
		30 June 2017	31 December 2016
Net tangible asset backing per security (cent per share)	17.7c	12.60c	12.80c

4 Control gained over entities/loss of control over entities

Acquisition of businesses and controlled entities

There was no new acquisition of business in the half-year.

Disposal of businesses and controlled entities

In the half-year period ending 31 December 2017 the Company sold Audits Service Company Pty Ltd (CountPlus National Audits), Twomeys Accounting and Advice Pty Ltd and Twomeys Wagga Financial Planning Pty Ltd. In the same period the Company disposed its equity interest in associates McQueen Financial Group Pty Ltd and Nixon Financial Services Pty Ltd.

5 Dividends

	Current Period		Previous Period	
	Date dividend paid/payable	\$'000	Date dividend paid	\$'000
Final Dividend	–	–	15 August 2016	2,282
Interim Dividend	–	–	15 November 2016	2,283
Total Dividend Paid	–	–	–	4,565
Dividend provided for and recognised as a liability	–	–	15 February 2017	2,284
Dividends proposed and not recognised as a liability	–	–	15 May 2017	1,141

6 Dividend reinvestment plans

The company does not operate a dividend reinvestment plan.

7 Details of associates and joint venture entities

There were no new interests in associates or joint ventures in the half-year.

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8 Foreign entities

Not applicable.

9 Events after balance sheet date

The financial report was authorised for issue on 27 February 2018 by the Board of Directors.

On 27 February 2018 a binding sale agreement was signed with the current Principals of Pacific East Coast for \$3,450,000. The sale of this business unit produced an accounting loss of \$418,000 (*after tax*).

On 27 February 2018 a binding sale agreement was signed to sell Achieve Corporation, the payroll processing business unit in our Canberra firm for a total consideration of \$2,020,000. The sale of this business unit and the restructure of our Canberra office will result in a loss on disposal of \$1,200,000 which has been recognised as an impairment in the half-year period ending 31 December 2017.

On 27 February 2018 a binding sale agreement was signed to sell 35% of CountPlus equity in Mogg Osborne Pty Ltd to Principals and Senior team members of Mogg Osborne.

No matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect:

- (a) the Group's operations in future financial years, or consolidated entity.
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs consolidated entity in future financial years.

10 If the accounts are subject to audit dispute or qualification, details are described below:

Additional disclosures can be found in the notes to the 2018 Half-Year Financial Statements.

This report is based on the consolidated 2018 Half-Year Financial Statements which have been reviewed by Grant Thornton with the Independent Auditor's Review Report included in the 2018 Half-Year Financial Statements.