



CountPlus
Quality Partnerships, Leading Advice

**ASX PRELIMINARY FINAL REPORT
For the Year Ended 30 June 2019**

1 Appendix 4E Preliminary Final Report For the Year Ended 30 June 2019

(Previous corresponding period: Year ended 30 June 2018)

Results for Announcement to the Market

(The accounts are in the process of being audited)

	Movement	% Change from prior year		\$A'000's
Revenue from operating activities	down	8%	to	68,646
Profit from ordinary activities after tax attributable to members	up	>100%	to	1,635
Net profit for the period attributable to members	up	>100%	to	1,635

Comments

CountPlus Limited's (CountPlus or Group) net profit after tax for the year ended 30 June 2019 was \$2,956,000 (2018: \$847,000). Earnings before interest, tax and amortisation (EBITA) was \$6,217,000 (2018: \$5,145,000).

Net Tangible Asset per share

	2019 cents per share	2018 cents per share
Net tangible asset backing per ordinary security	25.01	23.70

Dividend information

Dividends / distributions	30 June 2019	30 June 2018
Interim dividend (Fully franked at 30% tax rate)	1.0c per fully paid share (paid on 17 April 2019)	-
Full-year final dividend* (Fully Franked at 30% tax rate)	1.0c per fully paid share (to be paid on 16 October 2019)	1.0c per fully paid share (paid on 17 October 2018)

*Record date 27 September 2019

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

2

	Note	2019 \$'000	2018 \$'000
Revenue from operating activities	1	68,646	74,386
Other income			
Gain on deferred consideration adjustment		–	271
Gain on disposal of investment, business units and subsidiaries		1,000	2,258
Interest income		75	53
Other income		1,452	718
Total other income		2,527	3,300
Salaries and employee benefits expense	2	(47,706)	(52,207)
Amortisation expense		(1,440)	(2,070)
Depreciation expense		(847)	(842)
Premises expenses		(4,324)	(4,494)
Acquisition related expenses		(1,840)	(36)
Share based payment expense		8	(60)
Impairment of intangible assets		(1,060)	(4,700)
Reversal of impairment / (impairment) of receivables		103	(333)
Fair value loss on investments		–	(2)
Finance costs		(342)	(463)
Other operating expenses	2	(10,768)	(10,695)
Total expenses		(68,216)	(75,902)
Share of net profit of associates accounted for using equity method		1,553	828
Profit from operations before income tax		4,510	2,612
Income tax expense		(1,554)	(300)
Net profit from operations after income tax		2,956	2,312
Loss for the year from discontinued operations		–	(1,465)
Profit for the year		2,956	847
Other comprehensive income, net of income tax			
Other comprehensive income, net of income tax		–	–
Other comprehensive income for the year, net of income tax		–	–
Total comprehensive income for the year, net of income tax		2,956	847
Net profit / (loss) attributable to:			
Owners of CountPlus Limited		1,635	(176)
Non controlling interests		1,321	1,023
		2,956	847
Total comprehensive income / (loss) for the year is attributable to:			
Owners of CountPlus Limited		1,635	(176)
Non controlling interests		1,321	1,023
		2,956	847
Basic and diluted earnings / (loss) per share		Cents	Cents
From continuing operations attributable to the ordinary owners of the parent		1.48	1.17
From discontinued operations		–	(1.33)
Total basic and diluted earnings (loss) per share attributable to the owners of the parent		1.48	(0.16)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

3

Consolidated Statement of Financial Position

As at 30 June 2019

	2019 \$'000	2018 \$'000
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	10,258	10,998
Trade and other receivables	11,909	10,964
Loans and advances	19	205
Contract assets	3,522	4,340
Current tax receivable	–	59
TOTAL CURRENT ASSETS	25,708	26,566
NON-CURRENT ASSETS		
Loans and other receivables	672	1,300
Investments in associates	13,607	9,088
Deferred tax assets	550	390
Property, plant and equipment	3,697	3,705
Intangible assets	33,173	34,228
TOTAL NON-CURRENT ASSETS	51,699	48,711
TOTAL ASSETS	77,407	75,277
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	5,785	5,114
Interest bearing loans and borrowings	527	173
Current tax liabilities	336	–
Provisions	5,052	4,719
Contract liabilities	916	487
Other current liabilities	383	468
TOTAL CURRENT LIABILITIES	12,999	10,961
NON-CURRENT LIABILITIES		
Other payables	108	75
Interest bearing loans and borrowings	1,228	1,850
Provisions	1,130	1,019
Other non current liabilities	601	584
TOTAL NON-CURRENT LIABILITIES	3,067	3,528
TOTAL LIABILITIES	16,066	14,489
NET ASSETS	61,341	60,788
EQUITY		
Contributed equity	121,583	121,583
Reserves	(47,062)	(51,363)
Accumulated losses	(19,412)	(15,439)
Capital and reserves attributable to owners of CountPlus Limited	55,109	54,781
Non-controlling interests	6,232	6,007
TOTAL EQUITY	61,341	60,788

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 2019

4

	Issued Capital \$'000	Treasury Shares* \$'000	Accumulated Losses \$'000	Share Based Payment Reserve \$'000	Acquisition Reserve \$'000	Total \$'000	Non-controlling interests (NCI) \$'000	Total \$'000
Balance at 1 July 2018	126,566	(4,983)	(15,439)	1,494	(52,857)	54,781	6,007	60,788
Profit for the year	–	–	1,635	–	–	1,635	1,321	2,956
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	1,635	–	–	1,635	1,321	2,956
Transactions with non controlling interests (NCI)	–	–	–	–	–	–	(161)	(161)
Share based payments for long term incentives (LTI)	–	–	–	(8)	–	(8)	–	(8)
Transfer to accumulated losses [^]	–	–	(3,350)	–	4,309	959	–	959
Dividends provided for or paid ^{**}	–	–	(2,258)	–	–	(2,258)	(935)	(3,193)
Balance at 30 June 2019	126,566	(4,983)	(19,412)	1,486	(48,548)	55,109	6,232	61,341

	Issued Capital \$'000	Treasury Shares* \$'000	Accumulated Losses \$'000	Share Based Payment Reserve \$'000	Acquisition Reserve \$'000	Total \$'000	Non-controlling interests (NCI) \$'000	Total \$'000
Balance at 1 July 2017	126,566	(4,983)	(2,955)	1,434	(66,000)	54,062	3,688	57,750
(Loss) / Profit for the year	–	–	(176)	–	–	(176)	1,023	847
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the year	–	–	(176)	–	–	(176)	1,023	847
Transactions with non controlling interests (NCI)	–	–	–	–	835	835	1,961	2,796
Share based payments for loan funded share plan (LFSP)*	–	–	–	46	–	46	–	46
Share based payments for long term incentives (LTI)	–	–	–	14	–	14	–	14
Transfer to accumulated losses [^]	–	–	(12,308)	–	12,308	–	–	–
Dividends provided for or paid ^{**}	–	–	–	–	–	–	(665)	(665)
Balance at 30 June 2018	126,566	(4,983)	(15,439)	1,494	(52,857)	54,781	6,007	60,788

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

* The Company has formed a trust to administer a Loan Funded Share Plan. Shares held by the trust are disclosed as Treasury Shares and deducted from contributed equity.

** This amount includes the dividends applied to the Loan Funded Share Plan.

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

5 Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers (inclusive of goods and services tax)	109,477	120,468
Payments to suppliers and employees (inclusive of goods and services tax)	(101,810)	(113,734)
	7,667	6,734
Interest received	75	53
Interest paid	(342)	(463)
Income taxes paid	(1,451)	(1,271)
Net cash from continuing operating activities	5,949	5,053
Net cash from discontinued operating activities	–	(259)
Net cash inflow from operating activities	5,949	4,794
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment and business units	1,169	294
Proceeds from sales under the Owner, Driver – Partner model	–	3,447
Proceeds from sale of shares in Class Limited	–	3,385
Proceeds from sale of Kidmans PEC Pty Ltd	–	3,445
Proceeds from sale of subsidiaries	–	5,983
Purchase of property, plant and equipment	(957)	(493)
Payment for acquisition of subsidiaries / business assets	(919)	(750)
Payment for acquisition of associates	(3,722)	–
Income taxes paid from the sale of shares in Class Limited	–	(3,741)
Dividends / distributions received from associates	757	665
Payment for deferred consideration on acquisition of controlled entities and associates	(370)	(478)
Net cash from continuing investing activities	(4,042)	11,757
Net cash from discontinued investing activities	–	(83)
Net cash (outflow) / inflow from investing activities	(4,042)	11,674
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	1,168	38,333
Repayment of borrowings	(622)	(49,858)
Proceeds of borrowings / hire purchase and lease liabilities	–	(30)
Payment of dividends to equity holders	(2,258)	–
Payment of dividends by controlled subsidiaries to non controlling interests	(935)	(1,305)
Net cash from continuing financing activities	(2,647)	(12,860)
Net cash from discontinued financing activities	–	–
Net cash outflow from financing activities	(2,647)	(12,860)
Net (decrease) / increase in cash and cash equivalents held	(740)	3,608
Cash and cash equivalents at beginning of financial year	10,998	8,284
Included in disposal group	–	(894)
Cash and cash equivalents at end of financial year	10,258	10,998

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1 Revenue

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

	Continuing Operations		Discontinued Operations	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Segment revenue				
Financial services revenue				
Gross financial services revenue (a)	44,471	43,624	–	–
Fees, commissions and related costs (b)	(28,853)	(26,680)	–	–
Total financial services revenue	15,618	16,944	–	–
Accounting services revenue	50,714	54,403	–	–
Commission earned on property sales	–	–	–	5,507
Commission paid on property sales	–	–	–	(2,855)
Other property related income	–	–	–	342
Other operating revenue	2,314	3,039	–	179
Total revenue from operating activities	68,646	74,386	–	3,173
Timing of revenue recognition				
At a point in time	17,932	19,983	–	3,173
Over time	50,714	54,403	–	–
	68,646	74,386	–	3,173

(a) Gross financial services revenue

Gross financial services revenue includes revenue generated from services performed by authorised representatives of Total Financial Solutions Australia Limited (TFS), an Australian Financial Services Licence holder. TFS is considered to be acting as agent under the requirements of AASB 15 Revenue from Contracts with Customers, and therefore we have deducted fees, commissions and related costs, to arrive at total financial services revenue of \$15.618M (2018: \$16.944M).

(b) Fees, commissions and related costs

Fees, commissions and related costs are made up primarily of two components: those payable by subsidiary, Total Financial Solutions Australia Limited to financial advisors in accordance with their Authorised Representative Agreements, and referral fees payable to its affiliated members. Fees, commissions and related costs are deducted from gross financial services revenue to arrive at total financial services revenue.

7 Additional information to Appendix 4E For the Year Ended 30 June 2019

2 Expenses

	2019 \$'000	2018 \$'000
Professional, service and consulting fees		
Audit fees	389	384
Legal fees	664	802
Accounting and other professional fees	654	586
Total professional, service and consulting fees	1,707	1,772
Other expenses		
Sales and marketing expenses	855	787
Administration expenses	2,547	2,790
Insurance expense	1,727	1,551
Technology expense	3,422	3,373
Net loss on disposal of property, plant and equipment	10	35
Other	500	387
Total other expenses	9,061	8,923
Total other operating expenses from continuing operations	10,768	10,695
Total other operating expenses from discontinued operations	–	416
Salaries and employee benefit expense		
Wages, salaries and on-costs	39,450	43,286
Post-employment benefit expenses	3,545	3,885
Other employee benefit expenses	4,711	5,036
Total salaries and employee benefit expenses from continuing operations	47,706	52,207
Total salaries and employee benefit expenses from discontinued operations	–	1,465

Impairment of assets

At 30 June 2019 management performed a review of each cash generating unit (CGU) of CountPlus for potential impairment indicators. Management calculated the recoverable amount of the CGUs in accordance with AASB 136: Impairment of Assets at 30 June 2019 using a pre-tax discount rate of 18.57% (30 June 2018: 18.57%). An impairment loss of \$1,060,000 was recognised for the CGU relating to the CountPlus FS Holdings Pty Ltd (TFS Group) due to the sale of the Privilege Managed Account.

Post the impairment loss, the goodwill recognised for TFS Group is nil. The recoverable amount of the remaining CGUs was determined based on value in use calculations, consistent with the methods used at 30 June 2018, see note 14 of our 2018 Annual Report for further details.

Contingencies

None noted.

Associates

	2019	2018
One Hood Sweeney Pty Ltd		
Ownership interest	32.36%	32.36%
Profit from ordinary activities during the year (\$A'000)	2,942	2,580
Contribution towards Group's net profit (\$A'000)	952	678
Hunter Financial Planning Pty Ltd		
Ownership interest	40%	40%
Profit from ordinary activities during the year (\$A'000)	1,052	614
Contribution towards Group's net profit (\$A'000)	421	150
OBM Financial Services Pty Ltd		
Ownership interest	40%	0%
Profit from ordinary activities during the year (\$A'000)	278	-
Contribution towards Group's net profit (\$A'000)	111	-
Rundles CountPlus Pty Ltd		
Ownership interest	40%	0%
Profit from ordinary activities during the year (\$A'000)	139	-
Contribution towards Group's net profit (\$A'000)	56	-
Rundles Financial Planning Pty Ltd		
Ownership interest	20%	0%
Profit from ordinary activities during the year (\$A'000)	64	-
Contribution towards Group's net profit (\$A'000)	13	-
Total	1,553	828

Segment Results

	Continuing operations										Discontinued operations total	
	Accounting		Financial Services				Other		Total			
			Financial Services (Ex TFS)		Financial Services (TFS)							
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Revenue	50,714	54,403	11,718	12,525	3,900	4,419	2,314	3,039	68,646	74,386	-	3,173
Segment contribution margin	22,751	23,726	5,506	6,319	2,189	2,394	1,120	1,940	31,566	34,379	-	1,846

Other significant information

- ▶ On 16 November 2018, CountPlus Limited purchased a 40% interest in OBM Financial Services Pty Ltd for \$1.164M. The transaction completed on 30 November 2018.
- ▶ On 20 February 2019, CountPlus Limited's wholly owned subsidiary 360 Financial Advantage Pty Ltd purchased the business of Kerry Albert & Co for \$1.205M. The transaction completed on 29 March 2019.
- ▶ On 30 April 2019, CountPlus Limited purchased a 40% interest in Rundles Prime Pty Ltd and a 20% interest in Rundles Financial Planning Pty Ltd for \$2.481M. The transaction completed on 30 April 2019.

9

Additional information to Appendix 4E For the Year Ended 30 June 2019

Subsequent events

- ▶ On 13 June 2019, CountPlus Limited, together with a special purpose subsidiary of a discretionary trust established by CountPlus for benefit of Count member firms (CMFT), entered into an agreement to acquire Count Financial Limited (Count Financial). CountPlus will hold 85% and CMFT will hold 15% of Count Financial. The transaction was approved by shareholders on 6 August 2019 and will complete on 1 October 2019, which will be the date on which CountPlus obtains control of Count Financial.

No other matters or circumstances have arisen since the end of the financial 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 in future financial years.

Other than the following:

The details of the Count Financial acquisition disclosed above and final dividend for the financial year 2019 are disclosed in the dividend information section of this report.

Foreign Accounting Standards

Not applicable.

