Crowe Horwath Australasia Ltd
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17 October 2014

The Manager
ASX Market Announcements
ASX Limited

2014 Annual General Meeting

Attached are the following documents to be presented at the Company's Annual General Meeting today:

- Chairman's Address
- Managing Director's Presentation.

Bruce Paterson
Company Secretary

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2014 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS

Good morning Ladies and Gentlemen and welcome to the 2014 Annual General Meeting of Crowe Horwath Australasia Ltd. My name is Richard Grellman, Chairman of the Company, and I will be chairing our meeting today. It is now time to commence proceedings.

I have been advised that a quorum is present and therefore declare the meeting open.

I would like to introduce the other Non-Executive Directors of the Company being Deputy Chairman Peter Warne, Melanie Willis, Ray Smith, Nancy Milne, Peeyush Gupta and Trevor Loewensohn. We also have our Managing Director, Chris Price and Company Secretary, Bruce Paterson with us, along with some other members of our executive team in the audience. Thank you for making the time to attend today's meeting and I encourage you to take this opportunity to engage with us about the performance and outlook for Crowe Horwath.

The agenda for today will be as follows. After my address, Mr Price will make a presentation including an overview of last year's strategic focus areas and performance and the outlook for the Company for this year. We will then proceed with the formal business of the meeting being the adoption of the Annual Financial Reports and the Remuneration Report, followed by the election and re-election of directors and an item of special business seeking your approval of the Managing Director's long term incentive. We have then allowed time for general questions and comments.

As outlined in my Chairman's Report in the 2014 Annual Report, Crowe Horwath underwent a difficult year in 2013/14. The reported result for the year was disappointing and reflected the impact of both external and internal challenges.

Externally business confidence remained low amongst the Group's key client demographic, the SME sector. The adverse impact of this low confidence on discretionary advisory revenue persisted during the year and was the main driver of the lower earnings.

Internally, the Group has undergone a number of significant change initiatives over recent years and this period of adjustment has been associated with a slightly higher rate of principal turnover that continued to affect revenue last year.

A business efficiency program undertaken in prior years has enabled the Group to reduce its cost base and the impact on profitability of decreased revenue. However, whilst costs fell, it was not possible to reduce costs to the same extent as the fall in revenue last year.

The decrease in revenue prompted the Group to critically review the carrying value of the goodwill on the balance sheet. Consequently the Group booked a non-cash impairment charge of $90.7 million during the year in recognition of the time required to rebuild earnings and the lower share price.

The Group's standing dividend policy is to payout 70% or more of cash earnings per share. Given the fall in underlying profitability during the year, and in particular the recording of a statutory loss due to the goodwill impairment charge, your Director's did not consider it appropriate to declare an interim or final dividend.

On a pleasing note, despite the fall in profitability, cash flow from operations increased during the year through efficient working capital management and lower one-off costs. This improvement and lower dividends allowed the Group to reduce its net debt position by $6.3 million.

The past year also saw a change in Managing Director in November 2013. Since that time the Group's management structure has been simplified and a number of other initiatives undertaken to stabilise and reinvigorate the business for future growth. Mr Price will elaborate on these initiatives and the current year outlook for the Company in his upcoming presentation.

As mentioned in last year's Chairman's Address, since the unsuccessful potential merger approach by SFG Australia Limited in 2013, the Group has focused on a standalone future for the Company whilst having regard to opportunities for maximising its value for shareholders.

The Directors have received and considered two further approaches to acquire all the shares in the Company, one from Anchorage Capital Partners Pty Ltd and another from Findex Australia Pty Ltd. This later approach has recently resulted in a proposed scheme that Directors unanimously recommend to Crowe Horwath shareholders in the absence of a superior proposal and subject to an independent expert finding that it is in shareholders' best interests. As set out in my recent letter to shareholders in relation to the proposed scheme, a special meeting of shareholders is expected to be held on or around the 16th of December 2014 to consider and vote on the proposal. Accordingly, whilst Directors expect and welcome questions and comments today on the proposal, the special meeting will be the more appropriate forum for these. I note Mr Price will briefly cover key aspects of the proposed scheme in his upcoming presentation.

On behalf of the Directors and shareholders, I would like to thank all the Crowe Horwath Executives, Principals and other staff for their on-going commitment and contributions during the past year.

I would also like to especially thank Mr Price who, after stepping in as Acting Managing Director at short notice in September 2013, was appointed to the Managing Director role in November 2013. Mr Price has received strong support and acknowledgement across the Group for his approach and business initiatives to stabilise and reinvigorate the business. He and other members of the management team have worked tirelessly to examine and facilitate the various corporate approaches whilst remaining focussed on operational and strategic priorities to drive for improved results this year.

Turning to the Board, I would like to acknowledge and thank my fellow Non-Executive Directors for their dedication and valuable contribution to Crowe Horwath during the past year and more recently in relation to the corporate approaches. Ms Milne, Mr Gupta and Mr Loewensohn are new additions to the Board since our last meeting and have brought individual skill sets and experience that have complemented the Board and served it well. Subject to your approval today, we look forward to their continued contribution to the Board. Mr Smith and I are also standing for re-election today in accordance with rotational requirements.

Long standing director, Melanie Willis, has advised that she will be resigning as a Director of the Company at the end of this meeting. On behalf of the Company and all shareholders, I would like to acknowledge Melanie's tremendous contribution towards the development and governance of the Group over a period of nearly 9 years and wish her well for the future.

In closing, I would also like to thank our stakeholders for their support of Crowe Horwath. In particular, I would again like to thank those shareholders and proxy holders who have been able to attend today's meeting and I look forward to the opportunity to engage with you during the meeting or over morning tea.

I will now hand over to our Managing Director, Chris Price, for his presentation.

R J Grellman AM
Chairman

Crowe Horwath

2014 Annual General Meeting

17 October 2014

Chris Price – Managing Director

Audit | Tax | Advisory | Financial Advice

The information contained in this document is not intended to be exhaustive and must be considered in conjunction with all other publicly available information disclosed by the Company to the Australian Securities Exchange from time to time

Topics Covered

- Strategic focus of 2014
- Results overview of FY14
- Post balance date event
- FY15 outlook and 3 month trading update
- Key terms of Scheme Implementation Agreement

Strategic Focus of 2014

Business Stabilisation For Future Growth

- Clarity of vision and strategy
- Enhanced positioning by individual Firms for target markets
- Clearer focus on client value and staff retention

Simplified Operating Structure

- Improved decision making
- Lowered management costs

Firm Empowerment with Clearer Overall Strategic Intent

- Focus on benefits of belonging to a major accounting and financial planning network

Principal Re-engagement and Re-alignment with Vision and Strategy

- Internal measures demonstrate significant improvement

Improved operating cash flow utilised to reduce net debt

Results Overview

Earnings

- Normalised EBITA of $16.3m in line with guidance. FY13 $26.5m
- Business Services revenue down 3% on pcp. SME sector remains subdued
- Financial Services revenue down 2% on pcp. Underlying revenue up 6%
  - Sale of 50% of Melbourne Financial Services business to its advisors completed in February 2014
- Non-cash impairment charge of $90.7m booked recognising the period required to rebuild earnings and the prevailing market capitalisation
- NPAT excluding non cash impairment is $2.5m (FY13: $7.0m)
- Normalised NPAT is $5.5m (FY13: $12.1m)

Improved Cash Flow

- Operating cash flow at $14.4m is $3.7m better than pcp. Working capital stronger

Financial Position

- Net Debt at $46.3m. Down $6.3m from FY13: $52.6m.
- No final dividend recognising business performance for FY14
- Future dividends - policy of 70% of cash earnings unchanged but subject to ongoing review of business performance

Crowe Horwath™

Full Year Operating Performance

Operating Revenue		2013/14 $m	2012/13 $m	Growth %
▪ Business Services	(1)	301.8	311.3	(3)%
▪ Financial Services	(2)	92.4	94.6	(2)%
Total Revenue		**394.2**	**405.9**	**(3)%**
***less* Expenses**	(3)	**(364.5)**	**(369.7)**	**(1)%**
Net Contribution from Member Firms		29.7	36.2	(18)%
less Overheads	(3)	(13.4)	(9.7)	38%
Normalised EBITA		16.3	26.5	(38)%
less Transaction Costs (net of tax)		(0.4)	(0.9)	
less Redundancy Costs (net of tax)		(1.1)	(4.2)	
less Rebrand Costs (net of tax)		(0.7)	-	
less Non-Cash Onerous Lease (net of tax)		(0.8)	-	
EBITA		**13.3**	**21.4**	(38)%
less Interest Expense		(4.7)	(4.8)	(2)%
less Tax		(3.2)	(6.9)	(54)%
less Amortisation of Intangible Assets		(2.9)	(2.7)	7%
Net Profit before impairment of goodwill		**2.5**	**7.0**	(64%)
less Impairment of goodwill	(4)	(90.7)	-	-
Net Profit		**(88.2)**	**7.0**	**-**
Full Year Dividend per share	(5)	**-**	**5.5¢**	**-**

**(1) Difficult conditions in the SME sector ongoing.
Residual impact of slightly higher Principal turnover in recent years**

(2) Underlying Financial Services revenue increased by 6% on pcp. Decrease in reported revenue result of sale of 50% of the Melbourne Financial Services business in February 2014

(3) Overall cost savings offset inflationary pressure but not revenue decline (some reclassification between expenses and overheads)

(4) Non-cash impairment of goodwill reflecting the recent market capitalisation and the period required to rebuild earnings

(5) No FY14 dividend was declared reflecting business performance

Operating Cash Flow Summary

	2013/14 $m	2012/13 $m	Increase / (Decrease) $m
Normalised EBITA	16.3	26.5	(10.2)
less non-recurring cash costs (1)	(3.2)	(7.2)	4.0
plus Depreciation	6.1	5.7	0.4
EBITDA	**19.2**	**25.0**	**(5.8)**
add / (less) Working Capital Movement (2)	1.7	(7.1)	8.8
Cash flow from Operations before Interest & Tax	**20.9**	**17.9**	**3.0**
less Interest Paid	(4.3)	(4.2)	(0.1)
less Tax Paid	(2.2)	(3.0)	0.8
Cash Flow from Operations	**14.4**	**10.7**	**3.7**

(1) Lower one-off cash costs as prior year major projects complete

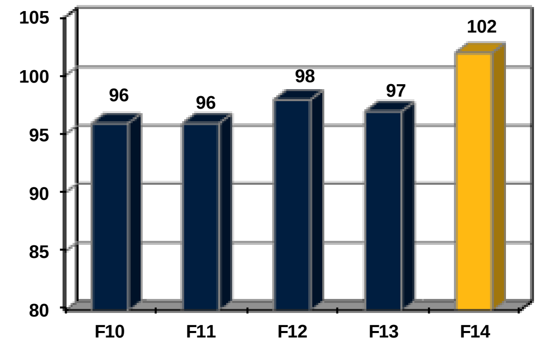
(2) Tight management of working capital during the year released operating cash

Prior year cash flow impacted primarily by FY12 and FY13 restructuring costs

Balance Sheet Analysis

Balanced Financial Position

		2013/14 $m	2012/13 $m
Cash		9.7	11.8
Plant and Equipment		21.9	21.1
WIP (net) and Trade Debtors (gross)	(1)	97.1	98.8
Borrowings			
Secured Bank Loans	(2)	52.4	60.1
Leasing & HP		3.6	4.3
Net Debt	(3)	**46.3**	**52.6**
Shareholder Funds		177.1	264.7
Gearing (Net Debt / Shareholder Funds)	(4)	26%	20%



Average Lock-Up Days

(1) Year- end lock up closed at 77 days one day better than pcp

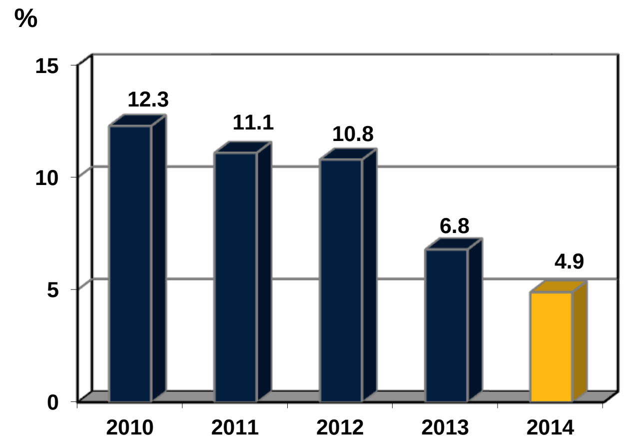
(2) Net debt reduction achieved primarily from an improvement in operating cash flow and no FY14 dividends

(3) Gearing increased as a result of the non-cash impairment of goodwill recorded in the year. Gearing remains in the Board approved gearing range of 10%-30%

Crowe Horwath

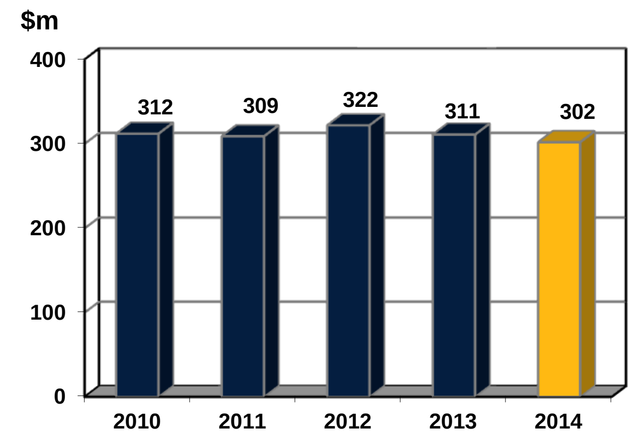
Business Services Performance

Business Services		2013/14 $m	2012/13 $m	Growth %
Revenue	(1)	301.8	311.3	(3)%
less Expenses		(287.1)	(290.2)	1%
Net Contribution		**14.7**	**21.1**	**(30)%**
Net Contribution Margin		**4.9%**	**6.8%**	



Net Contribution Margin – Business Services

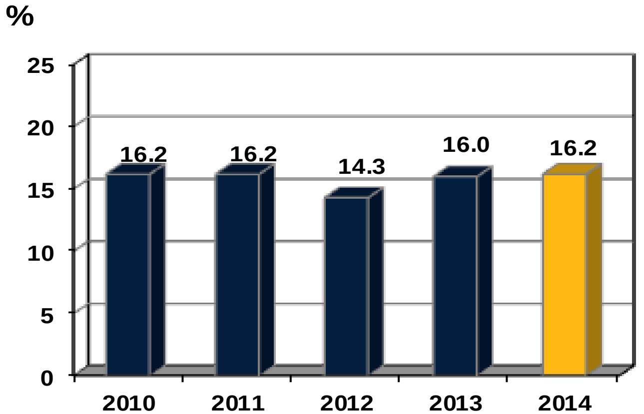
	2013/14 $m	2012/13 $m	Growth %
Compliance / Advisory	216.9	225.7	(4)%
Specialist Tax	27.2	27.5	(1)%
Audit	49.4	50.7	(3)%
Corporate Advisory	8.3	7.4	12%
	301.8	**311.3**	



Total Business Services Revenue

Financial Services Performance

Financial Services	2013/14 $m	2012/13 $m	Growth %	Underlying Growth % (continuing business)
Revenue				
Financial Planning – on-going	44.7	45.5	(2)%	9%
Financial Planning – up-front	6.1	7.2	(15)%	(10%)
Total Financial Planning	**50.8**	**52.7**	**(4)%**	**7%**
Risk Insurance	7.6	8.5	(11)%	(5)%
General Insurance	3.8	3.2	19%	19%
Finance Broking	8.0	8.0	-	12%
Self Managed Super Fund Administration	22.2	22.2	-	5%
Total Revenue	**92.4**	**94.6**	**(2)%**	**6%**
Plus Post Tax Profit Share from Joint Venture	0.4	-	100%	
less Expenses	(77.8)	(79.5)	2%	4%
Net Contribution	**15.0**	**15.1**	**(1)%**	**11%**
Net Contribution Margin	**16.2%**	**16.0%**		

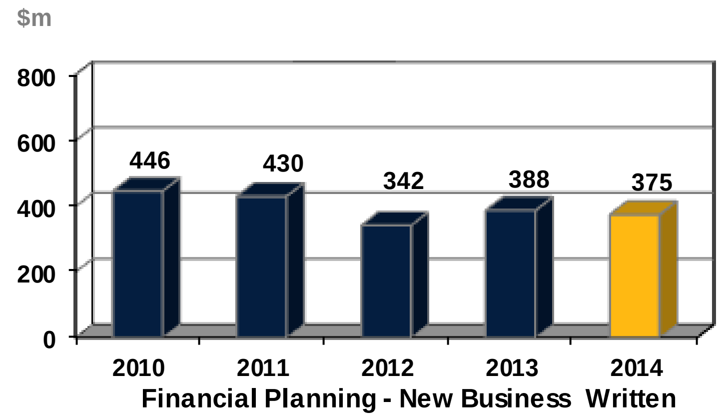


Net Contribution Margin - Financial Services

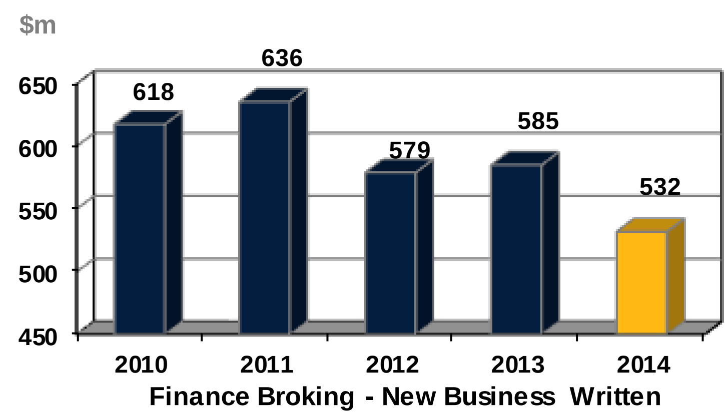
- Underlying Growth % for continuing business excludes the performance of the Melbourne Financial Services business from the prior year and the first seven months of the current year
- SMSF business highly profitable. Considerable investment is occurring to re-engineer for efficiency and growth

Financial Services Analysis

Funds Under Advice	$m
30 June 2013	6,990
▪ New business written	375
▪ Outflows	(344)
▪ Melbourne Divestment (at 100%)	(1,084)
▪ Net market movement	590
30 June 2014	6,527
50% interest in Melbourne Financial Services business	542



Loans Under Administration	$m
30 June 2013	2,722
▪ New business written	532
▪ Loans refinanced / repaid	(466)
▪ Melbourne Divestment (at 100%)	(426)
30 June 2014	2,362
50% interest in Melbourne Financial Services business	213



Post Balance Date Event

- On 17 September Crowe Horwath announced the commercial settlement of the claim served against a member firm in New Zealand on behalf of the receivers of OPI Pacific Finance Limited (in liquidation and in receivership)
- The amount of the claim was NZD$45,396,604.76 plus AUD$35,397,144.48 and any additional losses which may be assessed by the Court and interest and costs
- Crowe Horwath contributed NZD$6.25 million towards the settlement, with this cost to be taken up in the FY15 first half financial statements

FY15 Outlook and 3 Month Trading Update

- Internally – consistent focus on existing operational activities and improvement projects (SMSF automation, Cloud accounting, performance analytics)
- Externally – business confidence in the SME sector remains uncertain
- For the 3 months to 30 September 2014 revenue is less than 1% down on the first quarter of last financial year (adjusting for exchange rate variances and the 50% sale of Melbourne Financial Services) and cost savings slightly exceed this.

Key Terms of Scheme Implementation Agreement

- Consideration: $0.50 cash per Crowe Horwath share
  - Implied equity value of approximately $137 million
  - 32.0% premium to Crowe Horwath's 60 day trading VWAP
  - If a discretionary special dividend is paid out of retained earnings at 30 June 2014, the scheme consideration will be reduced by that amount[1]
- Conditions precedent:
  - Receipt of all relevant approvals, including court, regulatory and shareholder approval
  - Independent Expert conclusion Scheme is in best interests of shareholders
  - No Material Adverse Event or Prescribed Occurrences
- Exclusivity
- Break fee payable under certain circumstances

1 The amount of any discretionary special dividend has yet to be determined and there is no guarantee that a discretionary special dividend will be paid. However, if the Crowe Horwath Board decides to declare a special dividend, the declaration is expected to be made following the scheme meeting, with the payment of any such special dividend expected to occur prior to the implementation of the scheme. In deciding whether to declare a special dividend the Board of Crowe Horwath will need to be comfortable with the availability of funds and comfortable that a favourable ruling from the Australian Taxation Office is expected. At 30 June 2014, Crowe Horwath had $15.8 million of available retained earnings.

Anticipated Timetable

- 27 October 2014: Lodge Scheme Booklet with ASIC
- 11 November 2014: First Court Hearing
- 13 November 2014: Despatch Scheme Booklet to Shareholders
- 16 December 2014: Scheme Meeting of Shareholders
- 18 December 2014: Second Court Hearing
- 6 January 2015: Implementation Date

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