Countplus Limited

ABN 11 126 990 832

Half-Year Financial Statements

For the Half-Year Ended 31 December 2015

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For the Half-Year Ended 31 December 2015

Corporate Directory
31 December 2015

Directors	Barry Lambert *Chairman* Phillip Aris *Managing Director and Chief Executive Officer* Philip Rix *Executive Director* Graeme Fowler *Independent Non Executive Director*
Chief Financial Officer	John Collier
Secretary	Arlette Jubian
Principal Registered Office in Australia	Level 17 Suite 02 1 Margaret Street Sydney NSW 2000 Telephone: +61 2 8488 4500
Share Registry	Computershare Investor Services Pty Ltd Level 3 60 Carrington Street Sydney NSW 2000 Telephone: 1300 855 080 +61 2 8234 5000 Facsimile: +61 2 8234 5050
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Solicitors	Addisons Lawyers Level 12 60 Carrington Street Sydney NSW 2000 Telephone: +61 2 8915 1000 Facsimile: +61 2 8916 2000
Bankers	Macquarie Bank Limited Commonwealth Bank of Australia
Accountants	Deloitte Touche Tohmatsu Grosvenor Place 225 George Street Sydney NSW 2000 Telephone: +61 2 9322 7000 Facsimile: +61 2 9322 7001
Stock Exchange Listings	Countplus Limited shares are listed on the Australian Securities Exchange (ASX).
Website Address	www.countplus.com.au

The directors submit the financial report on the consolidated entity consisting of Countplus Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors
The names of each person who has been a director during the whole of the half-year and to the date of this report are:

Barry Lambert	Chairman
Phillip Aris	Managing Director and Chief Executive Officer
Philip Rix	Executive Director
Graeme Fowler	Independent Non-Executive Director

Operating and Financial Review
The Company reported consolidated net profit after tax for the half-year ending 31 December 2015 of $6.23m (2014: $6.08m) of which $5.99m (2014: $6.05m) was attributable to the shareholders of Countplus Limited (CUP). This represented an increase of 2.47% due to the fair value gain in Class Limited of $4.73m (after tax) partially offset by an impairment expense of $1m and a higher tax expense of $890,000 related to the tax deconsolidation of 3 member firms under our direct equity plan.

During the IPO of Class Limited, Countplus together with its subsidiaries made a further investment of 952,000 shares (valued at $952,000). Countplus together with its subsidiaries owns 5.43% in Class Limited and this has been an outstanding investment for the Company following its successful IPO in December 2015.

The Company's results reflect continued challenging conditions in accounting / business services area with net revenue down 2.9%. Our first half-year results are down due to higher provisioning charges (as a result of CUP's conservative provisioning policy), non-recurring costs relating to ADVICE389 and BLUE789 and an impairment of one of our smaller accounting firms. Management are taking decisive action to rectify any ongoing performance issues.

Financial planning is continuing to see growth at 5.4% across the Member Firms with Group's largest firm, Total Financial Solutions benefitting from the impact of new firms joining their network over the last 12 months.

Property services group, Pacific East Coast (PEC) continues to be a strong performer and this is expected to continue in the second half. Net property and related services revenues contributed 5.9% (2015: 6.4%) of total Member Firm revenue (net).

Total operating expenses (salary and employment related expenses, premises expenses, depreciation, acquisition related expenses and other operating expenses) increased by 6.05%. Head office costs were higher than prior year mainly due to non-recurring set up costs associated with BLUE789 and ADVICE389. Progress on these initiatives has been slower than anticipated and accordingly a decision was made to reduce management costs relating to these businesses. Accordingly, the CEO of ADVICE389 ceased employment with Countplus Limited in January 2016 and BLUE789 CEO will cease employment by the end of February 2016. However, we maintain our commitment to these long term initiatives and will now use existing resources within the company.

Our largest associate equity accounted contribution is from South Australian based firm Hood Sweeney, in which the Company now holds a 32% share (2015: 26%) following a share buy back of Hood Sweeney shares without any additional investment from Countplus.

We achieved the first transactions in our previously reported Member Firm buyback program, the Direct Equity Plan (DEP). The DEP allows our Member Firms to buy back up to 40% equity in their firms. We believe this program will better align Principals and senior managers to share directly in their own businesses and drive improved performance. Kidmans Partners, Specialised Business Solutions and MBA Partnership participated in the DEP.

ADVICE389 acquired 40% of the inaugural firm, Hunter Financial Planning (HFP) for $2.7m. HFP is a firm which is highly respected in the Hunter community and well regarded in the financial planning industry.

During the period, Countplus subsidiaries completed two acquisitions as detailed in note 19. In addition PEC settled the sale of its commercial property asset in Flinders Street in Melbourne for $3.05m. The cash receipt from this settlement and the DEP, partially offset by acquisitions combined with some deferred consideration payments on previous acquisitions along with a further investment in Class shares contributed to a decrease in total interest bearing loans and borrowings to $23.34m (June 2015: $26.37m).

A detailed commentary on these results is included in the ASX release dated 25 February 2016.

Auditor's independence declaration
The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half-year ended 31 December 2015 has been received and can be found on page 4 of the financial report.

Rounding of amounts
The Countplus Limited is of a kind referred to in Class Order 98/100, issued by Australian Securities and Investments Commission, relating to 'rounding off' of amounts in the financial statements and directors' report. These amounts have been rounded to the nearest thousand dollars in accordance with that Class Order.

Signed in accordance with a resolution of the Board of Directors:

Barry Martin Lambert
Director

Sydney
24 February 2016

Grant Thornton

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Auditor's Independence Declaration
To The Directors of Countplus Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Countplus Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 24 February 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

Countplus Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 31 December 2015

	Note	Half-Year 31 December 2015 $'000	31 December 2014 $'000
Revenue from operating activities	6	**62,028**	63,302
Fees, commissions and related costs	6	**(16,509)**	(16,435)
Total revenue		**45,519**	46,867
Other income			
Interest income		**37**	67
Other income		**530**	223
Fair value gain on investments		**6,758**	342
Total other income		**7,325**	632
Salaries and employee benefits expense	7	**(29,906)**	(28,162)
Depreciation expense	7	**(479)**	(563)
Premises expenses		**(2,607)**	(2,470)
Acquisition-related expenses		**(166)**	(83)
Amortisation expense	7	**(1,346)**	(1,361)
Share based payment expense		**(169)**	(99)
Impairment of investments	8	**(1,000)**	-
Loss on deferred consideration		**(46)**	-
Finance costs		**(683)**	(631)
Other operating expenses	7	**(6,255)**	(5,886)
Total expenses		**(42,657)**	(39,255)
Share of net profit of associates accounted for using equity method		**471**	490
Profit from operations before income tax		**10,658**	8,734
Income tax expense	9	**(4,426)**	(2,653)
Net profit from operations after income tax		**6,232**	6,081
Other comprehensive income, net of income tax			
Other comprehensive income		**-**	-
Total comprehensive income for the half-year		**6,232**	6,081
Profit attributable to:			
Owners of Countplus Limited		**5,992**	6,051
Non-controlling interests		**240**	30
		6,232	6,081
		Cents	**Cents**
Earnings per share for profit from continuing operations attributable to the ordinary owners of the parent entity:			
Basic earnings per share		**5.43**	5.50
Diluted earnings per share		**5.43**	5.50

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

Countplus Limited
Consolidated Statement of Financial Position
As at 31 December 2015

	Note	31 December 2015 $'000	30 June 2015 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		5,939	6,087
Trade and other receivables		16,620	18,820
Loans and advances		329	502
Work in progress		7,062	5,129
Current tax receivable		-	274
		29,950	30,812
Assets classified as held for sale	3	-	2,954
TOTAL CURRENT ASSETS		29,950	33,766
NON-CURRENT ASSETS			
Loans and other receivables		2,797	2,069
Investments in associates	20	13,416	10,907
Other investments and financial assets	5	11,348	3,638
Property, plant and equipment		4,764	4,978
Intangible assets		50,606	50,081
TOTAL NON-CURRENT ASSETS		82,931	71,673
TOTAL ASSETS		112,881	105,439
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		11,197	10,667
Interest bearing loans and borrowings		57	5
Current tax liabilities		723	-
Provisions		4,071	3,876
Other current liabilities	10	4,200	4,345
TOTAL CURRENT LIABILITIES		20,248	18,893
NON-CURRENT LIABILITIES			
Trade and other payables		1,533	1,109
Interest bearing loans and borrowings		23,344	26,370
Deferred tax liabilities		4,585	2,327
Provisions		1,856	1,755
Other non-current liabilities	11	1,382	1,735
TOTAL NON-CURRENT LIABILITIES		32,700	33,296
TOTAL LIABILITIES		52,948	52,189
NET ASSETS		59,933	53,250
EQUITY			
Contributed equity	12	121,554	121,554
Reserves		(65,098)	(67,070)
(Accumulated losses) / retained earnings	13	(44)	(1,899)
Capital and reserves attributable to owners of Countplus Limited		56,412	52,585
Non-controlling interest	14	3,521	665
TOTAL EQUITY		59,933	53,250

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

Countplus Limited
Consolidated Statement of Changes in Equity
For the Half-Year Ended 31 December 2015

	Note	Attributable to owners of Countplus Limited								
		Issued capital	Treasury Shares	Retained Earnings	Share-Based Payment Reserve	Available-for-Sale (AFS) reserve	Acquisition Reserves	Total	Non-controlling Interests (NCI)	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015		126,082	(4,528)	(1,899)	637	420	(68,127)	52,585	665	53,250
Profits for the period		-	-	5,992	-	-	-	5,992	240	6,232
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	5,992	-	-	-	5,992	240	6,232
Transactions with owners in their capacity as owners										
Issue of shares		385	(385)	-	-	-	-	-	-	-
Dividends paid by subsidiaries to NCI		-	-	-	-	-	-	-	-	-
Transfer from AFS reserve to retained earnings		-	-	420	-	(420)	-	-	-	-
Transactions with non-controlling interests (NCI)		-	-	-	-	-	-	-	2,790	2,790
Effect on the reserves on account of Direct Equity Plan (DEP) opted for by 3 subsidiaries		-	-	-	-	-	2,127	2,127	-	2,127
Share based payments for Loan Funded Share Plan (LFSP)		-	-	-	169	-	-	169	-	169
Application of dividends to LFSP		-	-	-	96	-	-	96	-	96
Dividends paid	15	-	-	(4,557)	-	-	-	(4,557)	(174)	(4,731)
Balance at 31 December 2015		126,467	(4,913)	(44)	902	-	(66,000)	56,412	3,521	59,933

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

		Attributable to owners of Countplus Limited								
	Note	Issued capital $'000	Treasury Shares $'000	Retained Earnings $'000	Share-Based Payment Reserve $'000	Available-for-Sale (AFS) reserve $'000	Acquisition Reserves $'000	Total $'000	Non-controlling Interests (NCI) $'000	Total $'000
Balance at 1 July 2014		123,384	(2,273)	(2,824)	294	420	(68,127)	50,874	290	51,164
Profits for the period		-	-	6,051	-	-	-	6,051	30	6,081
Other comprehensive income		-	-	-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	6,051	-	-	-	6,051	30	6,081
Transactions with owners in their capacity as owners										
Issue of shares		336	-	-	-	-	-	336	530	866
Dividends paid by subsidiaries to NCI		-	-	-	-	-	-	-	(88)	(88)
Share based payments for Loan Funded Share Plan (LFSP)		-	-	-	99	-	-	99	-	99
Application of dividends to LFSP		-	-	-	48	-	-	48	-	48
Dividends paid by Countplus Limited	15	-	-	(4,459)	-	-	-	(4,459)	-	(4,459)
Balance at 31 December 2014		123,720	(2,273)	(1,232)	441	420	(68,127)	52,949	762	53,711

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

Countplus Limited
Consolidated Statement of Cash Flows
For the Half-Year Ended 31 December 2015

		Half-Year	
		31 December 2015	31 December 2014
	Note	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers (inclusive of goods and service tax)		69,236	73,420
Payments to suppliers and employees (inclusive of goods and service tax)		(61,094)	(61,555)
		8,142	11,865
Dividends received		81	198
Interest received		37	67
Interest paid		(683)	(631)
Income taxes paid (net)		(1,535)	(2,445)
Net cash inflow from operating activities		6,042	9,054
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of Direct Equity Plan to 3 subsidiaries		4,917	-
Proceeds from sale of MyAccounts		325	-
Proceeds from sale of investment property		2,984	-
Proceeds from sale of fees		277	-
Purchase of equipment and other non-current assets		(572)	(1,195)
Proceeds from sale of PPE		9	-
Payments for investments in CRH shares		-	(1,158)
Dividends / distributions received from associated entities		384	310
Payments for acquisition of subsidiaries / business assets		(2,039)	(530)
Payments to acquire other financial assets (Class Limited)		(952)	-
Acquisition of associates		(2,747)	-
Payment for deferred consideration on acquisition of controlled entities and associates		(1,143)	(4,963)
Loans from / (to) related parties		-	(3)
Net cash inflow/(outflow) from investing activities		1,443	(7,539)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings		15,993	8,652
Repayment of borrowings		(19,057)	(5,160)
Repayment of borrowings / hire purchase and lease liabilities		58	(3)
Proceeds from repayment of loan in respect of dividends received on loan funded shares		96	48
Payments of dividends to equity holders		(4,549)	(5,567)
Payment of dividends by controlled subsidiaries to non-controlling interests		(174)	(87)
Net cash outflow from financing activities		(7,633)	(2,117)
Net increase (decrease) in cash and cash equivalents held		(148)	(602)
Cash and cash equivalents at beginning of half-year		6,087	8,174
Cash and cash equivalents at end of the half-year		5,939	7,572

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

1 Basis of Preparation of half-year report

These general purpose condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of the Australian Accounting Standard AASB 134:*Interim Financial Reporting* and *Corporations Act 2001 (Cth).*

These condensed consolidated interim financial statements do not include all the notes of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2015 and considered together with any public announcements made by Countplus Limited in respect of the half-year ended 31 December 2015 in accordance with the continuous disclosure obligations of the ASX listing rules.

Tax consolidation legislation

Countplus Limited ('the Head Entity' or 'the Group') 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. They would exit the tax consolidation group once they are less then 100% 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 agrees 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.*

New and revised accounting standards and interpretations

The consolidated financial statements have been prepared using the same accounting policies and methods of computation as those adopted in the general purpose financial report for the year ended 30 June 2015. There are no new or changed Australian Accounting Standards that have taken affect since 1 July 2015 that materially impact the Group's financial statements except as noted below.

The consolidated entity has applied and early adopted the following standards and amendments, which are relevant to its operations, for the first time in its half-year reporting period commencing 1 July 2015:

- AASB 9: *Financial Instruments*: Countplus Limited has early adopted and applied all the requirements of AASB 9 Financial Instruments (December 2014), including consequential amendments to other standards, on 1 July 2015. The adoption of AASB 9 results in following key changes to Countplus Limited's financial statements:

(i) Reclassification of Investment in shares of Class Limited from 'Available for sale' to 'Fair value through profit and loss'. At June 2015, the adjustment in fair value of $420,000 was posted through 'Other comprehensive income' by creating 'Available for sale reserve'. Pursuant to adoption of AASB 9, this has been transferred directly to retained earnings at 1 July 2015.

(ii) The fair value adjustment of $6,757,939 (pre-tax) due to change in the value of shares in Class Limited has been recognised directly in the profit and loss account under 'Other income'. This has been based on the closing price listed on ASX as at 31 December 2015.

Except for the above, other changes arising out of the adoption of AASB 9 relating to changes in the classification and measurement of financial assets and liabilities have had no material effect on the financial reporting disclosures of Countplus Limited.

1 Basis of Preparation of half-year report continued

The consolidated entity has not early adopted any other standard, interpretation or amendment, that has been issued but is not yet effective.

2 Accounting policies applied from 1 July 2015

As explained in note 1 above, the company has early adopted AASB 9, which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. This new policy applies to the current period beginning 1 July 2015. Whilst for the comparative period the policy in the annual financial statements for the year ending 30 June 2015 applies.

(i) Classification

From 1 July 2015, the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (through other comprehensive income or through profit or loss) and
- those to be measured at amortised cost.

The classification depends on the entitiy's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income.

For investments in equity instruments, this will depend on whether the company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Equity instruments

The company subsequently measures all equity investments at fair value. Changes in fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the statement of profit or loss as applicable.

3 Assets classified as held for sale

On 5 August 2015, Victorian based subsidiary, Property Investment Management Ltd (a subsidiary of member firm Pacific East Coast Group) sold its commercial property asset in Flinders Street, Melbourne for $3.05 million. The transaction was settled on 5 October 2015. The gain on sale of investment property was already recognised in the statement of profit or loss for the year ending 30 June 2015.

4 Segment information

The Group treats their operations as the one business segment and reports accordingly. Management and the Board of Directors view and assess the Group as one business segment. All assets are held and the revenues are sourced in Australia.

5 Other investments and financial assets

	31 December 2015 $'000	30 June 2015 $'000
Available for sale financial assets	-	3,638
Financial assets at fair value through profit and loss (Listed shares)	11,348	-
Total financial assets	11,348	3,638

Due to early adoption of AASB 9 with effect from 1 July 2015, investments in shares of Class Limited were classified as 'Fair value through profit or loss' and the fair value adjustment has been posted through statement of profit or loss. In FY 2015, the shares in Class Limited were classifed as 'Available for sale' and fair value adjustment was posted through 'Available for sale reserve' / 'Other comprehensive income'. The FY 2015 balance in the AFS reserve has been directly transferred to the retained earnings pursuant to adoption of AASB 9.

Class shares listed on the Australian Stock Exchange on 17 December 2015. Prior to that the shares were offered to the general public and interested parties at $1 per share. Countplus Limited along with its subsidiaries acquired a further 952,000 shares. At 31 December 2015, Countplus Limited together with its subsidiaries holds 6,339,540 shares (5.43%) and the closing share price as at 31 December 2015 was $1.79.

6 Revenue

	Half-Year	
	31 December 2015 $'000	31 December 2014 $'000
Revenue from operating activities		
Accounting services revenue	30,519	31,596
Financial services revenue	24,181	23,129
Commissions earned on property sale	4,903	5,612
Other property related income	364	431
Other operating revenue	2,061	2,534
	62,028	63,302
Fees, commissions and related costs	(13,914)	(13,392)
Property commission	(2,595)	(3,043)
	(16,509)	(16,435)
Total Revenue	45,519	46,867

Fees, commissions and related costs

Fees, commissions and related costs are made primarily up of two components; those payable by subsidiary, Total Financial Solutions Australia Ltd to financial advisers in accordance with their Authorised Representative Agreements and referral fees payable by the Pacific East Coast group ("PEC group") subsidiaries to its affiliated members.

7 Expenses

	Half-Year 31 December 2015 $'000	31 December 2014 $'000
Profit before income tax includes the following specific expenses:		
Salaries and employee benefit expense		
Wages, salaries and other on-costs	**26,644**	25,285
Other employee benefit expenses	**3,262**	2,877
Total salaries and employee benefit expenses	**29,906**	28,162
Depreciation		
Office equipment	**225**	276
Leasehold improvements	**42**	30
Furniture & fixtures	**133**	146
Motor vehicle	**10**	12
Make good	**34**	58
Other	**35**	41
Total depreciation	**479**	563
Amortisation		
Acquired client relationships / adviser networks	**1,215**	1,237
Software	**65**	94
Other	**66**	30
Total amortisation	**1,346**	1,361
Total depreciation and amortisation	**1,825**	1,924
Professional, service and consulting fees		
Audit fees	**142**	167
Legal fees	**263**	256
Service fees - Count Financial	**-**	83
Accounting and other professional fees	**147**	397
Total professional, service and consulting fees	**552**	903
Other expenses		
Bad and doubtful debts - trade receivables	**756**	461
Sales and marketing expenses	**576**	467
Administration expenses	**1,773**	1,862
Insurance expense	**538**	478
Technology expense	**1,574**	1,450
Net loss on disposal of property, plant and equipment	**158**	23
Other	**328**	242
Total other expenses	**5,703**	4,983
Total other operating expenses from ordinary activities	**6,255**	5,886

8 Impairment of assets

Following the departure of a principal from one of our smaller accounting firms Beames & Associates located in the ACT and the subsequent sale of clients, together with difficult economic conditions, management recalculated the recoverable amount of this cash generating unit (CGU) at 31 December 2015 using a pre-tax discount rate of 17.97% (30 June 2015:17.97%). An impairment loss of $1,000,000 was recognised for this CGU, reducing the carrying amount of the Goodwill for this CGU to $1,468,481.

The recoverable amount of this CGU was determined based on value-in-use calculations, consistent with the methods used at 30 June 2015, see note 14(b) of our annual report 2015 for details.

9 Income tax expense

The tax amount at the Australian tax rate on the profit from operations before income tax is $3.2m. During the period we achieved the first three transactions in our Direct Equity Plan. Based on current tax legislation, there is a tax liability of approximately $890,000 which is due to capital gains on the disposal of the shares as well as the deemed exit of these entities from the tax consolidated group (as they are no longer wholly owned). The tax cost base of the shares in the exiting entities have been established by way of exit allocable cost amount (ACA) calculations.

10 Current liabilities - Other current liabilities

	31 December 2015 $'000	30 June 2015 $'000
Provision for dividend	**2,282**	2,274
Deferred cash consideration for acquisition of subsidiaries	**572**	492
Deferred cash consideration for acquisition of associates	**641**	911
Other current liabilities	**705**	668
	4,200	4,345

11 Non-current liabilities - Other non-current liabilities

	31 December 2015 $'000	30 June 2015 $'000
Deferred cash consideration for acquisition of subsidiaries	**386**	266
Deferred cash consideration for acquisition of associates	**250**	782
Lease make good provision	**746**	688
	1,382	1,736

12 Contributed equity

(a) Share capital

	31 December 2015 Shares	30 June 2015 Shares	31 December 2015 $'000	30 June 2015 $'000
Ordinary shares	**114,114,877**	113,711,933	**125,133**	124,748
Capital contribution	-	-	**1,955**	1,955
ASX listing cost	-	-	**(586)**	(586)
Issued capital held by loan funded share plan (LFSP)	-	-	**(4,913)**	(4,528)
Loan funded share plan establishment costs	-	-	**(35)**	(35)
	114,114,877	113,711,933	**121,554**	121,554

(b) Fully paid ordinary shares on issue

Date	Details	Number of shares	Issue price	$'000
1 July 2015	Opening balance	113,711,933		124,748
22 December 2015	Shares issued for employee share plan	402,944	0.95	385
31 December 2015		114,114,877		125,133

13 (Accumulated losses) / retained earnings

	31 December 2015 $'000	30 June 2015 $'000
Opening retained earnings	**(1,899)**	(2,824)
Profit for the period	**5,992**	9,930
Transfers from AFS reserve	**420**	-
Ordinary dividends	**(4,557)**	(9,005)
Closing (accumulated losses) / retained earnings	**(44)**	(1,899)

14 Non-controlling interest and direct equity plan (DEP)

(a) Details of direct equity plan (DEP)

The DEP allows our member firms to buy back up to 40% equity in their business. We believe this will better align principals and senior managers to share directly in their own business and drive improved performance. During the period ended 31 December 2015, the following 3 firms adopted the DEP scheme and buy-back the shares in the subsidiairy. Details of the transactions are as follows:-

On 21 July 2015, the Company sold 40% (1,347,382 shares) in its Gold Coast subsidiary, the MBA Partnership to senior employees under the Group's Direct Equity Plan. Consideration was $1,967,178 received in cash on settlement.

On 7 August 2015, the Company sold 30% (694,002 shares) in its Melbourne subsidiary, Kidmans Partners to senior employees under the Group's Direct Equity Plan. Consideration was $1,117,343 received in cash on settlement. On 31 August 2015, the Company sold a further 10% (231,332 shares) in Kidmans Partners to the employees under the Group's Direct Equity Plan. Consideration was $372,445 received in cash on settlement.

On 31 August 2015, the Company sold 38.72% (1,921,052 shares) in its Brisbane subsidiary, Specialised Business Solutions to senior employees under the Group's Direct Equity Plan. Consideration was $1,460,000 received in cash on settlement.

The accounting effect of the share buy back has been represented by recognising an amount for value of non-controlling interests to the extent of the share of net assets and adjusting the balance against acquisition reserves. The movements table for acquisition reserves is included below:

	31 December 2015 $'000	30 June 2015 $'000
Opening balance	**68,127**	68,127
Effect on the reserves on account of DEP opted for by 3 subsidiaries	**(2,127)**	-
Closing balance	**66,000**	68,127

(b) Reconciliation of non-controlling interest in controlled entities

	31 December 2015 $'000	30 June 2015 $'000
Opening balance	**665**	290
Additional capital issued to NCI during the year	**-**	530
Value attributed to non-controlling interest on implementation of direct equity plan for 3 subsidiaries	**2,790**	-
Share of operating profit	**240**	4
Dividends paid by subsidiaries to non-controlling interest	**(174)**	(159)
Closing balance	**3,521**	665

15 Dividends

(a) Dividends paid during the half-year on ordinary shares declared in prior period

	31 December 2015 $'000	31 December 2014 $'000
Final franked dividend based on tax paid @ 30%, for the year ended 30 June 2015 of 2.0 cents (2014 - 3.0 cents) per share paid on 14 August 2015	**2,274**	3,340
	2,274	3,340

(b) Dividends paid or provided for during the half-year on ordinary shares declared in current period

Interim dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended 30 June 2016 of 2.0 cents (2014 - 2.0 cents) per share paid on 16 November 2015	**2,275**	2,227
Interim dividend fully franked based on tax paid @ 30%, ordinary dividend paid for the year ended 30 June 2016 of 2.0 cents (2014 - 2.0 cents) per share paid on 15 February 2016	**2,282**	2,232
	4,557	4,459

(c) Dividends proposed but not recognised at the end of the half-year

Interim franked dividend based on tax paid @ 30%, for the year ended 30 June 2016 of 2.0 cents (2015 - 2 cents) per share to be paid on 16 May 2016	**2,283**	2,232
	2,283	2,232

16 Contingencies

There were no significant changes to contingent liabilities as disclosed in the most recent annual report.

17 Related Parties

(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 the Commonwealth Bank of Australia. Count Financial retains an ownership interest in Countplus Limited of 35.88% as at 31 December 2015 (30 June 2015: 36.01%).

(b) Subsidiaries

The Group consists of the Company and its controlled entities (subsidiaries). There have been no additional acquisition of any new subsidiaries during this period.

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% p.a. 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) Transactions with related parties

The following transactions occurred with related parties:

(i) Sales of goods and services

	31 December 2015 $	31 December 2014 $
Net fees and commissions received from Count Financial	**7,779,299**	7,258,327
	7,779,299	7,258,327

(c) Transactions with related parties continued

Sixteen of the twenty one subsidiaries (after disposal of LBM in December 2013) of the Group were franchisees of Count Financial during the period and operate under their Australian Financial Services Licence. Fees and commissions received from Count Financial for the provision of financial planning services are either paid by Count Financial to these subsidiaries or paid by investment platform operators who are authorised by Count Financial to pay directly to these subsidiaries. Included in the net fees and commission received from Count Financial are income received by Countplus Limited under a 'Relationship Deed' agreement.

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 $547,645 (December 2014: $781,301) from Count Financial in accordance with the terms set out in the Relationship Deed. On 22 December 2015, an amendment to the 'Relationship Deed' was signed. The purpose of this amendment was to clarify and ensure compliance with the FOFA provisions set out in the Corporations Act.

(ii) Other transactions

	31 December 2015 $	31 December 2014 $
Service fee paid/payable to Count Financial	-	83,330
	-	83,330

(d) Outstanding balances arising from transactions with related parties

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

	31 December 2015 $	30 June 2015 $
Current receivables		
- Receivable from Count Financial Limited	-	668,998
Current payables		
- Payable to Count Financial Limited	**283,330**	283,330

Current receivables

The above current receivable from Count Financial Limited as at 31 December 2015 was nil whilst as at 30 June 2015 the receivable was $668,998.

Current payables

The above current payable was on account of the fee payable by the parent to Count Financial (Count) under a service agreement. Countplus (Parent) entered into a service agreement with Count in November 2010 under which Count provides services to the parent including shared office space, furniture, computer hardware and software, IT services and support. It is included in current 'Trade and other payables'. Parent moved its offices in December 2014 and hence the service fees are accounted up to November 2014.

(e) Directors' interests in Other investments

On 21 December 2015, Countplus CEO, Phil Aris was granted 371,165 (valued at $354,166) loan funded shares following shareholder approval at the November 2015 Annual General Meeting under the long term incentive payment component of his remuneration. Loan funded shares of 69,168 (valued at $66,000) were also issued to Countplus CFO, John Collier on 21 December 2015. These shares were issued at $0.9542 per share.

18 Commitments

There have been no significant changes to commitments during the period.

19 Business Combinations

Current Period

Summary of acquisitions

In September 2015, Countplus subsidiary Bentleys acquired the business assets of Perth based company Australian Superannuation and Compliance (ASC). Consideration for the purchase was $498,368. Purchase consideration was paid in cash on settlement.

In October 2015, Countplus subsidiary The MBA Partnership acquired the business assets of Queensland based accounting and financial firm, HWC Accountants Pty Ltd (HWC). Consideration for the purchase was $1,990,975 including an estimated deferred component of $450,000. An amount of $1,540,975 is to be paid in cash on settlement and remaining purchase consideration is to be settled in 2 deferred payments.

	HWC	ASC
	Fair value at acquisition date	Fair value at acquisition date
	$'000	$'000
Assets and liabilities acquired		
Acquired Client Relationships	758	455
Total Assets	758	455
Employee liabilities	-	(47)
Deferred tax liabilities	(227)	(137)
Total Liabilities	(227)	(184)
Fair value of identifiable net assets	531	271
Goodwill arising on acquisition	1,460	227
Acquisition date fair value of consideration transferred	1,991	498
Cash paid	1,541	498
Deferred cash consideration	450	-
Total consideration	1,991	498

20 Investments in associates

(a) Carrying amounts

On 7 August 2015, Countplus subsidiary ADVICE389 acquired 40% share in NSW based firm, Hunter Financial Planning Pty Ltd. Consideration for purchase was $2.75m paid in cash on settlement.

On 31 October 2015, One Hood Sweeney Pty Ltd carried out a share buy-back from one of its principals. As a result of this buy-back, Countplus Limited's shareholding increased from 25.85% to 32.36% without any additional cash outlay.

On 17 November 2015, Countplus subsidiary Change Accountants, sold its 30% share in MyAccounts for $325,000.

Name of company	Principal activity	Ownership interest		Interests in associates	
		31 December 2015	30 June 2015	**31 December 2015**	30 June 2015
		%	%	**$**	$
Hood Sweeney Pty Ltd	Business services	**32.36**	25.85	**5,965,803**	5,998,204
Home Port Property Group Pty Ltd (Trustee of Home Port Property Group Unit Trust)	Property investments and consultancy	**50.00**	50.00	**1**	1
Home Port Property Group Unit Trust	Unit trust	**50.00**	50.00	**1**	1
My Accounts Pty Ltd	Book keeping service	**-**	30.00	**-**	325,100
Financial Momentum Vic Pty Ltd	Financial planning and property commissions	**40.00**	40.00	**927,679**	986,864
McQueen Financial Group Pty Ltd	Financial planning business	**49.00**	49.00	**3,080,630**	2,952,624
Nixon Financial Services Pty Ltd	Financial planning and wealth management	**30.00**	30.00	**640,209**	644,285
Hunter Financial Pty Ltd	Financial planning	**40.00**	-	**2,801,859**	-
				13,416,182	10,907,079

(b) Movements during the year in equity accounted investment in associated companies

	31 December 2015	30 June 2015
	$	$
Balance at beginning of the financial half-year	**10,907,079**	5,661,678
Interests acquired in associates	**2,746,586**	5,193,335
Share of associated company's profit after income tax	**568,094**	1,071,609
Dividends and distributions	**(383,776)**	(841,054)
ACR amortisation accounted in parent books	**(96,701)**	(178,489)
Disposals - MyAccounts	**(325,100)**	-
Balance at end of the financial half-year	**13,416,182**	10,907,079

21 Fair Value Measurement

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 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 31 December 2015				
Financial assets				
Other investments - FVTPL*	11,348	-	-	11,348
	11,348	-	-	11,348
Financial liabilities				
Deferred cash consideration	-	-	(1,849)	(1,849)
Deferred equity consideration	-	-	-	-
	-	-	(1,849)	(1,849)
Total	**11,348**	**-**	**(1,849)**	**9,499**

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
At 30 June 2015				
Financial assets				
Other investments - AFS	-	3,638	-	3,638
Investment property	2,954	-	-	2,954
	2,954	3,638	-	6,592
Financial liabilities				
Deferred cash consideration	-	-	(2,450)	(2,450)
Deferred equity consideration	-	-	-	-
	-	-	(2,450)	(2,450)
Total	**2,954**	**3,638**	**(2,450)**	**4,142**

21 Fair Value Measurement continued

*Investments in shares of Class Limited of $3,637,838 were reclassified from available-for-sale to financial assets at fair value through profit or loss as at 1 July 2015. Related fair value gains from prior year of $420,000 were transferred from the available-for-sale financial assets reserve to retained earnings on 1 July 2015. In the 2016 financial year, fair value gains related to these investments amounting to $6,757,939 were recognised in profit or loss. If it had not been reclassified then the AFS reserve balance would have increased from $420,000 to $5,150,557 (net of tax effect).

Sensitivity to changes in assumptions

The fair value of deferred consideration may change as a result of changes in the projected future financial performance of the acquired assets and entities. Reasonable possible changes in assumptions will not change fair value significantly, with the exception of:

- If the 2016 operating profit for Financial Momentum declines by 10% compared to the current forecast, a reduction of $149,767 in deferred consideration would result.
- If the 2016 operating profit for Financial Momentum increases by 10% compared to the current forecast, an increase of $120,068 in deferred consideration would result.
- If the 2016 operating profit for McQueen Financial Group declines by 10% compared to the current forecast, a reduction of $291,617 in deferred consideration would result.
- If the 2016 operating profit for McQueen Financial Group increases by 10% compared to the current forecast, an increase of $309,901 in deferred consideration would result.
- If the year 1 maintainable operating profit (EBITA) for Nixon Financial Services Pty Ltd declines by 10% compared to the current forecast, a reduction of $109,195 in deferred consideration would result.
- If the year 1 maintainable operating profit (EBITA) for Nixon Financial Services Pty Ltd increases by 10% compared to the current forecast, an increase of $50,295 in deferred consideration would result.

The maximum potential payment for deferred consideration is $2,886,000 (June 2015: $3,071,000).

Other than the above scenarios, management believes no reasonable change in any other key assumptions would have a material impact on the fair value of other investments and deferred consideration.

Level 3 measurements

A reconciliation of the movements in recurring fair value measurements allocated to Level 3 of the hierarchy is provided below:

	31 December 2015 $'000
Balance at beginning of half-year	(2,450)
Total gains or losses for the half-year	
Loss on deferred consideration recognised in profit or loss	(46)
Other movements	
Acquired other investments during the year	(496)
Cash paid for settlement of deferred cash consideration	1,143
Balance at end of half-year	(1,849)

22 Events occurring after the reporting date

On 15 January 2016, Countplus subsidiary, The MBA Partnership Pty Ltd acquired 51% of the assets of NSW based firm, Cummings West via its newly established subsidiary, The MBA Partnership (NSW) Pty Ltd. Consideration for the purchase was $377,400, satisfied through a cash consideration on settlement.

On 9 February 2016, Class Limited declared a one cent unfranked dividend for the second quarter for 2015/16 payable on 7 March 2016. The Group owns 6,339,540 shares of Class Limited at the date of declaration of this dividend.

On 24 February 2016, Countplus Limited declared an interim dividend for 2015/16 of 2 cents per share payable on 16 May 2016 (record date: 27 April 2016).

The financial report was authorised for issue on 24 February 2016 by the board of directors.

No other 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 entityin future financial years.

Countplus Limited
Directors' Declaration

In the opinion of the Directors of the Countplus Limited:

1. The consolidated financial statements and notes, as set out on pages 5 to 25 are in accordance with the *Corporations Act 2001*, including:

   (a) (i) Complying with Australian Accounting Standards(including the Australian Accounting interpretations) and the *Corporations Regulations 2001 (Cth)* and

   (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date and

   (b) There are reasonable grounds to believe that Countplus Limited will be able to pay its debts as and when they become due and payable.

2. The Directors have been given declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the period ending 31 December 2015.

3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

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

Barry Martin Lambert
Director

Sydney
24 February 2016

Grant Thornton

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Independent Auditor's Review Report
To the Members of Countplus Limited

We have reviewed the accompanying half-year financial report of Countplus Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Countplus Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Countplus Limited consolidated entity's financial position as at 26 November 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations

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Regulations 2001. As the auditor of Countplus Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Countplus Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 24 February 2016