ASX ANNOUNCEMENT – COU
Tuesday 17 August, 2010
Preliminary Final Report

Count Financial Limited

Record NPAT up 24%
EPS up 23%

The Directors of Count Financial Limited (COU) report a record Net Profit After Tax for the full year ended 30 June 2010 of $23.99 million, up 24% on the previous corresponding period (pcp).

Diluted earnings per share (EPS) for 2009/10 is 9.28 cents per share (up 23% pcp). Earnings Before Interest (and Investments) & Tax (EBIT) is $26.24 million (up 12% on pcp).

A fully franked final quarterly Final "Risk/Reward" dividend of 2.0 cents per share payable on 15 October 2010 has been declared, taking the total dividend for 2009/10 to 8 cents per share, up 14% from 2008/09.

An unchanged fully franked first quarter interim "Christmas" dividend of two cents payable 15 December 2010 has also been declared.

2011 Expectations
Count Financial provides its first formal earnings guidance for 2010/11 at the time of its Annual General Meeting in mid-November.

Count has a strong accountant based, financial services franchise with excellent positioning amongst "advice seeking" clients including SMSFs. Count advisers enjoy trusted adviser positioning.

Count's earnings are influenced by market conditions, especially as they impact Funds Under Advice and net fund flows. Subject to capital markets providing investment returns near long-term averages, Count is confident of achieving double digit earnings growth in 2010/11. In the short term, investor behaviour is currently cautious, which is reflected in net fund flows and asset allocations.

Count is well positioned for the regulatory changes proposed for the wealth management and financial advice industry. Count's business model and business margins are expected to be resilient in this changing regulatory environment.

Count is also experiencing strong growth in the wealth protection/insurance segment and has refocussed upon its mortgage aggregation business, finconnect, which should result in a strengthened performance in 2010/11.

Countplus is expected to list in late 2010 which should provide additional earnings momentum to Count.

1. Results for announcement to the market

Key Information

1. Revenue: $129.9 million, up 6%
2. Net Profit After Tax from ordinary activities attributable to Shareholders: $23.99 million (up 24%).
3. Final "Risk/Reward" dividend: 2 cents (fully franked) totalling 8 cents for the year.
   Ex-Dividend 13/09/09; Record Date 17/09/09; Payable 15/10/10.

2. Breakdown of financial results

2.1 EBIT

		03/04 $M	04/05 $M	05/06 $M	06/07 $M	07/08 $M	08/09 $M	09/10 $M	Change %
1	Net fees and Retail revenue	11.20	12.25	14.10	16.13	17.34	14.29	14.59	2%
2	Asset-based revenue	10.55	13.60	19.87	25.62	31.57	25.13	27.58	10%
3	Other fees	3.53	3.86	3.01	3.24	3.07	3.12	3.20	2%
4	**Net Income**	**25.28**	**29.71**	**36.98**	**44.99**	**51.98**	**42.54**	**45.37**	**7%**
5	*Employment Expenses*	*7.85*	*7.91*	*7.70*	*8.23*	*8.82*	*9.06*	*9.11*	-
6	*Other Expenses*	*6.58*	*5.40*	*4.61*	*5.58*	*6.67*	*6.51*	*7.51*	*15%*
7	*Share based payments*	-	*0.80*	*1.49*	*2.26*	*3.07*	*3.54*	*2.51*	*(29%)*
8	***Total Expenses***	***14.43***	***14.11***	***13.80***	***16.07***	***18.56***	***19.11***	***19.13***	**-**
9	EBIT	10.85	15.60	23.18	28.92	33.42	23.43	26.24	12%
10	% Change	32%	44%	49%	25%	16%	(30%)		
11	Expense Ratio	57%	47%	37%	36%	36%	45%	42%	

NB: The above income figures are net of related expenses and may vary from the Appendix 4E figures for this reason.

2.2 Net Fees and Retail Revenue (Line Item 1)

This is fees and revenue from traditional retail superannuation and investments, lending, (through the subsidiary, finconnect), asset finance and life insurance, and was $14.59 million (up 2%).

2.3 Asset-based Revenue (Line Item 2)

Asset-based revenue of $27.58 million (up 10%) represents income from investment platforms. Funds Under Advice on Approved Platforms is up 9% for the year.

2.4 Share based payments (Line Item 7)

This relates to the requirement to expense options granted to Count franchisees and employees (non-cash expense) which negatively impacted our EBIT by $2.51 million (down 29%).

2.5 Total Expenses (Line Item 8)

Employment costs (line 5) remains the largest expense at $9.11 million and was contained to nil growth in 2009/10. Other expenses (line 6) of $7.51 million, (up 15%). This increase was largely due to the premium of professional indemnity insurance, not in place in the corresponding period (see item 6.2) and professional fees associated with Countplus, which is expected to list on the ASX in late 2010.

2.6 EBIT (Earnings Before Interest & Tax)

Earnings Before Interest (Investment) & Tax of $26.24 million (up 12%)

2.7 EBIT results

$M	30/6/01	30/6/02	30/6/03	30/6/04	30/6/05	30/6/06	30/6/07	30/6/08	30/6/09	30/6/10
EBIT	6.03	6.18	8.22	10.85	15.6	23.18	28.92	33.42	23.43	26.24
% Change	49%	3%	33%	32%	44%	49%	25%	16%	(30%)	12%

Average increase since listing – 10 years 23%

2.8 PBT and NPAT results

Net investment income (which includes dividends from the investment portfolio, unrealised gains and losses from the mark to market of the portfolio, interest from franchisee loans and equity accounted profits from Countplus associates) was 59% higher to $7.49m. Of this, the mark to market of the holding in Mortgage Choice (MOC) contributed an unrealised gain of $2.77m. See point 7 for comments on Countplus.

Net profit before tax increased 20% to $33.73m and net profit after tax 24% to $23.99m.

3. Operational Performance

3.1 Key Performance Indicators

	Key Performance Indicators	30/6/10 $Billion	30/6/09 $Billion	% change FY	30/6/08 $Billion
1	Approved Platforms (a)	$ 6.33	$ 5.79	9%	$ 6.79
2	Other Funds (b)	$ 3.94	$ 3.71	6%	$ 4.55
3	**Total Funds 1&2 (FUA)**	**$10.27**	**$ 9.50**	**8%**	**$11.34**
4	Loans Outstanding (c)	$ 3.76	$ 3.67	2%	$ 3.69
5	**Total 3&4 (FLUA)**	**$14.03**	**$13.17**	**7%**	**$15.03**
		30/6/10 $Million	**30/6/09 $Million**	**% change FY**	**30/6/08 $Million**
6	Insurance Premiums (inforce) (d)	$40.21	$34.44	17%	$29.06

(a) Six Preferred Platforms only.
(b) Funds subject to electronic updates and Count fees; excludes property and direct equities.
(c) *Count introduced loans on which trailing commissions are being received (excludes residential loans where commissions are not currently being received) includes Margin Loans, but excludes equipment financing receivables.*
(d) Inforce life insurance premiums (excluding those written within retail superannuation).

Funds Under Advice (FUA) on approved platforms stands at, $6.33 billion, an increase of 9% over the last 12 months, compared with the averaged Balanced Fund return of 10% for 2009/10. Of the $4.43 billion invested in the BT/Westpac platform, 13% is invested in cash or term deposits; this is up from 12% in March 2010.

Total FUA (excluding direct property) increased by 8% over the last 12 months and now totals $10.27 billion.

Loans outstanding (loan balances subject to trail commission) is at $3.76 billion up 2% for the last 12 months. Residential Lending has grown 7% over the last 12 months - this item also includes investment loans (margin and protected lending) and this debt has been reduced over the period.

Combined Funds and Loans under Advice (FLUA) stands at $14.03 billion, up 7% over the last 12 months.

Inforce insurance premiums of $40.21 million are up 17% for the last 12 months and insurance new business grew 22% on prior year. Life Insurance is one of the non-investment linked services Count Franchisees provide for their clients.

4. Capital Management

4.1 On market buy-back

During 2009/10 Count bought back 2,046,034 shares to partially offset the impact of its options plans.

No buy-back has been declared for 2010/11.

Total shares on issue for the past 7 years – 2010: 258.8 million; 2009: 256.5 million;
2008: 248.4 million; 2007: 240.2 million; 2006: 233.9 million; 2005: 227.9 million;
2004: 220.8 million; IPO Dec 2000: 220 million.

4.2 Options allocation

In 2009 no options were allocated due to changes in legislation. We are currently reviewing equity arrangements for both employees and franchisees going forward.

The net increase in shares on issue during the year was 2.3 million (1%) to 258.8 million (2009: 256.5 million; 2008: 248.4 million; 2007: 240.2 million; 2006: 233.9 million; 2005: 227.95 million; 2004: 220.77 million; 2000: 220 million), ie the number of shares on issue since our listing in 2000 has increased by 17%.

4.3 Dividend Guidance

Count has declared, along with the two cent final dividend for 2009/10, the first interim "Christmas" dividend of two cents (unchanged) payable 15 December 2010 and Count expects, subject to profitability, to pay three interim and one final dividend of two cents for 2011 or 20% pa on the 40c float price (2000).

As shown below, Count's dividends have shown an average growth of 21% pa over the last 10 years, well in excess of our previously stated aim of 10% pa.

4.4 Dividend Growth

	2000	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Dividend - cents	1.45	2.0	2.2	2.42	3.5	4.5	6.0	8.0	10.0	7.0	8.0
% Change	27%	38%	10%	10%	45%	28%	33%	33%	25%	(30%)	14%

Cents per issued share
Average increase last 10 years 21% pa

5. Investments

5.1 Portfolio

The portfolio of cash, investments and loans stood at $61.71 million at 30 June 2010. The largest holding was CBA Perls (III, IV and V) at $8.14 million and Mortgage Choice at $23.19 million (market values).

As well as holdings in Mortgage Choice and DKN, the investment portfolio comprises listed interest-based investments of $12.27 million (includes CBA Perls above); Listed Investment Companies of $1.72 million; other listed investments $0.94 million; unlisted managed funds $0.40 million; and other unlisted investments $1.36 million.

		Debt Facility Limit	Undrawn Debt Facility
Total Cash/Investments (incl associates) / Loans at 30 June 2010	$61.71m		
Less 30 June 2010 loan balance	$11.82m	$20m	$8.18m
Net Value	$49.89m		

5.2 Investment in Mortgage Choice & DKN

Count has a holding of 20,611,785 shares (17.3%) in Mortgage Choice.

Since purchasing the stake, general economic and market conditions for mortgage broking have deteriorated. Count expects to see increased rationalisation of all sectors of the financial services industry and will consider opportunities as they arise in the light of future prospects.

Count has a holding of 10,453,840 shares (7.4%) in DKN, a smaller complementary business to COU.

5.3 Loans to Franchisees and Associates (including Countplus firms)

Loans outstanding at 30 June 2010 to non-Countplus firms totalled $ 2.97 million. There are no arrears. Count will continue to support members to grow their business and expects to provide further loans for acquisitions and amalgamations.

Loans to Countplus firms, primarily for working capital, totalled $8.97 million. These loans will be fully repaid after Countplus lists on the ASX – expected in December 2010.

6. Risk Management

Count has an active Risk and Compliance Board sub-committee chaired by a non-executive director.

6.1 Count and Franchisees

All businesses have risks and Count is no exception. Management and employees aim to manage and minimise these risks. In doing this, systems, processes and procedures are reviewed and improved to reduce risk and increase efficiency. Further details are outlined in Count's Annual Reports.

6.2 PI Insurance

Count has in place a $20 million PI policy for 12 months effective to 27 February 2011.

	2005 $M	2006 $M	2007 $M	2008 $M	2009 $M	2010 $M
Net compensation payments (incl legals)	-	0.13	0.13	0.03	0.10	0.17
PI Premium	-	-	-	-	0.30	0.91
Total Cost	**-**	**0.13**	**0.13**	**0.03**	**0.40**	**1.08**

Above expenses exclude Count labour costs and are net of franchisee reimbursements

Whilst our PI experience compares favourably with businesses of our size, it is clear that the regulatory imposed PI cost (Count has traditionally self-insured because of our track record, profits, balance sheet, ability to raise capital via the ASX and our line of funding) has impacted our results.

7. Countplus Pty Limited

As at 30 June, Countplus had acquired equity interests of around 25% in 15 accounting businesses. This week a further 100% acquisition was completed. Two further acquisitions are expected to be finalised over the next month.

The investees have performed strongly over 2010, with group EBITDA estimated to be $15.49m, up 53% over purchased levels. The equity accounted profit contribution of our interest has increased to $2.3 million (2009:$1.2m).

Countplus expects to complete the buy-out of the balance of each investee later this calendar year and thereafter list Countplus at the end of 2010.

8. Lending update - finconnect

New leadership has been appointed to the finconnect business to continue the growth of this core service. Lending is a vital service offering of the broader network, which has significant untapped latent demand. Whilst this business has plateaued in recent months, we are committed to a new phase of expansion and development.

With the new national credit law reforms and licensing legislation in place, the lending business is entering a period of higher scrutiny and higher regulation – finconnect welcomes this new environment, which clearly works to our strengths. We are progressively working through requirements to have our new credit licence in place over the coming months.

9. 20010/11 Profit Guidance and Annual General Meeting

Details of Count's Annual General Meeting follows:

Time:	10 am
Date:	Tuesday, 16 November 2010
Venue:	Level 19, Goldfields House, 1 Alfred Street, Sydney, NSW

Historically the company gives its first profit guidance at the AGM, as indicated on page one of this announcement. Management is expecting both 2011 EBIT and NPAT to be up on 2010. Like all in the financial services sector, Count eagerly awaits a sustained recovery in the markets so its shareholders can again enjoy superior returns.

Today's results demonstrate that Count is a solid business in great shape, capable of riding out market cycles and more importantly positioned to take advantage of opportunities as they arise.

10. Material Developments

There have been no material developments during the period other than those listed.

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