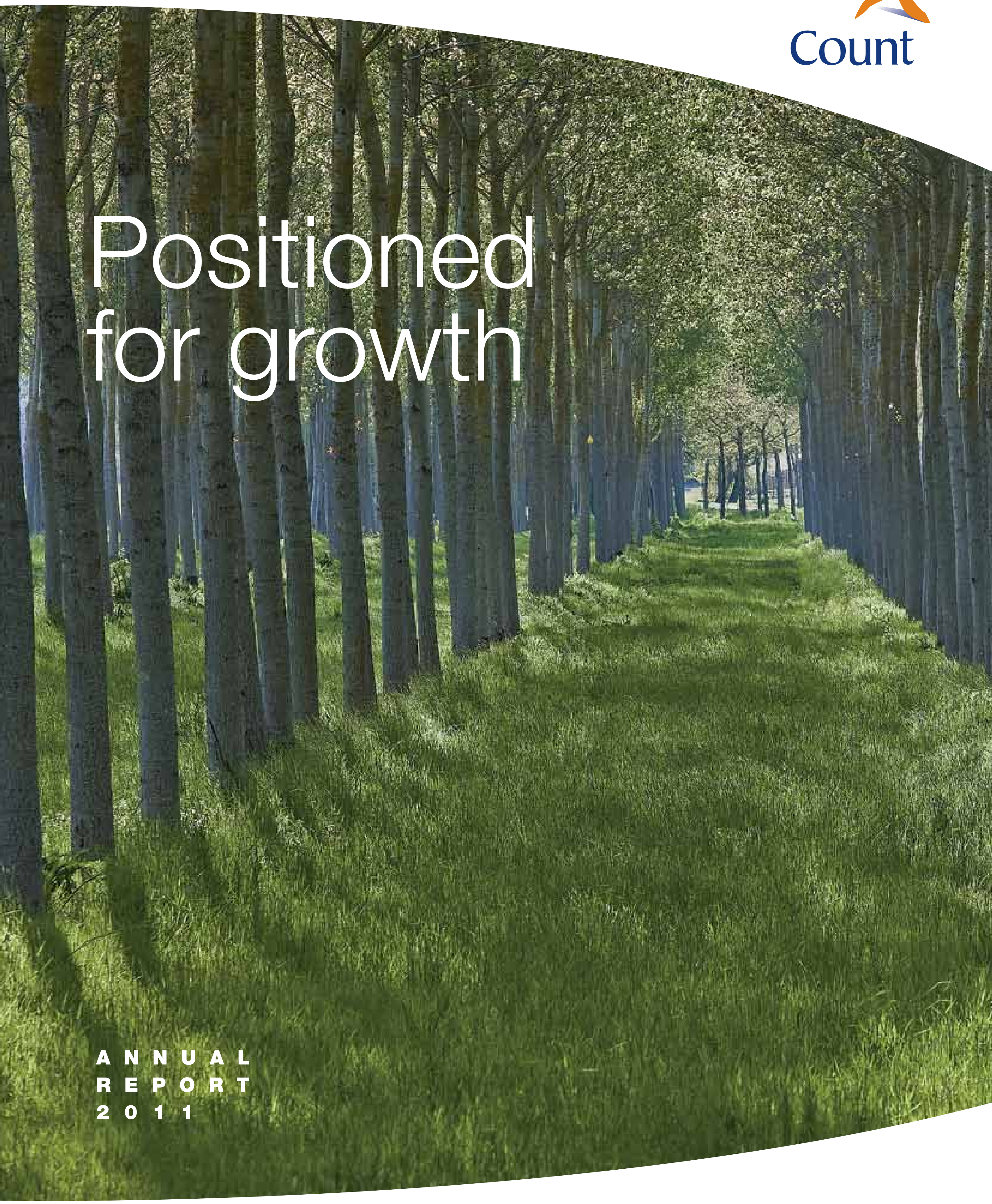
Count



Positioned for growth

ANNUAL REPORT 2011

Our vision is clear

We aim to excel in both our financial performance and service to clients and the community.

Our mission is our challenge

To be an ethical, efficient and cost effective provider of services to our franchisees, so they can in turn build successful, independently owned financial advisory businesses.

About Count

Count Financial Limited (Count) is Australia's largest independently-owned franchised network of financial planning/wealth accountants and advisers. Count is listed on the ASX (COU).

Count is a franchised network of more than 300 firms Australia-wide. Count also has a growing network of around 200 financial services firms which are members of Finconnect, a wholly owned subsidiary, that utilise services that are not related to Count's AFSL. These services are predominantly loan broking for home loans, business loans and asset and equipment finance.

This report has been prepared by Count Financial Limited (ABN 19 001 974 625 AFSL 227232) (Count) with information obtained from various sources deemed to be reliable. Past performance information given in this document is given for illustrative purposes only and should not be relied upon as it is not an indication of future performance. This report and Count's recommendation does not take into account an individual's financial situation, needs or objectives.

contents

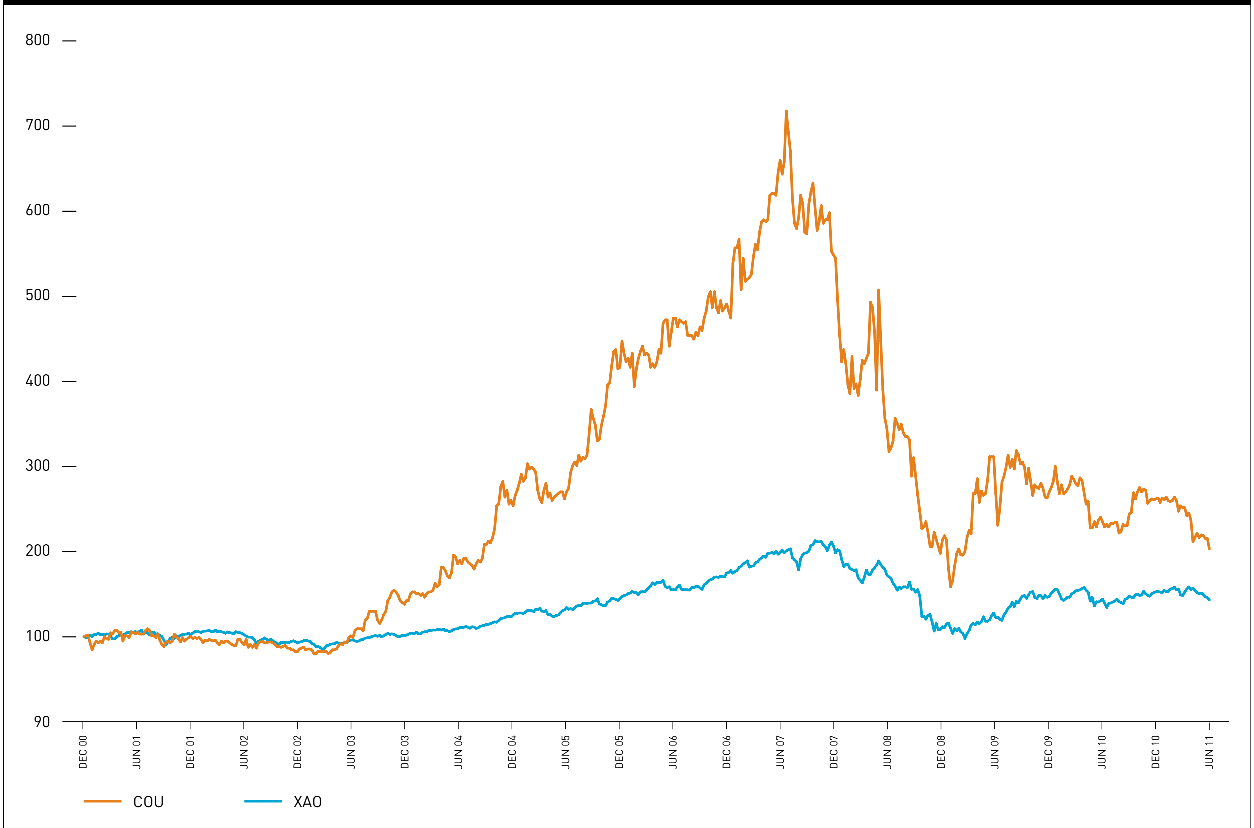
financials

Financial Highlights

FINANCIAL	2011
Operating profit (EBIT)	Down 4%
Net profit after-tax (NPAT)	Up 113%
Normalised NPAT	Up 6%
Earnings per share	Up 111%
Normalised earnings per share	Up 5%
Dividend per share	Up 25%
Expense/income ratio	42%

OPERATIONAL	2011
Funds Under Advice (FUA) – Investment platforms	Down 2%
Total FUA	Down 4%
Loans outstanding	Down 5%
Insurance premiums (in force)	Up 13%

Share Price Performance: COU vs Market



Count listed on ASX 12/12/2000

Financial Summary

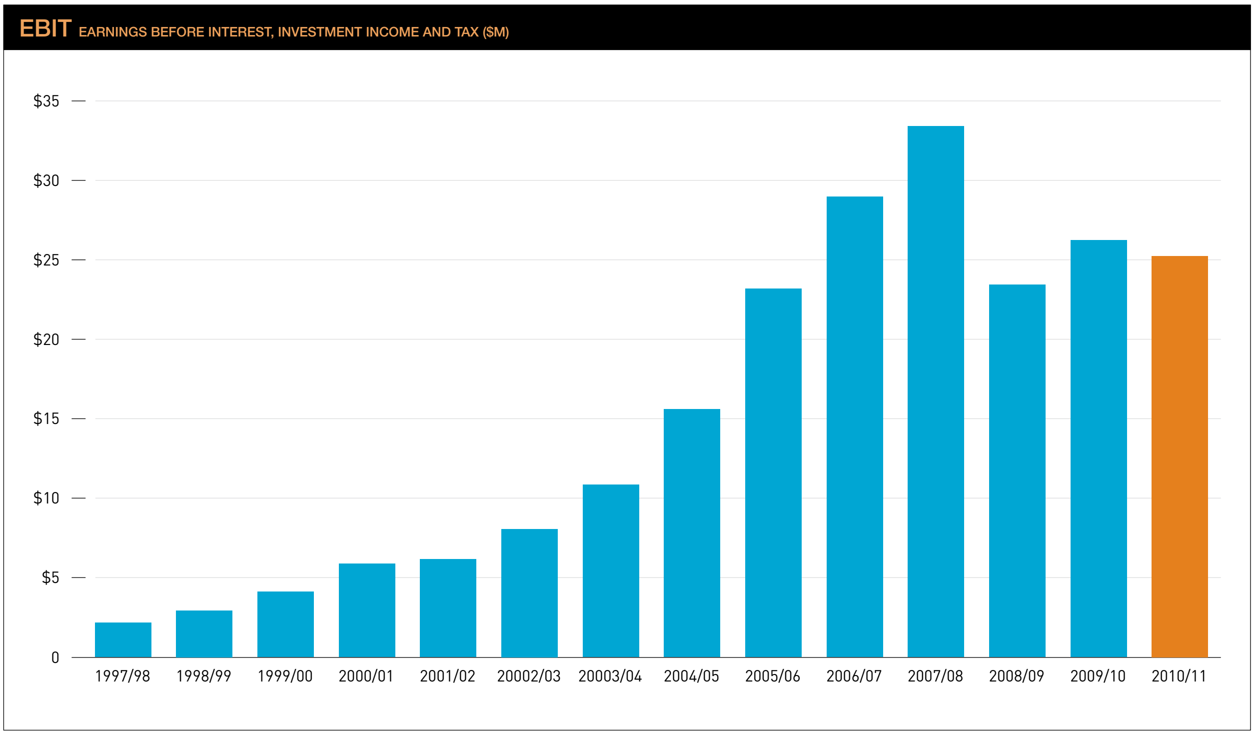
	03/04 $M	04/05 $M	05/06 $M	06/07 $M	07/08 $M	08/09 $M	09/10* $M	10/11 $M	Change %
Net fees and retail revenue[1]	11.20	12.25	14.10	16.13	17.34	14.29	14.58	13.25	(9%)
Asset-based revenue[2]	10.55	13.60	19.87	25.62	31.57	25.13	27.58	27.91	1%
Other fees[3]	3.53	3.86	3.01	3.24	3.07	3.12	3.20	2.02	(37%)
Net Income	**25.28**	**29.71**	**36.98**	**44.99**	**51.98**	**42.54**	**45.36**	**43.18**	**(5%)**
Employment Expenses	7.85	7.91	7.70	8.23	8.82	9.06	9.11	8.82	(3%)
Other Expenses	6.58	5.40	4.61	5.58	6.67	6.51	7.51	8.45	12%
Share based payments	–	0.80	1.49	2.26	3.07	3.54	2.51	0.67	(73%)
Total Expenses[4]	**14.43**	**14.11**	**13.80**	**16.07**	**18.56**	**19.11**	**19.13**	**17.94**	**(6%)**
EBIT	10.85	15.60	23.18	28.92	33.42	23.43	26.23	25.24	(4%)
% Change	32%	44%	49%	25%	16%	(30%)	12%	(4%)	n/a
Expense Ratio	57%	47%	37%	36%	36%	45%	42%	42%	–
Interest & Dividends	0.82	0.91	1.57	2.59	2.27	3.59	4.05	3.41	(16%)
Change in value of investments[5]	0.87	0.14	0.75	1.24	(4.32)	(0.07)	1.50	0.63	(58%)
Share of profit of associates[6]	–	–	–	–	0.29	1.18	2.25	2.02	(10%)
Consolidated Countplus profits (1H) [7]	–	–	–	–	–	–	–	10.78	n/a
One-off revaluation gains on Countplus[8]	–	–	–	–	–	–	–	37.15	n/a
Net Profit Before Tax	12.86	17.08	25.99	33.00	31.82	27.83	34.03	79.23	133%
Income Tax Expense	3.53	5.11	7.9	10.05	10.36	8.76	9.83	23.13	135%
Net Profit After Tax (NPAT)	9.33	11.97	18.09	22.94	21.46	19.37	24.21	56.10	132%
Non controlling interest	–	–	0.05	0.06	0.08	0.02	0.03	4.54	Large
NPAT attributable to owners of Count	9.33	11.97	18.04	22.88	21.38	19.35	24.18	51.56	113%
Dividend paid and provided ($M)	7.74	10.28	14.02	19.21	22.03	25.66	18.08	20.94	n/a
Earnings (¢ per share)	4.10	5.12	7.60	9.53	8.70	7.56	9.36	19.72	111%
Dividend paid and proposed (¢ per share)	3.50	4.50	6.00	8.00	10.00	7.00	8.00	10.00	25%

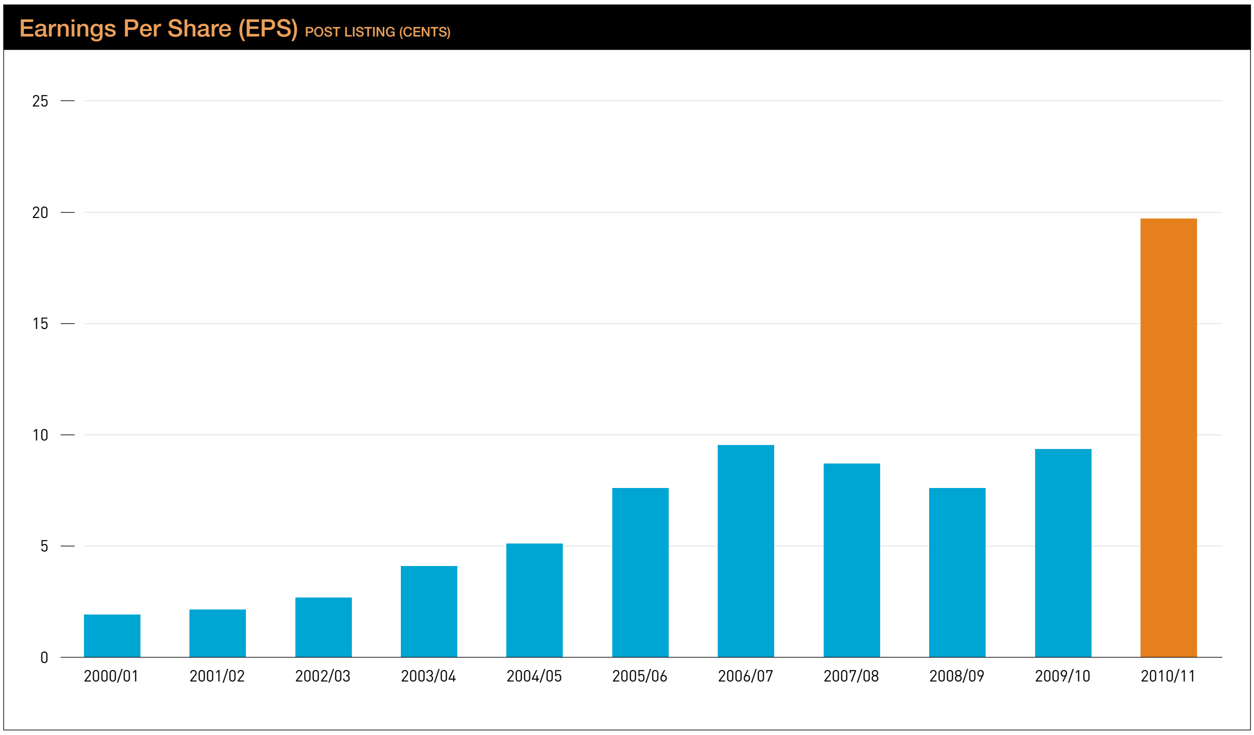
NB: The above income figures are net of related expenses and as a result may vary from the financial statement figures.

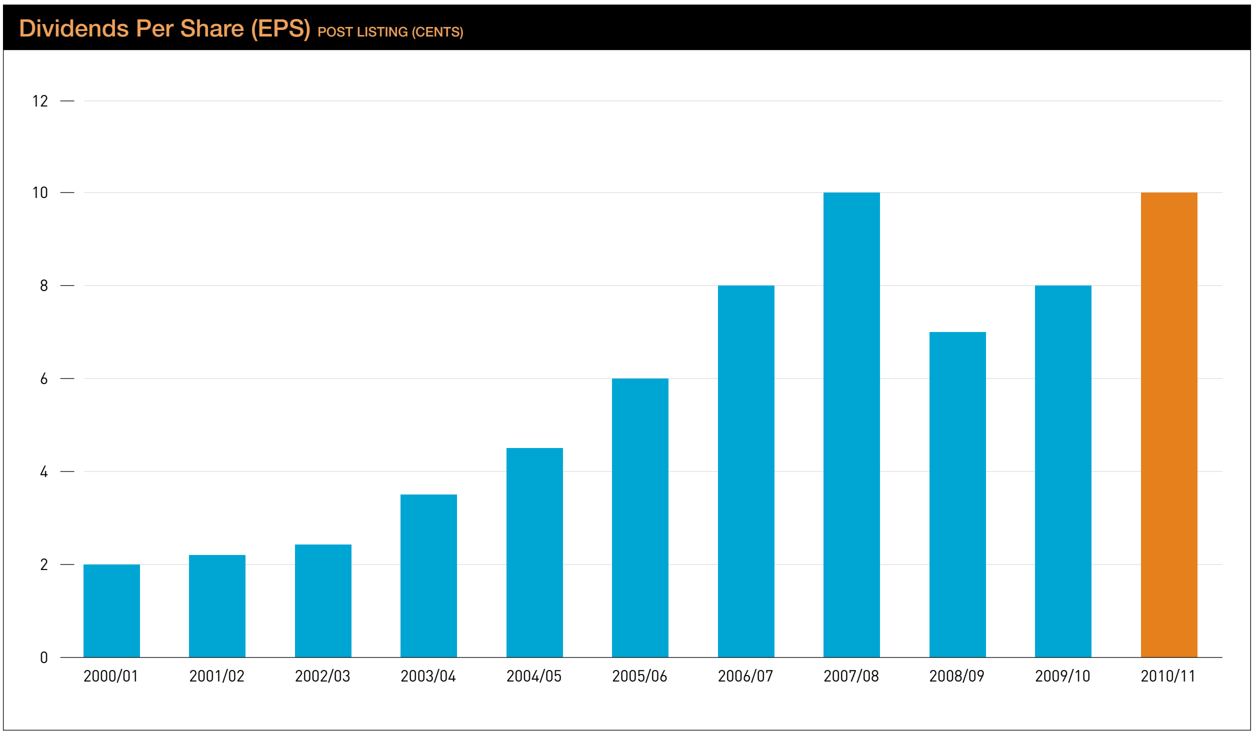
* Some 09/10 figures are restated due to the changed accounting policy for trailing commissions on residential and commercial lending – refer to Note 1 (ee) in the financial statements for more information.

1. Net fees and retail revenue: This line item (down 9%) represents fees and revenue from retail superannuation and investments, lending (through the finconnect subsidiary), asset finance and life insurance. Insurance revenue (life, sickness/accident and trauma) increased with in-force premiums up 13% for the year. An increase in the proportion of retail investment commissions paid out to Members on higher commission split arrangements, as well as a subdued performance in the residential and commercial lending business were a drag on this line.
2. Asset-based revenue: This line item (up 1%) was flat, reflecting the performance of investment markets during the year. This line is driven primarily from funds under advice (FUA) in 6 recommended platforms from 4 providers – BT/Westpac, IOOF, Colonial First State/CBA and Perpetual. FUA in these platforms were down 2% for the year. Over time, FUA is expected to resume its growth. Count is able to use its buying power to improve financial arrangements from platforms and fund managers and so charge franchises less. In return franchises are able to pass on better terms to their clients.
3. Other fees: This line (down 37%) represents income from franchise fees and other services, net of any rebates paid to franchisees. A large proportion of franchises pay no annual membership fee as they contribute more to the above line items. It is expected that no established franchises will pay an annual membership fee within a few years. The commencement of additional rebate arrangements between Count and Countplus post Countplus' listing impacted this line by $1.2M
4. Total Expenses: Expenses were down 6% for the year. Employment costs (line 5) remains the largest expense at $8.82 million but was down 3% for the year. Other expenses (line 6) were up 12%. This increase was largely due to professional fees associated with the subsidiary, Countplus, which listed on the ASX in late 2010. Share based payments (line 7) of 0.67 million (down 73%) relate to the non-cash expensing of options granted to franchises and employees. The expense to income ratio was steady at 42% with net income declining 5%.
5. Change in value of investments: The requirement to mark the investment portfolio to market made a small positive contribution to the 2011 result, compared to a large positive result in 2010.
6. Share of profit of associates: The bulk of the share of profits contribution came in the second half, with Count consolidating all of the Countplus subsidiaries in the first half (refer note 7 below).
7. Consolidated Countplus profits (1H): Count consolidated all of the Countplus subsidiaries for the first half of 2010/2011. The before tax profit contribution of these entities is reflected in this line. Count deconsolidated its interest in Countplus as part of its IPO in mid-December 2010.
8. One-off revaluation gains on Countplus: Count made gains on consolidation of the Countplus subsidiaries in July 2010 and on deconsolidation of Countplus in December 2010. These combined revaluation gains added $35.15m before tax.

Financial Summary continued






Dividends Per Share (EPS) POST LISTING (CENTS)
12
10
8
6
4
2
0
2000/01
2001/02
2002/03
2003/04
2004/05
2005/06
2006/07
2007/08
2008/09
2009/10
2010/11

Chairman's Report

Thirty First Year of Consecutive Profits – and Another Record! CBA makes an offer to buy all Count shares

Profits and Dividends

I am pleased to report a substantial increase in profit for the year ended 30 June 2011 – Net Profit After Tax (NPAT) up 113%, however much of that increase is a result of our investment in, and over five years of planning, building and listing Countplus.

The more relevant measure of our profit is Earnings per Share (EPS) which was up 111%. Much of this is not repeatable. Excluding the one-off not repeatable Countplus profit, our profit was up approximately 6%, a credible result in what is regarded as a very difficult economic and regulatory environment for our industry. Our operating profit however, has again fallen and is the 2nd lowest since 2006.

Your company has declared an increased final dividend of 4 cents making 10 cents for the year – an equal record payment, but still less than half of our 2011 abnormal profit. The high level of profit retention will allow us to maintain dividend flows* into the future.

In the wake of our strong organic growth since listing in December 2000, we have been able to pay dividends (including the October 2011 payment) of 65 cents or 1.6 times the original 40 cents listing price. Despite the recent price fall, shareholders have enjoyed a very good annualised return – 2010, 20% pa on list price and this year 25%. All dividends have been fully franked.

Regulatory changes and our share price

Last year I pointed out that proposed regulatory changes would impact our industry and Count. Whilst more details have been announced we are yet to see the full draft legislation – so uncertainty remains. Unfortunately, Governments, despite good intentions, often make changes that have little real benefit to consumers due to increased compliance and disruption.

We are already seeing mergers in our industry and this is likely to increase once proposed changes are implemented. Prior to the CBA offer this was impacting on our share price and may have done so until the market can see that we have been able to make the necessary changes to our business and emerge from this difficult period. It is difficult to predict, in the light of the European economic uncertainty, as to when this uncertainty will end.

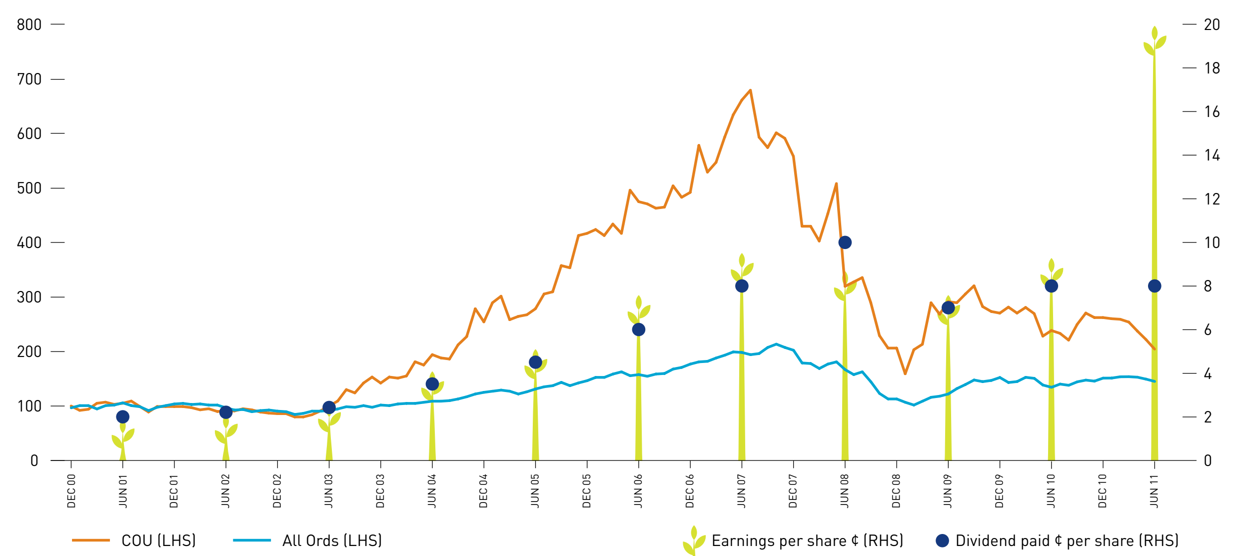
Strategic Investments

Count holds a number of strategic investments. I can't comment on our intentions with these investments at this time, except to say our relatively small holding in DKN has been subject to a takeover. This takeover is expected to complete before you receive this report.

I will briefly comment on one of our smaller investments "Class Super".

COU EPS & Dividends vs Share Price

AS AT 30 JUNE 2011



Barry Lambert
FOUNDER AND
EXECUTIVE CHAIRMAN

Self Managed Superannuation Funds (SMSFs) are the fastest growing segment of the Superannuation industry. Accountants dominate the SMSF administration market. SMSF administration has been an inefficient "cottage" industry but is increasingly becoming more professional. Class Super is an internet-based system that substantially increases SMSF administration efficiency. We made an investment in Class Super quite early in its development. Class Super has now gone to market and is enjoying strong growth – at time of writing 10% per month. Over 50% of Countplus accountants now use Class Super and this percentage is likely to grow.

Count owns almost 10% of Class Super. Our investment is small and we expect to receive a financial return, but the fact that our funding, and access to our network has assisted the development of a successful new system that greatly increases the efficiency of SMSF administration for accountants generally, and Count in particular, is very rewarding. For more details refer to www.classsuper.com.au

Countplus (ASX Code – CUP)

Countplus listed in late December 2010, 10 years after Count listed. The float price was $1.50 and at the time of writing was trading around $1.40. Whilst that is disappointing, CUP has announced a 6 cent dividend for its first six months. CUP is a quality business that, like Count, pays four dividends a year. An investment in both Count and Countplus will deliver* a total of eight payments on eight different months – usually 15th February, April, May, July, August, October, November and December.

Whilst Countplus is now a separately listed company, Count remains its largest shareholder and the two companies assist to make each other stronger.

Countplus provides a much needed succession plan for accountants generally and Count Wealth Accountants, in particular. Count is delighted to have assisted Countplus and the Accounting profession with this venture.

CBA offer for Count

On 30 August 2011 Count advised the market that the Directors of Count had unanimously recommended an unsolicited offer of $1.40 (plus the 4 cent dividend that had been declared by Count) from the CBA to buy all the shares in Count.

Year	Dividend
2011	10.00
2010	8.00
2009	7.00
2008	10.00
2007	8.00
2006	6.00
2005	4.50
2004	3.50
2003	2.42
2002	2.20
2001	2.00
2000	1.45

LIST VALUE 40¢

The offer is by way of a Scheme of Arrangement and a Scheme Booklet will be sent shortly, if it has not already been received. You should read the information and vote accordingly. I and my fellow Directors recommend you, as a Count shareholder, vote in favour of the CBA acquiring Count.

I also believe strongly that the CBA offer is in the best interests of Count staff and Count Franchisees and Advisers and indirectly the clients of Count via the obvious increased resources and services expected to flow from the proposed acquisition.

The CBA intends to run Count as a stand-alone business if it is successful in its bid. The ownership of your Count Wealth Accountant Adviser does not change; what changes is the ownership of the service company, Count, that services Count Wealth Accountants. CBA is Australia's largest Bank and one of the most highly rated in the world.

Count Team

New CEO, Andrew Gale, has now been with Count for more than 12 months in what has been a very difficult market and regulatory environment. I thank the CEO and his team for their valuable contribution in these difficult times.

*In the absence of the CBA takeover

Barry Lambert
Founder & Executive Chairman

PS: If at any time you have any information that I should know about, please feel free to ring me on (02) 8272 0212.

Chief Executive Officer's Report

Andrew Gale
CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

1. Introduction and Overview

As reported by the Chairman, we are pleased to advise a record profit result for 2010/11.

This CEO Report provides more extensive commentary on our business and financial results (Section 2), together with an overview of significant industry developments, Count's market positioning, strategy and future direction.

This Annual Report and my CEO Report have been prepared on the basis of Count Financial as a standalone entity listed on the ASX. As most readers would be aware, at the time of finalising this report, the Commonwealth Bank of Australia (CBA) has proposed an acquisition of Count Financial Ltd via a Scheme of Arrangement process. CBA's Scheme proposal is covered in separate documentation being issued to shareholders, in particular the Scheme Booklet, and shareholders should refer to that document as the authoritative source of information relating to the Scheme.

Interested shareholders should also refer to the Scheme Implementation Deed (SID) which was made available on Count's website on August 30. The directors of Count have recommended unanimously that Count shareholders vote in favour of the transaction in the absence of a superior offer, and subject to the findings of an Independent Expert that the offer is in the best interests of Count shareholders.

CBA have indicated that, if they acquire Count, Count will operate as a standalone business within the CBA Wealth Management division, CBA will continue to invest in the Count brand and franchise, and Count will continue to operate with an open platform architecture and an independent Approved Product List (APL). CBA is also keen to access Count's strong positioning in the Self Managed Super Fund (SMSF) sector. Therefore, the vast majority of the comments in this CEO Report relating to the future business apply irrespective of the ownership structure.

The key messages in this report are as follows:

1. There are currently significant changes in the wealth management and financial advice industry sectors, which present challenges and opportunities – these include volatile capital markets (Section 3), significant regulatory change and rapidly changing industry dynamics and business models (Section 4). Count is very well placed strategically and operationally with respect to these developments;
2. Businesses such as Count which generate a significant portion of revenue growth from growth in Funds under Management (FUM) or Funds under Advice (FUA) have a reliance on the state of capital markets, which also impacts industry fund flows. Equity markets have largely been trading sideways for the last 18 months and this has resulted in very subdued industry fund flows. The key issue is whether these trends are structural/ systemic or cyclical – we strongly contend that in large part they are cyclical, and as capital markets recover so too will industry fund flows;
3. For these reasons, a key part of Count Financial Advisers' roles is to continue advising clients to adhere to their medium-long term financial strategies and asset allocations rather than reacting to short-term volatile movements and risk shifting into the wrong asset sectors at the wrong time – in other words, to 'stay the course'. This message is also relevant to Count shareholders;
4. Count has a very capable management team, which has been augmented with the recruitment of some senior and experienced talent over the last 12 months. This team is driving a range of exciting new initiatives which are covered in Section 5 of my report. Whilst short term results are driven primarily by movements in FUA (which in turn are largely driven by capital market movements) and expense control, these new initiatives lay the foundations for re-energised funds flows, new advice offerings, renewed network expansion and medium-term growth.
5. Count participates in market sectors with strong underlying market fundamentals. The wealth management sector is dominated by Superannuation & Retirement Incomes (approximately 85% of wealth management FUM) which is forecast to grow at a compound annual growth rate (CAGR) of approximately 10% over the next decade (based on the Deloitte Superannuation Model).Within this sector, the largest segment, and one of the fastest growing, is Self Managed Super Funds (SMSFs). A significant portion of Count's FUA is sourced from this sector, and Count arguably has the one of the largest SMSF footprints in the country. In addition, the post retirement sector, driven by Australia's demographics, is growing faster than the pre-retirement sector and it is estimated that approximately 40% of post-retirement fund flows will come from the SMSF sector (Source: Deloitte Super Model). In other words, these industry dynamics provide 'tailwind' advantages to Count.

In summary, we are well positioned for growth.

Chief Executive Officer's Report continued

With all the current industry & regulatory change, there are a few things we are very clear on and which we will continue to promote:

- The importance of the non-aligned advice – we believe such advice is important for a certain segment of the market – especially many of our Member Firm's clients. It should be noted that CBA is committed to a continuation of this advice model if CBA acquires Count;
- The interests of accountants and accountant affiliated financial planning practices; and
- The importance of the SMSF sector and the importance of having SMSFs as a choice for those who would seek and benefit from greater control over their superannuation arrangements.

2. Results

	FY10 $m	FY11 $m	% growth	FY11 normalised (excluding one-off revaluation gains on Countplus) $m	% growth
Net Income	45.4	43.2	(5%)	43.2	(5%)
Total Expenses	19.1	17.9	(6%)	17.9	(6%)
EBIT	26.2	25.2	(4%)	25.2	(4%)
NPBT	34.0	79.2	133%	35.6	5%
NPAT attributable to owners of the parent	24.2	51.6	113%	25.6	6%

Count has delivered an operating profit result (EBIT) of $25.2m, down 6% on the prior year. This result was behind guidance due to a continuation of volatile investment market volatility over the year. Net profit before tax of $79.2m (up 133%) and net profit after tax of $51.6m (up 113%) were assisted strongly by the revaluation of Count's interest in Countplus and by Count's share of Countplus' trading profits for the year. When the one-off revaluation gains are excluded, net profit after tax was $25.6m, up 6% on the prior year.

Retail and asset based revenue growth was hampered by poor equity market performance, particularly in the second half of the year, resulting in an overall net income result of $43.2m, down 5%. Roughly half of this decline ($1m) arose from new revenue sharing arrangements between Count and Countplus which applied from November 2010 onwards. Approved platforms FUA ended the year at $6.2b, down marginally compared to June 2010 ($6.3b).

Non-investment related activities (included in retail revenue) had mixed results, with areas such as leasing/asset finance experiencing a sharp decline in a tougher environment for equipment finance (net revenue down 37%), while insurance contributed strongly again in 2011 (non-superannuation premiums up 13%). The lending business, Finconnect, had another tough year in a soft lending market, with net revenue down 11%.

Staff expenses were down 3% for the year, with a number of staff transitioning across to IRESS as part of Count's change of financial planning software platform, as well as the spin-off of Countplus and the transfer of some staffing costs to that entity.

Total expenses for the year were $17.9m, down 6% from the $19.1m in 2009/10.

Non-staff expenses (excluding non-cash share based payments) were up 12%. This included significant expenses in the first half to complete the final Countplus acquisitions and partly fund its IPO.

Share based payments expense (non-cash) was down 73% due to revised valuations of equity incentives for staff and franchisees.

The requirement to mark the investment portfolio to market made a small positive contribution of $0.7m, with two of the largest holdings, Mortgage Choice (ASX: MOC) and Centrepoint Alliance (ASX: CAF), suffering sharp declines in the second half leading up to 30 June 2011. By contrast, the holding in DKN performed well, with a strong rally late in the year due to a takeover offer made for the company.

Countplus completed three more acquisitions in the first half of 2010 before successfully listing on the ASX in December 2010. From 1 July 2010 to mid-December 2010, Count consolidated all of the entities part-owned by Countplus, which added $3.1m to Count's consolidated profits, after adjusting for minority interests. In addition, when Countplus exited the Count consolidated group, Count was required to revalue its interest in Countplus, resulting in a total revaluation gain of $34.2m. Post Countplus' listing, equity accounted profits contributed $2.0m (2009:$2.3m).

3. Capital Markets & Market Performance

The key driver of our revenue growth in the medium term, and especially in the short term, is market performance – and especially the level of equity markets, together with the impact of $A movements in the case of unhedged international equities.

The other key revenue driver in the medium term, but less so in the short term, is net fund flows which are influenced by a range of factors including investment returns and investor confidence, regulatory rule changes, and the success of our own business model in growing the network and having effective business initiatives such as member service and support, software, product and service offerings, advice offerings, market segment initiatives, etc.

Market returns and industry fund flows provide context to our current trading results.

Capital markets were soft and volatile in the 12 months ending June 2011. Movements in the ASX 200 this financial year and last are shown below.

The chart shows that the domestic equity market has basically delivered no top line growth in FUA or revenue.

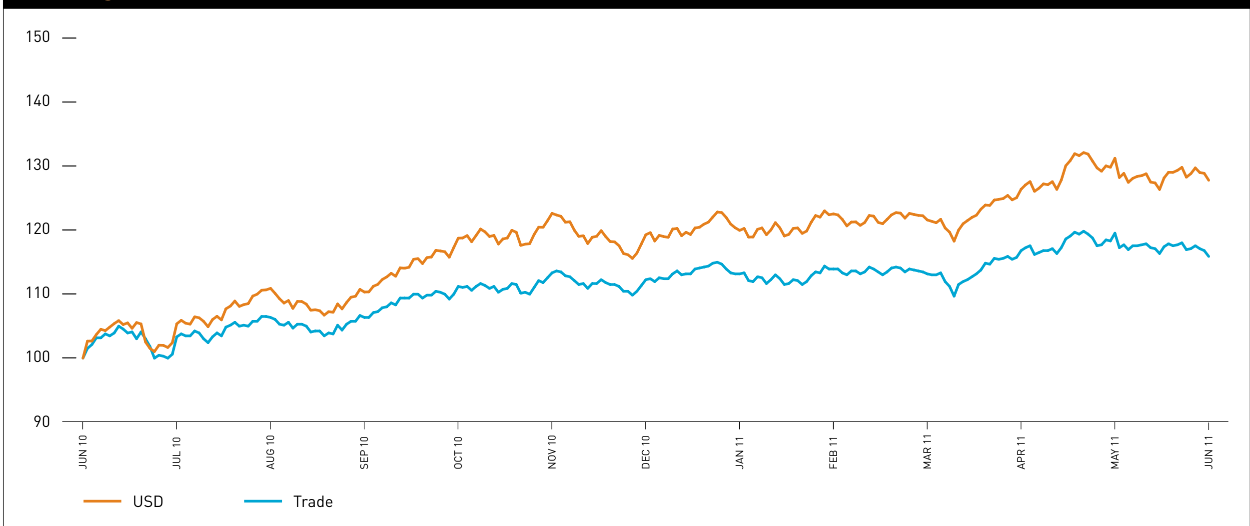
With regards to international asset classes, especially equities, which constitute roughly 16% of our Approved Platform FUA, a major factor has been exchange rate movements, with the $A trading as indicated in the bottom graph.

International asset investments are largely unhedged (over 90%) so the $A movement has had an adverse effect on FUA and revenues.

Movements in ASX 200

Source: IRESS

Exchange rate movements



Source: RBA

Chief Executive Officer's Report continued

Net fund flows are strongly correlated with market returns and investor confidence (or conversely, uncertainty). Industry fund flows have been very subdued over the last 18 months. Ironically, the best time to invest is often when pessimism is at its peak but studies of behavioural finance also tell us that investors and consumers do not follow this axiom.

Retail industry net fund flows for the 12 months ending March 2011 were very subdued. Count's net fund flow results were consistent with industry experience. A significant portion of cash flows have also been allocated to cash and term deposits in the short term.

A key issue to assess with net fund flow results is the extent to which such results are *structural* changes or *cyclical* results.

In the short term, there are two major industry forces at play in terms of net fund flows, namely:

- A high degree of investor caution until equity markets demonstrate a more sustained recovery – there is a substantial degree of hoarding in cash and term deposits. This trend is cyclical and is expected to reverse when equity markets recover;
- With SMSFs, a continued trend to direct investments which now account for around 85% of SMSF investments, with managed investments on platforms representing less than 15% of the sector. This development is more likely a systemic change.

Let me comment on each in turn.

At the time of writing, global equity markets have entered a renewed period of volatility and uncertainty. In the US, fears have turned from worries about a possible default by the US government to a weakening economic outlook. In Europe, leaders are still working through a longer term solution to the sovereign debt crisis impacting peripheral countries such as Greece, Portugal, and Ireland. Investors are increasingly nervous that troubles are spreading to Italy and Spain, driving down stocks across the region and sending the borrowing costs of peripheral nations soaring.

Against this backdrop, the key fundamentals, as noted by Russell Investments in August 2011, are:

1. "The recent softer US data is consistent with our long held view that economic data overseas will oscillate between good and bad for a while yet, but that the net effect is the continuation of a grinding recovery over the next year or more.
2. Despite Eurozone debt concerns, core countries such as Germany continue to deliver strong growth, and one of the best performing sharemarkets in the world over the past year – despite everything going on with Greece.
3. Equity valuations remain ok (on the cheap side of longer term averages). US earnings in particular remain robust with 75-80% of reporting companies in the current earnings season beating expectations
4. US government bond valuations are now considered to be at extremely expensive levels. The debt ceiling/deficit cutting issues will be worked through and US default is an extremely low probability going forward.
5. The central scenario for Europe is that sovereign debt worries will continue to muddle through for now, but with any agreement on a long term solution still a way off yet.
6. Emerging economies remain the key drivers of global growth. Central scenario is for a soft rather than hard landing in China (slowing to 8% pa or so – still impressive)"

In this environment, our key messages to clients and investors are:

- Not to panic, and despite the expected continued volatility, now is not the time to make knee-jerk reactions and run to cash (as many did in the depths of the GFC – with terrible results in the ensuing recovery).
- Keep your head, stick to your long term strategic plan, and look through the current noise to keep headlines in perspective.

Notwithstanding these reassurances and counsel, the reality is that a portion of investors are understandably not only concerned about this volatility and uncertainty, but are also translating this into changed asset allocations (especially into cash and term deposits) – at potentially the wrong time in the cycle – and reducing new investment activity. This translates through to net fund flows.

With the second development i.e. SMSFs investing higher portions in direct investments – we intend to respond with value propositions which better address at least a portion of the 85% of the SMSF market that is oriented to direct investment. Count has a very strong SMSF footprint. We are well advanced with strong 'off platform' offerings to address the direct investment sector – this includes direct equities and portfolio construction ('virtual wrap'), Exchange Traded Funds (ETFs) and Individually Managed Accounts (IMAs)/Separately Managed Accounts (SMAs) (which are all intermediate between direct equities and managed investments). We have also developed direct property offerings through an alliance with Pacific East Coast (PEC).

Medium term prospects for net fund flows are actually very positive. The wealth management industry is dominated by Superannuation & Retirement Incomes, which represent about 85% of the wealth management sector. Based on the Deloitte Superannuation Model, funds under management are forecast to grow at circa 10% pa over the next decade with strong positive net fund flows.

4. Regulatory change, changing industry dynamics and business models and Count's response

The main regulatory developments of relevance to Count and our business model are the Future of Financial Advice (FoFA) reforms.

The original principles for FoFA reforms, as articulated by the Financial Services Minister on 26 April, 2010, are:

- Remove conflicted remuneration and payment structures to improve the integrity of advice
- Increase the affordability and accessibility of advice

These are very worthwhile goals and aspirations, which we support absolutely.

Following the original FoFA announcements and 12 months of industry consultation, the Minister for Financial Services and Assistant Treasurer, Bill Shorten, made the next round of FoFA announcements as expected in late April 2011 (April 28). These reforms cover a wide range of issues, including:

- A prospective ban on conflicted remuneration structures – commissions on superannuation and investment business and most volume related payments (VRPs) will be prohibited prospectively from 1 July 2012, irrespective of whether or not they have the potential to conflict advice (i.e. the so -called 'purist' model);
- Grandfathering arrangements will apply for VRPs and recurring commissions;
- All advice fees to be agreed between the adviser and client and subject to renewal (the so-called 'opt-in' reforms)
- Expansion of the intra-fund advice regime – this is referred to as 'scaled' advice and embraces intra-product advice, limited or scoped advice, and comprehensive or holistic advice. This is a positive outcome and an important adjunct to the 'opt-in' arrangements so advisers can serve clients with simpler needs with lower cost-to-serve models;
- The introduction of a statutory 'best interests' duty for advisers when advising clients to augment the current common law 'best interests' obligation
- Removal of accountants' licensing exemption in relation to SMSFs and the introduction of a streamlined licensing requirement for accountants who provide specified SMSF services other than financial advice.

Count is well positioned with respect to these regulatory reforms.

Count already operates a non-conflicted advice model. The vast majority of our franchisees/advisers are accountancy firm based, professional and already provide the majority of services on a fee for service basis. Approximately two-thirds of our platform business, and the vast majority of new platform related business, are based on fee based advice.

The FoFA reforms relating to asset based fees (often referred to as volume related payments) are indiscriminate in their impact upon advice models, which include potential conflicted payment structures, and non-conflicted advice models such as Count's model.

Despite Count already operating a non-conflicted advice model, the detail of the FoFA reforms mean that Count needs to restructure the manner in which platform services are offered to advisers and clients. Platform services benefit clients through greater investment choice and streamlined reporting and administration.

Once the FoFA law and regulation becomes effective, Count will contract directly with clients as the platform provider – in other words, our intention is that we become the Investor Directed Portfolio Services (IDPS) operator and Registrable Superannuation Entity (RSE) in respect of our strategic platform offerings. In this model, Count will receive fees directly from clients. These fees in no way bias or conflict the advice Count financial advisers provide their clients.

In this business model, Count will source platform infrastructure and administration services from a couple of key platform partners and aim to leverage the capability of these outsourced platform partners (e.g. product development, process improvement, administration and client service, IT/systems, etc.). Count will have ultimate responsibility for platform offerings. Count will also have a robust role in monitoring suppliers, governance, compliance, risk management and have increased capital requirements corresponding to these responsibilities.

In keeping with its non- aligned model, Count will continue to offer a choice of platforms, at least two for non-super investments and at least two for superannuation investments. Work is also progressing on an "off platform" solution for clients who are primarily focussed on direct investments – this will include strong capabilities in portfolio construction, model portfolios for direct equities and cash, IMAs/SMAs and a strong client reporting capability.

Chief Executive Officer's Report continued

The Count platforms will continue to offer a wide choice of fund managers and products (an investment "menu"). We will also continue to ensure all prospective product offerings (including platform offerings) are subject to robust external and internal research processes to ensure the best possible protection for investors. The robustness of Count's research processes are such that its clients have not been exposed to recent investment collapses such as Westpoint, Basis Capital and agri-business schemes.

With regards to the FOFA reforms and platforms services and offerings, large non-aligned entities which have the scale, capability and capital will become the platform operators and contract directly with clients. However, many small and mid-sized non-aligned licensees will find this much more difficult. The anticipated outcome will be increased consolidation, and acquisition of non-aligned entities – often by large financial services institutions.

We could make many more comments on the regulatory reforms but one final comment will suffice for now relating to SMSF licensing reforms. Count already has one of the largest SMSF footprints in the country, a strong suite of SMSF services, and a very strong affiliation with accountancy businesses. With the removal of the accountants' SMSF exemption and the introduction of a streamlined SMSF licensing requirement, Count is well positioned to be a leading solutions provider in this sector.

5. Growth Initiatives

Over the last 12 months, Count has been involved in an active program of reviewing and enhancing key components of our advice and service delivery model to better equip Count financial advisers in servicing their clients. Key components have included:

- Review of our external research providers culminating in the appointment of Lonsec for managed investments and Morningstar for direct equities;
- The decision to replace Count's internal proprietary system for financial advice and client reviews (Wealth Planner) with the leading industry financial planning software solution XPlan. This will deliver significant increases in the productivity of advice and client reviews, which significantly increases our potential advice capacity. It also facilitates more value adding discussions at the time of client reviews; and
- A review of our platform offerings (especially pricing) and the addition of a new platform, Star Portfolio – these add significantly to our competitiveness.

We are now embarking on a new range of growth initiatives, including:

The SMSF Centre

Count already has a very extensive SMSF 'footprint', one of the largest in Australia. Current SMSF services include advice solutions, documentation and administration services (each through partnerships with external providers such as Class Super and SuperCentral) and platform solutions for advice execution. This will be supplemented by new value propositions for clients oriented to direct investment in equities (see next section) and SMSF licensing solutions to support accountants who need to come into the licensing regime as a result of the FoFA reforms. Count is well positioned to be a pre-eminent SMSF solutions provider in what is now the largest superannuation sector.

New Investment Service Offerings – especially for 'Direct' investors

Development of strong value propositions and service offerings for clients more oriented to direct investments – this applies particularly for SMSF clients, for whom 85% of investments are currently 'direct'. This service is expected to incorporate portfolio construction services, model portfolios, a strong direct equities capability, a competitive cash offering, and a strong client reporting capability, all delivered through an 'off platform' solution (sometimes referred to as a 'virtual wrap' service). It most likely will also incorporate an Individually Managed Account (IMA)/Separately Managed Account (SMA) capability. This development should significantly increase our penetration of the strongly growing SMSF sector.

In addition, we have entered a commercial relationship with Pacific East Coast, which has a property broking service, which is already attracting significant support from affluent and HNW clients – especially SMSF investors. This will deliver additional revenue growth for Count.

Leading Post Retirement Solutions

The post retirement sector is expected to have very robust growth over the next decade, and even higher than the pre-retirement sector. This is driven by the baby boom bulge. It is estimated that 40% of post retirement fund flows will come from the SMSF sector. There is both the opportunity and the need to offer more sophisticated post retirement advice solutions, which will likely involve portfolio construction of a range of investment products to meet clients' key financial goals, rather than presuming that one type of post retirement investment product can be the panacea for meeting clients' needs. Count has entered a strategic partnership with Mercer to deliver advice solutions which are expected to be at the absolute vanguard of the market.

Expansion in Estate Planning and Wealth Protection Services

We are expanding our Estate Planning services and our Estate Planning panel – this is a vital advice service for clients which also leads typically to the identification of significant Wealth Protection needs. Success in the Wealth Protection arena will be more about strong execution than a raft of new initiatives. There is the opportunity to both strengthen our revenue diversity through expanded Wealth Protection services and to improve profit margins.

Network Expansion.

The Count network has not expanded in recent years. In fact the absolute number of franchisees and Members has contracted. Our focus is not on the absolute number of Franchisees and Members – rather it is on active, productive and high quality practices and advisers. We believe this focus best serves our franchise network and shareholders.

The main reasons for contraction in the network have been:

- Post GFC a number of Member firms, usually with a small involvement in financial planning, choosing to focus only on accounting.
- An increase in minimum franchisee fees, resulting in certain firms self-selecting out.
- "Tuck-in" activity within the network as Member firms merge and often choose to rationalise AR numbers.

The appointment of new financial advice firms has also been subdued in recent years. However, we have now reached an inflection point where we are poised for renewed growth. We now have the most compelling value proposition for accountant affiliated financial advisers.

Our pipeline of potential new financial planning firms is now the strongest it has been for two years, reflecting a dedicated effort on expanding the network with quality financial planning firms. Initiatives we are currently implementing to spur this growth include the following:

- Active business expansion through recruitment of accounting practices who want to bring Financial Planning 'in-house'.
- Active recruitment of Financial Planning Specialists to assist Members who have limited capacity to provide financial planning advice.
- Active business expansion through recruitment of accounting practices who are dissatisfied with other dealer groups.

6. Non Organic Growth

Count's primary growth focus is organic growth. However, we will consider marketing agreements, JVs or acquisitions that are aligned with our strategy and are value adding. We look for investments that:

- Enable Count to innovate, be strategically agile and enhance our service offerings – such as our small shareholding in Super IP (owner of Class Super, a leading SMSF service solution)
- Position Count for future industry consolidation activity in our sector.

It is likely that the Future of Financial Advice (FOFA) reforms will accelerate industry consolidation. In particular, there is expected to be consolidation in the non-aligned small-mid sized licensee sector. Count is well positioned to capitalise on such opportunities.

7. Countplus

Countplus was successfully listed on the Australian Stock Exchange (ASX) on 22 December 2010, following the buyout of the remaining interests in its 18 subsidiary companies and a $20M initial public offering (IPO). As a result of these transactions, Count's ownership interest in Countplus reduced to just under 40%, with the bulk of the balance owned by the vendors and principals of the Countplus investee firms. Preference was given to Count shareholders in the IPO and I hope that you took the opportunity to invest directly in this very successful business; if you did not, you continue to have exposure to the success of Countplus via your Count shareholding.

Countplus, via its subsidiaries, is now Count's largest franchisee. Countplus and Count have a shared services agreement that allows each entity to leverage its strengths and ensures a mutually beneficial partnership. Count and Countplus will continue to be an important source of new business opportunities for each other, collaborating to reinforce their positions in the financial planning and accounting industries.

8. Risk and Compliance

Count has a very strong risk and compliance culture. From the Board level through to the newest staff recruit – an emphasis is placed on creating a risk aware and compliant culture.

Each year Count voluntarily engages in an independent view of Count's compliance arrangements. The aim of this review is to investigate the adequacy and effectiveness of Count's procedures for complying with its obligations under:

- the "financial services laws", within the meaning of section 761A of the Corporations Act 2001 ("the Act") – in particular, Chapter 7 of the Act;
- the Corporations Regulations 2001 ("the Regulations");
- its licence conditions; and
- the way the relevant legislation will be administered by ASIC.

Chief Executive Officer's Report continued

Count makes use of the services of an independent external auditor, Holley Nethercote Commercial lawyers, to conduct the review of our licence arrangements. The last review was conducted in late February 2011.

The report confirmed that Count Financial is complying with their AFS licence requirements. In the opening paragraph of their Executive Summary, Holley Nethercote observed:

"Count's compliance arrangements continue to be of a high calibre. Count is clearly an organisation that recognises the importance of compliance. It has appropriate procedures which are effectively implemented. Compliance and appropriate risk management are embedded into the corporate culture to an impressive degree."

Further commentary on our approach to risk and compliance can be found in the Risk Report.

9. Expense Management and Capital Management

Expenses

Count has a strong record in expense management. The expense ratio in 2010/11 was 42%, in line with the 2009/2010 result.

Overall, total expenses reduced 6% compared to 2009/10. This is despite substantial costs associated with Countplus acquisitions and expenses associated with the Countplus listing during the year. This was assisted however by a 73% reduction in the non-cash share based payments expense due to revised valuations of company options to staff and franchisees.

We do anticipate some additional one-off expenses in 2011/12, relating in particular to the implementation of new platform offerings, with Count as the IDPS Operator and RSE, in response to regulatory developments. In addition, there will be additional operating costs associated with being the IDPS Operator and RSE which we anticipate will be more than covered by margins on additional FUA arising from industry consolidation.

Longer-term we continue to aim for an expense ratio of 40%, which we expect to achieve by keeping expense growth 4-5% below growth in our funds under advice, under normalised market conditions. This is even allowing for some lower margin earnings in areas that we have not traditionally focussed our attention, such as direct equities and passively managed investments, particularly in the SMSF sector.

Capital Management

Count's gearing levels have increased in recent years, associated with the funding of the Countplus subsidiary and other strategic investments. A debt to equity ratio of 19% however, is still very low by industry standards. Count's conservative gearing allows it the scope to consider acquisition opportunities which are likely to arise following regulatory change in the financial services industry. The Company will also consider appropriate capital management initiatives where relevant.

10. People Count

We have been nurturing and developing a high performance culture and a highly talented team – I am proud of our team and their achievements throughout the year. We have a strong People & Performance focus. We will both nurture high performance talent within Count and recruit externally where appropriate. A couple of key additions this year have been the appointment of Lee Tonitto as Senior Executive – Business Development & Marketing, and Brendan Irwin as Senior Executive – Research, Platform & Products. Senior Executive remuneration and especially their incentives are aligned strongly with Count's strategic and financial goals.

Count has achieved creditable results for 2010/11 and there are many attractive growth options for the future. I would like to particularly thank Count franchisees and advisers for their commitment and professionalism over the year in a challenging market. We also greatly appreciate the continued support of clients of Count franchisees and advisers, particularly during a period of volatile investment returns. It is in this environment that the true worth of a trusted financial adviser comes into play, and ensures that investor clients remain focussed on their wealth creation and protection journey.

I would also like to thank the Count Financial team – we have a healthy combination of experienced and young talent – both with a great passion for the business and Count

And finally, to shareholders, we say thank you for your support.

Please feel free to contact me at any stage via email andrew.gale@count.com.au or call 02 8272 0212.

Andrew Gale

Andrew Gale
Chief Executive Officer and Managing Director

Giving Back to the Community

The Count Charitable Foundation (CCF) was founded in 2004 and has donated over $3 million to a wide range of charities across Australia and overseas.

The CCF's objectives are to:

- Accumulate capital, now over $9.5 million, to allow us to increase the amount of donations we make over time;
- Provide an easy and accessible way for Count staff, advisers and clients to realise their charitable intentions; and,
- Encourage philanthropy in Australia and across the wider community.

All Count Franchisees and Count team who opt to donate to the CCF regularly are eligible to recommend the charities of their choice for consideration by the CCF. With the help of the CCF, Count Franchisees and the Count team can continue to support their local charities or causes.

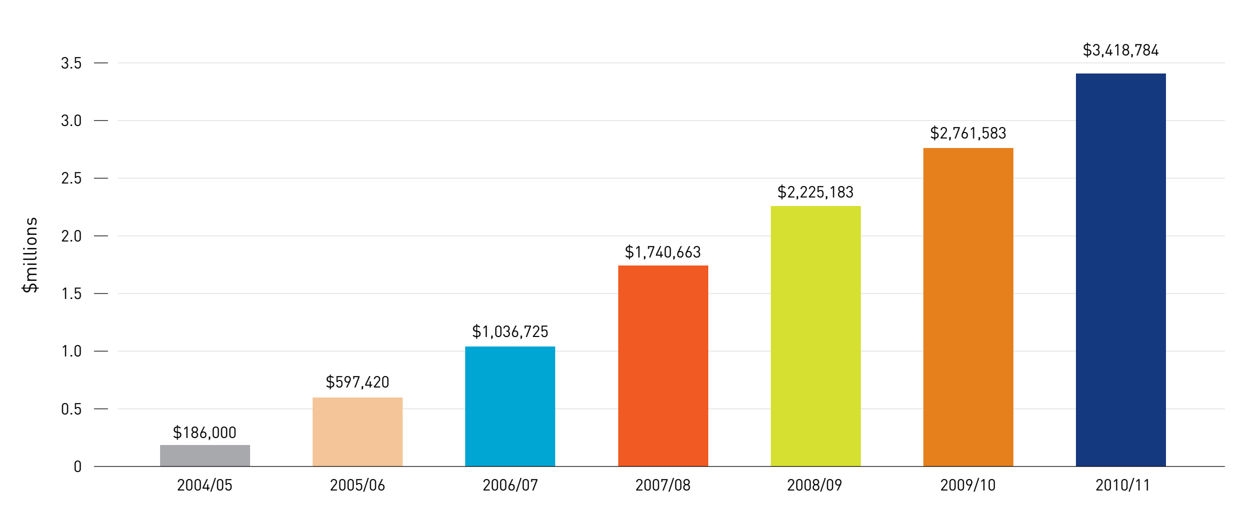
Donation strategy

The CCF Board reviews each charity's last audited financial statement and reviews what percentage of their revenue reaches the people or cause that they were established to support. This helps the CCF Board identify charities most worthy of its support.

Support is provided on a national level and for the interests of Australians and other people, with a donation strategy outlined on the following areas:

- Health/Medical Research and prevention
- Welfare Groups
- Education for prevention of anti social behaviour
- Natural Disasters
- Environment preservation and protection
- Overseas Aid/ Charities
- Animal Welfare

Count Charitable Foundation Donations 2004/05 – 2010/11



Community Counts

Our initiatives in 2010/11

The CCF distributed $657,201 in 2010/11 to numerous charities, with over $200,000 already committed three months into 2011/12.

The CCF has corporate partnerships with the following charities:

- Care Australia – Timor
- Mission Australia
- The Smith Family
- Youth Off the Streets

Some of the CCF's larger donations for the financial year were made to:

- Achieve Australia
- Arrow Bone Marrow Transplant Foundation
- Care Australia – Timor
- Cerebral Palsy League, Qld
- Diabetes Australia
- Hutt Street Centre for Homeless
- Lifeline Australia
- Many Rivers Opportunities Ltd
- Medecins Sans Frontieres
- Mission Australia
- Murdoch Childrens Research Institute
- Opportunity International – China
- Red Cross Australia – Christchurch Earthquake Relief
- Salvation Army
- Youth Off the Streets

The wider Count Network and the Count team showed their support for the Prostate Cancer Foundation's ***Movember***; Cancer Council's ***Australia's Biggest Morning Tea*** and ***Pink Ribbon Day*** and ***Murdoch Childrens Research Institute***.

The CCF Advisory Committee, including three adviser representatives from the Count network, meets to recommend distribution of capital. Count Franchisees and Count team who contribute regularly to the CCF are eligible to put forward charities and causes for consideration.

Many Count Members and the Count team remain active in fundraising and volunteering in their communities as well as donating on a regular basis so that CCF initiatives can continue successfully. We thank everyone for their continued support.

Community support has always been a strong focus for Robertson Scannell. The Count Charitable Fund (CCF) has provided enormous assistance to us in this regard. Their generous support over the past 12 months has ensured that the many charities we support have received that extra funding in their time of need. Tough economic times have made charitable fund raising extremely difficult. CCF have in some cases been the difference to making events successful. CCF contributions brings smiles to faces that will last forever.

Mark Mahony
Robertson Scannell, Toowoomba, Qld

Health Research and Prevention

The Count Charitable Foundation made a $20,000 donation to the Cerebral Palsy League (CPL) Toowoomba to assist them after a theft of more than $100,000 of crucial cerebral palsy support equipment. CPL is the largest non-government disability services provider for people with a physical disability in Queensland. It currently assists over 7,000 people with cerebral palsy and other physical disabilities. While support needs vary through the different stages of life, CPL gives particular emphasis to early intervention, providing targeted services at an early age which are fundamental in realising or maximising future life opportunities.

The Count Charitable Foundation presented a cheque for $20,000 to new CEO, Lewis Kaplan from Diabetes Australia. Diabetes Australia is the national peak body for diabetes in Australia providing a single, powerful, collective voice for people living with diabetes, their families and carers. Diabetes Australia works in partnership with diabetes health professionals and educators, researchers and health care providers to minimise the impact of diabetes on the Australian community. Diabetes Australia is committed to turning diabetes around through awareness, prevention, detection, management and a cure.

The Count Charitable Foundation supported Count Members and Count Head Office team throughout Australia who participated in the Foxtel Lap to raise $20,000 for Murdoch Childrens Research Institute (MCRI). MCRI is the largest and most prestigious child health research institute in Australia. The institute was established in 1986 with support from Dame Elisabeth Murdoch AC DBE, her family and others. It has grown from having only a handful of researchers to today being Australia's largest child health research institute with a team of 1,200 – and in modern day research, size matters. MCRI works closely with The Royal Children's Hospital (RCH) and The University of Melbourne's Department of Paediatrics. Researchers have greater access to patients, clinical data and clinical expertise than is the case for most Australian medical research institutes.

Desiree's story

In 2009, Count Member Desiree Fraser's life changed. She was diagnosed with a rare form of incurable cancer called Adenoid Cystic Carcinoma. Less than 100 people are diagnosed with this form of cancer each year.

Multiple operations and rounds of radiation therapy later, Desiree is enjoying life and decided to turn a negative to a positive and raise money for Cancer Council NSW.

"God definitely has a sense of humour, because he gave me the only cancer known that can't be treated with Chemo, which means I've kept all my hair," said Desiree.

As part of her fundraising efforts and to celebrate her 40th birthday, Desiree attended the Count Team Development Day and shaved her long hair off in front of the team and her friends. Desiree's hair was donated to create wings for children with cancer.

Desiree raised $35,000 for Cancer Council NSW and the CCF dollar matched the funds raised. A cheque for $70,000 was presented to Gill Batt, Director of Cancer Information & Support Services, Cancer Council NSW.

"When I learned I had cancer my family and I decided to use my story raise money for a cancer sufferer's group. We are overjoyed by the CCFs offer to support us in dollar matching our fund raising efforts. They help with ongoing fund raising activities and in raising our profile.

"Without CCF's support I don't know if we would have been able to maintain the level of fund raising needed to help make the difference we feel we have. Thank you to my family friends and most importantly Count Charitable Foundation."

Community Counts continued

Welfare

Barry Lambert, Count Chairman & Founder attended the Achieve Charity Golf Day and the Count Charitable Foundation donated $20,000 to support Achieve Australia. Achieve Australia has been providing services and support for people with disability since 1952. It is a community based organisation providing accommodation, training, employment and community access services to adults with an intellectual disability.

Neville Ortmann from Birchmores Financial Services presented a $20,000 cheque on behalf of the Count Charitable Foundation to Hutt Street Centre. Hutt Street Centre is a work of the Daughters of Charity who have organisations in Adelaide, Melbourne and Sydney. Hutt Street Centre was established to respond to the needs of marginalised people, particularly those who are homeless. It is a frontline agency for homeless adults in the inner city of Adelaide. The Centre is accessed daily by just over 200 people who sleep in the adjacent parklands, squat in nearby buildings, and reside in cheap hotels, boarding houses, community housing and public housing. The people who use the Centre suffer daily rejection in their lives. Over the years the Centre has grown from being a place where just meals were provided into a comprehensive service, which offers a large range of assistance from core to professional services.

Overseas Aid

CARE is an international humanitarian aid organisation fighting global poverty, with a special focus on working with women and girls to bring lasting change in their communities. CARE believes supporting women and girls is one of the most effective ways to create sustainable outcomes in poor communities. CARE is a non-religious and non-political Australian charity, working together with communities to provide emergency relief and address the underlying causes of poverty.

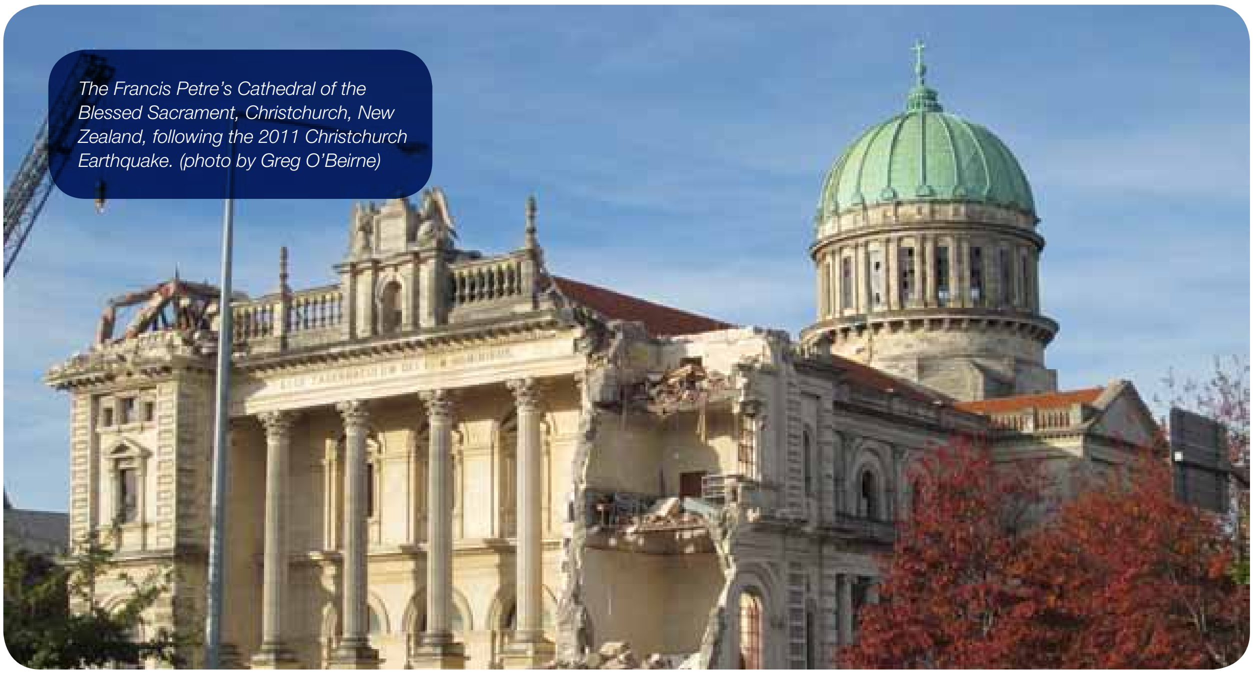
The Count Charitable Foundation is a corporate partner with CARE Australia and donates $25,000 per year to their Timor-Leste Youth Training Centre, which supports unemployed and at risk youth to acquire vital literacy, numeracy, vocational and life skills to assist them to gain employment and to participate in meaningful life activities. The participants are between 15 and 30 years old who have not successfully completed primary or high school. Training groups contain approximately 50 participants with equal representation of boys and girls. Single mothers and youth who are the head of households will be specifically targeted.

The Count Charitable Foundation presented a cheque for $20,000 to David Bussau at the Count annual conference in Auckland New Zealand in March 2011 for Opportunity International – China. David Bussau is a pioneer of microfinance, having founded Opportunity International Australia and co-founded the Opportunity International network. He is reknowned for his innovative approach to solving world poverty by challenging the conventional wealth distribution model of development, addressing the root causes of poverty through responsible wealth creation. Opportunity International China (OI China) supports Chinese rural development by growing businesses, creating jobs and transforming lives. OI China does this through a combination of microcredit, training and business development services uniquely tailored to the Chinese context.

The Count Charitable Foundation made a $20,000 donation to Médecins Sans Frontières (Doctors Without Borders). Médecins Sans Frontières is the world's leading independent humanitarian organisation for medical aid, regardless of race, religion, gender or political affiliation. They provide relief after natural disasters such as floods or earthquakes; help casualties of war; run emergency feeding centres during famines; fight disease and organise mass vaccination programmes to prevent epidemics spreading; and are also involved in long-term health projects such as training local medical staff and putting in place safe drinking water and sanitation facilities.

Natural Disasters

At Count's 26th Annual Conference in Auckland, NZ the Count Charitable Foundation presented a cheque for $50,000 to Red Cross towards the Christchurch Earthquake Relief which was one of the worst disasters in New Zealand's history. Over 180 people died and hundreds of New Zealanders were injured. The earthquake caused widespread damage to many buildings and homes. Red Cross assisted hundreds of people in six large welfare centres across the city.



The Francis Petre's Cathedral of the Blessed Sacrament, Christchurch, New Zealand, following the 2011 Christchurch Earthquake. (photo by Greg O'Beirne)

Behavioural education

The Count Charitable Foundation is a corporate partner of Youth Off The Streets and made a $10,000 donation to support Youth of the Streets to provide services to assist homeless and disadvantaged youth. In order to break the cycle of disadvantage, abuse and neglect, all young people need to be provided with the opportunity to achieve their full potential. Youth Off The Streets works in partnership with young people to develop their strengths and their ability to make positive life choices by providing education, rehabilitation, accommodation, counselling, early intervention and other opportunities to learn valuable life skills.

The Count Charitable Foundation donated $20,000 to Many Rivers Opportunities (MRO). MRO is an operating micro-enterprise development organisation that exists to help marginalised Indigenous and other Australians to improve their circumstances through the provision of microenterprise development support, including microfinance. MRO aims to provide a viable solution for marginalised Indigenous and other Australian people who are capable of running and owning a small business, but who lack access to the formal financial sector. MRO work alongside individuals, encouraging and assisting them to develop their plans and businesses.

Animal Welfare

The Count Charitable Foundation donated $10,000 to Doggie Rescue which is a privately operated, registered charity whose focus is to rescue unwanted dogs from Sydney's Council pounds. The dogs are "death row" dogs and Doggie Rescue is their last hope. Doggie Rescue maintains a "no kill" policy therefore all rescued dogs remain with the shelter or with its network of foster carers until they find a permanent home. The charity has three main goals: (1) to provide dogs with food, shelter and veterinary care; (2) attempt to rehabilitate the dogs through love and care given by staff and volunteers; (3) rehome the dogs with loving carers.

The Count Charitable Foundation donated $10,000 to The Wombat Foundation which was incorporated in 2004 as a not-for-profit public company. The object of the Foundation is to assist in the recovery and preservation of the Northern Hairy-nosed Wombat, one of Australia's most endangered mammals. The Wombat Foundation has no paid administrators and is staffed totally by volunteers.

Board Profiles

Barry Lambert

FCPA, SFFin, Affiliate ICAA
Executive Chairman – Count Financial Limited
Trustee of Count Charitable Foundation

Barry Lambert established Count in 1980. Prior to establishing Count, Barry worked for 19 years within the Commonwealth Bank of Australia including CBFC. Barry was a Founding Director of the industry body ASIFA (now the FPA) in 1982 and was elected NSW President in 1985 and National President of ASIFA in 1988.

He is also a Director of Count and Countplus subsidiaries and various companies in which Count has minor direct or indirect shareholdings.

Andrew Gale

BA, FIAA, MBA
Managing Director, Chief Executive Officer
Member Board Risk and Compliance Committee
Member Board Remuneration Committee
Trustee of Count Charitable Foundation
Chair Count Charitable Foundation Advisory Board

Andrew was appointed Chief Executive Officer on 29 March 2010. On 14 April 2010 Andrew was appointed Managing Director of Count Financial Limited and its subsidiaries.

Andrew has over 30 years' experience in the financial services industry – primarily as a Deloitte Partner leading Deloitte Actuaries & Consultants and in senior executive roles with two of Australia's leading financial services organisations, namely MLC and AMP.

Andrew is active in industry and regulatory issues, including his roles as a member of the Financial Services Council Advice Board Committee and Chair of the Accountant Financial Adviser Coalition (AFAC). He has also been strongly involved in the actuarial profession over many years including its Executive Committee (2003-2005) and President (2005).

Andrew qualified as an actuary in 1981 and completed his MBA in 1984.

Noel Albert Davis

LLB, AAII
Non-Executive Director
Chair Board Risk and Compliance Committee
Member Board Audit Committee
Chair Count Pty Ltd (Trustee of Count Charitable Foundation)

Noel Davis is a Barrister practising in Sydney and has practised in superannuation, life insurance and tax for in excess of 30 years. He is a former partner of legal firms Hunt & Hunt and Clayton Utz and was formerly a consultant to Mallesons Stephen Jaques.

Noel is a part-time member of the Superannuation Complaints Tribunal. He is a Director of Trust Company Superannuation Services Limited and Chair of its Audit, Risk and Compliance Committee. He is also a Director of Pillar Administration, which administers the NSW Government superannuation schemes and some private sector funds, and Chair of its Human Resources Committee.

Noel is Author of "The Law of Superannuation in Australia", a loose-leaf book and editor of the Australian Superannuation Law Bulletin.

Noel was appointed a Non-Executive Director on 13 February 2006.

Alden Jon Halse

CA
Non-Executive Director
Member Board Audit Committee
Member Board Remuneration Committee

Alden Halse is a Chartered Accountant and since July 1989 has been a partner and senior member of national Chartered Accounting firm, Ferrier Hodgson.

Alden is registered as an Official Liquidator, Company Auditor and Trustee in bankruptcy.

Alden has lectured and written extensively about Directors' duties, corporate governance issues and corporate and personal insolvency issues.

Alden is an Associate Member of the Institute of Chartered Accountants, The Insolvency Practitioners Association of Australia, The Australian Institute of Credit Management and The Australian Institute of Company Directors.

Alden is a member of Council and immediate past President of the Royal Automobile Club of WA (Inc) and is a Non-Executive Director of the ASX-listed IMF (Australia) Ltd.

Alden is also Non-Executive Chair of RAC Insurance, a large home and motor insurer in Western Australia.

Alden was appointed a Non-Executive Director on 15 August 2000.

Joycelyn Cheryl Morton

B.Ec, FCPA, FCA, FCIS, FAICD
Non-Executive Director
Chair Board Audit Committee
Chair Due Diligence Committee
Member Board Risk and Compliance Committee
Member Board Remuneration Committee

Joycelyn Morton is a Fellow of CPA Australia, the Chartered Secretaries Australia and the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Joycelyn's extensive career spans more than 30 years:

- 2002-2005 Vice President – Accounting Services, Shell International BV
- 1998-2002 General Manager – Taxation & Country Finance Lead, The Shell Company of Australia
- 1987-1998 Group Taxation Manager, Woolworths Limited
- 1980-1987 Audit and Taxation Divisions, Coopers & Lybrand.

In November 2005 Joycelyn was elected to the Board of the International Federation of Accountants, representing both CPA Australia and the Institute of Chartered Accountants in Australia. She is a member of the Planning and Finance Committee and also the Regulatory Liaison Group.

Joycelyn was National President for CPA Australia in 2000 and has served on many other committees and councils.

Joycelyn is a non-executive Director of Noni B Limited (retail fashion group) and Chairs the company's Audit and Risk Committee.

During the financial year Joycelyn was a non-executive Director of Crane Group Limited, a member of the Audit and Risk Management Committee, Remuneration Committee and the Due Diligence Committee established to address the Fletcher Building (Australia) Pty Limited takeover. All Directors resigned 1 April 2011 once 90% ownership achieved.

Joycelyn was appointed a Non-Executive Director on 18 April 2006.

Andrew William Geddes

B.Com, Dip.Fin.Mgnt, M.Ec, FCPA, FAICD
Non-Executive Director
Chair Board Remuneration Committee
Member Board Audit Committee

Andrew Geddes has specialised in professional service firm management and development for over 30 years and has worked with accountants and their clients creating one of Australia's most successful business consulting and training companies, FMRC Smithink in Sydney, NSW. He now works with larger multi-discipline practices as a strategic development specialist on their management boards.

Andrew is Chair of Greencross Limited, a listed veterinary service company.

Andrew was appointed a Non-Executive Director on 15 August 2000.

Anna Smith

BA, Dip. Law, LLM
General Counsel & Senior Executive – Corporate Services
Company Secretary

Anna Smith was appointed as Count Financial Limited's General Counsel & Senior Executive – Corporate Services in August 2010 and is a member of the Law Society of New South Wales and the Australian Corporate Lawyers Association. Anna was also appointed Company Secretary for Count Financial Limited and its subsidiaries on 22 October 2010.

Prior to the above appointments Anna was the General Counsel and Company Secretary of van Eyk Research Limited and its subsidiaries.

Anna's practice involves a broad range of commercial and advisory work, with an emphasis on financial services, company secretarial, compliance and human resources.

Anna has over 20 years' experience in the legal profession and holds a Bachelor of Arts from the University of New South Wales, a Diploma in Law from the University of Sydney and a Master of Laws (Financial Services) from the University of New South Wales.

Anna has significant financial services and compliance experience and has relevant capabilities across a wide range of other areas including dispute resolution and litigation, contract negotiation, company secretarial, employee relations, and professional indemnity insurance.

Caress Andrews

Deputy Company Secretary – Count Financial Limited
Company Secretary – Countplus Limited
Member Count Charitable Foundation Advisory Board

Caress joined Count in March 2000 as Executive Assistant to the Chair & Managing Director and also held the position of Count Annual Conference Manager from 2001 – 2007. Prior to joining Count Caress worked for a number of organisations in the accounting, property and finance industries.

Caress was officially appointed Deputy Company Secretary of Count Financial Limited on 30 June 2006 and Company Secretary of Countplus Limited on 10 August 2007.

Risk Report

Risks form an inherent part of any business operation, and whilst Count is always seeking to maximise commercial opportunities, it maintains a culture of identifying potential risks so that they can be assessed, monitored and, where possible, managed on an ongoing basis.

Operating in a highly regulated industry and with its Australia wide network of advisers providing financial services through their independently owned practices, Count is proactive in identifying and addressing the various potential operational, financial and business risks that may arise.

Some risks, such as the maintenance of the good conduct and skill of Count's adviser network and the protection of its financial, human and intellectual property resources are the particular focus of Count's risk management function as they can be monitored and, to varying degrees, controlled. Other risks, such as market fluctuations and volatility, disasters and political or regulatory issues, are external and are largely beyond Count's control. Nevertheless their potential impact must be assessed and managed to the extent possible.

Count Risk & Compliance Committee

Oversight of material business risks is a core function of the Count Board. To assist the Board in discharging this function there is a Board Risk & Compliance Committee and documented risk management procedures in place for all identified risks. The Risk & Compliance Committee includes two Non-executive Directors – Noel Davis (Chairman of the Committee) and Joycelyn Morton, one Executive Director, Andrew Gale, and General Counsel and Company Secretary Anna Smith. Its function is to:

- Enable the staff involved in compliance and risk management to report directly to the Board, via the Committee;
- Monitor and review the Company's identification and management of its risks and the procedures to minimise those risks;
- Monitor group compliance with statutory obligations;
- Adhere to ASIC and ASX compliance requirements in relation to risk management as well as adherence to the Australian Standard on Risk Management AS/NZS ISO 31000:2009;
- Monitor the Company's compliance with the law, the contracts it has entered into, and best practices; and
- Report to the Board on significant compliance and risk management issues.

The management of business risks and the macro measures that have been put in place are reviewed on a regular basis at senior management, Committee and Board level. The Committee meets five to six times a year to review various risk reports and issues. At each subsequent Board Meeting, the Risk & Compliance Committee Chairman's Report is a formal agenda item. Risk management is also included in all business reports. This enables the directors to have a consolidated overview of risk while also ensuring their adherence to corporate governance requirements and transparency.

Documented risk management and compliance procedures

Count has documented processes for:

- Managing regulatory and statutory issues, including compliance with the Corporations Act and regulations, financial services laws generally in relation to the provision of financial products and advisory services, corporate governance requirements and codes of conduct;
- Managing financial and human resources and maintaining required standards of competency, skills and conduct of Count's responsible managers and authorised representatives;
- Protection of data, technology and intellectual property;
- Disaster recovery;
- Dispute resolution, compensation arrangements and insurance; and
- Research, selection and review of products for Count's recommended lists.

Using the combination of likelihood and consequence to find what is referred to as the "Residual Risk rating", the identification of the major risks is facilitated by a systemic approach and ensures the management of higher risks is prioritised.

	CONSEQUENCE		
LIKELIHOOD	Major	Moderate	Minor
Likely	High	High	Medium
Possible	High	Medium	Low
Unlikely	Medium	Low	Low

In addition to its internal compliance processes, Count arranges, on an annual ongoing basis, for compliance audits by external consultants to ensure adherence to Count's AFS licence conditions and the law, and to provide advice as to how Count can better interrogate its systems to reduce risk.

Risk prevention measures for the Count Financial Adviser network and client services

In relation to its financial adviser network and the services the network offers, key risk prevention measures implemented by Count include, but are not limited to:

- Conducting police and credit checks on all new financial advisers;
- Conducting comprehensive interviews with potential franchisees and inspection of business premises;
- Requiring minimum educational standards by only accepting qualified accountants or established qualified financial advisers as franchisees;
- Having preference for accountants who hold either CPA or ICAA membership;
- Count financial advisers are not permitted to own property development companies or have other financial dealings;
- Annual compliance audit of franchisees and authorised representatives;
- Reporting requirements and procedures for financial advisers and staff for any potential law or licence breaches detected;
- Continuous review and upgrading of our training and support systems;
- Managing and overseeing commission levels that a financial adviser can charge;
- Avoiding speculative investments and products from start-up companies;
- Having external independent qualitative research to support our internal Research Committee for all products before they are considered for approval on our recommended list; and,
- Maintaining and following well-documented procedures for all key business and compliance activities. This includes a series of documented risk management procedures and a comprehensive compliance plan.

Potential new franchisees that are not yet ready to join Count are encouraged to join our associated business 'Finconnect' so we can get to know and assess their business.

Compensation Arrangements

As an AFS licensee, Count complies with its legal obligations under Section 912B of Corporations Act 2001 by having compensation arrangements in place. ASIC Regulatory Guide 126 requires all AFS licensees that provide financial services to retail clients to have either:

- Adequate professional indemnity insurance, or
- Other arrangements approved in writing by ASIC.

Count has in place professional indemnity insurance with a $20 million limit for any one claim and with $40 million in aggregate.

Corporate Governance Statement

The Board is responsible for the overall corporate governance of Count, including adopting the appropriate policies and procedures and seeking to ensure Count Directors, management and employees fulfil their functions effectively and responsibly.

The Board has adopted corporate governance policies and practices by reference to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2010 Amendments (ASX Recommendations). Where Count's practices depart from the ASX Recommendations, Count intends to work towards compliance but does not consider that all practices are appropriate for the size and scale of Count's operations.

Count's main policies and practices (by reference to the ASX Recommendations) are summarised below.

Principle 1: Lay solid foundations for management and oversight

The Board has ultimate responsibility for setting policy regarding the business and affairs of Count for the benefit of Shareholders and other stakeholders. The Board delegates management of Count's resources to senior management, under the leadership of the CEO, to deliver the strategic direction and objectives determined by the Board.

The Board and management have agreed on their respective roles and responsibilities and the Board has adopted a Board charter that details the Board's functions and responsibilities and the areas of authority delegated to senior management.

The Board has established a Remuneration and Nominations Committee which, amongst other functions, will evaluate the performance of the CEO and Senior Executive Team.

Responsibilities

The responsibilities of the Board include:

- Review and approve the strategic plan for the Company with involvement in planning and goal setting for the Company and its intended growth;
- Monitoring the performance of the Company and its management team;
- Selecting and appointing the Managing Director and/or Chief Executive Officer, planning for the succession of senior management and setting appropriate remuneration packages;
- Setting clearly defined lines of authority from the Board to the Managing Director and/or CEO;
- Agreeing on performance indicators with management;
- Taking appropriate steps to protect the Company's financial position and its ability to meet its debts and other obligations as they fall due;
- Establishing and monitoring policies directed to ensuring that the Company complies with the Law and conforms to the highest standards of financial and ethical behaviour;
- Ensuring that the Company is adhering to reporting systems and appropriate internal controls (operational and financial) together with appropriate monitoring of compliance activities; and
- Ensuring that the Company accounts are true and fair in conformity with Australian Accounting Standards (AAS) and the Corporations Regulations 2001.

Count's management is required to supply the Board with information in a timeframe, form and quality that will enable it to effectively discharge its duties and to request additional information if required to make informed decisions. This is facilitated by the Company Secretary who is responsible for completion and dispatch of Board agendas and briefing materials and is accountable to the Board through the Chairman on all governance matters.

Board Committees

Audit Committee

The Board's Audit Committee currently comprises four Non-executive Directors, Joycelyn Morton (Committee Chairman), A.J. Halse, A.W. Geddes and Noel Davis. The Chair and Members of the Audit Committee are nominated by the Board for a limited term on the basis set out in the Count Audit Committee Charter.

The Audit Committee's primary functions are to:

a) Ensure compliance with statutory reporting responsibilities;
b) Assess the quality and review the scope of work of the external auditors;
c) Enable the auditors to communicate any concerns to the Board;
d) Advise the Board on the appointment of the external auditors and the results of their work;
e) Assess the adequacy of the accounting, financial and operating controls;
f) Assess the effectiveness of the management of business risk and reliability of management reporting; and
g) Report to the Board any significant deficiencies identified above.

Remuneration and Nominations Committee

The Board's Remuneration and Nominations Committee is comprised of a minimum of three directors including an independent non-executive director as Chair as stipulated by Count's Remuneration and Nominations Committee Charter. Its purpose is to implement and monitor the remuneration structure for staff, executives and directors. The Committee's purpose is also to make recommendations to the Board on; a system of performance appraisal for the Board, its committees, Directors and Chief Executive Officer; a system for the appointment of a Chief Executive Officer; the period for which a person should hold office as a Director; and the period for which the Chairperson shall hold office.

The committee currently comprises non-executive director Andrew Geddes (Committee Chairman), non-executive director Alden Halse, non-executive director Joycelyn Morton and Managing Director/Chief Executive Officer, Andrew Gale.

The Chairman will formally review the performance of the CEO on an annual basis and report on this to the Board. The review will include reference to performance in relation to business, financial and prudential achievements as well as to staff and human relations.

Yearly performance reviews are undertaken of Count's Senior Executives by the CEO including qualitative and quantitative assessment. The CEO reports to the Remuneration and Nominations Committee on the outcome and in relation to succession planning issues.

Risk & Compliance Committee

The Board's Risk and Compliance Committee currently comprises two Non-Executive Directors, Noel Davis (Committee Chairman) and Joycelyn Morton and one Executive Director, Andrew Gale (Managing Director/CEO). Operational staff involved in risk management and key risk areas may also attend the meetings by invitation.

As set out in Count's Risk and Compliance Committee Charter, the Committee's function is to:

a) Enable the staff involved in compliance and risk management to report directly to the Board, via the Committee;
b) Monitor the company's identification and management of its risks and the procedures to minimise those risks;
c) Monitor the company's compliance with the law, the contracts it has entered into and best practices; and
d) Report to the Board on significant compliance and risk management issues.

Principle 2: Structure the Board to add value

Recommendation 2.1 of the ASX Recommendations states that a Board should comprise a majority of independent directors. The Board assesses each of the Directors against specific criteria to decide whether they are in a position to exercise independent judgment. Directors are considered to be independent if they are not a member of management and if they are free of any business or other relationship that could materially interfere with the independent exercise of their judgment. The Board will consider the materiality of any given relationship on a case-by-case basis and will adopt materiality guidelines to assist it in this regard. The Board reviews the independence of each Director in light of interests disclosed to the Board from time to time.

Count currently has a Board of six directors which is considered to be of a size and composition of skills best suited to the Company.

Count's Charter states that a majority of the Board will comprise non-executive directors and at present there are four non-executive directors. The Chairman and CEO are the only executive directors. The skills and experience of the directors can be found in Count's Board Profile (see pages 22-23). The majority of the Board is independent as defined by the ASX Corporate Governance Council. The independent members are Alden Halse, Andrew Geddes, Noel Davis and Joycelyn Morton.

The current Chairman is retired Managing Director and founder of Count, Barry Lambert. His selection as Chairman of Count in an executive role was made as a result of his extensive and ongoing involvement with and commitment to the company and the financial planning industry since he established the business in 1980. His vast industry experience and standing within the financial services community and the company was a key factor in his appointment.

Count's Charter separates the role of Chairman and Chief Executive Officer.

In Count's Charter, the Board has responsibility for planning succession in Board appointments subject to Board and shareholder's approval. The Chairman has also been delegated responsibility for ensuring that the performance of the Board, its committees and individual members are reviewed on a regular basis as well as for identifying candidates for appointment as directors. Count engages the services of an external party from time to time to carry out evaluations on individual directors, the Board Committees and the Board as a whole.

Evaluations involve self and third party assessments by the directors and from the result of the written report, discussions are held to examine any issues and consider changes to be made.

Count's directors all have a sound understanding of financial markets and each brings a unique area of expertise to provide the Board with a diverse range of skills and experience as detailed in the Board Profiles on pages 24-25.

All Count's non-executive directors are independent. In its Charter, the Board has adopted AAS Board standard 1031 to determine levels of materiality.

The Board believes that the current non-executive directors bring the appropriate perspective to the Board's consideration of strategic, risk and performance matters and are well placed to exercise appropriate judgement and review and constructively challenge the performance of management. The Board further considers that the existing Board structure is appropriate for Count's current operations and stage of development.

Principle 3: Promote ethical and responsible decision making

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of ethics and conduct (the Code), to take effect from Listing, to be followed by all employees and officers. The key aspects of this code are to:

- Act honestly, with integrity, fairness and equity;
- Observe the rule and spirit of all laws and regulations which govern the operation of Count, its business environment and its employment practices;
- Act in the best interest of Count except where to do so contravenes any other ethical standards;
- Avoid any real or perceived conflict of interest; and
- Use company resources and property properly.

The Code and the company's share trading policy is discussed with each new employee as part of their induction training. Further training is periodically provided and all employees are asked to sign a declaration periodically confirming their compliance with the Code and the company's share trading policy.

A copy of the Code and the trading policy are available on the company's website.

Diversity Policy

The company values diversity and recognises the benefits it can bring to the organisation's ability to achieve its goals. Accordingly the company has developed a diversity policy, a copy of which can be found on the company website. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity. It includes requirements for the Board to establish measurable objectives for achieving diversity, and for the Board to assess annually both the objectives, and the company's progress in achieving them.

Gender Diversity

The company's Diversity Policy outlines gender diversity and its commitment to creating a fair, equitable and respectful workplace where women are supported in an inclusive environment, are given recognition based on individual merit and are considered for opportunities to advance and succeed regardless of their gender or term of employment. As part of its commitment to improving gender balance in the workplace, the company has adopted the ASX Corporate Governance Council's recommendations including a target for female participation within the company as follows:

	Target % by 2016	Actual % 2011
Number of women employees in the whole organisation	40% – 60%	39%
Number of women in senior executive positions	40% – 60%	33%
Number of women on the Board	40% – 60%	17%

Principle 4: Safeguard integrity in financial reporting

Responsibility for the integrity of the Company's financial reporting lies with the Board and a structure is in place to independently verify and safeguard the reports. The CEO and CFO provide letters of assurance to the Board for each half year and full year report. Integrity of the reporting is assessed with the assistance of external consultants and the Company's Audit Committee (see details about the Company's Audit Committee under ASX Principle 1 on page 28 of the Annual Report.) The Audit Committee also reviews the performance and fees of the external auditor and makes recommendations in relation to their appointment.

Directors' attendance at Audit Committee meetings is detailed in the Directors' Report on page 33 of the Annual Report.

Principle 5: Make timely and balanced disclosure

Count has a continuous disclosure regime as outlined in its Market Disclosure and Communication Policy on www.count.com.au (shareholder centre > corporate governance) Count has an established record of meaningful and regular business reporting in addition to timely statutory reporting and the prompt disclosure of any appropriate material. The Count website provides a readily available source of up-to-date information.

Principle 6: Respect the rights of shareholders

Count endeavours to keep shareholders properly and fully informed at all times and facilitates this via its continuously updated website and by hard copy communication. Company announcements, including reports to the ASX and the media as well as half and full year profit announcements, are placed on the website on their release to the market. Webcasts are done of the half-year and full-year financial report presentations and of the Chairman's address to the AGM.

At all times, an external auditor is available at shareholder meetings to answer shareholder questions about the auditor's report and conduct thereof. By providing written questions in relation to the audit to the auditor five days before the AGM, shareholders' queries may be considered at the AGM.

Principle 7: Recognise and manage risk

The Company has a well-documented internal risk management and internal control system to manage the company's material business risks with established procedures that ensures:

- Compliance with the law and required Australian standards;
- Sound management of business risks including financial resources and disaster recovery processes;
- Regular reporting to the Board by management through the CEO on the company's key risks and the management of those risks;
- Assurances are provided from the CEO and CFO about the soundness and effectiveness of the company's risk management and internal compliance and control system.

To assist the Board carry out its responsibility for oversight of material business risks, reports on risk issues and reviews of risk management systems are reported to the Company's Board Risk and Compliance Committee and then overseen by the full Board as outlined above under ASX Principle 1 on page 28 in the Annual Report and in the Risk Report on pages 26-27.

Principle 8: Remunerate fairly and responsibly

Count has a Remuneration and Nominations Committee chaired by a non-executive director. The Remuneration and Nominations Committee implements and monitors the remuneration policies for the Company. These are outlined in the Remuneration Section of the Directors' Report in the Annual Report on page 32 comply with the Corporations Act disclosure requirements for a listed company.

The Remuneration and Nominations Committee's Charter sets outs its role, responsibilities and membership terms. This information is provided in the Remuneration section of the Directors' Report in the Annual Report on page 32.

Any proposed equity based remuneration for Count Directors is put to the shareholders. Information on Directors' interests is provided on page 33 of the Annual Report.

Directors' Report

In accordance with the resolution of the Directors of Count Financial Limited (the Company), the Directors submit their report for the financial year ended 30 June 2011.

Board of Directors and Company Secretaries

During the financial year and until the date of this report, the Directors of Count Financial Limited were:

B.M. Lambert	Executive Chairman (appointed 7 Nov 2006) Director (appointed 22 Aug 1980)
A.C. Gale	Chief Executive Officer (appointed 29 Mar 2010) Managing Director (appointed 14 Apr 2010)
A.W. Geddes	Non-Executive Director (appointed 15 Aug 2000)
A.J. Halse	Non-Executive Director (appointed 15 Aug 2000)
N.A. Davis	Non-Executive Director (appointed 13 Feb 2006)
J.C. Morton	Non-Executive Director (appointed 18 Apr 2006)
R. Griffith	Company Secretary (appointed 30 Jun 2006, resigned 22 October 2010)
A.M. Smith	Company Secretary (appointed 22 October 2010)
C.T. Andrews	Deputy Company Secretary (appointed 30 Jun 2006)

Details of qualifications, experience and other directorships of listed companies for the Directors and Company Secretaries at the date of this report are set out in the Board Profile Report on pages 24-25.

Nature of Operations and Principal Activities

The principal activities of the Company and its controlled entities (the Group) in the course of the financial year were providing financial planning services, investment reviews, and advice on personal insurance, superannuation, home and investment loans, business loans and leasing via its network of franchisees. Additionally, the Group provides loan broking and leasing services to other non-franchisee intermediaries.

Operating and Financial Review

The consolidated net profit for the financial year ended 30 June 2011 attributable to ordinary equity holders after the provision of income tax, was $51.56 million (2010: $24.18 million), an increase of 113% over the previous year.

A review of the operations, financials and results of Count Financial Limited and its controlled entities for the financial year ended 30 June 2011 are included on pages 4-27. This contains the Company's track record, financial highlights, the Chairman's Report, the Chief Executive Officer's Report and the Risk Report.

The Directors are of the view that the results represent a true and fair view of the operations of the Company and the financial position as at 30 June 2011 (refer to Directors' Declaration on page 89).

Dividends and Distributions

The Company paid or provided for dividends and distributions on ordinary shares relating to 2010/2011 as set out in the table below:

Financial year ended	Payment type	Status	Cents per share	Payment date
2011	Risk/Reward	Paid	2	15 Oct 2010
2011	Christmas	Paid	2	15 Dec 2010
2011	Easter	Paid	2	15 Apr 2011
2012	Tax	Paid	2	15 July 2011

All dividends are fully franked at the tax rate of 30%.

Subsequent to balance date the Directors declared a Final Dividend for the year ended 30 June 2011 of 4 cents per share. This has not been provided for at 30 June 2011.

Significant Changes in the State of Affairs

During 2011, Countplus acquired a further equity interest in three accounting and financial planning firms, in one instance acquiring 25% of the business and in the others acquiring 100%. On 22 December, Countplus floated on the Australian Stock Exchange (ASX), raising $20M in an initial public offering (IPO) underwritten by Count. Due both to the issue of Countplus shares to the vendors of its 18 subsidiaries as well as the public, Count's ownership interest in Countplus reduced from 100% to 39%, resulting in Countplus exiting the consolidated group. Count now reflects its investment in Countplus as an Investment in Associate and accounts for its interest using the equity method of accounting. As at 30 June 2011, Count's investment in Countplus totalled $61.80 million.

Directors' Interests

At the date of this report, the relevant interests of the Directors in the shares and options of Count Financial Limited as notified to the Australian Stock Exchange in accordance with the Corporations Act (2001) are:

	Ordinary shares	Options over ordinary shares
B.M. Lambert*	54,733,924	–
A.C. Gale	167,877	–
A.W. Geddes	216,500	33,500
A.J. Halse	310,000	50,000
N.A. Davis	40,000	75,000
J.C. Morton	35,000	60,000

* In prior reports relevant interest disclosed for B.M. Lambert included shares held by his wife J.W. Lambert being 36,416,154 shares

Directors' Meetings

The Board of Directors has an Audit Committee, a Remuneration Committee and a Risk and Compliance Committee.

Members acting on the Committees of the Board during the year were:

	Count	Audit	Remuneration	Risk and Compliance
B.M. Lambert	Executive Chair			
A.C. Gale	CEO / Managing Director		Member	Member
A.W. Geddes	Non-Executive	Member	Chair	
A.J. Halse	Non-Executive	Member	Member	
N.A. Davis	Non-Executive	Member		Chair
J. C. Morton	Non-Executive	Chair	Member	Member

The number of meetings of the Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director are as follows:

		Meetings of Committees		
	Directors' Meetings	Audit	Remuneration	Risk and Compliance
Number of meetings held	7	5	2	6
Number of meetings attended:				
B.M. Lambert	7 / 7	5 / 5[1]	2 / 2[2]	2 / 4[3]
A.C. Gale	7 / 7	5 / 5[1]	2 / 2	6 / 6
A.W. Geddes	6 / 7	5 / 5	2 / 2	
A.J. Halse	7 / 7	5 / 5	2 / 2	
N.A. Davis	7 / 7	5 / 5		6 / 6
J.C. Morton	7 / 7	5 / 5	2 / 2	6 / 6

1 Non-Audit committee member – in attendance
2 Non-Remuneration committee member – in attendance
3 Barry Lambert stepped down as a member of the Risk & Compliance Committee on 23 March 2011

Significant Events After the Balance Date

On 2 August 2011, the Group granted shares to employees and franchisees under a loan funded share plan. The Company issued 316,506 shares to employees and 2,593,360 shares to franchisees at a price of $1.025. The shares are funded by an interest-free, non-recourse loan, and are restricted for 1-3 years in the case of employees and for 3-5 years in the case of franchisees. The Board has discretion to lift the restriction on the shares in the event of a change of control in the Company.

On 15 August 2011 a final dividend for the year ended 30 June 2011 of 4 cents per share was declared.

On 30 August 2011, Count Financial Limited announced that it had entered into a Scheme Implementation Deed with the Commonwealth Bank of Australia Group (CBA), under which CBA proposes to acquire all the shares of Count via a Scheme of Arrangement. Under the terms of the Deed, CBA has agreed to pay $1.40 per Count share, payable in either cash or CBA shares. The Directors of Count have unanimously recommended that Count shareholders vote in favour of the Scheme, in the absence of a superior proposal emerging and subject to an Independent Expert concluding that the offer is in the best interests of Count shareholders. Subject to these conditions, each Director of Count who holds Count shares intends to vote their shares in favour of the Scheme.

The transaction is subject to certain conditions precedent including Count shareholder and Court approval of the Scheme, a merger clearance from the Australian Competition and Consumer Commission ("ACCC") and no material adverse change (as defined in the Scheme Implementation Deed) occurring. A Scheme booklet containing information relating to the proposed transaction, reasons for the Directors' unanimous recommendation, details of the Scheme meeting and an Independent Expert's report is expected to be sent to Count shareholders in October 2011, with a Count shareholder meeting to vote on the proposed Scheme expected to be held in November 2011. Subject to the approval of the Scheme by shareholders and the Court, ACCC informal clearance and the timely satisfaction of conditions, Count expects the transaction to be completed in December 2011.

It is the opinion of the directors that this is a non-adjusting subsequent event. However, if the scheme is approved, the options under FIOP and ESOP, and shares issued under the loan funded share scheme, will immediately vest. This would have the effect of bringing forward any remaining expense of the fair value of share based payments to the change of control date. Approximately $0.7m remains to be expensed in relation to outstanding share based payment entitlements for the period up to the receipt of the offer. In addition, in the event of a change of control, the Chief Executive Officer is entitled to a Material Change Payment of $1m, plus the value of any outstanding STI, LTI and share based payment entitlements.

Likely Developments and Expected Results

Disclosure of information relating to the future developments in the operations of the Company and its controlled entities is contained in the reports of the Chairman and the Chief Executive Officer.

Share Options

The Company has previously issued options annually to employees via the Employee Share Option Plan (ESOP) and to franchisees via the Franchisee Incentive Option Plan (FIOP). Due to taxation changes for employee share benefit schemes, initially announced by the Federal Government in the May 2009 Budget and legislated in December 2009, no options were issued under either plan during the 2010/2011 year. However, in August 2011 the Company made an issue of loan funded shares to employees and franchisees in respect of their 2008/2009 and 2009/2010 entitlements. The Company issued 316,506 shares to employees and 2,593,360 shares to franchisees at a price of $1.025. The shares are funded by an interest-free, non-recourse loan, and are restricted for 1-3 years in the case of employees and for 3-5 years in the case of franchisees. The Board has discretion to lift the restriction on the shares in the event of a change of control in the Company.

Further details on allocation of options to employees and Directors under ESOP are included in the Remuneration Report.

Franchisees qualified for options under FIOP (up to 2008) and the Franchisee Loan Funded Share Plan (2009 and 2010) by growing their contribution to the revenues of the Company each financial year by a set benchmark. Features of FIOP include:

- Options are issued at no cost.
- Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at a fixed exercise price. The exercise price is set at a 12.5% discount to the weighted average share price in the first full week after the August meeting of the Board of Directors.
- These options may vest after 3 years subject to minimum business requirements and expire after five years.

Unissued ordinary shares of the Company under the Employee Share Option Plan (ESOP) and Franchisee Incentive Option Plan (FIOP) at 30 June 2011 numbered 35,187,104.

Options type	Options grant date	Number of options outstanding	Exercise price	Expiry date
ESOP 2006	13-Oct-06	1,141,619	210.3 cents	15-Nov-11
ESOP 2006 Director[1]	7-Nov-06	398,500	210.3 cents	15-Nov-11
FIOP 2006	6-Feb-07	8,085,633	193.7 cents	15-Nov-11
ESOP 2007	12-Oct-07	1,359,400	268.7 cents	15-Nov-12
ESOP 2007 Director[1]	13-Nov-07	66,000	268.7 cents	15-Nov-12
FIOP 2007	21-Dec-07	9,009,000	247.5 cents	15-Nov-12
ESOP 2008	10-Nov-08	1,785,152	154.2 cents	15-Nov-13
ESOP 2008 Director[1]	10-Nov-08	66,000	154.2 cents	15-Nov-13
FIOP 2008	19-Dec-08	13,275,800	142 cents	15-Nov-13
Total		**35,187,104**		

1 Options granted to Directors as approved by shareholders at each Annual General Meeting.

Further details of unissued ordinary shares of the Company under the Employee Share Option Plan (ESOP) and Franchisee Incentive Option Plan (FIOP) are detailed in note 26 – FIOP and note 30 – ESOP of the financial statements.

Remuneration Report

This report outlines the remuneration arrangements in place for the Company's Directors and Executives. This section of the Directors' report has been audited by the Company's external auditors, Ernst & Young.

Remuneration Committee

The Remuneration Committee of the Board of Directors of Count Financial Limited is responsible for determining and reviewing remuneration arrangements for the Directors, the Executive team and other team members. The committee meets twice a year.

The Committee's purpose is to:

- Make recommendations to the Board of Directors in relation to the remuneration of Executive and Non-Executive Directors;
- Review and approve executive and employee remuneration policy; and
- Evaluate potential candidates for executive positions and oversee the development of executive succession plans.

Any decision made by the Committee concerning an individual executive's remuneration is made without the executive being present.

Remuneration Policy

Remuneration arrangements are based on an assessment of the appropriateness of the nature and amount of emoluments of the Directors and other Key Management Personnel with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

This assessment is based on:

- Relevant market conditions – to ensure the remuneration is competitive;
- Acceptability to shareholders – to ensure the remuneration is fair and reasonable; and
- Company performance – to ensure the remuneration is linked with achievement of the Company's profit targets.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of Executive Directors' and Officers' remuneration to the Company's financial and operational performance.

In previous years, all permanent employees could qualify for participation in the company's equity reward scheme (Employee Share Option Scheme – ESOP), including Key Management Personnel. Features of the plan include:

- Options are issued at no cost.
- Each option entitles the holder to subscribe for one fully paid ordinary share in the Company at a fixed exercise price. The exercise price is set at a 5% discount to the weighted average share price in the first full week after the August meeting of the Board of Directors.
- The options vest proportionally over a three-year period (33% after one year, 33% after two years and 34% after three years) based on continuing employment criteria with Board discretion.

Due to recent legislative changed affecting the taxation of employee equity and option schemes, no options were granted to employees during the last financial year. In August 2011, the Company issued 316,506 shares to employees at a price of $1.025. The shares are funded by an interest-free, non-recourse loan, and are restricted for 1-3 years. The board has discretion to life the restriction on the shares in the event of a change of control of the Company.

Non-Executive Director Remuneration

In accordance with best practice corporate governance, the structure of Non-Executive Director remuneration is separate and distinct.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Non-Executive Directors of a high calibre, whilst incurring a cost which is acceptable to shareholders.

Chairs and members of Board committees receive additional fees to reflect time commitments and responsibilities.

The Constitution and the ASX Listing Rules specify that the total aggregate remuneration of Non-Executive Directors shall be determined from time-to-time by a general meeting. The amount of aggregate remuneration put to shareholders for approval and the manner in which it is apportioned amongst Directors, is reviewed annually.

Subject to shareholder approval, the Non-Executive Directors were issued options every three years under the Employee Share Option Plan (ESOP). The options are in lieu of retirement benefits. Options to Non-Executive Directors were last granted in November 2006. Options were also approved by shareholders for grant in November 2009. However, due to the legislative changes described previously, no options were granted.

Non-Executive Directors do not have fixed term contracts with the Company.

It is considered good governance for Non-Executive Directors to have an equity stake in the Company by purchasing shares on market. All Count non-executive Directors are company shareholders.

Remuneration of Executives

The basis of remuneration of Executives is detailed below.

General Remuneration Policy

Objective

The main principle underlying the Company's employee remuneration policy is to ensure rewards are commensurate with the Company's objectives and the results delivered. Specifically, this is achieved by ensuring:

- Remuneration reflects each employee's position and responsibilities within the Company;
- Executives are rewarded for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- The interests of all employees are aligned with those of shareholders;
- Rewards are linked with the strategic goals and performance of the Company; and
- Total remuneration is competitive by market standards.

All employees are remunerated with a base salary and superannuation at a rate of 11% of salary and wages. The statutory rate for compulsory superannuation is currently 9%.

The Company also pays income protection (sickness and accident) insurance premiums for all eligible permanent employees. Subject to conditions, the policy provides for up to 75% of base salaries to be paid for employees who are unable to attend work for a period in excess of 30 days.

In addition to the above, a short-term incentive bonus structure applies to employees as outlined below.

1. A bonus based on team and individual objectives

This component is based on the achievement of particular sets of goals – both personal and team related. Employees are rewarded to the extent that the goals are achieved and to the extent to which they have assisted in achieving them as assessed by management. In 2011, this was assessed and paid once per year at a maximum annual total of 25% of base salary plus superannuation benefits (11%). For senior employees, including key management personnel, 50% of the total bonus component relates to this assessment.

2. EPS growth target bonus

Employees also have part of their bonus component linked to the Company meeting its earnings per share growth target. It is paid from profits above the target up to 100% of the agreed amount. For senior employees, including key management personnel, 50% of the total bonus component relates to achievement of the EPS growth target. For 2010/2011, the target was 20% earnings per share growth, which was achieved.

Long-term incentive plan – issue of equity

Up to 2008, all employees were granted an allocation of options annually under the company's plan (ESOP). Senior employees, including Key Management Personnel, are allocated these options on the basis of their performance as determined by the Remuneration Committee. As discussed above, due to legislative changes, no options were granted to employees during the financial year, however an issue of loan funded shares was made in August 2011.

This form of equity remuneration allows employees to have the opportunity to become shareholders in the company and therefore have an interest in ensuring its long-term success.

Remuneration of Key Management Personnel is detailed on pages 38-42 of this report.

Contractual Arrangements

The CEO of Count Financial Limited, A.C. Gale is employed under a four year employment contract which commenced on 29 March 2010.

Mr Gale was paid a sign-on cash bonus on the commencement of his contract. He is entitled to a Short Term Incentive (STI) and a Long Term Incentive (LTI) bonus arrangement.

The STI is an annual cash award commencing in 2011 determined by the Board as part of an annual performance and remuneration review process. The entitlement will be based on Count Financial's annual earnings per share (EPS) growth. Each STI opportunity is "all or nothing".

The LTI is an annual cash award commencing in 2013 payable on a scale which is based on average EPS growth in respect of three financial years up to and including the year for each award.

Mr Gale is eligible to participate in the company's annual employee equity reward scheme, at the discretion of the Board and subject to any necessary approvals (including shareholder approval). The size of the entitlement is determined by annualised EPS growth for the financial year in which it relates. The company's equity reward scheme has been in the form of an option plan – ESOP. Due to recent legislative changes, this scheme has been redesigned but as at the date of this report no shares have been issued to Mr Gale under the new loan funded share plan.

Both Mr Gale and the company may terminate this contract by giving three months written notice at any time, whether prior to the expiry of the four year contractual term or after the expiry of the initial four year term. The company may terminate the contract without notice in the event of serious or persistent misconduct or breach of the agreement under a summary termination. It may also terminate the contract without prior notice where Mr Gale has been unable to perform the inherent requirements of the position due to illness, injury or incapacity arising solely in the course of performing his duties for at least six months, or for at least three months where the inability is due to any other cause. Where termination occurs, Mr Gale is entitled to incentives in respect of the financial year in accordance to the contract plus any statutory entitlements provided it is a termination other than a summary termination.

In the event of a change of control, the Mr Gale's contract provides for a Material Change Payment of $1m, plus the value of any outstanding STI, LTI and share based payment entitlements.

All other executives and full-time employees are not subject to fixed term contracts with the Company. Upon employment, all employees are subject to an employment contract, which covers their general and statutory rights and obligations, which is reviewed annually.

Relationship between remuneration policy and the performance of the Company

The Company's remuneration policy aims to achieve a link between the remuneration received by Key Management Personnel and the creation of shareholder wealth. This is attained via the inclusion of the EPS growth target bonus and the awarding of options via ESOP.

- For the year, earnings per share has increased by 111% and net profit after tax increased by 113%. On a normalised basis, stripping out the one-off revaluation gains from Countplus, earnings per share increased 5% and net profit after tax increased 6%.
- Earnings per share has grown by an average of 29.0% pa over the last five years. On a normalised basis, earnings per share has grown by an average of 7.5% over the last five years.
- Dividends have grown by an average of 13.4% pa over the last five years and 22% pa since listing in December 2000.
- Return on shareholders' equity for the financial year was 53.57%.
- The Company's share price has fallen over the financial year from $1.15 to $1.00.
- Since listing, the Company has bought back and subsequently cancelled 27.25 million shares at a total cost of $35.76 million.

Directors' Report continued

Key Management Personnel Disclosures

Key Management Personnel are the same for the parent and the consolidated entity. The remuneration and other related party disclosures have been prepared in accordance with AASB 124: Related Party Disclosures. For the purposes of these disclosures, all the individuals listed below have been determined to be Key Management Personnel as defined by the accounting standard for 2010 and 2011.

Name	Position
B.M Lambert	Executive Chairman
A.C. Gale	Managing Director / Chief Executive Officer (appointed March 2010)
M. Perkovic	Managing Director / Chief Executive Officer (resigned November 2009)
A.W. Geddes	Non-Executive Director
A.J. Halse	Non-Executive Director
N.A. Davis	Non-Executive Director
J.C. Morton	Non-Executive Director
Other Key Management Personnel	
M.J. Spurr	Chief Financial Officer (resigned November 2010)
A. Smith	General Counsel, Senior Executive – Corporate Services, Company Secretary (appointed August 2010)
B. Irwin	Senior Executive – Research, Product & Platforms (appointed January 2011)
R. Griffith	Senior Executive – Research & Product, Company Secretary (resigned November 2010)
C.J. Simkin	Senior Executive – National Network Development & Finconnect Operations
J.B. Wardell	Chief Executive Officer – Countplus Pty Ltd (resigned December 2010)
L.Tonitto	Senior Executive – Business Development & Marketing (appointed April 2011)
D.Bornor	Senior Executive – Advice
P.McFarlane	Senior Executive – Business Development & Marketing (resigned February 2011)
M.Lykouras	Senior Executive – Compliance, Risk and Legal (resigned June 2010)
S.Aguilera-Mendoza	Chief Financial Officer (appointed November 2010), previously Senior Executive – Finance

Compensation of Key Management Personnel

2011	Short-term benefits			Post-employment benefits	Other long-term employment benefits	Termination benefits	Share-based payments			
	Salary & fees	Bonus	Other payments and benefits	Superannuation			Amortised cost of options	Total	% of remuneration as options	Number of options granted
Name	$	$	$	$	$	$	$	$	%	
Directors										
B.M. Lambert Executive Chairman	1	–	15,243	22,000	–	–	–	37,244	–	–
A.C. Gale Chief Executive Officer	449,216	250,000	11,008	49,414	–	–	–	759,638	–	–
A.W. Geddes Non-Executive Director	65,000	–	–	7,150	–	–	–	72,150	–	–
A.J. Halse Non-Executive Director	60,000	–	–	6,600	–	–	–	66,600	–	–
N.A. Davis Non-Executive Director	80,000	–	–	8,800	–	–	–	88,800	–	–
J.C. Morton Non-Executive Director	80,000	–	–	8,800	–	–	–	88,800	–	–
Other Key Management Personnel										
M.J. Spurr Chief Financial Officer (resigned November 2010)	65,021	–	4,023	12,623	1,017	–	3,993	86,677	4.61%	–
A.M. Smith General Counsel / Senior Executive – Corporate Service / Company Secretary (appointed August 2010)	166,753	72,037	4,207	18,343	–	–	–	261,340	–	–
B. Irwin Senior Executive – Research, Product & Platforms (appointed January 2011)	79,397	32,828	4,207	8,734	–	–	–	125,166	–	–
R. Griffith Senior Executive Research & Product /Company Secretary (resigned November 2010)	132,699	–	916	12,769	(28,604)	–	3,677	121,457	3.03%	–
C.J. Simkin Senior Executive-National Network Development / Finconnect Operations	137,890	36,364	8,249	19,854	(1,425)	–	2,838	203,770	1.39%	–
J.B. Wardell Chief Executive Officer, Countplus (resigned December 2010)	82,929	–	5,327	15,162	–	–	2,627	106,045	2.51%	–
P.Y. McFarlane Senior Executive-Business Development& Marketing (resigned February 2011)	121,341	–	6,846	13,411	(13,578)	–	2,838	130,858	2.17%	–
S. Aguilera-Mendoza Chief Financial Officer (appointed November 2010) / Senior Executive-Finance	153,521	67,520	7,150	21,184	9,776	–	2,942	262,093	1.12%	–
D.J. Bornor Senior Executive-Advice	129,644	58,246	5,049	17,285	–	–	524	210,748	0.25%	–
L.V. Tonitto Senior Executive-Business Development & Marketing (appointed April 2011)	24,164	–	–	2,405	–	–	–	26,569	–	–
Total	**1,827,576**	**516,995**	**72,225**	**244,534**	**(32,814)**	**–**	**19,439**	**2,647,955**	**0.73%**	**–**

The elements of remuneration have been determined on the basis of the cost to the consolidated entity.
The fair value of options granted has been calculated for all ESOP options granted. The fair value of such grants is being amortised and disclosed on a pro-rata basis over the vesting period. The method used to determine fair value was the Cox, Ross and Rubinstein American option binomial model.
No ESOP options were granted during the year.

Compensation of Key Management Personnel

2010	Short-term benefits			Post-employment benefits	Other long-term employment benefits	Termination benefits	Share-based payments			
	Salary & fees	Bonus	Other payments and benefits	Superannuation			Amortised cost of options	Total	% of remuneration as options	Number of options granted
Name	$	$	$	$	$	$	$	$	%	
Directors										
B.M. Lambert Executive Chairman	1	–	14,132	22,000	–	–	–	36,133	–	–
M. Perkovic Chief Executive Officer (resigned November 2009)	135,335	–	10,271	7,671	–	–	7,233	160,510	4.51%	–
A.C. Gale Chief Executive Officer (appointed April 2010)	74,660	62,500	1,620	49,997	–	–	–	188,777	–	–
A.W. Geddes Non-Executive Director	3,450	–	–	50,000	–	–	1,521	54,971	2.77%	–
A.J. Halse Non-Executive Director	46,667	–	–	4,933	–	–	1,521	53,121	2.86%	–
N.A. Davis Non-Executive Director	61,333	–	–	6,487	–	–	2,281	70,101	3.25%	–
J.C. Morton Non-Executive Director	60,000	–	–	6,350	–	–	1,825	68,175	2.68%	–
Other Key Management Personnel										
M.J. Spurr Chief Financial Officer	169,056	43,200	5,013	18,575	2,958	–	13,926	252,728	5.51%	–
R. Griffith Senior Executive Research & Product /Company Secretary	141,091	40,000	2,078	25,000	(545)	–	11,457	219,081	5.23%	–
C.J. Simkin Senior Executive-National Network Development	109,699	40,000	9,797	12,314	2,061	–	9,851	183,722	5.36%	–
J.B. Wardell Chief Executive Officer, Countplus	213,026	31,574	10,617	20,774	–	–	8,808	284,799	3.09%	–
P.Y. McFarlane Senior Executive-Business Development	114,685	33,599	10,166	12,727	3,159	–	9,851	184,187	5.35%	–
S. Aguilera-Mendoza Senior Executive-Finance	117,178	33,599	4,673	12,983	6,751	–	9,410	184,594	5.29%	–
D.J. Bornor Senior Executive-Advice	116,081	24,000	1,662	17,684	–	–	1,004	160,431	0.63%	–
M Lykouras Senior Executive-Compliance & Legal (resigned June 2010)	178,796	44,467	1,564	23,492	–	–	–	248,319	–	–
Total	1,541,057	352,939	71,593	290,987	14,384	–	78,688	2,349,649	3.35%	–

The elements of remuneration have been determined on the basis of the cost to the Company and the consolidated entity.
The fair value of options granted has been calculated for all ESOP options granted. The fair value of such grants is being amortised and disclosed on a pro-rata basis over the vesting period. The method used to determine fair value was the Cox, Ross and Rubinstein American option binomial model.

Key Management Personnel and their related parties – Other

Options and Rights provided as Compensation to Key Management Personnel and their related parties

No options were granted to KMPs during 2010 & 2011. Subsequent to year end, a total of 170,673 loan funded shares were issued to D. Bornor, C.J. Simkin, J.B. Wardell and M.J. Spurr. Shares issued to D. Bornor and C.J. Simkin vest over three years and expire in August 2016. Shares issued to J.B. Wardell and M.J. Spurr have no vesting conditions and expire in August 2016. The fair value of the loan funded shares at grant date is $42,535. In addition, J.B. Wardell is entitled to an option over 666,667 Countplus shares owned by Count, with an exercise price of $1.50 and expiring in December 2015. At balance date the option contract had not yet been entered into and, given the current trading price of Countplus shares, the Group considers the option to have immaterial value.

As part of his employment arrangements, A.C. Gale is entitled to 400,000 options with respect to the 2010/2011 financial year, or an equivalent loan funded share issue. This issue would normally occur in November 2011. In the event that shareholders vote in favour of the Scheme of Arrangement proposed for CBA to acquire all of the shares in Count Financial Limited, the issue of loan funded shares will not occur. In this case, a cash payment in lieu of the loan funded share issue will be made. It is not possible at this time to accurately estimate the financial effect of the cash payment, but it is expected to be no more than $150,000.

Key Management Personnel and their related parties – Directors

2011	Total	B.M. Lambert	A.C. Gale	A.W. Geddes	A.J. Halse	N.A. Davis	J.C. Morton	
Options vested during the financial year	–	–	–	–	–	–	–	
2010	**Total**	**B.M. Lambert**		**M. Perkovic**	**A.W. Geddes**	**A.J. Halse**	**N.A. Davis**	**J.C. Morton**
Options vested during the financial year	206,100	–	–	126,200	17,000	17,000	25,500	20,400

Key Management Personnel and their related parties – Other

2011	Total	M.J. Spurr	R. Griffith	C.J. Simkin	J.B. Wardell	S.Aguilera-Mendoza	P.McFarlane	D. Bornor
Options vested during the financial year	260,300	53,400	50,000	36,800	35,050	40,000	36,800	8,250
2010	**Total**	**M.J. Spurr**	**R. Griffith**	**C.J. Simkin**	**J.B. Wardell**	**S.Aguilera-Mendoza**	**P.McFarlane**	**D. Bornor**
Options vested during the financial year	379,600	86,800	66,500	53,500	51,650	59,600	53,300	8,250

Equity instruments provided on exercise of options granted as compensation to Key Management Personnel – Directors

2011	Total	B.M. Lambert	A.C. Gale	A.W. Geddes	A.J. Halse	N.A. Davis	J.C. Morton	
Shares issued	–	–	–	–	–	–	–	
2010	**Total**	**B.M. Lambert**	**A.C. Gale**	**M. Perkovic**	**A.W. Geddes**	**A.J. Halse**	**N.A. Davis**	**J.C. Morton**
Shares issued	–	–	–	–	–	–	–	–
2011	**Total**	**M.J. Spurr**	**R. Griffith**	**C.J. Simkin**	**J.B. Wardell**	**S.Aguilera-Mendoza**	**P.McFarlane**	**D. Bornor**
Shares issued	–	–	–	–	–	–	–	

Equity instruments provided on exercise of options granted as compensation to Key Management Personnel - Other

2011	Total	M.J. Spurr	R. Griffith	C.J. Simkin	J.B. Wardell	S.Aguilera-Mendoza	P.McFarlane	D. Bornor
Shares issued – 2004 options exercised @ 84.7c	20,200	–	–	20,200	–	–	–	–

Shares and options are ordinary shares and unlisted options in Count Financial Limited. All options exercised are fully paid.

Value of Options, Granted, Exercised and Lapsed in the Current Financial Year

	Value of options granted as part of remuneration during the current financial year $	Value of options granted as part of remuneration and that are exercised during the current financial year $	Value of options granted as part of remuneration and that lapse during the financial year $	Aggregate $
A.C. Gale	–	–	–	–
C.J. Simkin	–	–	–	–
S. Aguilera-Mendoza	–	–	–	–
P.Y. McFarlane	–	–	–	–
R. Griffith	–	–	–	–
M.J. Spurr	–	–	–	–
A.M. Smith	–	–	–	–
B.R. Irwin	–	–	–	–
L.V. Tonitto	–	–	–	–
D.J. Bornor	–	–	–	–
J.B. Wardell	–	–	–	–

Performance Related Components as a Proportion of Total Remuneration for the Financial Year

	Performance related remuneration	Other	Total
A.C. Gale	33%	67%	100%
C.J. Simkin	21%	79%	100%
S. Aguilera-Mendoza	31%	69%	100%
P.Y. McFarlane	2%	98%	100%
R. Griffith	2%	98%	100%
M.J. Spurr	5%	95%	100%
A.M. Smith	31%	69%	100%
B.R. Irwin	29%	71%	100%
L.V. Tonitto	0%	100%	100%
D.J. Bornor	31%	69%	100%
J.B. Wardell	2%	98%	100%

Performance related remuneration consists of paid or accrued bonuses, the associated superannuation benefit and the amortised cost of options for the financial year.

The Non-Executive Directors do not have a performance related component as part of their remuneration.

Additional Information on Performance Remuneration

Performance remuneration granted under the ESOP in previous years provides remuneration in 2011 and 2012 to key management personnel. The value has been determined at grant date and amortised over the vesting period. The options vest based on continuing employment criteria and with Board discretion.

	2012 ($)	2013 ($)	2014 ($)	2015 ($)
A.C. Gale	–	–	–	–
C.J. Simkin	3,738	1,884	772	62
S. Aguilera-Mendoza	439	–	–	–
P.Y. McFarlane	329	–	–	–
R. Griffith	549	–	–	–
M.J. Spurr	7,435	–	–	–
A.M Smith	–	–	–	–
B.R Irwin	–	–	–	–
L.V. Tonitto	–	–	–	–
D.J. Bornor	3,030	1,598	655	52
J.B. Wardell	24,682	–	–	–

Corporate structure

Count Financial Limited ("Count") is a Company limited by shares that is incorporated and domiciled in Australia. The Company has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, being Compound Investments Limited, Countplus Limited, Count Property Pty Ltd, Equity Loan Broking Pty Ltd, Finconnect (Australia), Count Finance Pty Ltd, Count Investments Pty Ltd and Count GPS Pty Ltd. Count Financial Limited and Compound Investments Limited are Australian Financial Services Licensees. During the year, Countplus Limited, Compound Investments Limited and Equity Loan Broking Pty Ltd exited the consolidated group.

Environmental Regulation and Performance

The Company's operation is not regulated by any significant environmental regulations under the Laws of the Commonwealth, State or Territory.

Tax Consolidation

Effective 1 July 2003, for the purposes of income taxation, Count Financial Limited and its 100% owned subsidiaries formed a tax consolidated group. Members of the group agreed to enter into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Indemnification and Insurance of Directors and Officers

During the financial year, the Company paid premiums in respect of a contract insuring all the Directors and Officers of the parent entity and its controlled entities against any claims and wrongful acts arising out of their conduct while acting in their capacity as Director or Officer of the Company.

All Directors' and Officers' liability policies contain a Confidentiality Condition, which restricts the insured from disclosing certain information in regard to this insurance.

Auditor's Independence

1 **Auditor's Independence Declaration**
Declaration of independence by Ernst & Young has been received and is set out on the attachment.
2 **Non-Audit Services**
During the financial year ended 30 June 2011 and to the date of the report, the auditors, Ernst & Young did not provide any non-audit services to the Company.
3 **Directorships**
During the financial year ended 30 June 2011 and to the date of this report, no Director or Officer of the Company is, or has been a Director or Partner of Ernst & Young, the Company's auditors.

Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the Class Order applies.

Inclusion of Parent Entity Financial Statements

The financial report contains parent entity financial statements under the option available to the Group under ASIC Class Order 10/654. The Group is an entity to which the Class Order applies.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Count Financial Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement can be found on page 28.

Dated at Sydney this 20th of September 2011

Signed in accordance with a resolution of the Directors:

Barry M. Lambert
Executive Chairman

Audit Independence Declaration

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Auditor's Independence Declaration to the Directors of Count Financial Limited

In relation to our audit of the financial report of Count Financial Limited for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Mark Raumer
Partner
Sydney
20 September 2011

financial contents

Statement of Comprehensive Income

for the year ended 30 June 2011

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Revenue	2	**125,986**	123,820	**109,886**	110,288
Fees, commissions and related costs		**(81,553)**	(78,455)	**(69,143)**	(68,073)
GROSS PROFIT		**44,433**	45,365	**40,743**	42,215
Accounting revenue – Countplus	2	**37,927**	–	**–**	–
Other revenues	2	**7,905**	3,877	**3,966**	9,040
Interest on loans and advances	2	**172**	1,207	**604**	1,138
Share of profit of associates		**2,016**	2,249	**–**	–
Change in fair value of investments		**663**	2,167	**723**	1,135
Gain on disposal of assets		**86**	–	**86**	–
Fair value gain on Countplus deconsolidation	39	**34,187**	–	**–**	–
Fair value gain on acquisition of Countplus investees		**2,958**	–	**–**	–
Salaries and employee benefits expense	3(b)	**(31,533)**	(9,426)	**(8,856)**	(9,343)
Lease expenses		**(2,650)**	(696)	**(700)**	(696)
Depreciation and amortisation expenses	3(a)	**(1,290)**	(317)	**(260)**	(315)
Finance costs expensed	3(d)	**(2,268)**	(1,702)	**(1,172)**	(684)
Share based payments – FIOP		**(573)**	(2,195)	**(573)**	(2,195)
Other expenses from ordinary activities	3(c)	**(12,806)**	(6,497)	**(7,246)**	(5,933)
PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX		**79,227**	34,032	**27,315**	34,362
INCOME TAX EXPENSE	4	**(23,126)**	(9,825)	**(7,428)**	(8,235)
PROFIT FROM CONTINUING OPERATIONS AFTER INCOME TAX		**56,101**	24,207	**19,887**	26,127
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**–**	–	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**56,101**	24,207	**19,887**	26,127
Total comprehensive income for the period attributable to:					
Non-controlling interests	27	**4,541**	29	**–**	–
Owners of the parent		**51,560**	24,178	**19,887**	26,127
		56,101	24,207	**19,887**	26,127
Basic earnings per share (cents per share)	32	**19.72**	9.37		
Diluted earnings per share (cents per share)	32	**19.72**	9.36		

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements

Statement of Financial Position

as at 30 June 2011

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	6	**3,714**	5,129	**3,275**	3,188
Trade and other receivables	7	**18,742**	17,657	**48,557**	37,344
Loans and advances	8	**1,262**	10,277	**747**	10,182
Investments held at fair value through profit or loss	9	**22,680**	14,923	**14,473**	14,642
Other current assets	11	**–**	50	**–**	50
TOTAL CURRENT ASSETS		**46,398**	48,036	**67,052**	65,406
NON-CURRENT ASSETS					
Trade and other receivables	12	**14,529**	14,030	**–**	–
Loans and advances	13	**2,083**	1,945	**825**	1,594
Investments held at fair value through profit or loss	14	**34,872**	29,440	**379**	398
Available for sale financial asset	10	**2,283**	1,662	**2,283**	1,662
Other financial assets	15	**–**	–	**22,095**	18,137
Investments in associates	17	**61,797**	15,789	**–**	–
Property, plant and equipment	18	**398**	583	**393**	577
Intangible assets	19	**55**	78	**55**	78
Deferred tax assets	4(d)	**–**	–	**607**	1,332
TOTAL NON-CURRENT ASSETS		**116,017**	63,527	**26,637**	23,778
TOTAL ASSETS		**162,415**	111,563	**93,689**	89,184
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	20	**13,375**	13,047	**7,478**	11,165
Other liabilities	21	**7,592**	8,067	**7,334**	7,710
Current tax liabilities	4(c)	**3,589**	4,818	**3,589**	4,811
Provisions	22	**488**	627	**484**	627
Interest-bearing loans and borrowings	23	**18,508**	11,820	**18,508**	11,820
TOTAL CURRENT LIABILITIES		**43,552**	38,379	**37,393**	36,133
NON-CURRENT LIABILITIES					
Other payables	24	**11,106**	10,805	**–**	80
Provisions	25	**173**	349	**172**	349
Deferred tax liabilities	4(d)	**11,335**	883	**–**	–
TOTAL NON-CURRENT LIABILITIES		**22,614**	12,037	**172**	429
TOTAL LIABILITIES		**66,166**	50,416	**37,565**	36,562
NET ASSETS		**96,249**	61,147	**56,124**	52,622
EQUITY					
Issued capital	26(a)	**29,945**	26,063	**29,945**	26,063
Other reserves	26(e)	**14,619**	13,948	**14,619**	13,948
Retained Earnings		**51,685**	21,062	**11,560**	12,611
Parent Interest		**96,249**	61,073	**56,124**	52,622
Non Controlling Interest	27	**–**	74	**–**	–
TOTAL EQUITY		**96,249**	61,147	**56,124**	52,622

The Statement of Financial Position should be read in conjunction with the notes to the Financial Statements

Statement of Changes in Equity

for the year ended 30 June 2011

	CONSOLIDATED					
	Issued capital $'000	Retained earnings $'000	Share based payment reserve $'000	Total $'000	Non controlling interest $'000	Total equity $'000
At 1 July 2010	**26,063**	**21,062**	**13,948**	**61,073**	**74**	**61,147**
Profit for the period	–	51,560	–	51,560	4,541	56,101
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	–	51,560	–	51,560	4,541	56,101
Shares issued by Count in relation to acquisitions	3,524	–	–	3,524	–	3,524
Shares issued by Countplus in relation to acquisitions	–	–	–	–	6,555	6,555
Share options exercised	321	–	–	321	–	321
Employee share scheme issue	37	–	–	37	–	37
Cost of share-based payments	–	–	671	671	–	671
Equity dividends to members of parent	–	(20,937)	–	(20,937)	–	(20,937)
Equity dividends to non controlling interests	–	–	–	–	(3,776)	(3,776)
Equity recognised on consolidation	–	–	–	–	5,716	5,716
Equity derecognised on deconsolidation	–	–	–	–	(13,110)	(13,110)
At 30 June 2011	**29,945**	**51,685**	**14,619**	**96,249**	**–**	**96,249**

	CONSOLIDATED					
	Issued capital $'000	Retained earnings $'000	Share based payment reserve $'000	Total $'000	Non controlling interest $'000	Total equity $'000
At 1 July 2009	**24,682**	**11,858**	**11,438**	**47,978**	**65**	**48,043**
Adjustment to retained earnings*	–	3,123	–	3,123	–	3,123
Restated opening balance	24,682	14,981	11,438	51,101	65	51,166
Profit for the period	–	24,178	–	24,178	29	24,207
Other comprehensive income for the period	–	–	–	–	–	–
Total comprehensive income for the period	–	24,178	–	24,178	29	24,207
Shares bought back	(2,897)	–	–	(2,897)	–	(2,897)
Associated costs of on-market buy-back of ordinary share capital	(2)	–	–	(2)	–	(2)
Share options exercised	2,124	–	–	2,124	–	2,124
Shares issued to vendors of associates	2,156	–	–	2,156	–	2,156
Cost of share-based payments	–	–	2,510	2,510	–	2,510
Other shares issued	–	–	–	–	–	–
Equity dividends to members of parent	–	(18,097)	–	(18,097)	–	(18,097)
Equity dividends to non controlling interests	–	–	–	–	(20)	(20)
At 30 June 2010	**26,063**	**21,062**	**13,948**	**61,073**	**74**	**61,147**

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements
* Refer to Note 1 (ee) for further information

	COUNT FINANCIAL LIMITED			
	Issued capital $'000	Retained earnings $'000	Share based payment reserve $'000	Total equity $'000
At 1 July 2010	**26,063**	**12,611**	**13,948**	**52,622**
Profit for the period	–	19,887	–	19,887
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	19,887	–	19,887
Shares issued by Count in relation to acquisitions	3,524	–	–	3,524
Share options exercised	321	–	–	321
Shares issued to vendors of associates	–	–	–	–
Employee share scheme issue	37	–	–	37
Cost of share-based payments	–	–	671	671
Other shares issued	–	–	–	–
Equity dividends	–	(20,938)	–	(20,938)
At 30 June 2011	**29,945**	**11,560**	**14,619**	**56,124**

	COUNT FINANCIAL LIMITED			
	Issued capital $'000	Retained earnings $'000	Share based payment reserve $'000	Total equity $'000
At 1 July 2009	**24,682**	**4,560**	**11,438**	**40,680**
Profit for the period	–	26,127	–	26,127
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	–	26,127	–	26,127
Shares bought back	(2,897)	–	–	(2,897)
Associated costs of on-market buy-back of ordinary share capital	(2)	–	–	(2)
Share options exercised	2,124	–	–	2,124
Shares issued to vendors of associates	2,156	–	–	2,156
Cost of share-based payments	–	–	2,510	2,510
Other shares issued	–	–	–	–
Equity dividends	–	(18,076)	–	(18,076)
At 30 June 2010	**26,063**	**12,611**	**13,948**	**52,622**

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements

Cash Flow Statement

for the year ended 30 June 2011

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**162,001**	125,224	**112,244**	111,352
Payments to suppliers and employees		**(123,716)**	(90,827)	**(85,615)**	(79,219)
Dividends received		**4,207**	2,968	**2,124**	488
Interest received – loans to franchisees		**169**	1,037	**599**	989
Interest received – other		**233**	210	**153**	180
Finance costs		**(854)**	(584)	**(1,123)**	(584)
Income tax paid		**(10,983)**	(8,924)	**(8,997)**	(8,919)
Goods and services tax paid		**(6,334)**	(3,840)	**(3,623)**	(3,546)
Donations collected on behalf of Count Charitable Foundation		**153**	261	**152**	261
Donations paid over to Count Charitable Foundation		**(420)**	(269)	**(399)**	(269)
NET CASH FLOWS GENERATED BY OPERATING ACTIVITIES	28(a)	**24,456**	25,256	**15,515**	20,733
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**117**	4	**85**	4
Purchase of property, plant and equipment		**(883)**	(85)	**(138)**	(80)
Proceeds from sale of securities		**1,184**	3,861	**1,876**	4,217
Purchase of securities		**(14,720)**	(12,798)	**(980)**	(4,765)
Purchase of other financial assets		**(232)**	–	**–**	–
Loans and advances made		**(1,547)**	(450)	**–**	–
Loans to related parties		**–**	(5,029)	**(6,785)**	(5,029)
Repayment of loans		**15,707**	7,662	**16,994**	6,751
Payment for shares in associate entities		**(1,419)**	(1,477)	**(1,419)**	–
Payment for intangible assets		**–**	(50)	**–**	(50)
Loans to subsidiaries		**–**	–	**(11,120)**	(7,119)
Loans from subsidiaries		**–**	–	**–**	2,693
Inflow from consolidation of controlled entities net of cash divested		**3,282**	–	**–**	–
Outflow from deconsolidation of controlled entities net of cash divested		**(7,158)**	–	**–**	–
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(5,669)**	(8,362)	**(1,487)**	(3,378)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends from associate entities		**–**	1,114	**–**	–
Proceeds from issues of shares		**422**	2,124	**358**	2,124
On-market buy-back of ordinary share capital		**–**	(2,897)	**–**	(2,897)
Associated costs of on-market buy-back of ordinary share capital		**–**	(2)	**–**	(2)
Proceeds from borrowings other		**17,850**	23,600	**17,786**	23,600
Repayments of borrowings other		**(12,321)**	(21,200)	**(11,147)**	(21,199)
Payment of non-controlling interest dividends		**(5,145)**	–	**–**	–
Payment of dividends on ordinary shares		**(21,008)**	(18,116)	**(20,938)**	(18,076)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**(20,202)**	(15,377)	**(13,941)**	(16,450)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(1,415)**	1,517	**87**	905
Cash and cash equivalents brought forward		**5,129**	3,612	**3,188**	2,283
CASH AND CASH EQUIVALENTS CARRIED FORWARD	28(b)	**3,714**	5,129	**3,275**	3,188

The Cash Flow Statement is to be read in conjunction with the Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

for the year ended 30 June 2011

1. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Count Financial Limited as an individual entity and the consolidated entity consisting of Count Financial Limited and its subsidiaries. The financial report was authorised for issue in accordance with a resolution of the directors on 26th August 2011, whereby responsibility was delegated to the Executive Chairman and Chief Executive Officer to supervise the final preparation and signing of the financial report of Count Financial Limited for the year ended 30 June 2011.

(a) Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis, and is based on historical costs modified by the revaluation of certain financial assets for which the fair value basis of accounting has been applied.

Both the functional and presentation currency of Count Financial Limited and its subsidiaries is Australian dollars (A$) and the financial report is presented in Australian dollars (A$). All values are rounded to the nearest thousand dollars ($000) unless otherwise stated as permitted under ASIC Class Order 98/100.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards. The financial report also complies with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Since 1 July 2010, the Group has adopted AASB 3 'Business Combinations' which is mandatory for annual periods beginning on or after 1 January 2011. Adoption of this Standard has not had any material effect on the financial position or performance of the Group. This revised standard introduces significant changes to accounting for business combinations. The major impact is the requirement for acquisition costs to be expensed at the time they are incurred. This change only impacts business combination transactions which occurred on or after 1 July 2010.

A number of new accounting standards have been issued but are not yet effective during this financial year. The Group has not elected to early adopt any of these new standards or amendments in this financial report. These new standards, when applied in future periods, are not expected to have a material impact on the financial position or performance of the Group other than the following:

- AASB 9 'Financial instruments: Classification and measurement': The amending standard specifies new recognition and measurement requirements for financial assets within the scope of AASB 139 requiring financial assets to be measured at fair value through the profit and loss unless the criteria for amortised cost measurement are met or the entity qualifies and elects to recognise gains and losses on equity securities that are not held for trading directly in other comprehensive income. AASB 9 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 10 'Consolidated Financial Statements': This standard establishes a new control model that applies to all new entities. It replaces parts of AASB 127 and Interpretation 112. The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. AASB 10 is mandatory for adoption by the Group in the year ending 30 June 2014. The financial impact to the Group of adopting this standard is in the process of being ascertained.
- AASB 12 'Disclosure of Interests in Other Entities': New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests. AASB 12 is mandatory for adoption by the Group in the year ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.
- AASB 13 'Fair Value Measurement': This standard establishes a single source of guidance under AIFRS for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value under AIFRS when fair value is required or permitted by AIFRS. AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about assumptions made and the qualitative impact of those assumptions on the fair value determined. AASB 13 is mandatory for adoption by the Group in the ending 30 June 2014. These changes are not likely to have a material impact on the Group's financial statements.

(c) Basis of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Count Financial Limited (the parent entity) and all entities, which Count Financial Limited controlled during the year and at balance date. A controlled entity is any entity that Count Financial Limited has the power to control the financial and operating policies so as to obtain economic benefits.

Transactions and balances of subsidiaries are included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full.

Non-controlling interests represent the outside interests in Equity Loan Broking Pty Ltd and Count GPS Pty Ltd.

Controlled entities are carried at the lower of cost and recoverable amount in the consolidated statement of financial position. Any impairment is recognised in the statement of comprehensive income.

The financial report contains parent entity financial statements under the option available to the Group under ASIC Class Order 10/654. The Group is an entity to which the Class Order applies.

(d) Financial instruments

Financial instruments are initially measured at fair value (on trade date), when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

The Group assesses at each Statement of Financial Position date whether there is objective evidence that a financial asset is impaired. An impairment test is carried out where such an indication exists, and if a financial asset is found to be impaired, the impairment loss is recognised in the statement of comprehensive income.

Financial instruments are de-recognised when for assets, the Company's rights to the cash flows expire or are transferred to another party and for liabilities, the entity's obligations are discharged, cancelled or expire.

On de-recognition, a gain (loss) is recorded in income (expense) as the excess of the consideration over the sum of the carrying amount of the asset and any amount held in equity in respect of that asset.

(e) Finance costs

Finance costs are recognised as an expense based on the effective interest method.

(f) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash on hand and in banks, and money market investments with an original maturity of less than three months and which are subject to an insignificant risk of changes in value.

For the purposes of the Cash Flow Statement, cash and cash equivalents are defined above, net of outstanding bank overdrafts.

(g) Trade and other receivables

Trade receivables are recognised and carried at amortised cost. An estimate for doubtful debts is made against the provision account when collection of the full amount is no longer probable. Bad debts are written-off and recognised in the Statement of Comprehensive Income as incurred.

Interest received is recognised on an accrual basis.

Receivables relating to trailing commission are initially recognised at fair value being the net present value of the expected future trailing commissions to be received. Subsequent to initial recognition and measurement trailing commission receivables are recognised at amortised cost.

(h) Security and term deposits

Security and term deposits are included under 'Trade and other receivables' and recognised at amortised cost. These deposits are part of the company's requirements under operating rental guarantees.

(i) Loans and advances

Loans and advances are initially recognised at fair value, being the consideration issued. After initial recognition loans and advances are carried at amortised cost using the effective interest method and the receivables are split between current and non-current assets. Interest income is recognised in the statement of comprehensive income when receivable. All loans and advances are subject to strict assessment according to the economic entity's credit risk grading systems. All loans and advances are kept under regular review and provisions are made for all identified doubtful debts as and when they arise.

(j) Investments classified as 'Financial assets at fair value through profit or loss'

These investments are held at fair value, with realised and unrealised gains arising from the change in fair value being recognised in the Statement of Comprehensive Income in the period in which they arise. Trade date accounting has been used, and fair value is determined based on the bid price.

For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset at the close of business on the balance sheet date. The fair value of units held in unlisted unit trusts is determined by reference to published bid prices at the close of business on the Statement of Financial Position date, being the redemption price as established by the unit trust's Responsible Entity.

Investments that have been designated as at fair value through profit and loss include shares in listed corporations, and units in unlisted unit trusts. These investments have been designated as at fair value through profit or loss as doing so results in more relevant information. These investments are part of the full group of financial assets, which are managed and have their performance evaluated on a fair value basis in accordance with the risk management strategies of the Group, as disclosed in Note 37.

(k) Available-for-sale financial assets

Assets classified as being available-for sale are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

(l) Investments in associates

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. The associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

Investments in associates are carried in the consolidated financial statements at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

The Group's share of its associates' post-acquisition profits or losses is recognised in the statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. In the consolidated financial statements dividends receivable from associates reduce the carrying amount of the investment.

The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

(m) Financial liabilities

Financial liabilities are recognised at amortised cost, comprising original debt less principal repayments and amortisation using the effective interest method of any transaction costs.

(n) Payables

Liabilities for trade creditors and other amounts are carried at amortised cost.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(o) Property, plant and equipment

Plant and equipment

Cost and valuation

Plant and equipment are carried at cost, less accumulated depreciation and any applicable impairment losses.

The assets' depreciation methods, and useful lives, are reviewed on an annual basis, and any adjustments for a revision of estimates are accounted for prospectively.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at the rates shown below:

Major depreciation periods are:	2011	2010
Leasehold improvements:	7 – 40 years	7 – 40 years
Plant and equipment	2.5 – 20 years	2.5 – 20 years

Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity. Included in the cost of leasehold improvements is a provision for decommissioning costs to be incurred at the end of the lease period, based on an estimate of the expenditure discounted at an appropriate rate.

De-recognition and disposal

An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is recognised.

(p) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis over the period of the lease.

The lease incentive liability in relation to the non-cancellable operating lease is being reduced on an effective interest basis over the lease term (7 years) at the rate implicit in the lease.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(q) Intangible assets

Research and development costs

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and those benefits can be reliably measured.

Capitalised development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Software

Depreciation is calculated on software and programming costs on a systematic basis over the assets' useful lives.

Major depreciation periods are:	2011	2010
Development costs:	2.5 years	2.5 years
Software:	2.5 years	2.5 years

Acquired Client Relationships

The acquired client relationship is amortised over the period the benefit is received.

(r) Impairment

At each reporting date, the group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that these assets may be impaired. If such an indication exists, the recoverable amount of the asset, being the higher of its fair value less costs to sell and its value in use, is compared to the current carrying amount. Any excess of the asset's carrying value over its recoverable amount is expensed to the comprehensive income statement.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(s) Unearned revenue

Unearned income is recognised upon charging the annual membership fee. Revenue is recognised and brought to account over the period it is earned.

(t) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(u) Contributed equity

Issued and paid-up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received (net of tax).

(v) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Retail fees and commissions

As an Australian Financial Services Licensee, Count's revenue is mainly derived from fees and commissions from investments and other financial services provided for clients of the Count network. The revenue is recognised when services are rendered and to the extent that the amount can be reliably measured.

Investment review fees

Investment review fees are Count's share of review fees charged to clients by franchisees. The fee is based on each franchisee's funds under advice and is recognised when services are rendered.

Platform fees

The recommended platforms are internet-based portfolio administration services provided by BT Financial Group (Wrap Essentials, wealth-e-account® and platform2), IOOF (IPS), Colonial First State (Colonial FirstChoice), and Perpetual Investments (WealthFocus) to clients of the Count network. The revenue comprises commissions received from recommended platforms and is based on the level of Funds Under Administration. The fee is recognised when services are rendered and to the extent that the amount can be reliably measured.

Other commissions

Other commissions are derived from Count's range of products and services which include: My Net Wealth®, life insurance product and leasing and asset purchase facilities. In addition, other products and services offered include the finconnect network (which allows non-franchisees to access some of Count's products and services). The commissions are recognised when services are rendered.

Trailing commissions on loan book

The Group receives trailing commissions from lenders over the life of the settled loans in its loan book based on the outstanding balance and pays commissions to franchisees.

On initial recognition at settlement, trailing commission revenue and the related receivable are recognised at fair value being the net present value of the expected future trailing commissions to be received. An associated expense and payable to the franchisees are also recognised.

Subsequent to initial recognition and measurement, both the trailing commission receivable and payable are measured at amortised cost. The carrying amounts of the receivable and payable are adjusted to reflect actual and revised estimated cash flows by recalculating the net present value of estimated future cash flows at the original effective interest rate. Any resulting adjustment to the carrying value is recognised as income or expense in the income statement.

Franchisee fees and other income

Membership fees, training, seminar and other franchisee charges are recognised on an accrual basis upon billing of services provided. Sale of merchandise, promotional material and stationery is recognised when control of the goods has passed to the franchisee.

Interest

Interest revenue is recognised when there is control of the right to receive the interest payment.

Dividends

Dividend revenue is recognised when there is control of the right to receive the dividend payment.

(w) Borrowings

Borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

(x) Income tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowable items. It is calculated using the tax rates that have been enacted or substantially enacted at balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax is calculated at rates that are expected to apply when the asset is realised or the liability settled. Deferred tax is recognised in the comprehensive income statement, except for temporary differences relating to items recognised directly in equity, in which case the deferred tax is recognised directly in equity.

Deferred tax assets are recognised to the extent that it is probable that they will be recovered.

Deferred tax liabilities are recognised in respect of all taxable temporary differences that are applicable.

Count Financial Limited and its subsidiaries have formed a tax consolidated group under the tax consolidation regime.

Current income tax expense is recognised by each entity in the group. The parent company is responsible for recognising the current tax assets and liabilities both for itself and its underlying subsidiaries. Therefore any current tax assets or liabilities recognised by the underlying subsidiaries are assumed by the parent company.

Deferred tax is recognised by each entity within the group, with the exception of deferred tax assets arising from available tax losses, which are assumed by the parent company.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

All the wholly-owned Australian controlled entities in the group have entered into a tax funding agreement, which requires that all balances assumed by the head entity are settled in full. Furthermore, in the event that the head entity defaults in its obligation under the tax consolidation system, each entity in the group is limited in its obligation to fund the income tax obligation of the head entity to the proportion that the tax liability to which that entity would have been liable had the group not elected to become a tax consolidated entity bears to the total taxation liability of the head entity.

(y) Other taxes

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(z) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses arise in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits;
- and other types of employee benefits are charged against profits on a net basis in their respective categories.

The group offers a share based compensation scheme. The total amount expensed over the vesting period is determined by reference to the fair value of the options granted. Please refer to Note 1(cc) for more information

(aa) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element

(bb) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity.

(a) Critical accounting estimates

The consolidated entity makes estimates and assumptions concerning the future. The result may sometimes be different from the estimated amounts. The estimates and assumptions that have a significant risk of causing a material misstatement which would result in an adjustment to the carrying amounts in the Statement of Financial Position are as follows:

(i) Share-based payment

The value of options granted in terms of the consolidated entity's share-based payment schemes are estimated in accordance with the method as disclosed in Note 26(c). These calculations require the use of assumptions, which have been disclosed. Were any of the assumptions to change significantly this could have an impact on the amounts recognised for share-based payments.

(ii) Trailing commissions on loan book

The fair value of trailing commissions receivable and the corresponding payable to franchisees is determined by using the discounted cash flow valuation technique, which requires the use of assumptions. The key assumptions to determine the fair value at balance sheet date are the future run-off rate of the underlying loan portfolio and the discount rate.

The determination of the assumptions to be used in the valuation has been made based on historical information by Management with the assistance of external actuaries. The factors considered in determining the assumptions are complex and require a high degree of judgement.

The significant assumptions used in the valuation are listed below:

Weighted average loan life	3.9 years
Average discount rate	7.365%

If the series of run-off rates used in the valuation of trailing commissions receivable and payable were to differ by +/- 2.5% from Management's estimates, the impact on the balance sheet would be:

– an increase in net assets after tax of $0.30m if favourable; or

– a decrease in net assets after tax of $0.27m if unfavourable

If the discount rate used in the valuation of trailing commissions receivable and payable were to differ by +/- 1.5% from Management's estimates, the impact on the balance sheet would be:

– an increase in net assets after tax of $0.13m if favourable; or

– a decrease in net assets after tax of $0.12m if unfavourable

(iii) Investment in associate – Countplus

In determining the fair value of the Investment in associate (Countplus Limited), consideration was given to any observable data of potential loss events, the price at which shares have been traded as part of the IPO and post-listing, the post-listing trading volumes and price to earnings ratios of comparable companies. It was determined that the fair value of the holding at deconsolidation was $1.50 per share and that no impairment has occurred in the period up to balance date.

(b) Critical judgements in applying the accounting policies

In applying the entity's accounting policies, management have made judgements which, if different, could have an impact on the consolidated entity's financial report. One such judgement made is the classification of investments as designated as at fair value through profit or loss. Management have designated them into this category as they believe this provides relevant information regarding the investments.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of shares of Count Financial Limited.

(cc) Share-based payment

The economic entity provides benefits to the employees and franchisees in the form of share-based payment transactions, whereby employees and franchisees render services in exchange for shares or rights over shares ("equity -settled transactions").

There are currently two plans in place to provide these benefits:

(i) Employee Share Option Plan

(ii) Franchisee Incentive Option Plan

The cost of these equity-settled transactions with employees and franchisees is measured by reference to the fair value of the instruments at the date at which they were granted. The fair value is determined using the Cox, Ross and Rubinstein American option binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees or franchisees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

For further information refer to Note 26.

(dd) Key accounting policies which are relevant for the period due to consolidation of Countplus member firms and deconsolidation of Countplus are provided below:

(i) Accounting revenue

Revenue from the provision of accounting and related services is recognised on an accrual basis in the period in which the service or advice is provided. Revenue from the provision of services (where fee for service is charged) is calculated with a reference to the professional staff hours incurred on each assignment adjusted for any time that may not be recoverable.

(ii) Business combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest.

In the acquiree, for each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition related costs are expensed as incurred, and included in administrative expenses.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

(iii) Consolidation

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interest
- Recognises the fair value of consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in the profit or loss
- Reclassifies the parent's share of components previously recognised on other comprehensive income to profit or loss, or retained earnings, as appropriate

(ee) Change in accounting policy for the period relevant to the recognition of future trail commissions

The Group has recognised the present value of the future trail commissions expected to be received and paid from the Group's mortgage broking activities on balance sheet. Previously, trail commissions were recognised when received and when paid. This change in accounting policy will provide more relevant and reliable financial information as it is in line with industry practice for mortgage brokers and therefore increases the comparability of the Group's financial statements with other mortgage broking participants. The impact on the profit and loss of recognising the net present value of future trail commissions receivable and payable is such that it better reflects the economic substance of the Group's mortgage broking activity, as the broking service is effectively completed on settlement of the mortgage.

The impact of this change in accounting policy on the Group and the Company was:

For the year ended 30 June 2009:

Balance Sheet Classification	2009 Original Balance $'000	Adjustment Amount $'000	2009 Rested Balance $'000
Trade and other receivables current	**12,914**	**5,741**	18,655
Trade and other receivables non-current	**–**	**13,133**	13,133
Deferred tax assets	**1,146**	**(1,146)**	–
Trade and other payables current	**(8,053)**	**(4,373)**	(12,426)
Trade and other payables non-current	**(217)**	**(10,039)**	(10,256)
Deferred tax liabilities	**–**	**(193)**	(193)
Opening retained earnings	**11,858**	**3,123**	14,981

For the year ended 30 June 2010

- profit for the financial year increased by $213 thousand
- financial assets and associated deferred tax liabilities were higher by $20,163 thousand and $6,049 thousand respectively
- financial liabilities and associated deferred tax assets were higher by $15,397 thousand and $4,619 thousand respectively
- earnings per share and diluted earnings per share were only minimally impacted

For the year ended 30 June 2011

- profit for the financial year increased by $119 thousand
- earnings per share and diluted earnings per share were only minimally impacted

	CONSOLIDATED		COUNT FINANCIAL LIMITED	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
2. REVENUE				
Revenues				
Retail fees and commissions (including franchisee share)*	48,226	50,685	38,051	38,386
Investment review fee	766	934	766	934
Platform fees and commissions (including franchisee share)*	66,074	65,685	66,074	65,685
Franchisee fees and other income	6,077	6,516	4,995	5,283
	121,143	123,820	109,886	110,288
Retail fees and commissions – Countplus	4,843	–	–	–
Fees, commissions and related income	125,986	123,820	109,886	110,288
Accounting revenue – Countplus	37,927	–	–	–
Interest on loans and advances	172	1,207	604	1,138
Other revenues				
Realised gains / (losses) on investment	90	(666)	(93)	(666)
Other revenue – Countplus	2,446	–	–	–
Dividends – other corporations	3,832	3,007	3,906	9,526
Interest – other persons/corporations#	1,537	1,536	153	180
Total other revenues	7,905	3,877	3,966	9,040
Total revenues	171,990	128,904	114,456	120,466

* These fees and commissions are gross payments, consisting of both amounts paid on to franchisees and amounts retained by Count Financial Limited.
# Interest – other person/corporations includes interest from the unwinding of discount in relation to the receipt of trailing commission and interest earned on deposits and loans.

3. EXPENSES

(a) Depreciation and amortisation

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Depreciation and amortisation expense includes the following:				
Plant and equipment	85	100	82	98
Software	23	62	23	62
Development	–	–	–	–
Leasehold improvements	137	137	137	137
Decommissioning costs (Goldfields House)	18	18	18	18
Depreciation and amortisation – Countplus	1,027	–	–	–
Total depreciation of non current assets	1,290	317	260	315

(b) Salaries and employee benefits expense

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Employee benefits expense includes the following:				
Superannuation and salary on costs	1,554	1,595	1,549	1,595
Salaries and employee benefits expense – Countplus	22,600	–	–	–
Other employee benefits expense	7,281	7,515	7,209	7,432
Share-based payments – ESOP	98	316	98	316
Total salaries and employee benefits expense	31,533	9,426	8,856	9,343

(c) Other expenses

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Other expenses from operating activities include the following:				
Bad and doubtful debts – trade debtors	(1)	35	(4)	27
Sales and marketing expenses	1,467	1,306	1,448	1,299
Administration expenses	6,031	5,156	5,802	4,607
Administration expense – Countplus	5,309	–	–	–
Total other expenses	12,806	6,497	7,246	5,933

(d) Finance expenses

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Finance expenses from operating activities include the following:				
Interest expense#	2,268	1,702	1,172	684

Interest expense includes interest from the unwinding of discount in relation to the payment of trailing commission to franchisees.

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
4. INCOME TAX					
(a) Income Tax Expense					
The major components of income tax expense are:					
Income Statement					
Current income tax					
– Current income tax charge		**12,070**	9,135	**6,703**	8,286
– Adjustments in respect of current income tax of previous years		**–**	–	**–**	–
Deferred income tax					
– Relating to origination and reversal of timing differences	4(d)	**11,056**	690	**725**	(51)
Income tax expense reported in the income statement	4(b)	**23,126**	9,825	**7,428**	8,235
(b) Reconciliation of accounting profit to tax expense					
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:					
Accounting profit before income tax		**79,227**	34,032	**27,531**	34,362
At the group's statutory income tax rate of 30% (2010: 30%)		**23,768**	10,210	**8,259**	10,309
Franked dividend rebates		**(1,519)**	(1,264)	**(745)**	(154)
Share-based payments		**201**	753	**201**	753
Non deductible items		**135**	226	**135**	121
Other items		**541**	(100)	**2**	(94)
Non assessable dividends from subsidiaries		**–**	–	**(424)**	(2,700)
		23,126	9,825	**7,428**	8,235
(c) Reconciliation of current tax liability					
Opening balance		**4,818**	4,607		
Tax instalments paid relating to prior year*		**(4,908)**	(4,688)		
Tax instalments paid relating to current year*		**(4,089)**	(4,236)		
Tax exit payments of former subsidiaries		**160**	–		
Current tax provision*		**7,608**	9,135		
Closing balance		**3,589**	4,818		

* Tax instalments and current provision shown are for the Count tax consolidated group. The consolidated tax expense includes tax payable by Countplus subsidiaries whilst they were part of the consolidated group, but were not part of the Count tax consolidated group.

	Notes	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
(d) Deferred Income Tax – Consolidated					
Deferred Tax Assets					
Provision for employee entitlements – Annual leave		**108**	151	**(43)**	(6)
Provision for employee entitlements – Long service leave		**52**	105	**(53)**	(1)
Provision for bad debts		**3**	5	**(2)**	1
Revaluation of investments to fair value		**139**	338	**(199)**	(649)
Capital losses		**315**	286	**29**	200
Valuation costs		**–**	–	**–**	(1)
Countplus costs		**–**	17	**(17)**	(17)
Provision for rent/storage fees		**12**	29	**(17)**	(9)
Amortisation of decommissioning costs		**34**	29	**5**	5
Bonus payable		**314**	208	**106**	202
		977	1,168	**(191)**	(275)
Deferred Tax Liabilities					
Revaluation of investments to fair value		**(10,256)**	–	**(10,256)**	–
Net present value of future trail commission		**(1,481)**	(1,430)	**(51)**	(91)
Research and development costs		**–**	–	**–**	1
Accrued Dividends		**(13)**	(103)	**90**	(76)
Investment in associates		**(518)**	(518)	**(604)**	(249)
Other		**(44)**	–	**(44)**	–
Net deferred tax assets		**(11,335)**	(883)		
Deferred tax income	4(a)			**(11,056)**	(690)

	Notes	STATEMENT OF FINANCIAL POSITION		STATEMENT OF COMPREHENSIVE INCOME	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000
4. INCOME TAX continued					
(d) Deferred Income Tax – Parent					
Deferred Tax Assets					
Provision for employee entitlements- Annual leave		108	151	(4-3)	(6)
Provision for employee entitlements- Long service leave		52	105	(53)	(1)
Provision for bad debts		3	5	(2)	1
Revaluation of investments to fair value		297	514	(217)	(340)
Capital losses		315	286	29	200
Valuation costs		–	–	–	(1)
Countplus costs		–	17	(17)	(17)
Amortisation of lease incentive		41	–	41	–
Provision for rent/storage fees		12	29	(17)	(9)
Amortisation of decommissioning costs		34	29	5	5
Bonus payable		249	208	41	202
		1,111	1,344	(233)	34
Deferred Tax Liabilities					
Research and development costs		–	–	–	1
Accrued Dividends		(504)	(12)	(492)	16
Net deferred tax assets		607	1,332		
Deferred tax income	4(a)			(725)	51

Tax consolidation

Effective 1 July 2003, for the purposes of income taxation, Count Financial Limited and its 100% owned subsidiaries formed a tax consolidated group. Members of the group have agreed to enter into a tax sharing arrangement in order to allocate income tax expense to the wholly-owned subsidiaries on a pro-rata basis. In addition, the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance sheet date, the possibility of default is remote. The head entity of the tax consolidated group is Count Financial Limited.

Count Financial Limited and its controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. In addition to its own current and deferred tax amounts, Count Financial Limited also recognises the current tax liabilities and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group. The standalone allocation method has been used.

Countplus Limited exited the tax consolidated group on 5 November 2010 as from this date it was no longer a 100% owned subsidiary of Count Financial Limited.

Tax effect accounting by members of the tax consolidated group

Members of the tax consolidated group have entered into a tax funding agreement. The funding arrangement provides for the allocation of current and deferred taxes to members of the tax consolidated group using a group allocation approach in accordance with UIG 1052 and applying the principles of AASB 112 *Income Taxes*.

The allocation of taxes under the tax funding agreement is recognised as an increase / decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company, Count Financial Limited.

In preparing the accounts of Count Financial Limited for the current year, the following amounts have been recognised as tax consolidation adjustments:

	COUNT FINANCIAL LIMITED	
	2011 $'000	2010 $'000
Total increase/(reduction) to inter-company assets of Count Financial Limited	912	825

	CONSOLIDATED		COUNT FINANCIAL LIMITED	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
5. DIVIDENDS PAID OR PROPOSED ON ORDINARY SHARES				
(a) Dividends proposed and recognised as a liability				
Interim franked dividend for 2011: 2.0 cents (2010: 2.0 cents)	**5,244**	5,165	**5,244**	5,165
(b) Dividends paid during the period				
Interim franked dividend for 2011: 4.0 cents (2010: 4.0 cents)	**10,489**	10,337	**10,489**	10,337
Final franked dividend for 2010: 2.0 cents (2009: 1.0 cents)	**5,205**	2,574	**5,205**	2,574
	20,938	18,076	**20,938**	18,076
(c) Dividends proposed and not recognised as a liability				
Final franked dividend for 2011: 4.0 cents (2010: 2.0 cents)	**10,490**	5,165	**10,490**	5,165
(d) Franking credit balance				
The amount of franking credits available for the subsequent financial year are:				
– franking account balance as at the end of the financial year at 30% (2010: 30%) tax rate			**9,207**	9,150
– franking credits that will arise from the payment of income tax payable as at the end of the financial year			**3,500**	4,927
– franking debits that will arise from the payment of dividends as at the end of the financial year			**(2,248)**	(2,214)
			10,459	11,863
The amount of franking credits available for future reporting periods:				
– impact on the franking account of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period.			**(4,496)**	(2,214)
			5,963	9,649

The tax rate at which paid dividends have been franked is 30% (2010: 30%). Dividends proposed will be franked at the rate of 30% (2010: 30%). Franking credits were transferred from the wholly-owned entities to the parent entity on 1 July 2003 on entering the tax consolidated group.
Franked dividends paid during the financial year – 8c per share (2010:7c)

6. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	**3,714**	4,829	**3,275**	3,188
Short-term deposits	**–**	300	**–**	–
	3,714	5,129	**3,275**	3,188

For cash and cash equivalents, the carrying value is assumed to approximate their fair value.
Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods up to 3 months, depending on the immediate cash requirements of the entity, and earn interest at the respective short-term deposit rates.

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
7. TRADE AND OTHER RECEIVABLES (CURRENT)					
Trade receivables	7(a)(i)	**1,236**	1,591	**1,390**	1,563
Allowance for doubtful debts		**(10)**	(17)	**(10)**	(17)
		1,226	1,574	**1,380**	1,546
Net present value of future trail commission*		**6,351**	6,133	**–**	–
Sundry receivables	7(a)(ii)	**2,729**	1,158	**2,728**	1,353
Other receivables	7(a)(iii)	**23**	22	**23**	22
Security deposits	29(d)	**384**	424	**384**	404
Accrued income		**8,029**	8,346	**6,971**	7,401
Amounts other than trade receivables from related parties:					
Wholly owned group controlled entities	16	**–**	–	**37,071**	26,618
		18,742	17,657	**48,557**	37,344

* Future trail commission has been accounted for at amortised cost. Refer to Note 1(bb) (ii) for key assumptions used and further details. Also refer to Note 37 for an assessment of risks affecting future trail commission including credit risk.

(a) Terms and conditions

(i) Trade receivables are non-interest bearing and generally on 30-60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired.
(ii) Sundry receivables and other receivables are non-interest bearing and are generally on 30 day terms.
(iii) Other receivables will mature within 12 months with an effective interest rate of 6.40% (2010: 6.25%) per annum.
(iv) Security deposits will mature within 12 months with an effective interest rate of 4.00% (2010: 3.75% – 5.00%) per annum.

Due to the short term nature of these receivables, their carrying value approximates their fair value.

Details regarding the effective interest rate and credit risk of current receivables are disclosed in Note 37.

8. LOANS AND ADVANCES (CURRENT)

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Loans to franchisees	**1,262**	1,193	**747**	1,098
Loans to related parties	**–**	9,084	**–**	9,084
	1,262	10,277	**747**	10,182

Loans to franchisees due within 12 months with a fixed interest rate of 5%-10% (2010: 5%-10%) per annum, reset each year. The carrying value of loans to franchisees & related parties approximate their fair values given the expected short term maturity. The related party loan refers to loans given to Countplus member firms which were not part of the consolidated group at 30 June 2010. As part of the listing of Countplus Limited in December 2010, these loans were fully settled by Countplus. The loans were originally made on normal commercial terms and carried an interest rate of 10% with the exception of stamp duty loans of $1.5m which was provided on an interest free basis.

9. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (CURRENT)

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Listed securities				
– DKN Financial Group Limited	**8,206**	–	**–**	–
– Other	**14,474**	14,923	**14,474**	14,642
	22,680	14,923	**14,473**	14,642

The fair value of the listed securities has been based on the bid price at the end of the financial year. The movement in fair value has been recognised in profit or loss for the year. The only individually material investment is DKN Financial Group Limited which has been reclassified from non-current to current as it is currently the subject of a takeover offer which is likely to succeed and complete within the next 12 months.

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
10. AVAILABLE FOR SALE FINANCIAL ASSETS (NON CURRENT)					
At fair value:					
Unlisted Shares: Super-IP		**2,283**	1,662	**2,283**	1,662
		2,283	1,662	**2,283**	1,662

Valuation Assumptions & Sensitivity

The investment in Super-IP is carried at fair value. A discounted cash flow model was used to confirm this valuation using a pre-tax discount rate of 16% and terminal value of 5x. A sensitivity analysis of these inputs does not result in a significantly different fair value. Increasing the discount rate by 200 basis points results in a reduction in value of $209,000 and decreasing the terminal value to 4x reduces the value by $358,000.

A reconciliation of the movement during the year is as follows:

	2011	2010
	$'000	$'000
Opening balance	**1,662**	1,363
Net valuation gains	**–**	–
Additions	**621**	299
Closing Balance	**2,283**	1,662

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
11. OTHER CURRENT ASSETS				
Prepayments	**–**	50	**–**	50
	–	50	**–**	50
12. TRADE AND OTHER RECEIVABLES (NON-CURRENT)				
Net present value of future trail commission	**14,529**	14,030	**–**	–
	14,529	14,030	**–**	–

* Future trail commission has been accounted for at amortised cost. Refer to Note 1(bb) (ii) for key assumptions used and further details. Also refer to Note 37 for an assessment of risks affecting future trail commission including credit risk.

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
13. LOANS AND ADVANCES (NON CURRENT)				
Loans to franchisees	**2,083**	1,945	**825**	1,594
	2,083	1,945	**825**	1,594

Loans and advances are payable by monthly instalments for a period of up to 10 years with an interest rate of 5%-10% (2010: 5% -10%) per annum, reset each year. The carrying value of loans approximate their fair values.

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
14. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS (NON CURRENT)				
Listed securities:				
– Mortgage Choice Limited	**25,455**	23,188	**–**	–
– DKN Financial Group Limited	**–**	5,854	**–**	–
– Centrepoint Alliance Limited	**9,038**	–	**–**	–
Units in unit trusts	**379**	398	**379**	398
	34,872	29,440	**379**	398

The fair value of the listed securities has been based on the bid price at the end of the financial year. The movement in fair value has been recognised in profit or loss for the year. The fair value of the unlisted units has been based on the redemption price at the end of the financial year. The movement in fair value has been recognised in profit or loss for the year. DKN Financial Group Limited has been reclassified from non-current to current as it is currently the subject of a takeover offer which is likely to succeed and complete within the next 12 months.

15. OTHER FINANCIAL ASSETS

The consolidated financial statements include the financial statements of the ultimate parent entity Count Financial Limited, and the subsidiaries listed in the following table:

Name	Country of incorporation	Percentage of equity interest held		Investment	
		2011	2010	2011	2010
		%	%	$'000	$'000
Compound Investments Ltd#	Australia	–	100	–	500
Count Property Pty Ltd	Australia	100	100	100	100
Less impairment^		–	–	(19)	(18)
Equity Loan Broking Pty Ltd#	Australia	–	50	–	10
Finconnect (Australia) Pty Ltd	Australia	100	100	–	–
Countplus Limited@	Australia	39	100	22,014	17,545
Count GPS Pty Ltd*	Australia	50	50	–	–
Count Finance Pty Ltd	Australia	100	100	–	–
Count Investments Pty Ltd	Australia	100	100	–	–
				22,095	18,137

^ Impairment relates to losses incurred to date.
* Count Financial Limited holds a 2/3 Board majority in Count GPS Pty Ltd.
\# Compound Investments Ltd and Equity Loan Broking Pty Ltd were sold during the year.
@ In addition to the above subsidiaries the group through Countplus Limited controlled various entities for part of the year 2010-2011. The details of such controlled subsidiaries are provided in Note 38. On 16 December 2010 Count lost control over Countplus Limited and the subsidiaries Countplus controlled. The details of deconsolidation are provided in Note 39.

16. RELATED PARTY DISCLOSURES

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

(a) Subsidiaries

	Notes	COUNT FINANCIAL LIMITED 2011 $'000	2010 $'000
Current receivables			
Finconnect (Australia) Pty Ltd		14,522	18,762
Count Finance Pty Ltd		1,656	367
Compound Investments Ltd		–	4
Count Investments Pty Ltd		20,893	7,485
		37,071	26,618
Current payables			
Count Property Pty Ltd		–	–
Countplus Limited		–	3,653
Count GPS Pty Ltd		647	469
		647	4,122

The ultimate parent and ultimate controlling party is Count Financial Limited.

During the year Count Financial Limited paid for certain expenses on behalf of Countplus Pty Limited such as legal and start-up costs. The total amount of these costs was $372,732 (2010: $194,474). There is no intention to have these costs reimbursed.

Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

No guarantees were provided or received for any subsidiary.

(b) Other related parties

Loans to employees	–	27
	–	27

16. RELATED PARTY DISCLOSURES (continued)

(c) Terms and conditions of transaction with related parties

Any transactions with related parties are made on normal commercial terms and conditions with the exception of arrangement in relation to legal and start-up costs referred to in Note 16(a). No provision for doubtful debts has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad and doubtful debts due from related parties (2010: $Nil).

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such evidence exists, the Company recognises an allowance for an impairment loss. In considering impairment of related party receivables during the period, particular attention was placed on Count Investments Pty Ltd, a subsidiary which holds investments in ASX-listed companies. Whilst a deficit exists between the value of the investments and the receivable from the subsidiary, given the short-term volatility evident in investment markets generally and the shares held specifically towards the end of the period, the Company concluded that this deficit was not significant nor prolonged enough to constitute objective evidence of impairment in the receivable.

Refer to note 34 for further related party disclosures.

Related party transactions with Countplus

During the period, Countplus Pty Ltd converted to a public company (Countplus Limited) and ceased to be a subsidiary of Count Financial Limited. Count retained an ownership interest in Countplus Limited of 39.8% at the time of deconsolidation.

Countplus entered into a 'Relationship Deed' agreement with Count Financial Limited on 4 November 2010. Count 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. Due to this agreement, Fees, commissions and related costs include $1.03m paid to Countplus during the period.

Countplus entered into a 'Bilateral Funding Agreement' with Count Financial on 4 November 2010. In the first 12 months following the listing of Countplus, Count must advance a loan to Countplus for the amount specified in the request notice, up to a limit of $10m. After the first 12 months following the Countplus listing, Count Financial & Countplus can refuse any request for funds. Either party can borrow up to $10m and must pay back the loan before the termination date, which is five years from the date of the agreement, or a later date as agreed between the parties. Interest on any loan is charged at 10%. No amount has been borrowed under this agreement as at 30 June 2011.

Countplus Limited listed on the Australian Securities Exchange on 22 December 2010. As part of the listing process, Countplus issued a prospectus for an initial public offering (IPO) for $20M, for which Count was the underwriter. Count earned no fees in relation to the underwriting of the Countplus IPO. As part of its underwriting agreement, Count purchased 945,747 shares to complete the $20M fund raising. As part of the Countplus IPO, Count shared 50% of the float costs with Countplus amounting to $456,061 which are included in Note 3(c) Administrative expenses.

	CONSOLIDATED	
	2011	2010
	$'000	$'000
17. INVESTMENTS IN ASSOCIATES		
Opening balance in investment in associates	**15,789**	11,296
Interests acquired in associates	**–**	3,636
Interest free loans	**–**	30
Consolidation of Countplus subsidiaries and derecognition of Investment in associates at 1 July 2010	**(15,789)**	–
Deconsolidation of Countplus and recognition as Investment in associate at fair value at 16 December 2010	**60,000**	–
Purchase of Countplus shares through the Public Offer at 16 December 2010	**1,419**	–
Share of profit of associates	**2,016**	2,249
Dividends from associates	**(1,638)**	(1,422)
Closing balance in investment in associates	**61,797**	15,789
Total current assets	**30,126**	18,751
Total non-current assets	**56,931**	62,522
Total current liabilities	**29,512**	12,361
Total non-current liabilities	**8,498**	11,329
Net assets	**49,047**	57,583
Share of associates' net assets	**19,177**	15,789
Share of associates' revenues	**18,999**	15,119
Share of associates' profit after income tax	**2,016**	2,249

For 2011 the amounts reflect share of revenues and profits post deconsolidation of Countplus.

17. INVESTMENTS IN ASSOCIATES (CONTINUED)

As detailed in Note 38 Business Combinations, Count controlled the Countplus investee businesses from 1 July 2010 and has therefore consolidated these investees from 1 July 2010. On 16 December, Countplus issued shares to the vendors of its investees and the public, diluting Count's shareholding to 39.8% and requiring Count to deconsolidate its investment in Countplus, recognise its remaining interest at fair value and account for its investment in Countplus using the equity accounting method from that date.

On deconsolidation the directors assessed the fair value of Count's interest in Countplus as $60.0M (40,000,000 shares at $1.50 per share). This was based on several factors, including the pricing of the IPO at $1.50 per share, over 90% of the IPO being subscribed to by the public and the post-float trading in the shares being within a 10c range of the IPO price.

The gain on deconsolidation of $34.2m, being difference between the fair value of the retained investment in Countplus Limited and the net assets, is recognised in Income Statement.

32 million of the 40.9 million Countplus shares owned by Count are escrowed, with one third released from escrow in each of December 2011, December 2012 and December 2013.

Fair value of investment in listed associate

At 30 June 2011, the Group held a 39.1% interest in Countplus Limited listed on the ASX. The value of the Group's investment in Countplus Limited, based on the last sale price on 30 June 2011, is $53.2m (2010: Nil). Given a significant portion of Countplus shares are under escrow and there was no update to market guidance at 30 June 2011, the directors are of the view, having assessed the investment for impairment, that the market value does not reflect the fair value of the investment and instead the carrying value reflects the investment's fair value.

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000
18. PROPERTY, PLANT AND EQUIPMENT					
Leasehold improvements					
Cost		**1,129**	1,085	**1,129**	1,085
Accumulated amortisation		**(997)**	(842)	**(997)**	(842)
		132	243	**132**	243
Plant & equipment					
Cost		**1,099**	1,157	**1,089**	1,147
Accumulated depreciation		**(833)**	(817)	**(828)**	(813)
		266	340	**261**	334
Total property, plant and equipment					
Cost		**2,228**	2,242	**2,218**	2,232
Accumulated depreciation and amortisation		**(1,830)**	(1,659)	**(1,825)**	(1,655)
Net carrying amount		**398**	583	**393**	577

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Leasehold Improvements				
Carrying amount at beginning	**243**	398	**243**	398
Additions	**44**	–	**44**	–
Decommissioning costs	**–**	–	**–**	–
Amortisation of decommissioning costs	**(18)**	(18)	**(18)**	(18)
Amortisation of leasehold improvements	**(137)**	(137)	**(137)**	(137)
	132	243	**132**	243
Plant & equipment				
Carrying amount at beginning	**340**	355	**334**	352
Additions	**839**	92	**25**	87
Plant & Equipment acquired on consolidation	**5,228**	–	**–**	–
Reduce Plant & Equipment on deconsolidation	**(5,421)**	–	**–**	–
Disposals/Write-off	**(45)**	(7)	**(17)**	(7)
Depreciation expense	**(675)**	(100)	**(82)**	(98)
	266	340	**260**	334
Net carrying amount	**398**	583	**392**	577

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
19. INTANGIBLE ASSETS					
Development					
Cost		**78**	2,332	**78**	2,332
Accumulated amortisation		**(78)**	(2,332)	**(78)**	(2,332)
		–	–	**–**	–
Computer Software					
Cost		**642**	642	**642**	642
Accumulated amortisation		**(587)**	(564)	**(587)**	(564)
		55	78	**55**	78
Total intangible assets					
Cost		**720**	2,974	**720**	2,974
Accumulated amortisation		**(665)**	(2,896)	**(665)**	(2,896)
Net carrying amount		**55**	78	**55**	78
(a) Reconciliations					
Reconciliations of the carrying amounts of intangibles at the beginning and end of the current financial year.					
Acquired Client Relationships					
Carrying amount at beginning		**–**	–	**–**	–
Additions		**–**	–	**–**	–
ACR acquired on consolidation		**6,943**	–	**–**	–
ACR acquired on deconsolidation		**(6,506)**	–	**–**	–
Amortisation expense		**(437)**	–	**–**	–
		–	–	**–**	–
Computer software					
Carrying amount at beginning		**78**	90	**78**	90
Additions		**–**	50	**–**	50
Amortisation expense		**(23)**	(62)	**(23)**	(62)
		55	78	**55**	78
Net carrying amount		**55**	78	**55**	78
20. TRADE AND OTHER PAYABLES (CURRENT)					
Trade payables	20(a)	**6,690**	6,700	**5,043**	5,399
Other payables:					
Net present value of future trail commission		**4,838**	4,672	**–**	–
Employee bonuses		**1,047**	695	**1,047**	694
Other payables	20(a)	**320**	274	**326**	280
Lease incentives		**80**	137	**80**	137
Goods and services tax		**400**	569	**335**	534
		13,375	13,047	**6,831**	7,044
Aggregate amounts payable to related parties:					
– wholly owned entities		**–**	–	**–**	3,652
– majority owned entities		**–**	–	**647**	469
		13,375	13,047	**7,478**	11,165

(a) Terms and conditions relating to the above financial instruments:
(i) Trade payables are non-interest bearing and are normally payable 30 days from the end of the month of the purchase date.
(ii) Other payables are non-interest bearing and have an average term of 7 to 21 days.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value with the exception of net present value of future trailing commission which is accounted for at amortised cost.

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
21. OTHER CURRENT LIABILITIES					
Unearned revenue		**2,075**	2,725	**1,817**	2,359
Dividends on ordinary shares		**5,244**	5,165	**5,244**	5,165
Other liabilities		**273**	177	**273**	186
		7,592	8,067	**7,334**	7,710

(a) Ordinary share dividends

An interim dividend of 2.00 cents per share has been provided for the year ended 30 June 2011 (2010: 2.00 cents). The dividend was declared on 16 June 2010 and paid on 15 July 2011. Count Financial Limited will continue to pay its dividend quarterly. The extent to which dividends were franked, details of franking account balance at balance date and franking credits available for subsequent financial years are disclosed in note 5(d).

22. PROVISIONS (CURRENT)

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Employee benefits*	**364**	503	**360**	503
Decommissioning costs#	**124**	124	**124**	124
	488	627	**484**	627

* Employee benefits is comprised of annual leave liability
# Decommissioning costs is the estimate of the amount it would take to restore the leased premises (Goldfields House) to its original condition at the end of the lease term in 2012.

23. INTEREST-BEARING LOANS AND BORROWINGS (CURRENT)

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Interest-bearing loans and borrowings (current)	**18,508**	11,820	**18,508**	11,820
	18,508	11,820	**18,508**	11,820

The consolidated entity has a line of credit facility from the Commonwealth Bank of Australia for $20,000,000, which is currently drawn to $18,507,997.52. The facility matures on 15 January 2012 and interest is payable monthly at the Bank Bill Swap Rate plus a margin. In addition to the line of credit facility, the consolidated entity maintains a margin lending facility, secured against its investment portfolio, with nil owing at balance date.

24. OTHER PAYABLES (NON-CURRENT)

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Net present value of future trail commission	**11,106**	10,725	**–**	–
Other payables – Lease incentives	**–**	80	**–**	80
	11,106	10,805	**–**	80

25. PROVISIONS (NON-CURRENT)

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Employee benefits*	**173**	349	**172**	349
	173	349	**172**	349

* Employee benefits is comprised of long service leave liability

26. ISSUED CAPITAL

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
(a) Ordinary Shares	**29,945**	26,063	**29,945**	26,063
Issued and paid-up capital	**29,945**	26,063	**29,945**	26,063

	Notes	2011 Number of Shares	2011 $	2010 Number of Shares	2010 $

26. ISSUED CAPITAL (continued)

(b) Ordinary shares issued during the year

	Notes	2011 Number of Shares	2011 $	2010 Number of Shares	2010 $
Beginning of the financial year		**258,835,269**	**26,062,731**	256,846,852	24,681,812
Issued during the year as a result of exercise of options					
Franchisee share incentive scheme:	(ii)				
– FIOP 2004 at 78.1 cents per share		**–**	**–**	1,866,325	1,456,306
– FIOP 2005 at 131.4 cents per share		**244,234**	**320,923**	419,660	551,433
Employee share incentive scheme:	(ii)				
– ESOP 2004 at 84.7 cents per share		**–**	**–**	135,500	114,851
– ESOP 2008 at 154.2 cents per share		**–**	**–**	648	999
Shares issued for Countplus investments		**3,133,473**	**3,523,796**	1,612,318	2,156,131
Employee share scheme issue		**34,854**	**36,975**		
Associated costs of on-market buy-back of ordinary share capital		**–**	**–**	–	(2,028)
Bought back during the year	(i)	**–**	**–**	(2,046,034)	(2,896,773)
End of the financial year		**262,247,830**	**29,944,425**	258,835,269	26,062,731

(i) When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. As part of capital efficiency to manage the potential dilution of earnings per share of issuing new shares under the company option plans, Count Financial has periodically used share buyback schemes.

Management continually monitors the capital structure to ensure that Count Financial is positioned take advantage of favourable costs of capital or higher expected returns on assets. Having regard to economic and industry conditions, management may consider varying the amount of dividends paid to shareholders, future share buy-backs, or issue new capital. The parent Count Financial Limited is subject to certain capital requirements as Australian Financial Services Licence (AFSL) holders, specifically that assets must exceed liabilities at all times.

(ii) Please refer to note 26(c) and note 30(a) for further details regarding the issue of share options under ESOP and FIOP.

(c) Share options

Options over ordinary shares.

Employee Share Option Plan and Franchisee Incentive Option Plan

Count has issued options to its employees through the Employee Share Option Plan (ESOP) and to its franchisees through the Franchisee Incentive Option Plan (FIOP). The options are unlisted and non-transferable, and conditional upon the employees and franchisees remaining with Count Financial Limited on the vested date. The options were granted once per year since December 2000 until 2008 for no consideration and are to be exercised between the vested date and the expiry date. Due to legislative changes to the taxation treatment of options enacted in December 2009, no further options have been granted under either plan. The details of the FIOP option scheme are set out below. Refer to note 30(a) (share-based payments) for details of the ESOP scheme.

26. ISSUED CAPITAL (continued)

(c) Share options (continued)

DETAILS OF FRANCHISEE INCENTIVE OPTION PLAN (FIOP)

Scheme name	Total number of options	Weighted average exercise price ($)	FIOP 2004	FIOP 2005	FIOP 2006	FIOP 2007	FIOP 2008
Grant date			15-Jun-05	15-Dec-05	6-Feb-07	21-Dec-07	19-Dec-08
Exercise price^			78.05 cents	131.4 cents	193.70 cents	247.50 cents	142 cents
First exercise date*			15-Nov-07	15-Nov-08	15-Nov-09	15-Nov-10	15-Nov-11
Expiry date			15-Nov-09	15-Nov-10	15-Nov-11	15-Nov-12	15-Nov-13
Initial number of options granted			10,724,100	8,211,600	8,085,633	9,040,300	13,275,800
Fair value of options at grant			11.84c	45.68c	52.56c	69.13c	10.72c
For the year ended 30 June 2011							
Options held at 1 July 2010	**37,988,258**	**1.76**	**–**	**7,617,825**	**8,085,633**	**9,009,000**	**13,275,800**
Options granted during the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Options forfeited during the year	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Options expired during the year	**(7,373,591)**	**1.31**	**–**	**(7,373,591)**	**–**	**–**	**–**
Options exercised during the year	**(244,234)**	**1.31**	**–**	**(244,234)**	**–**	**–**	**–**
Unexercised options at 30 June 2011	**30,370,433**	**1.87**	**–**	**–**	**8,085,633**	**9,009,000**	**13,275,800**
Exercisable (vested) options at 30 June 2011	**10,638,778**	**2.17**	**–**	**–**	**6,040,678**	**4,598,100**	**–**
For the year ended 30 June 2010							
Options held at 1 July 2009	41,223,465	1.69	2,815,547	8,037,485	8,085,633	9,009,000	13,275,800
Options granted during the year	–	–	–	–	–	–	–
Options forfeited during the year	–	–	–	–	–	–	–
Options expired during the year	(949,222)	0.78	(949,222)	–	–	–	–
Options exercised during the year	(2,285,985)	0.88	(1,866,325)	(419,660)	–	–	–
Unexercised options at 30 June 2010	37,988,258	1.76	–	7,617,825	8,085,633	9,009,000	13,275,800
Exercisable (vested) options at 30 June 2010	12,013,283	1.58	–	6,791,605	5,221,678	–	–

* Subject to terms and conditions of the options offer.
^ The weighted average price at the date of exercise for FIOP is $1.30.

(d) Terms and conditions of issued capital

Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares paid.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(e) Other reserves

Other reserves record the value of share-based payments provided to employees and franchisees.

	CONSOLIDATED	
	2011	2010
	$'000	$'000
27. NON CONTROLLING INTEREST		
Reconciliation of non controlling interest in controlled entities		
Opening balance	**74**	65
Add share of operating profit	**4,541**	29
Shares issued by Countplus in relation to acquisitions	**6,555**	–
Equity dividends to non controlling interests	**(3,776)**	(20)
Equity recognised on consolidation	**5,716**	–
Equity derecognised on deconsolidation	**(13,110)**	–
Closing balance	**–**	74

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000

28. STATEMENT OF CASH FLOWS

(a) Reconciliation of the net profit after tax to the net cash flows from operations

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Profit from continuing operations after tax		**56,101**	24,207	**19,887**	26,127
Non-Cash Items					
Provision Doubtful/Bad Debts		**2**	4	**(7)**	28
Capitalised interest		**49**	100	**49**	100
Depreciation of non current assets		**263**	317	**260**	317
Revaluation of financial assets		**(663)**	(2,163)	**(723)**	(1,135)
Net (profit)/loss on disposal of financial assets		**(86)**	662	**(86)**	666
Share of associates' profit		**(2,016)**	(2,249)	**–**	–
Share options expensed		**671**	2,510	**671**	2,510
Dividend income re-invested		**(9)**	(15)	**(9)**	(15)
Interest income from fair value adjustment		**55**	(170)	**(5)**	(242)
(Increase) in amount due under tax funding agreement		**–**	–	**(1,072)**	(825)
Lease incentive liability adjustment		**135**	137	**135**	137
Non-cash net present value of future trailing inflows		**(12,491)**	(12,591)	**–**	–
Non-cash net present value of future trailing outflows		**12,373**	12,378	**–**	–
Fair value gain on Countplus deconsolidation		**(34,187)**	–	**–**	–
Fair value gain on acquisition of Countplus investees		**(2,958)**	–	**–**	–
Dividends from subsidiaries		**–**	–	**(1,483)**	(9,000)
Changes in assets and liabilities					
(Increase)/decrease in trade and other receivables		**(1,584)**	1,390	**(760)**	1,064
(Increase)/decrease in deferred tax assets		**10,452**	599	**234**	(50)
(Increase)/decrease in prepayments		**50**	(35)	**50**	(34)
(Decrease)/increase in trade and other payables		**(629)**	185	**(213)**	1,176
(Decrease)/increase in tax provision		**(1,229)**	211	**(731)**	192
(Decrease)/increase in unearned revenue		**(650)**	(194)	**(542)**	(149)
(Decrease)/increase in provisions		**(315)**	(24)	**(320)**	(24)
(Decrease)/increase in other liabilities		**175**	(3)	**166**	(110)
(Increase)/decrease in net assets deconsolidated		**947**	–	**–**	–
Net cash flow from operating activities		**24,456**	25,256	**15,501**	20,733

(b) Reconciliation of cash

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Cash balance comprises:					
– Cash and cash equivalents	6	**3,714**	5,129	**3,275**	3,188
Cash and cash equivalents for the purposes of the Cash Flow Statement		**3,714**	5,129	**3,275**	3,188

(c) Financing facilities available

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
At reporting date, the following financing facilities had been negotiated and were available:					
Total facilities					
– Margin equity lending facility		**15,000**	15,000	**15,000**	15,000
– Line of credit facility		**20,000**	20,000	**20,000**	20,000
Facilities unused at reporting date					
– Margin equity lending facility		**15,000**	15,000	**15,000**	15,000
– Line of credit facility		**1,492**	8,180	**1,492**	8,180

(d) Acquisitions and disposals of Controlled Entities

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Inflow from consolidation of controlled entities net of cash divested		**3,282**	–	**–**	–
Outflow from deconsolidation of controlled entities net of cash divested		**(7,158)**	–	**–**	–

(e) Non-cash financing and investing activities

	Notes	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
Share options expensed		**671**	2,510	**671**	2,510
Dividend income re-invested		**(9)**	(15)	**(9)**	(15)

29. COMMITMENTS AND CONTINGENCIES

(a) Capital expenditure commitments

There was no capital expenditure contracted for at reporting date, but not provided for.

(b) Lease expenditure commitments

Commitments in relation to leases on the rental premises contracted for at the reporting date but not recognised as liabilities.

	Notes	CONSOLIDATED		COUNT FINANCIAL LIMITED	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Operating leases (non cancellable):					
Minimum lease payments					
– Less than one year		**499**	848	**499**	848
– Later than one year and not later than five years		**–**	499	**–**	499
– Later than five years		**–**	–	**–**	–
		499	1,347	**499**	1,347

(c) The consolidated entity lease agreement for its Sydney office was due to terminate on 31 January 2012. The consolidated entity entered into a variation of the lease on the 29th July 2011 to extend the term by a further three years so that it will now terminate on 31 January 2015. The consolidated entity lease agreement for its Melbourne office will terminate on 7 December 2011 with an option to renew for two years. The property lease agreements have an average lease term of seven years and there are no assets subject to operating leases.

(d) Guarantees

Bank guarantees by National Australia Bank				
– in relation to ASIC performance bond licences	**–**	20	**–**	20
Bank guarantees by Commonwealth Bank of Australia				
– in relation to ASIC performance bond licences	**–**	20	**–**	–
Bank guarantees by Adelaide Bank:				
– In relation to lease rental premises Sydney office	**380**	380	**380**	380
Rental bond for Melbourne office	**4**	4	**4**	4
	384	424	**384**	404

No material losses are anticipated in respect of any of the above guarantees

(e) Funding agreement with Countplus

As referred to in Note 16(c), Count Financial could be required to advance a loan of up to $10M to Countplus any time up to 22 December 2011. Any loan made will attract interest at 10% and must be repaid before the termination date which is no earlier than 4 November 2015.

30. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

Employee benefits				
The aggregate employee benefit liability is comprised of:				
Provisions (current)	**364**	503	**360**	503
Provisions (non current)	**173**	349	**172**	349
	537	852	**532**	852

(a) Employee Share Option Plan

The Company's Employee Share Option Plan (ESOP) was established to attract, retain and motivate its employees. The options were issued over ordinary shares of Count Financial Limited and are not quoted on the ASX. The issue of the options is set in accordance with guidelines established by the Directors of the Company under the terms of the Options Offers. Due to legislative changes affecting the taxation treatment of options that were enacted in December 2009, no options have been granted under this plan during the year (2010: Nil).

30. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS (continued)

(a) Employee Share Option Plan (continued)

ESOP Options	2004	2005	2005 [1]	2006	2006 [1]	2007	2007 [1]	2008	2008 [1]
Primary Grant Date	14-Oct-04	15-Sep-05	16-Nov-05	13-Oct-06	7-Nov-06	12-Oct-07	13-Nov-07	10-Nov-08	10-Nov-08
Exercise Price	84.74 cents	143 cents	143 cents	210.3 cents	210.3 cents	268.7 cents	268.7 cents	154.2 cents	154.2 cents
Expiry Date	15-Nov-09	15-Nov-10	15-Nov-10	15-Nov-11	15-Nov-11	15-Nov-12	15-Nov-12	15-Nov-13	15-Nov-13
Initial number of options granted	1,980,000	1,865,000	100,000	1,830,000	415,000	1,855,000	100,000	2,100,000	200,000
First exercise date [2]	15-Nov-05	15-Nov-06	15-Nov-06	15-Nov-07	15-Nov-07	15-Nov-08	15-Nov-08	15-Nov-09	15-Nov-09
Second exercise date [2]	15-Nov-06	15-Nov-07	15-Nov-07	15-Nov-08	15-Nov-08	15-Nov-09	15-Nov-09	15-Nov-10	15-Nov-10
Third exercise date [2]	15-Nov-07	15-Nov-08	15-Nov-08	15-Nov-09	15-Nov-09	15-Nov-10	15-Nov-10	15-Nov-11	15-Nov-11
Fair value at grant	27.50c	40.03c	54.49c	52.49c	64.82c	67.73c	53.89c	10.11c	10.11c

[1] Issued to Directors with shareholder approval at Annual General Meeting.
[2] Subject to the terms and conditions of the ESOP (2001 and subsequent) offer.

ESOP Options	Total	Weighted average exercise price ($)	2004	2005	2005 [1]	2006	2006 [1]
Options held at 1 July 2010	5,692,971	1.96	–	809,300	67,000	1,141,619	398,500
Options granted during the year	–	–	–	–	–	–	–
Options forfeited during the year	–	–	–	–	–	–	–
Options expired during the year	(876,300)	1.43	–	(809,300)	(67,000)	–	–
Options exercised during the year	–	–	–	–	–	–	–
Unexercised options at 30 June 2011	4,816,671	2.06	–	–	–	1,141,619	398,500
Exercisable (vested) options at 30 June 2011	4,255,721	2.12	–	–	–	1,141,619	398,500
Options held at 1 July 2009	6,413,169	1.90	262,900	809,300	67,000	1,141,619	398,500
Options granted during the year	–	–	–	–	–	–	–
Options forfeited during the year	(456,650)	1.78	–	–	–	–	–
Options expired during the year	(127,400)	0.85	(127,400)	–	–	–	–
Options exercised during the year	(136,148)	0.85	(135,500)	–	–	–	–
Unexercised options at 30 June 2010	5,692,971	1.96	–	809,300	67,000	1,141,619	398,500
Exercisable (vested) options at 30 June 2010	4,052,895	2.00	–	809,300	67,000	1,141,619	398,500

ESOP Options Continued	2007	2007 [1]	2008	2008 [1]
Options held at 1 July 2010	1,359,400	66,000	1,785,152	66,000
Options granted during the year	–	–	–	–
Options forfeited during the year	–	–	–	–
Options expired during the year	–	–	–	–
Options exercised during the year	–	–	–	–
Unexercised options at 30 June 2011	1,359,400	66,000	1,785,152	66,000
Exercisable (vested) options at 30 June 2011	1,359,400	66,000	1,224,202	66,000
Options held at 1 July 2009	1,418,900	100,000	2,014,950	200,000
Options granted during the year	–	–	–	–
Options forfeited during the year	(59,500)	(34,000)	(229,150)	(134,000)
Options expired during the year	–	–	–	–
Options exercised during the year	–	–	(648)	–
Unexercised options at 30 June 2010	1,359,400	66,000	1,785,152	66,000
Exercisable (vested) options at 30 June 2010	880,000	66,000	624,476	66,000

As at 30 June 2011, the market price of Count Financial Limited ordinary shares was $0.99 per share.
[1] Issued to Directors with Shareholder approval at Annual General Meeting.

30. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS – CONTINUED

(b) Options exercised during the reporting period

No ESOP options were exercised during the year (2010: 136,148 options were exercised for a total dollar value of $115,850 relating to ESOP 2004 & ESOP 2008).

(c) Superannuation commitments

From 1 July 2005, all eligible employees had the right to choose which eligible choice fund will receive their superannuation guarantee contributions. Where the employee does not make a valid choice, the Company contributes to the BT Lifetime Superannuation Plan, which is an eligible choice fund and meets the requirements in the Superannuation Guarantee (Administration) Act 1992.

All employees of the Company are entitled to varying levels of benefits on retirement, disability or death from the specified eligible choice fund. The BT Lifetime Superannuation Plan is an accumulation type fund based on the employer's contribution of 11% (2010: 11%) of the employee's salary and wages, which is above the relevant Standards outlined in the Occupational Superannuation Standards Act, Superannuation Guarantee (Administration) Act and Superannuation Industry Supervision Act (S.I.S). Employees may also contribute to their eligible choice fund at various percentages of their remuneration. The contribution for the year was $778,344 (2010: $820,726). This amount does not include Countplus employees during the period that Countplus was consolidated as part of the Group.

31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

(a) Contingent liabilities

The Group has no contingent liabilities as at 30 June 2011. At 30 June 2010 the Group had no contingent liabilities.

(b) Contingent assets

The Group has no contingent assets as at 30 June 2011. At 30 June 2010 the Group had no contingent assets.

32. EARNINGS PER SHARE

	CONSOLIDATED	
	2011 Thousands	2010 Thousands
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share	51,560	24,178
Weighted average number of ordinary shares used in calculating basic earnings per share	261,501	258,022
Effect of dilutive securities:		
Share options	–	157
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	261,501	258,179
Basic earnings per share (cents per share)	19.72	9.37
Diluted earnings per share (cents per share)	19.72	9.36

Options

Options and other distributions are considered to be potentially ordinary shares and have been included in the determination of diluted earnings per share. The diluted earnings per share calculations include all employee and franchisee options issued as at the date of signing the accounts; it excludes any options that may be issued in the future. The options have not been included in the determination of basic earnings per share.

Details relating to the options are set out in note 26.

During the financial year 244,234 ordinary shares have been issued for exercised options pursuant to ESOP and FIOP schemes.

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
33. AUDITORS' REMUNERATION				
Amounts received or due and receivable by Ernst & Young (Australia) for:				
– an audit or review of the financial report of the entity and any other entity in the group	**231,000**	183,200	**231,000**	151,500
Other services in relation to the entity and any other entity in the consolidated entity:				
Australian Financial Services Licence Audit	**22,000**	16,200	**22,000**	11,900
	253,000	199,400	**253,000**	163,400

The Board Audit Committee is satisfied that the services provided by the auditors during the year ended 30 June 2011 did not contravene the independence requirements as defined in the Corporations Act and has advised the Board accordingly.

34. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

(i) Directors

B.M. Lambert	Executive Chairman
A.C Gale	Managing Director, Chief Executive Officer (Appointed March 2010)
M. Perkovic	Managing Director, Chief Executive Officer (Resigned November 2009)
A.W. Geddes	Non Executive Director
A.J. Halse	Non Executive Director
N.A. Davis	Non Executive Director
J.C. Morton	Non Executive Director

(ii) Other Key Management Personnel

M.J. Spurr	Chief Financial Officer (Resigned November 2010)
A. Smith	General Counsel, Senior Executive – Corporate Services, Company Secretary (Appointed August 2010)
B. Irwin	Senior Executive – Research, Product & Platforms (Appointed January 2011)
R. Griffith	Senior Executive – Research & Product, Company Secretary (Resigned November 2010)
C.J. Simkin	Senior Executive – National Network Development and Finconnect Operations
J.B. Wardell	Chief Executive Officer – Countplus Pty Limited (Resigned December 2010)
L Tonitto	Senior Executive – Business Development & Marketing (Appointed April 2011)
P. McFarlane	Senior Executive – Business Development & Marketing (Resigned February 2011)
S. Aguilera-Mendoza	Chief Financial Officer, Senior Executive – Finance
D. Bornor	Senior Executive – Advice
M. Lykouras	Senior Executive – Compliance, Risk and Legal (Resigned June 2010)

	CONSOLIDATED 2011 $'000	CONSOLIDATED 2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	COUNT FINANCIAL LIMITED 2010 $'000
(b) Key Management Personnel Compensation				
Short-term employee benefits	**2,416,796**	1,965,590	**2,416,796**	1,965,590
Post-employment benefits	**244,534**	290,987	**244,534**	290,987
Other long-term benefits	**(32,814)**	14,384	**(32,814)**	14,384
Termination benefits	**–**	–	**–**	–
Share-based payments	**19,439**	78,688	**19,439**	78,688
	2,647,955	2,349,649	**2,647,955**	2,349,649

Note that a new allocation of options to non-executive directors were approved for grant at the 2009 Annual General Meeting. Due to legislative changes affecting the taxation treatment of options that were enacted in December 2009, these options were not granted.

34. KEY MANAGEMENT PERSONNEL – continued

(c) Option holdings and shareholdings of Key Management Personnel and their related parties – Directors

2011	Total	B.M. Lambert	A.C Gale	M. Perkovic	A.W. Geddes	A.J. Halse	N.A. Davis	J.C Morton
Shares held at 30 June 2010	**92,684,538**	91,150,078	57,877	885,083	216,500	310,000	40,000	25,000
Shares bought / (sold)	**15,349**	–	110,000	(104,651)	–	–	–	10,000
Shares held at 30 June 2011	**92,699,887**	91,150,078	167,877	780,432	216,500	310,000	40,000	35,000
Options over Ordinary shares – 30 June 2010	**497,500**	–	–	279,000	33,500	50,000	75,000	60,000
Options forfeited during year	**–**	–	–	–	–	–	–	
Options expired during year	**(67,000)**	–	–	(67,000)	–	–	–	–
Options exercised during the financial year	**–**	–	–	–	–	–	–	–
Options over Ordinary shares – 30 June 2011	**430,500**	–	–	212,000	33,500	50,000	75,000	60,000
Options vested during the financial year	**–**	–	–	–	–	–	–	–
Vested (exercisable) options as at 30 June 2011	**–**	–	–	212,000	33,500	50,000	75,000	60,000
Unvested options as at 30 June 2011	**–**	–	–	–	–	–	–	–
Fair value (per option) at grant date	**–**	–	–	–	–	–	–	–

Shares and options are ordinary shares and unlisted options in Count Financial Limited

2010	Total	B.M. Lambert	A.C Gale	M. Perkovic	A.W. Geddes	A.J. Halse	N.A. Davis	J.C Morton
Shares held at 30 June 2009	**92,626,661**	91,150,078	–	885,083	216,500	310,000	40,000	25,000
Shares bought / (sold)	**57,877**	–	57,877	–	–	–	–	–
Shares held at 30 June 2010	**92,684,538**	91,150,078	57,877	885,083	216,500	310,000	40,000	25,000
Options over Ordinary shares – 30 June 2009	**665,500**	–	–	447,000	33,500	50,000	75,000	60,000
Options forfeited during year	**(168,000)**	–	–	(168,000)	–	–	–	
Options expired during year	**–**	–	–	–	–	–	–	–
Options exercised during the financial year	**–**	–	–	–	–	–	–	–
Options over Ordinary shares – 30 June 2010	**497,500**	–	–	279,000	33,500	50,000	75,000	60,000
Options vested during the financial year	**206,100**	–	–	126,200	17,000	17,000	25,500	20,400
Vested (exercisable) options as at 30 June 2010	**497,500**	–	–	279,000	33,500	50,000	75,000	60,000
Unvested options as at 30 June 2010	**–**	–	–	–	–	–	–	–
Fair value (per option) at grant date	**–**	–	–	–	–	–	–	–

Shares and options are ordinary shares and unlisted options in Count Financial Limited

34. KEY MANAGEMENT PERSONNEL – continued

(d) Option holdings and shareholdings of Key Management Personnel and their related parties – Other

2011	Total	M.J. Spurr	R. Griffith	C.J. Simkin	J.B. Wardell	P. McFarlane	S. Aguilera -Mendoza	D. Bornor
Shares held at 30 June 2010	**1,766,834**	224,100	346,300	928,100	–	255,000	–	13,334
Shares issued	**–**	–	–	–	–	–	–	
Shares bought / (sold)	**(263,334)**	–	–	(250,000)	–	–	–	(13,334)
Shares held at 30 June 2011	**1,503,500**	224,100	346,300	678,100	–	255,000	–	–
Options over Ordinary shares – 30 June 2010	**1,400,800**	306,900	233,700	200,200	155,000	220,000	177,000	108,000
Options expired during year	**(231,300)**	(46,900)	(33,700)	(40,200)	–	(60,000)	(17,000)	(33,500)
Options exercised during the financial year	**–**	–	–	–	–	–	–	–
Options over Ordinary shares – 30 June 2011	**1,169,500**	260,000	200,000	160,000	155,000	160,000	160,000	74,500
Options vested during the financial year	**260,300**	53,400	50,000	36,800	35,050	36,800	40,000	8,250
Vested (exercisable) options as at 30 June 2011	**1,002,900**	226,000	166,000	139,600	132,900	139,600	132,800	66,000
Unvested options as at 30 June 2011	**166,600**	34,000	34,000	20,400	22,100	20,400	27,200	8,500
Fair value (per option) at grant date	**–**	–	–	–	–	–	–	–

2011 continued	A. Smith	B. Irwin	L. Tonitto
Shares held at 30 June 2010	–	–	–
Shares issued	–	–	–
Shares bought / (sold)	–	–	–
Shares held at 30 June 2011	–	–	–
Options over Ordinary shares – 30 June 2010	–	–	–
Options expired during year	–	–	–
Options exercised during the financial year	–	–	–
Options over Ordinary shares – 30 June 2011	–	–	–
Options vested during the financial year	–	–	–
Vested (exercisable) options as at 30 June 2011	–	–	–
Unvested options as at 30 June 2011	–	–	–
Fair value (per option) at grant date	–	–	–

Shares and options are ordinary shares and unlisted options in Count Financial Limited

In addition to the above option holdings, Jeremy Wardell is entitled to an option over 666,667 Countplus shares owned by Count, with an exercise price of $1.50 and expiring in December 2015. At balance date the option contract had not yet been entered into and, given the current trading price of Countplus shares, the Group considers the option to have immaterial value.

2010	Total	M.J. Spurr	R. Griffith	C.J. Simkin	J.B. Wardell	P. McFarlane	S. Aguilera -Mendoza	D. Bornor
Shares held at 30 June 2009	**2,105,734**	274,100	346,300	1,217,000	–	255,000	–	13,334
Shares issued – Options 2004 exercised @ 84.74c	**20,200**	–	–	20,200	–	–	–	
Shares bought / (sold)	**(359,100)**	(50,000)	–	(309,100)	–	–	–	–
Shares held at 30 June 2010	**1,766,834**	224,100	346,300	928,100	–	255,000	–	13,334
Options over Ordinary shares – 30 June 2009	**1,421,000**	306,900	233,700	220,400	155,000	220,000	177,000	108,000
Options expired during year	**–**	–	–	–	–	–	–	–
Options exercised during the financial year	**(20,200)**	–	–	(20,200)	–	–	–	–
Options over Ordinary shares – 30 June 2010	**1,400,800**	306,900	233,700	200,200	155,000	220,000	177,000	108,000
Options vested during the financial year	**379,600**	86,800	66,500	53,500	51,650	53,300	59,600	8,250
Vested (exercisable) options as at 30 June 2010	**995,350**	219,500	149,700	143,000	119,300	162,800	109,800	91,250
Unvested options as at 30 June 2010	**405,450**	87,400	84,000	57,200	35,700	57,200	67,200	16,750
Fair value (per option) at grant date	**–**	–	–	–	–	–	–	–

Shares and options are ordinary shares and unlisted options in Count Financial Limited

34. KEY MANAGEMENT PERSONNEL – continued

(e) Loans to key management personnel

i) Details of aggregates of loans to key management personnel

Total	Balance at beginning of period $000	Interest charged $000	Interest not charged $000	Write-off $000	Balance at end of period $000	Number in group
2011	–	–	–	–	–	–
2010	192	–	3	–	–	–

ii) Details of key management personnel with loans above $100,000 in the reporting period are as follows:

Total	Balance at beginning of period $000	Interest charged $000	Interest not charged $000	Write-off $000	Balance at end of period $000	Highest balance during period $000
Executives						
2011						
CJ Simkin	–	–	–	–	–	–
2010						
CJ Simkin	192	–	3	–	–	192

iii) Terms and conditions of loans to key management personnel
Loans made to executives prior to 31 December 2008 were interest free.
Loans made from 1 January 2008 incur an interest rate of 10%pa.
10%pa is the standard commercial rate used by the company.

(f) Other transactions and balances with key management personnel

No other transactions were involved with key management personnel during the financial year 2011 (2010:Nil).

35. SHARE-BASED PAYMENT PLANS

The Company has granted options annually to all full-time employees via the Employee Share Option Plan (ESOP) and to franchisees via the Franchisee Incentive Option Plan (FIOP). Directors have also been granted options via ESOP subject to approval at an Annual General Meeting. Due to legislative changes first proposed in the Federal Budget in May 2009 to the taxation treatment of options, which were enacted in December 2009, no options have been granted under either plan since 2009.

There were no options granted during the year (2010: Nil).

Share awards granted during the year

In June 2011 the Company made an issue of shares under a Staff Equity Plan. The Company issued 34,854 shares to employees at a price of $1.06. The shares are restricted for 3 years unless the employee ceases to be employed, in which case the shares immediately become unrestricted. The Board has discretion to lift the restriction on the shares in the event of a change of control in the Company.

Key terms of options issued in earlier years

The allocation of options under ESOP for senior executives was performance-based with remaining full-time staff receiving a fixed allocation.

Options under ESOP vest proportionally over a 3-year period subject to continuing employment (with Board discretion) and expire between 4 and 5 years. The exercise price is set at a 5% discount to the volume weighted average share price of the Company in the first full week of trading after the August meeting of the Board of Directors in the year of issue.

Franchisees qualified for options under FIOP by growing their contribution to the revenues of the Company each financial year by a set benchmark. These options may vest after 3 years subject to minimum business requirements and expire between 4 and 5 years. The exercise price was set at a 12.5% discount to the volume weighted average share price of the Company in the first full week of trading after the August meeting of the Board of Directors in the year of issue.

Options are granted under both the FIOP and ESOP plans at no cost.

The expense recognised in the income statement under Share based payments – FIOP is for FIOP, while the ESOP expense is disclosed in note 3(b).

Movements in share options, expiry dates and weighted average exercise prices are disclosed in note 26 for FIOP and note 30 for ESOP.

The weighted average remaining contractual life for the share options outstanding as at 30 June 2011 is between 5 months and 2.5 years (2009: 5 months and 3.5 years).

The range of exercise prices for options outstanding at the end of the year was $1.31 – $2.69 (2010: 78c – $2.69).

The fair value of share options granted under both ESOP and FIOP is estimated at the date of grant using a binomial model taking into account the terms and conditions upon which the options are granted. The value is recognised over the vesting period. Percentage estimates of options expected to vest are assessed at each reporting date with changes recognised in profit and loss.

36. SEGMENT INFORMATION

The group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided and country of origin. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

The reportable segments are based on aggregated operating segments determined by the similarity of the services provided, as these are the sources of the Group's major risks and have the most effect on the rates of return.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, financial assets and plant and equipment net of related provisions. Segment liabilities consist primarily of trade and other creditors, employee benefits and provisions. Segment assets and liabilities do not include income taxes.

The financial planning and related activities business is the provider of financial planning services, investment reviews, and advice on personal insurance, superannuation, home and investment loans, business loans and leasing via its network of franchisees.

The Countplus business is the provider of accounting, tax and audit services, financial advice in relation to personal insurance, investment and superannuation, and broking services for home and investment loans, business loans and leasing/hire purchase.

Business segments	FINANCIAL PLANNING AND RELATED ACTIVITIES		COUNTPLUS		UNALLOCATED ITEMS		CONSOLIDATED	
	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue								
Sales to customers outside the consolidated entity	**122,507**	123,820	**47,232**	2,249	**–**	–	**169,739**	126,069
Total segment revenue	**122,507**	123,820	**47,232**	2,249	**–**	–	**169,739**	126,069
Non-segment revenues	**–**	–	**–**	–	**4,267**	5,084	**4,267**	5,084
Total consolidated revenue							**174,006**	131,153
Results								
Segment result*	**22,653**	31,783	**15,162**	2,249	**41,412**	5,084	**79,227**	34,032
Consolidated entity profit from continuing operations before income tax expense							**79,227**	34,032
Income tax expense							**(23,126)**	(9,825)
Consolidated entity profit from continuing operations							**56,101**	24,207
Net profit							**56,101**	24,207
Assets								
Segment assets	**100,618**	95,774	**61,797**	15,789	**–**	–	**162,415**	111,563
Non-segment assets								
Total assets							**162,415**	111,563
Liabilities								
Segment liabilities	**51,242**	44,715	**–**	–	**–**	–	**51,242**	44,715
Non-segment liabilities:								
Deferred tax liabilites							**11,335**	883
Tax liabilities							**3,589**	4,818
Total liabilities							**66,166**	50,416
Other segment information:								
Acquisition of property, plant and equipment, intangible assets and other non current assets	**69**	142	**–**	–	**–**	–	**69**	142
Depreciation	**85**	100	**–**	–	**–**	–	**85**	100
Amortisation and decommissioning costs	**263**	317	**1,027**	–	**–**	–	**1,290**	317

* Segment result for Unallocated items includes fair value gain on Countplus deconsolidation and fair value gain on acquisition of controlled entities by Countplus.
Payments from one platform provider represent 41% of sales (all others are below 10%). These are gross payments, consisting of both amounts paid on to franchisees and amounts retained by Count Financial Limited.

37. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies and Objectives

The consolidated entity's principal financial instruments comprise cash and cash equivalents, loans to franchisees and investments including ASX-listed securities (primarily bank issued hybrid securities and listed investment companies) and unlisted managed funds.

The main purpose of the financial instruments is to generate a short or long term return on surplus cash and capital of the consolidated entity, as well as to provide funding to Count Franchisees under strict guidelines. The consolidated entity has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly out of its operations. The consolidated entity has not entered into any derivative contracts and does not hedge any of its risks. The consolidated entity does not undertake trading in any of its financial instruments. The main risks arising from the consolidated entity's financial instruments are interest rate risk, market risk and credit risk.

Details of the significant accounting policies and methods adopted for accounting for financial instruments can be found in Note 1.

(b) Risk Exposures and Responses

Interest rate risk

The consolidated entity's risk exposure to changes in market interest rates relates primarily to cash and cash equivalents, which are deposited at floating rates. The consolidated entity has not entered into any contracts to mitigate this risk.

Consolidated	Floating interest rate		Fixed interest rate maturing in:											
Financial Instruments	1 year or less		1 year or less		Over 1 to 5 years		More than 5 years		Non interest bearing		Total carrying amount as per the Balance Sheet		Weighted average effective interest rate	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**%**	%
Financial Assets														
Cash and cash equivalents	**3,714**	5,129	**–**	–	**–**	–	**–**	–	**–**	–	**3,714**	5,129	**3.68%**	4.10%
Trade and other receivables	**–**	–	**–**	–	**–**	–	**–**	–	**32,863**	31,687	**32,863**	31,687	**n/a**	n/a
Term deposits	**–**	–	**408**	446	**–**	–	**–**	–	**–**	–	**408**	446	**4.10%**	4.00%
Listed shares	**–**	–	**–**	–	**–**	–	**–**	–	**57,173**	43,965	**57,173**	43,965	**n/a**	n/a
Managed funds	**–**	–	**–**	–	**–**	–	**–**	–	**379**	398	**379**	398	**n/a**	n/a
Loans and advances	**–**	–	**1,262**	10,277	**2,083**	1,945	**–**	–	**–**	–	**3,345**	12,222	**9.20%**	9.51%
Total financial assets	**3,714**	5,129	**1,670**	10,723	**2,083**	1,945	**–**	–	**90,415**	76,050	**97,882**	93,847		
Financial Liabilities														
Trade and other payables	**–**	–	**–**	–	**–**	–	**–**	–	**24,481**	23,852	**24,481**	23,852	**n/a**	n/a
Interest-bearing loans and borrowings	**18,508**	11,820	**–**	–	**–**	–	**–**	–	**–**	–	**18,508**	11,820	**6.69%**	5.76%
Total financial liabilities	**18,508**	11,820	**–**	–	**–**	–	**–**	–	**24,481**	23,852	**42,989**	35,672		
Net financial instruments	**(14,794)**	(6,691)	**1,670**	10,723	**2,083**	1,945	**–**	–	**65,934**	52,198	**54,893**	58,175		

37. FINANCIAL INSTRUMENTS (continued)

(b) Risk Exposures and Responses (continued)

Parent Financial Instruments	Floating interest rate 1 year or less		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non interest bearing		Total carrying amount as per the Balance Sheet		Weighted average effective interest rate	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**%**	%
Financial Assets														
Cash and cash equivalents	**3,275**	3,188	**–**	–	**–**	–	**–**	–	**–**	–	**3,275**	3,188	**3.82%**	4.10%
Trade and other receivables	**–**	–	**–**	–	**–**	–	**–**	–	**48,534**	37,322	**48,534**	37,322	**n/a**	n/a
Term deposits	**–**	–	**23**	22	**–**	–	**–**	–	**–**	–	**23**	22	**4.10%**	3.90%
Listed shares	**–**	–	**–**	–	**–**	–	**–**	–	**14,473**	14,642	**14,473**	14,642	**n/a**	n/a
Managed funds	**–**	–	**–**	–	**–**	–	**–**	–	**379**	398	**379**	398	**n/a**	n/a
Loans and advances	**–**	–	**747**	10,182	**825**	1,594	**–**	–	**–**	–	**1,572**	11,776	**9.20%**	9.51%
Total financial assets	**3,275**	3,188	**770**	10,204	**825**	1,594	**–**	–	**63,386**	52,362	**68,256**	67,348		
Financial Liabilities														
Trade and other payables	**–**	–	**–**	–	**–**	–	**–**	–	**7,478**	11,165	**7,478**	11,165	**n/a**	n/a
Interest-bearing loans and borrowings	**18,508**	11,820	**–**	–	**–**	–	**–**	–	**–**	–	**18,508**	11,820	**6.69%**	5.76%
Total financial liabilities	**18,508**	11,820	**–**	–	**–**	–	**–**	–	**7,478**	11,165	**25,986**	22,985		
Net financial instruments	**(15,233)**	(8,632)	**770**	10,204	**825**	1,594	**–**	–	**55,908**	41,197	**42,270**	44,363		

n/a: not applicable for non interest bearing financial instruments.

The following sensitivity analysis has been based on the exposure to cash and cash equivalents and interest bearing loans and borrowings at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant through the reporting period.

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

Judgements of reasonably possible movements:	Post Tax Profit Higher/(Lower) CONSOLIDATED 2011 $'000	2010 $'000	COUNT FINANCIAL LIMITED 2011 $'000	2010 $'000
+2% (100 basis points)	**(207)**	(94)	**(213)**	(121)
–1% (100 basis points)	**104**	47	**107**	60

A combination of 200 and 100 basis point movement is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

The movements in profit are due to higher/lower interest income and interest expense from cash balances and interest bearing liabilities. The loans to franchisees are at a fixed rate of interest. Loans earn 10%pa at inception and the interest rate is then reduced depending on the performance of the franchisee within the group to as low as 5%pa as per the loan policy. As at 30 June each year, rates applying to individual loans are reviewed for adjustment under the terms of the policy, effectively fixing the rate for 1 year. As per the accounting policy, loans to franchisees are initially recognised at fair value, being the consideration issued. After initial recognition, these loans are carried at amortised cost using the effective interest rate method and the receivables split between current and non-current assets. Based on this information, there is no exposure to interest rate risk on the balances of loans to franchisees; hence no sensitivity analysis has been performed.

Price risk

The consolidated entity's exposure to market risk relates to price risk associated with its investments in financial instruments. The Group's exposure to market price risk arises from its investments in shares in listed corporations and units held in unlisted unit trusts, both of which are subject to significant risk of changes in value from changing market prices. The risk is monitored and managed by having appropriate investment strategies in place.

To limit this risk the Group diversifies its portfolio, in accordance with limits set by the board, as well as biasing its equity investments to hybrid securities issued by Australian companies with high credit ratings.

All equity investments are publicly traded on the ASX.

The following sensitivity analysis is based on the equity securities price risk exposures in existence at the balance sheet date. A 10% movement in the relevant indices is used when reporting market price risk internally to key management personnel and represents management's assessment of the possible change in equity markets.

37. FINANCIAL INSTRUMENTS (continued)

(b) Risk Exposures and Responses (continued)

Price risk (continued)

At 30 June 2011, if the Australian All Ordinaries Index (Australia) and MSCI World ex-Australia Index $A (International) had moved, as illustrated in the table below, with all other variables held constant, post tax profit would have been affected as follows:

	Post Tax Profit Higher/(Lower)			
	CONSOLIDATED		COUNT FINANCIAL LIMITED	
	2011	2010	2011	2010
Judgements of reasonably possible movements:	$'000	$'000	$'000	$'000
+10% – Australia	**1,570**	1,771	**86**	226
–10% – Australia	**(1,570)**	(1,771)	**(86)**	(226)

The movements in profit are due to adjustments in the carrying value of the portfolio reflected in the Income Statement.

The above sensitivity exclude impact of equity price risk attributable to Countplus Limited disclosed in Note 17. Countplus investment is tested for impairment as per the accounting policy disclosed in Note 1 and hence not considered in the sensitivity disclosure.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables (including guarantees held by financial institutions, as described in Note 29(d) and future trail commissions) and loans and advances.

It is the Group's policy that all counterparties who wish to trade on credit terms are subject to credit verification procedures including an assessment of their financial position, past experience and industry reputation. Risk limits are set for each individual counterparty in accordance with parameters set by the board. These risk limits are regularly monitored.

There are no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of counterparties to minimize the risk of default of counterparties.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments as indicated in the Balance Sheet. The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

The Group has credit exposure to financial institutions on the Group's lender panel from which future trailing commissions are due. The majority of these financial institutions are Authorised Deposit-taking Institutions (ADIs) and therefore regulated by the Australian Prudential Regulation Authority (APRA) and are independently rated. If the lender has not been independently rated, credit risk is assessed taking into account its financial position, past experience and other factors. The Group is not obliged to pay out any trailing commissions that have not been received to brokers.

	CONSOLIDATED		COUNT FINANCIAL LIMITED	
	2011	2010	2011	2010
Movement in the provision for doubtful debts	$'000	$'000	$'000	$'000
Balance at the beginning of the year	**17**	13	**17**	13
Impairment losses recognised on receivables	**58**	48	**58**	39
Amounts written off as uncollectable	**6**	(32)	**(2)**	(24)
Impairment losses reversed	**(71)**	(12)	**(63)**	(11)
Balance at the end of the year	**10**	17	**10**	17

Collateral is not held for trade or other receivables as the Group trades only with recognised, creditworthy third parties. Security is held for loans to franchisees, which generally consists of a first ranking charge over the franchisee business and personal guarantees from all partners/directors of the business.

The Company minimised concentration of credit risk in relation to trade account receivables by undertaking transactions with a large number of customers. Concentrations of credit risk on trade receivables is managed in the following ways:
– Payment terms are 30-60 days
– A business monitoring process is implemented for franchisees exceeding acceptable credit terms
– Collections are deducted from commissions payable to franchisees

	Less than 31 days	31 to 60 days	61 to 90 days	More than 91 days	More than 91 days	Total
Ageing analysis of receivables	$'000	$'000	$'000	$'000 PDNI*	$'000 PDI^	$'000
Trade receivables – Consolidated 2011	**1,207**	**7**	**5**	**7**	**10**	**1,236**
Trade receivables – Consolidated 2010	1,476	4	36	58	17	1,591
Trade receivables – Parent 2011	**1,364**	**7**	**5**	**4**	**10**	**1,390**
Trade receivables – Parent 2010	1,459	4	36	47	17	1,563

* PDNI – Past due but not impaired.
^ PDI – Past due and impaired.
No loans to franchisees were past due or impaired at balance date.

37. FINANCIAL INSTRUMENTS (continued)

(b) Risk Exposures and Responses (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its debt obligations, or other cash outflows, as they fall due, because of lack of liquid assets or access to adequate funding on acceptable terms. The Group monitors rolling forecasts of liquidity reserves on at least a monthly basis to ensure there is adequacy to meet obligations as well as to ensure that requirements for the parent, Count Financial Limited, under the terms of their Australian Financial Services Licences (AFSL) are met.

Maturity analysis of financial assets and liabilities
Consolidated

Financial Instruments	Less than 6 months		6-12 months		1-5 years		More than 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets										
Cash and cash equivalents	**3,714**	5,129	**–**	–	**–**	–	**–**	–	**3,714**	5,129
Trade and other receivables	**16,265**	15,291	**3,101**	3,009	**14,051**	13,543	**4,702**	4,532	**38,119**	36,375
Listed shares	**57,173**	43,965	**–**	–	**–**	–	**–**	–	**57,173**	43,965
Managed funds	**379**	398	**–**	–	**–**	–	**–**	–	**379**	398
Loans to franchisees	**631**	597	**631**	596	**2,083**	1,945	**–**	–	**3,345**	3,138
Loans to associates	**–**	1,486	**–**	–	**–**	7,598	**–**	–	**–**	9,084
Total financial assets	**78,162**	66,866	**3,732**	3,605	**16,134**	23,086	**4,702**	4,532	**102,730**	98,089
Financial Liabilities										
Trade and other payables	**11,192**	10,935	**2,364**	2,359	**10,719**	10,332	**3,602**	3,471	**27,877**	27,097
Dividend provisions	**5,244**	5,165	**–**	–	**–**	–	**–**	–	**5,244**	5,165
Interest bearing loans and borrowings	**–**	–	**18,508**	11,820	**–**	–	**–**	–	**18,508**	11,820
Total financial liabilities	**16,436**	16,100	**20,872**	14,179	**10,719**	10,332	**3,602**	3,471	**51,629**	44,082
Net liquidity position	**61,726**	50,766	**(17,140)**	(10,574)	**5,415**	12,754	**1,100**	1,061	**51,101**	54,007

Parent

Financial Instruments	Less than 6 months		6-12 months		1-5 years		More than 5 years		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets										
Cash and cash equivalents	**3,275**	3,188	**–**	–	**–**	–	**–**	–	**3,275**	3,188
Trade and other receivables	**48,534**	37,322	**–**	–	**23**	22	**–**	–	**48,557**	37,344
Listed shares	**14,473**	14,642	**–**	–	**–**	–	**–**	–	**14,473**	14,642
Managed funds	**379**	398	**–**	–	**–**	–	**–**	–	**379**	398
Loans to franchisees	**373**	549	**374**	548	**825**	1,594	**–**	–	**1,572**	2,691
Loans to associates	**–**	1,486	**–**	–	**–**	7,598	**–**	–	**–**	9,084
Total financial assets	**67,034**	57,585	**374**	548	**848**	9,214	**–**	–	**68,256**	67,347
Financial Liabilities										
Trade and other payables	**7,478**	11,165	**–**	80	**–**	–	**–**	–	**7,478**	11,245
Dividend provisions	**5,244**	5,165	**–**	–	**–**	–	**–**	–	**5,244**	5,165
Interest bearing loans and borrowings	**–**	–	**18,508**	11,820	**–**	–	**–**	–	**18,508**	11,820
Total financial liabilities	**12,722**	16,330	**18,508**	11,900	**–**	–	**–**	–	**31,230**	28,230
Net liquidity position	**54,312**	41,255	**(18,134)**	(11,352)	**848**	9,214	**–**	–	**37,026**	39,117

Listed shares and managed funds include non-current holdings which the intention is to hold for more than 12 months but can be liquidated within 6 months. The balances of long term receivables & payables are disclosed on an undiscounted basis over maturity period.
Loans to associates: This loan book was sold to Countplus Limited in December 2010.
At balance date, in addition to its liquid assets, the Group has available approximately $11.5M of unused credit facilities, in the form of a margin loan and unused bank facility, for its immediate use.

37. FINANCIAL INSTRUMENTS (continued)

(b) Risk Exposures and Responses (continued)

Fair values

All financial assets and liabilities are included in the Balance Sheet at their fair value, or at amounts that approximate their fair values. Total fair values for loans and advances as disclosed in notes 8 and 12 are determined by discounting the value of the future loan cash flows to the reporting date by the applicable.

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 as well as the methods used to estimate the fair value is summarised in the table below:

	Year ended 30 June 2011				Year ended 30 June 2010			
Consolidated	Quoted market price (Level 1) $'000	Valuation Technique-market observable inputs (Level 2) $'000	Valuation Technique-non market observable inputs (Level 3) $'000	Total $'000	Quoted market price (Level 1) $'000	Valuation Technique-market observable inputs (Level 2) $'000	Valuation Technique-non market observable inputs (Level 3) $'000	Total $'000
Financial assets								
Financial assets at fair value through profit and loss								
– Listed Investments	57,173	–	–	57,173	43,966	–	–	43,966
– Managed Investments	379	–	–	379	398	–	–	398
Available-for-sale investments								
– Unlisted Investments	–	–	2,283	2,283	–	–	1,662	1,662
	57,552	–	2,283	59,835	44,364	–	1,662	46,026
Financial liabilities								
Trade and other payables	–	–	–	–	–	–	–	–
Interest bearing loans and borrowings	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

	Year ended 30 June 2011				Year ended 30 June 2010			
Parent	Quoted market price (Level 1) $'000	Valuation Technique-market observable inputs (Level 2) $'000	Valuation Technique-non market observable inputs (Level 3) $'000	Total $'000	Quoted market price (Level 1) $'000	Valuation Technique-market observable inputs (Level 2) $'000	Valuation Technique-non market observable inputs (Level 3) $'000	Total $'000
Financial assets								
Financial assets at fair value through profit and loss								
– Listed Investments	14,473	–	–	14,473	14,642	–	–	14,642
– Managed Investments	379	–	–	379	398	–	–	398
Available-for-sale investments								
– Unlisted Investments	–	–	2,283	2,283	–	–	1,662	1,662
	14,852	–	2,283	17,135	15,040	–	1,662	16,702
Financial liabilities								
Trade and other payables	–	–	–	–	–	–	–	–
Interest bearing loans and borrowings	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–

37. FINANCIAL INSTRUMENTS (continued)

(b) Risk Exposures and Responses (continued)

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices.

For financial instruments not quoted in active markets, the Group uses valuation techniques such as present value techniques, comparison to similar instruments for which market observable prices exist and other relevant models used by market participants. These valuation techniques use both observable and unobservable market inputs.

Financial instruments that use valuation techniques with only observable market inputs or unobservable inputs that are not significant to the overall valuation include loans and advances.

The fair value of unlisted debt and equity securities, as well as other investments that do not have an active market, are based on valuation techniques using market data that is not observable.

Transfer between categories

There were no transfers between Level 1 and Level 2 during the year.

	Consolidated and Count Financial Limited	
	2011	2010
Reconciliation of Level 3 fair value movements	$'000	$'000
Opening Balance	**1,662**	1,363
Total gains and losses	**–**	–
Other comprehensive income	**–**	–
Purchases	**621**	299
Sales	**–**	–
Transfers from other categories	**–**	–
Closing Balance	**2,283**	1,662

38. BUSINESS COMBINATIONS

Between 1 July 2010 and 16 December 2010, the Group through Countplus had an interest ranging from 24%-100% in the following investee firms:

The MBA Partnership Pty Ltd	36%	Acquired 1 July 2010
Lawrence Business Management Pty Ltd	24%	Acquired 1 July 2010
HMA Twomey Patterson Pty Ltd	25%	Acquired 1 July 2010
Bentleys (WA) Pty Ltd	27%	Acquired 1 July 2010
Beames and Associates Accounting and Financial Services Pty Ltd	25%	Acquired 1 July 2010
Specialised Business Solutions Pty Ltd	25%	Acquired 1 July 2010
Mogg Osborne Pty Ltd	25%	Acquired 1 July 2010
Crosby Dalwood Pty Ltd	25%	Acquired 1 July 2010
Cooper Reeves Pty Ltd	25%	Acquired 1 July 2010
Countplus MBT Pty Ltd	25%	Acquired 1 July 2010
Evolution Advisers Pty Ltd	25%	Acquired 1 July 2010
Robson Partners Pty Ltd	25%	Acquired 1 July 2010
Achieve Corporation Pty Ltd	25%	Acquired 1 July 2010
Kidmans Partners Pty Ltd	25%	Acquired 1 July 2010
360 Financial Vision Pty Ltd	25%	Acquired 1 July 2010
Wearne & Co Pty Ltd	100%	Acquired 16 August 2010
Cartwright Brown & Company Financial Planning Pty Ltd	25%	Acquired 31 August 2010
TFSA	100%	Acquired 30 September 2010

38. BUSINESS COMBINATIONS (continued)

Countplus entered into call option deeds with the Principals of those businesses listed above which it did not acquire 100% initially, which gave Countplus (and therefore Count) control of these businesses from that date, as defined in AASB 127 'Consolidated and Separate Financial Statements'. From 1 July 2010 (Cartwright Brown effective from 31 August 2010), call options could be exercised at Countplus' discretion and were held in conjunction with Countplus' existing interest in the investee business.

The Group has recognised the consolidated fair values of the identifiable assets and liabilities of its subsidiaries since 1 July 2010, based upon the best information available as of the date of deconsolidation of Countplus Limited. Business combination accounting is as follows:

	Acquisitions due to vesting of call options#	Other acquisitions
	Fair value at consolidation date $'000*	Fair value at acquisition date $'000*
Cash and cash equivalents	6,013	217
Trade and other receivables	10,174	1,186
Property, plant and equipment	4,714	514
Deferred tax assets	545	106
Acquired Goodwill	–	–
Acquired Client Relationships	6,943	–
Intangible Assets – other	123	–
Other assets	4,227	25
TOTAL ASSETS	**32,739**	**2,048**
Trade and other payables	4,367	262
Provisions	5,770	340
Borrowings	10,289	3,380
Taxation Liabilities	4,262	238
Other Liabilities	324	–
TOTAL LIABILITIES	**25,012**	**4,220**

\# Includes all investee firms except TFSA and Wearne & Co.

* The fair value on business combination was provisionally determined based on information available at the time of deconsolidation of Countplus group. In view of the deconsolidation of Countplus group as referred to in Note 39 any changes to provisional accounting will have no impact on the operating results or the statement of financial position at 30 June 2011.

	Acquisitions due to vesting of call options	Other acquisitions
	Fair value at consolidation date $'000	Fair value at acquisition date $'000
Fair value of identifiable net assets	7,726	(2,172)
Non-controlling interest in acquired identifiable net assets^	5,716	–
Goodwill arising on consolidation^	17,402	18,401
Fair value of consideration transferred on consolidation for entities with call option vesting on 1 July 2010 (Existing investment carrying value including adjustment on re-measurement of existing interest at fair value $2.958m)	18,747	–

^ AASB 3 'Business Combination' provided choice to measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. The Company has elected to measure non-controlling interest at the acquirees' share of the identifiable net assets. Accordingly goodwill arising on consolidation represents only Count's proportionate share of goodwill at the date of acquisition.

38. BUSINESS COMBINATIONS (continued)

	Acquisitions due to vesting of call options	Other acquisitions
	Fair value at consolidation date $'000	Fair value at acquisition date $'000
Acquisition date fair value of consideration for CBCFP1, Wearne2 & TFSA3		
Shares issued at fair value (Count Financial Limited shares)	407	3,116
Shares issued at fair value (Countplus Limited shares)	–	6,555
Cash paid	258	2,690
Deferred cash consideration liability	–	3,868
Total Consideration	665	16,229

1 On 31 August 2010, Countplus acquired 25% of the total issued share capital of Cartwright Brown & Company Financial Planning Pty Ltd (CBCFP) under the CBC Share Sale Deed. As a result of the existence of a call option over an additional 50% of CBCFP's shares as well as the 25% acquired, control was deemed to exist on 31 August 2010 and the group has recognised the consolidated fair values of the identifiable assets and liabilities of its subsidiaries from the 31 August 2011.

2 On the 16 August 2010, the Countplus acquired 100% of the ordinary and voting shares of Wearne & Co Pty Ltd. The firm's core business is the provision of accounting and business services. Under the terms of the Wearne Share Sale Deed, the consideration for the acquisition of shares comprised of an initial payment of 40.23% of the purchase consideration which was paid in cash and by the issue of Count ordinary shares to the relevant vendors, and a deferred amount of approximately 59.77% of the purchase consideration.

3 On 30th September 2010, Countplus and TFSA entered into a business sale and purchase deed under which Countplus acquired the TFSA Business. Under the terms of the deed, the consideration paid for the acquisition of TFSA's business comprised of an initial payment of 30% of the purchase consideration paid in cash and by the issue of Count ordinary shares to TFSA's vendors and a deferred amount of 70% of the purchase consideration. This deferred amount was satisfied in full by the issue of 4,616,246 Countplus shares on 5 November 2010.

Contribution of entities acquired during the period

The consolidated statement of comprehensive income includes revenue and net profit of $42.7m and $7.1m respectively, as a result of the above acquisitions. Had the acquisitions occurred at the beginning of the reporting period, the consolidated statement of comprehensive income would have included revenue and profit of $50.3m and $7.5m respectively. This information is provided only up to the date of deconsolidation of Countplus group.

39. DECONSOLIDATION OF COUNTPLUS GROUP

During the period Count has lost control over its subsidiary Countplus. This loss of control came about as a result of the issuance of shares to vendors of the member firms and an initial public offering.

Each of the selling Principals of Countplus investee firms that had entered into the Call Option Deeds were invited to offer to sell their remaining interest and voting class shares (voting shares) to Countplus on the terms of the Final Acquisition Agreement. Where a selling Principal entered into a Final Acquisition Agreement, that selling Principal and Countplus agreed to the termination of the Call Option Deed in respect of its Firm shares on completion of the Final Acquisition Agreement. Completion under the Final Acquisition Agreement occurred on 16 December 2010 for all Selling Principals of the above stated Firms. The purchase consideration for the Selling Principals' Firm Shares was satisfied by the issue of Countplus shares to the selling Principal, or the payment of up to 20% of the purchase consideration in cash and the remainder by the issue of Countplus shares.

Countplus issued shares to the vendors of its investee firms and the public, diluting Count's shareholding to 39.8%. Under the relevant Accounting Standard (AASB 127) Count no longer controlled Countplus and its subsidiaries from 16 December, as it does not control more than half the voting rights, nor hold the power to govern the financial and operating policies so as to obtain the benefits of activities, nor the composition or voting rights of the Board. This loss of control required Count to deconsolidate its investment in Countplus.

Details of assets and liabilities deconsolidated	Deconsolidated carrying amount $'000
Cash and cash equivalents	7,158
Trade and other receivables	10,938
Other current assets	8,669
Property, plant and equipment	5,421
Goodwill and intangibles	42,747
Deferred tax assets	1,147
Other non current assets	1,272
Trade and other payables	(5,351)
Provisions	(5,683)
Interest bearing loans and borrowings	(15,175)
Current tax liabilities	(4,312)
Deferred tax liabilities	(3,185)
Other liabilities	(4,723)
Non-controlling interest	(13,110)
Total carrying value of assets and liabilities deconsolidated	**25,813**

Fair value gain on Countplus deconsolidation	$'000
Deconsolidation of Countplus and recognition as Investment in associate at fair value at 16 December 2010	60,000
Net assets deconsolidated at 16 December 2010	(25,813)
Fair value gain on Countplus deconsolidation	**34,187**

40. EVENTS AFTER THE BALANCE DATE

On 2 August 2011, the Group granted shares to employees and franchisees under a loan funded share plan. The Company issued 316,506 shares to employees and 2,593,360 shares to franchisees at a price of $1.025. The shares are funded by an interest-free, non-recourse loan, and are restricted for 1-3 years in the case of employees and for 3-5 years in the case of franchisees. The Board has discretion to release the restriction on the shares in the event of a change of control in the Company.

On 15 August 2011 a final dividend for the year ended 30 June 2011 of 4c per share was declared.

On 30 August 2011, Count Financial Limited announced that it had entered into a Scheme Implementation Deed with the Commonwealth Bank of Australia Group (CBA), under which CBA proposes to acquire all the shares of Count via a Scheme of Arrangement. Under the terms of the Deed, CBA has agreed to pay $1.40 per Count share, payable in either cash or CBA shares. The Directors of Count have unanimously recommended that Count shareholders vote in favour of the Scheme, in the absence of a superior proposal emerging and subject to an Independent Expert concluding that the offer is in the best interests of Count shareholders. Subject to these conditions, each Director of Count who holds Count shares intends to vote their shares in favour of the Scheme.

The transaction is subject to certain conditions precedent including Count shareholder and Court approval of the Scheme, a merger clearance from the Australian Competition and Consumer Commission ("ACCC") and no material adverse change occurring. A Scheme booklet containing information relating to the proposed transaction, reasons for the Directors' unanimous recommendation, details of the Scheme meeting and an Independent Expert's report is expected to be sent to Count shareholders in October 2011, with a Count shareholder meeting to vote on the proposed Scheme expected to be held in November 2011. Subject to the approval of the Scheme by shareholders and the Court, ACCC informal clearance and the timely satisfaction of conditions, Count expects the transaction to be completed in December 2011.

It is the opinion of the directors that this is a non-adjusting subsequent event. However, if the scheme is approved, the options under FIOP and ESOP, and shares issued under the loan funded share scheme, will immediately vest. This would have the effect of bringing forward any remaining expense of the fair value of share based payments to the change of control date. Approximately $0.7m remains to be expensed in relation to outstanding share based payment entitlements for the period up to the receipt of the offer. In addition, in the event of a change of control, the Chief Executive Officer is entitled to a Material Change Payment of $1m, in addition to any outstanding STI, LTI and share based payment entitlements.

Directors' Declaration

In accordance with a resolution of the directors of Count Financial Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the Company and the consolidated entity are in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1(b); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2011.

On behalf of the Board

B.M. Lambert
Executive Chairman
Sydney
20 September 2011

Independent Auditors' Report to the Members of Count Financial Limited

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

Independent auditor's report to the members of Count Financial Limited

Report on the financial report

We have audited the accompanying financial report of Count Financial Limited, which comprises the statements of financial position as at 30 June 2011, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

2

Opinion

In our opinion:

a. the financial report of Count Financial Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the company's and consolidated entity's financial positions as at 30 June 2011 and of their performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(b).

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Count Financial Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Mark Raumer
Partner
Sydney
20 September 2011

ASX Additional Information

Additional information required by the Australian Stock Exchange Limited and not shown elsewhere in this report is as follows:

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of shares as at 31 July 2011 are:

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	705	464,294
1,001 – 5,000	1,601	5,092,224
5,001 – 10,000	1,315	11,044,772
10,001 – 100,000	1,766	51,996,914
100,000+	161	193,649,626
	5,548	262,247,830

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares as at 15 August 2011 are:

		Listed ordinary shares	
		Number of shares	% of shares
1	Barry Martin Lambert	54,733,924	20.87%
2	Joy Wilma Lambert	36,416,154	13.89%
3	JP Morgan Nominees Australia Ltd	22,756,104	8.68%
4	HSBC Custody Nominees (Australia) Ltd.	8,940,769	3.41%
5	Kylie Suzanne Lambert	6,515,000	2.49%
6	Geoffrey David Guest	6,352,086	2.43%
7	Emma Lambert	6,015,000	2.29%
8	Michael John Lambert	4,428,254	1.69%
9	National Nominees Pty Ltd	4,386,127	1.67%
10	Cogent Nominees Pty Ltd	3,476,001	1.33%
11	Citicorp Nominees Pty Ltd <Cwlth Bank Off Super A/C>	2,040,629	0.78%
12	Fretensis Pty Ltd	1,500,000	0.57%
13	ACN 003 636 968 Pty Ltd	1,053,889	0.40%
14	Gerard James van Paassen <The van Paassen Fam A/C>	1,000,000	0.38%
15	Timlyn Investments Pty Ltd <Munro Investment A/c>	880,000	0.34%
16	Marianne Perkovic-Devlin & Christopher John Devlin	780,432	0.30%
17	Kylie Suzanne Lambert & Ms Verlie Pamella Hall <Seachange Super Fund A/c>	726,000	0.28%
18	Count Pty Ltd <Count Charitable Fdn A/C>	654,458	0.25%
19	Elinvest Pty Limited <The Elias Family A/C>	618,100	0.24%
20	Queensland Investment Corporation	529,398	0.20%
		163,802,325	**62.49%**

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Investors' Information

Share Trading

Count Financial Limited fully paid ordinary shares are listed on the Australian Stock Exchange and are traded under the code COU.

Shareholders' Enquiries

Investors seeking information regarding their shareholding or wishing to change their address should contact our 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 8150

Any other enquiries relating to Count Financial Limited can be directed to:
Count Financial Limited
GPO Box 3323
Sydney NSW 2001
Telephone: +61 2 8272 0292
Email: investor.relations@count.com.au

Voting Rights

At a General Meeting, every member present in person or by proxy or attorney, or in the case of a corporation by a representative duly authorised under the seal of that corporation, has one vote on a show of hands and in the event of a poll, one vote for each ordinary share held by the member. Options carry no voting rights.

Corporate Directory

Directors

Barry Martin Lambert	(Executive Chairman, Executive Director)
Andrew Crawfurd Gale	(Managing Director, Chief Executive Officer)
Alden Jon Halse	(Non-Executive Director)
Noel Albert Davis	(Non-Executive Director)
Andrew William Geddes	(Non-Executive Director)
Joycelyn Cheryl Morton	(Non-Executive Director)

Company Secretary

Anna Maria Smith

Deputy Company Secretary

Caress Teresa Andrews

Registered Office

Level 19
Gold Fields House
1 Alfred Street
Sydney NSW 2000
Telephone: +61 2 8272 0292
Facsimile: +61 2 9241 7342

Solicitors

Addisons Lawyers
Level 12
60 Carrington Street
Sydney NSW 2000
Telephone: +612 8915 1000
Facsimile: +612 8916 2000

Norton Rose Australia
Grosvenor Place, 225 George Street
Sydney NSW 2000
Telephone: +612 9330 8574
Facsimile: +612 9330 8111

Minter Ellison Lawyers
Level 19, 88 Phillip Street,
Sydney, NSW, 2000
Telephone: +612 9921 8888
Facsimile: +612 9921 8388

Accountants

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: +61 (0) 2 9322 7000
Facsimile: +61 (0) 2 9322 7001

Bankers

Commonwealth Bank of Australia

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

Independent Auditors

Ernst & Young
Ernst & Young Centre
680 George Street
Sydney NSW 2000
Telephone: +61 2 9248 5555
Facsimile: +61 2 9248 5218

2010/11 – The Year In Brief

Announcement	
30 Aug 2011	**Commonwealth Bank to acquire Count Financial Limited**
30 Aug 2011	**Scheme Implementation Deed from Commonwealth Bank**
29 Aug 2011	**Preliminary Final Report** • Earnings Before Interest (and Investments) & Tax of $25.24 million • Net profit After Tax of $51.56 million, up 113% • Earnings Per Share (EPS) up 111%%
15 Aug 2011	**Count earnings guidance and dividend announcement**
16 June 2011	**Count 'Tax' Dividend declared** A 'Tax' Dividend of two cents per share paid to shareholders on 15 July 2011.
18 May 2011	**Change in substantial holder for Centrepoint Alliance**
5 May 2011	**Count's response to FOFA reforms**
6 Apr 2011	**Appendix 3Y – Change of Directors Interest Notice – Joycelyn Morton**
25 Mar 2011	**Count announces alliance with Centrepoint Finance**
14 Mar 2011	**Change in substantial holder for Centrepoint Alliance Ltd.**
22 Feb 2011	**Count 'Easter' Dividend declared** An 'Easter' Dividend of two cents per share paid to shareholders on 15 April 2011.
22 Feb 2011	**Half Year Profit Result and Dividend (31 December 2010)** • Earnings Before Interest (and Investments) & Tax of $12.20 million, (unchanged) • Net Profit After Tax $42.88 million, up 212% • Earnings Per Share (EPS) up 208%
24 Dec 2010	**Becoming a substantial holder for Centrepoint Alliance Ltd**
24 Dec 2010	**Acquisition of 8.25% stake in Centrepoint Alliance Ltd**
23 Dec 2010	**Becoming a substantial holder for Countplus**
17 Dec 2010	**Countplus Principals and Public Offer**
15 Dec 2010	**Appendix 3Y – Change of Directors Interest Notice – Andrew Gale**
13 Dec 2010	**Share Trading Policy**
9 Dec 2010	**Count earnings guidance**
26 Nov 2010	**Countplus Public Offer**
16 Nov 2010	**Annual General Meeting**
9 Nov 2010	**Countplus prospectus lodged with ASIC**
25 Oct 2010	**Appointment of IRESS as Count's strategic software partner**
25 Oct 2010	**Appointment of Lonsec as new Research provider**
22 Oct 2010	**Appointment of Company Secretary, Anna Smith and Resignation of Company Secretary, Rachel Griffith**
18 Oct 2010	**Count Quarterly Business Report at 30 September 2010** FUA $10.14 billion and FLUA $14.06 billion
15 Oct 2010	**Notice of AGM / Proxy Form**
1 Oct 2010	**Countplus makes Dealership acquisition** Total Financial Solutions Dealership
27 Sep 2010	**2010 Annual Report**
14 Sep 2010	**Appendix 3Y – Change of Directors Interest Notice – Andrew Gale**

For more information on Count's market announcements, please visit **www.count.com.au > Investor Relations**.

Shareholder's Calendar

Annual General Meeting

The Annual General Meeting for shareholders of Count Financial will be held at:
Count Financial Limited
Gold Fields House
Level 19, 1 Alfred Street
Sydney NSW 2000
Time: 10.00 am
Date: Monday 28 November 2011

Final dividend distribution

A final fully franked dividend for the 2010/11 financial year of four cents per ordinary share was paid on 14 October 2011 to investors registered at the close of business on 29 September 2011. The shares will go ex-dividend on 23 September 2011.

Dividends Payable

2011 Year – "Risk/Reward" dividend	14 October 2011	Payment of 4 cents for the year ended 30/6/2011

Proposed future quarterly dividends

"Christmas" dividend	15 December 2011	Expected to be two cents
"Easter" dividend	13 April 2012	Expected to be two cents
"Tax" dividend	13 July 2012	Expected to be two cents
"Risk/Reward" dividend	14 October 2012	Expected to be two cents

Profit Announcements

Half yearly profit results and "Easter" dividend	Mid-February
Full year profit results and "Risk/Reward" dividend	Mid-August

As a shareholder, you can register your AGM vote at **www.investorvote.com.au** Check your proxy form for access details.

Visit **www.etree.com.au/countfinancial** to receive your next Annual Report via email, and Count will donate $1 to Landcare Australia.

eTree is a Computershare Limited initiative with Landcare Australia that provides an environmental incentive to shareholders of Australian companies to elect to receive shareholder communications electronically.

Count

Head Office
Level 19
1 Alfred Street
Sydney NSW 2000
Tel: 1800 026 868

www.count.com.au