ASX ANNOUNCEMENT – COU
Monday 29 August, 2011
Preliminary Final Report

Count Financial Limited

NPAT up 113%
EPS up 111%

The Directors of Count Financial Limited (COU) report a record Net Profit After Tax for the full year ended 30 June 2011 of $51.56 million, up 113% on the previous corresponding period (pcp).

Diluted earnings per share (EPS) for 2010/11 is 19.72 cents per share (up 111% pcp). Earnings Before Interest (and Investments) & Tax (EBIT) is $25.24 million (down 3.8% on pcp).

The main contribution to the result was the listing of Countplus, resulting in a one-off pre-tax fair value gain on Countplus and its investees of $37.15 million, and the general contribution from Countplus of $5 million pre-tax.

On a normalised basis, after stripping out the one-off fair value gain, the Net Profit After Tax was $25.56 million, up 5.7% on pcp.

The mark to market of the investment portfolio made a pre-tax contribution of $0.66 million compared to $2.17M in pcp.

A fully franked final quarterly Final “Risk/Reward” dividend of four cents per share payable on 14 October 2011 has been declared, taking the total dividend for 2010/11 to 10 cents per share, up 25% from 2009/10, and equalling the previous record dividend.

2012 Expectations
Count Financial provides its first formal earnings guidance for 2011/12 at the time of its Annual General Meeting in mid-November 2011.

Count is an accounting based, financial services franchise with excellent positioning amongst “advice seeking” clients including SMSFs. Count advisers enjoy trusted adviser positioning.

Count’s earnings are influenced by market conditions, especially as they impact Funds Under Advice and net fund flows. In the short term, investor behaviour is currently cautious, which is reflected in net fund flows and asset allocations.

Count is well positioned for the regulatory changes proposed for the wealth management and financial advice industry and has already announced its intention to become the IDPS Operator and Registrable Superannuation Entity (RSE) in respect of its platform offerings from July 2012.

Count is also experiencing growth in the wealth protection/insurance segment and has refocussed upon its mortgage aggregation business, Finconnect, which should result in a strengthened performance in 2011/12.

1. Results for announcement to the market

Key Information

1. Revenue: $174.0 million, up 33% (includes consolidated revenue of the Countplus group for the first half)
2. Net Profit After Tax from ordinary activities attributable to Shareholders: $51.56 million (up 113%).
3. Normalised Net Profit After Tax (after one-off fair value gains on Countplus) from ordinary activities attributable to Shareholders: $25.56 million (up 6%)
4. Final "Risk/Reward" dividend: 4 cents (fully franked), totalling 10 cents for the year. Ex-Dividend 23/09/11; Record Date 29/09/11; Payable 14/10/11.

2. Breakdown of financial results

2.1 EBIT

		03/04 $M	04/05 $M	05/06 $M	06/07 $M	07/08 $M	08/09 $M	09/10 $M	10/11 $M	Change %
1	Net fees and Retail revenue	11.20	12.25	14.10	16.13	17.34	14.29	14.58*	13.25	(9%)
2	Asset-based revenue	10.55	13.60	19.87	25.62	31.57	25.13	27.58	27.91	1%
3	Other fees	3.53	3.86	3.01	3.24	3.07	3.12	3.20	2.02	(37%)
4	**Net Income**	**25.28**	**29.71**	**36.98**	**44.99**	**51.98**	**42.54**	**45.36***	**43.18**	(5%)
5	*Employment Expenses*	*7.85*	*7.91*	*7.70*	*8.23*	*8.82*	*9.06*	*9.11*	*8.82*	(3%)
6	*Other Expenses*	*6.58*	*5.40*	*4.61*	*5.58*	*6.67*	*6.51*	*7.51*	*8.45*	12%
7	*Share based payments*	-	*0.80*	*1.49*	*2.26*	*3.07*	*3.54*	*2.51*	*0.67*	(73%)
8	***Total Expenses***	***14.43***	***14.11***	***13.80***	***16.07***	***18.56***	***19.11***	***19.13***	***17.94***	(6%)
9	EBIT	10.85	15.60	23.18	28.92	33.42	23.43	26.23*	25.24	(4%)
10	% Change	32%	44%	49%	25%	16%	(30%)	12%	(4%)	
11	Expense Ratio	57%	47%	37%	36%	36%	45%	42%	42%	

* 09/10 figures restated due to a changed accounting policy relating to the recognition of lending trail commission income.

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

2.2 Net Fees and Retail Revenue (Line Item 1)

This is fees and revenue from traditional retail superannuation and investments, lending, (through the subsidiary, Finconnect), asset finance and life insurance, and was $13.25 million (down 9%). Wealth Protection New Business grew 16% on pcp, but lending commissions fell 11% on pcp.

2.3 Asset-based Revenue (Line Item 2)
Asset-based revenue of $27.91 million (up 1%) represents income from investment platforms. Funds Under Advice on Approved Platforms is down 1.7% for the year.

2.4 Share based payments (Line Item 7)
This relates to the requirement to expense options granted to Count franchisees and employees (non-cash expense) and was $0.67 million (down 73%).

2.5 Total Expenses (Line Item 8)
Employment costs (line 5) remains the largest expense at $8.82 million (down 3%) in 2010/11. Other expenses (line 6) were $8.45 million (up 12%) – a large component relates to Count expenses in developing Countplus and associated due diligence and Countplus IPO related expenses. Total expenses fell 6%.

2.6 EBIT (Earnings Before Interest & Tax)
Earnings Before Interest (Investment) & Tax was $25.24 million (down 4%). The difference compared to our guidance on 15 August 2011 is due to a changed accounting policy relating to the recognition of lending trail commission income which had a minor impact on EBIT in both FY10 and FY11.

2.7 EBIT results
30 June $M	2001	2002	2003	2004	2004	2006	2007	2008	2009	2010	2011
EBIT	6.03	6.18	8.22	10.85	15.6	23.18	28.92	33.42	23.43	26.23	25.24
% Change	49%	3%	33%	32%	44%	49%	25%	16%	(30%)	12%	(4%)

Average increase since listing – 11 years 21%

2.8 PBT and NPAT results
Non-operating income (which includes dividends and unrealised gains/losses from the investment portfolio, net interest income/expense, one-off revaluation gains and consolidated and equity accounted profits from Countplus) was 509% higher at $47.50m. The largest contributors were the Countplus related items, which made up $43.4m of this increase and included $37.15M in one-off fair value gains.

Net profit before tax, including non-controlling interests, increased 133% to $79.23m and net profit after tax, excluding non-controlling interests, increased 113% to $51.56m.

Normalised net profit after tax, after stripping out the one-off fair value gains, was $25.56 million, up 5.7% on pcp.

3. Operational Performance

3.1 Key Performance Indicators

	Key Performance Indicators	30/6/11 $Billion	30/6/10 $Billion	% change FY	30/6/09 $Billion
1	Approved Platforms [(a)]	$ 6.22	$ 6.33	(2%)	$ 5.79
2	Other Funds [(b)]	$ 3.64	$ 3.94	(8%)	$ 3.71
3	**Total Funds 1&2 (FUA)**	**$9.86**	**$10.27**	**(4%)**	**$ 9.50**
4	Loans Outstanding [(c)]	$ 3.59	$ 3.76	(5%)	$ 3.67
5	**Total 3&4 (FLUA)**	**$13.45**	**$14.03**	**(4%)**	**$13.17**
		30/6/11 $Million	**30/6/10 $Million**	**% change FY**	**30/6/09 $Million**
6	Insurance Premiums (inforce) [(d)]	$47.50	$42.08	13%	$34.44

(a) *Six Preferred Platforms only.*
(b) *Funds subject to electronic updates and Count fees; excludes property and direct equities.*
(c) *Count introduced loans on which trailing commissions are being received (excludes residential loans where commissions are not currently being received) includes Margin Loans, but excludes equipment financing receivables.*
(d) *Inforce life insurance premiums (excluding those written within retail superannuation) – FY10 and FY11 have been adjusted to include a new insurer.*

Funds Under Advice (FUA) on approved platforms stands at, $6.22 billion, a decrease of 1.74% over the last 12 months. Of the $4.42 billion invested in the BT/Westpac platform, 13% is invested in cash or term deposits (June 2010: 13%). Approximately 15% of these portfolios are in international equities, which are largely unhedged. The $A appreciated strongly against both the TWI and $US over 2010/11.

Total FUA (excluding direct property) reduced by 4% over the last 12 months and now totals $9.86 billion.

Loans outstanding (loan balances subject to trail commission) is at $3.59 billion, down 5% for the last 12 months. Residential Lending has grown 0.2% over the last 12 months - Loans outstanding also includes commercial loans and investment loans (margin and protected lending) which have both reduced over the period.

Combined Funds and Loans under Advice (FLUA) stands at $13.45 billion, down 4% over the last 12 months.

Inforce insurance premiums of $47.50 million are up 13% for the last 12 months and insurance new business grew 16% on the prior year. Life Insurance is one of the non-investment linked services Count franchisees provide for their clients.

4. Capital Management

4.1 On market buy-back

There was no buy-back for 2010/11.

Total shares on issue to 30 June 2011 was 262.2 million – a net increase of 3.4 million (1.3%) since 30 June 2010.

Total shares on issue for the past 8 years – 2011: 262.2 million; 2010: 258.8 million; 2009: 256.5 million; 2008: 248.4 million; 2007: 240.2 million; 2006: 233.9 million; 2005: 227.9 million; 2004: 220.8 million; IPO Dec 2000: 220 million.

4.2 Options allocation

No options were allocated due to changes in legislation. A new equity scheme for franchisees and employees has been put in place from the 2011/2012 financial year.

4.3 Dividend Guidance

Count has declared a four cent final dividend for 2010/11.

As shown below, Count's dividends have shown an average growth of 22% pa over the last 10 years, well in excess of our previously stated aim of 10% pa.

4.4 Dividend Growth

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Dividend ¢	1.45	2.0	2.2	2.42	3.5	4.5	6.0	8.0	10.0	7.0	8.0	10.0
% Change	27%	38%	10%	10%	45%	28%	33%	33%	25%	(30%)	14%	25%

Cents per issued share
Average increase last 12 years 22% pa

5. Investments

5.1 Portfolio

The portfolio of cash, investments and loans stood at $128.69 million at 30 June 2011. The largest holdings are Countplus at $61.80 million (carrying value), Mortgage Choice at $25.46 million, Centrepoint Alliance at $9.04 million and DKN at $8.21 million (all market values).

	30/6/11	30/6/10	Debt Facility Limit	Undrawn Debt Facility
Total Cash/Investments (incl associates) / Loans	$128.69m	$61.71m		
Less loan balance	$18.51m	$11.82m	$20m	$1.49m
Net Value	$110.18m	$49.89m		

5.2 Countplus

Countplus released its results on Friday 26 August 2011. Countplus is well placed to grow its business and is valuable to Count not only as an investment, but also as a service-provider to Count franchisees.

5.3 Investment in Mortgage Choice, Centrepoint Alliance & DKN

Count had the following holdings at 30 June 2011:

Mortgage Choice	20,611,785 shares	17.33%
Centrepoint Alliance	10,889,100 shares	10.76%
DKN*	10,453,840 shares	7.4%

* DKN has put a scheme of arrangement to its shareholders to transfer control of the company to IOOF Holdings Limited at 80c per share. If implemented, this scheme will complete in October 2011.

5.4 Loans to Franchisees and Associates

Loans outstanding at 30 June 2011 to Count franchisees totalled $3.35 million. There are no arrears at 30 June 2011. Count will continue to support members to grow their business and expects to provide further loans for acquisitions and amalgamations.

Working capital loans to Countplus Member Firms were either assigned or reissued to Countplus in December 2010 and repaid from the proceeds of the Countplus listing later that month.

6. Risk Management

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

6.1 Count and Franchisees

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

6.2 PI Insurance

Count has in place a $40 million PI policy for 12 months effective to 27 February 2012.

	2005 $M	**2006 $M**	**2007 $M**	**2008 $M**	**2009 $M**	**2010 $M**	**2011 $M**
Net compensation payments (incl legals)	-	0.13	0.13	0.03	0.10	0.17	0.36
PI Premium	-	-	-	-	0.30	0.91	0.95
Total Cost	**-**	**0.13**	**0.13**	**0.03**	**0.40**	**1.08**	**1.31**

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

7. Lending update - Finconnect

2010/11 has been a year of consolidation for Count's lending business as it implemented the changes arising out of the National Consumer Credit Protection Act, ensuring that Finconnect and its Credit Representatives are well placed to service their clients under the new regime. During the year Finconnect expanded its panel of lenders and enhanced its internal service model, preparing the business for growth. Strong growth in the number of brokers who work with our referring accountants is anticipated during 2011/12 to allow us to better leverage the opportunities within our accounting network and provide better lending outcomes for clients.

8. 2011/12 Profit Guidance and Annual General Meeting

Details of Count's Annual General Meeting follow:

Time: 10 am
Date: Tuesday, 15 November 2011
Venue: Level 19, Goldfields House, 1 Alfred Street, Sydney, NSW

Historically, the company gives its first profit guidance at the AGM, as indicated on page one of this announcement. Like all in the financial services sector, Count eagerly awaits a sustained recovery in the markets so its shareholders can again enjoy superior returns.

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

9. Material Developments

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

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