

ASX ANNOUNCEMENT: COU

30 August 2011

Commonwealth Bank of Australia to acquire Count Financial



Count Financial Ltd (“Count”) announces that it has entered into a Scheme Implementation Deed (“SID”) with Commonwealth Bank of Australia (“CBA”), under which CBA would acquire all of the ordinary shares in Count by a Scheme of Arrangement (“Scheme”), subject to shareholder approval and in the absence of a superior proposal.

Barry Lambert, Count Founder and Executive Chairman, and the other members of the Board of Count unanimously recommend 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.

Other Lambert Family members who in aggregate hold approximately 20% of Count shares have also indicated to Count that they will vote in favour of the Scheme, subject to no superior proposal being recommended by the Count Board.

Under the terms of the Scheme, Count shareholders will have the choice of receiving **A\$1.40 cash** per Count share, or **A\$1.40 in CBA shares**, based on the volume weighted average price (“VWAP”) of CBA shares on the ASX in the 5 Business Day period ending on the day before the Scheme Meeting date which is presently expected to be in November 2011.

In addition, Count shareholders will receive the fully franked dividend of A\$0.04 per Count share declared on 15 August 2011, in relation to Count’s second half 2011 results, before the Scheme becomes effective.

The offer consideration of A\$1.40 per share to Count shareholders represents:

- a premium of 32.1% to the unadjusted closing price of A\$1.060 on 29 August 2011;
- a premium of 46.3% to the unadjusted one month VWAP prior to 29 August 2011 of A\$0.957; and
- a premium of 40.4% to the unadjusted three month VWAP prior to 29 August 2011 of A\$0.997

- a premium of 52.2% to the adjusted¹ closing price of A\$0.651 on 29 August 2011;
- a premium of 73.0% to the adjusted¹ one month VWAP prior to 29 August 2011 of A\$0.573; and
- a premium of 64.6% to the adjusted¹ three month VWAP prior to 29 August 2011 of A\$0.602

The offer consideration implies an equity value for Count of A\$373 million² and compares favourably with recent precedent transaction multiples, representing a valuation multiple of 14.6x Count’s normalised net profit after tax of A\$25.6 million for the twelve month period ended 30 June 2011.

Barry Lambert, Executive Chairman and the largest Count shareholder, has entered into a call option deed with CBA over approximately 17.74% of the issued shares in Count (“Option Deed”)³. A copy of the Option Deed will be attached to a substantial holder notice to be lodged with the ASX by CBA.

¹ For the purposes of calculating the adjusted premia both the offer price and Count share prices have been adjusted to exclude the value of the listed equity investments held by Count dollar for dollar at their market value over the respective periods, primarily being Mortgage Choice, Centrepoint Alliance, Countplus and DKN Holdings. The adjusted offer price is A\$0.991.

² Based on 262.2 million shares outstanding as at 29 August 2011 plus additional 2.9 million shares issued under LFSS and approximately A\$1.9 million in value of share options.

³ The Option Deed is for 19.9% of Count’s total shares on issue less the number of shares in Count currently held by the CBA Group in its funds management business and other non proprietary businesses (currently approximately 2.16%).

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) occurring. A copy of the executed SID entered into by Count and CBA is attached to this announcement, which includes the full conditions precedent for the Scheme.

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.

Count Chairman, Barry Lambert said the Future of Financial Advice (FOFA) reforms inspired consolidation had already started and, while Count considered being an acquirer itself, it was not in a position to act without more certainty about the legislation.

“While the offer from CBA was unsolicited, in light of the regulatory uncertainty and our goal to see Count continue to prosper as a champion of accountant-based advisers, the directors and I believed we should put this offer to shareholders for their approval.

“Key to our recommendation is our belief that CBA understands the Count business and intends to maintain it as a standalone business in its wealth management division. CBA will also maintain and invest in Count’s highly respected brand and franchise, including retention arrangements for Count franchisees and staff.

“Count is home to a highly qualified accountant financial planner network which provides valued and trusted services to the Small to Medium Sized Business sector and the high growth Self Managed Super Fund sector. We believe CBA will provide Count with the capital and financial clout to realise its growth ambitions in these sectors.

“In the current environment, this transaction is a logical next step as it builds on Count’s longstanding relationship with CBA, which is already a platform provider and corporate lender to Count. CBA is also well-positioned to assist Count franchisees to prosper in a more challenging post-FOFA environment” Mr Lambert said.

Mr Lambert said he was pleased and honoured to become Non-Executive Chairman of Count as part of the deal.

Count is being advised by J.P. Morgan Australia Limited as its exclusive financial advisor and Minter Ellison as its legal advisor.

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