

Count Financial Limited

ABN 19 001 974 625



Half-Year Financial Report

for the half-year ended 31 December 2010

CORPORATE INFORMATION

ABN 19 001 974 625

Directors

B.M. Lambert Executive Chairman, Executive Director
A.C. Gale Managing Director, Chief Executive Officer
A.W. Geddes Non-Executive Director
A.J. Halse Non-Executive Director
N.A. Davis Non-Executive Director
J.C. Morton Non-Executive Director

Company Secretary

A.M. Smith

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Solicitors

Addisons Commercial Lawyers
Level 12, 60 Carrington Street
Sydney NSW 2000
Telephone: +61 2 8915 1000
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Accountants

Deloitte Private
Grosvenor Place
225 George Street
Sydney NSW 2000
Telephone: +61 2 9322 7000
Facsimile: +61 2 9322 7001

Bankers

Commonwealth Bank of Australia

Share Register

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
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DIRECTORS' REPORT

Your directors submit their report for the half-year ended 31 December 2010.

DIRECTORS

The names and details of the company's directors in office during the half-year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

B.M. Lambert	Executive Chairman, Executive Director
A.C. Gale	Managing Director, Chief Executive Officer
A.W. Geddes	Non-Executive Director
A.J. Halse	Non-Executive Director
N.A. Davis	Non-Executive Director
J.C. Morton	Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

Consolidated net profit after tax for the period attributable to owners of the parent was \$42.88m, up 212% over the corresponding period. A major contributor to this result was the recognition of Count's investment in Countplus at fair value on deconsolidation following Countplus' successful listing in December 2010, which amounted to \$34.2m before tax, as well as a fair value gain on consolidation of Countplus investees at 1 July 2010 of \$2.9m before tax. Volatile investment markets in late FY10 and early FY11, as well as a higher \$A during the period, have caused operating earnings growth to be more subdued, with gross profit up 6.57% on the corresponding period.

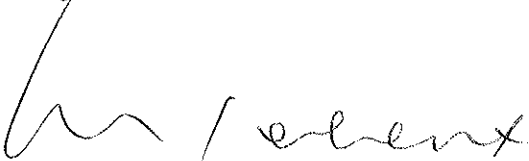
Underlying normalised after tax profit, which excludes the gains on consolidation of Countplus investee entities and revaluation of Count's remaining interest in Countplus, was \$16.9M, which was up 23% over the corresponding period.

A brief review of the operations of Count Financial Limited and its subsidiaries and the results of those operations for the half-year under review are contained in the report to the ASX dated 22 February 2011.

AUDITORS' INDEPENDENCE DECLARATION

The auditor's independence declaration is included on page 4 of the financial report.

Signed in accordance with a resolution of the directors.



B.M. Lambert
Executive Chairman
Sydney, 21 February 2011

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

In relation to our review of the financial report of Count Financial Limited for the half-year ended 31 December 2010, 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



Mark Raumer
Partner
Sydney

21 February 2011

STATEMENT OF COMPREHENSIVE INCOME

for the half year ended 31 December 2010

	Notes	CONSOLIDATED	
		31-Dec-2010 \$'000	31-Dec-2009 \$'000
Revenue	2	66,024	60,555
Fees, commissions and related costs		(42,554)	(38,532)
GROSS PROFIT		23,470	22,023
Accounting revenue - Countplus	2	37,927	-
Other revenue	2	4,463	728
Interest on loans and advances	2	62	543
Share of profit of associates	13	216	1,207
Change in fair value of investments - unrealised		5,971	5,448
Gain on disposal of assets		82	-
Fair value gain on Countplus deconsolidation	13	34,187	-
Fair value gain on acquisition of Countplus investees	11	2,958	-
Salaries and employee benefits expense	3(b)	(27,386)	(4,767)
Lease expenses		(2,301)	(349)
Depreciation and amortisation expenses	3(a)	(1,158)	(173)
Finance costs expensed		(584)	(235)
Share based payments – Franchise Options		(354)	(1,400)
Other expenses from ordinary activities	3(c)	(9,831)	(3,164)
PROFIT FROM OPERATIONS BEFORE INCOME TAX		67,722	19,861
INCOME TAX EXPENSE		(20,298)	(6,089)
NET PROFIT FROM OPERATIONS AFTER INCOME TAX		47,424	13,772
OTHER COMPREHENSIVE INCOME		0	0
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		47,424	13,772
Total comprehensive income for the period attributable to:			
Non-controlling interests		4,541	17
Owners of the parent		42,883	13,755
		47,424	13,772
Basic earnings per share (cents per share)		16.44	5.34
Diluted earnings per share (cents per share)		16.44	5.33

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

STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	CONSOLIDATED	
		31-Dec-2010 \$'000	30-Jun-2010 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	2,483	5,129
Trade and other receivables		9,959	11,524
Loans and advances	9	1,137	10,277
Investments held at fair value through profit or loss		14,886	14,923
Other current assets		-	50
TOTAL CURRENT ASSETS		28,465	41,903
NON CURRENT ASSETS			
Loans and advances		1,283	1,945
Investments held at fair value through profit or loss	10	44,435	29,440
Available for sale financial assets		1,973	1,662
Property, plant and equipment		466	583
Deferred tax assets	16	-	547
Intangible assets		66	78
Investments in associates	13	61,635	15,789
TOTAL NON CURRENT ASSETS		109,858	50,044
TOTAL ASSETS		138,323	91,947
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		8,934	8,375
Interest bearing loans and borrowings	15	18,508	11,820
Other liabilities		2,543	8,067
Current tax liabilities		1,458	4,818
Provisions		510	627
TOTAL CURRENT LIABILITIES		31,953	33,707
NON CURRENT LIABILITIES			
Other payables		11	80
Provisions		194	349
Deferred Tax liabilities	16	11,731	-
TOTAL NON CURRENT LIABILITIES		11,936	429
TOTAL LIABILITIES		43,889	34,136
NET ASSETS		94,434	57,811
EQUITY			
Issued Capital	5	29,908	26,063
Other Reserves		14,366	13,948
Retained Earnings		50,160	17,726
Parent Interest		94,434	57,737
Non-Controlling Interests		-	74
TOTAL EQUITY		94,434	57,811

The Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements.

STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2010

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	17,726	13,948	57,737	74	57,811
Profit for the period	-	42,883	-	42,883	4,541	47,424
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	42,883	-	42,883	4,541	47,424
Share options exercised	321	-	-	321	-	321
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
Cost of share-based payments	-	-	418	418	-	418
Equity dividends to members of parent	-	(10,449)	-	(10,449)	-	(10,449)
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 31 December 2010	29,908	50,160	14,366	94,434	-	94,434

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
Profit for the period	-	13,755	-	13,755	17	13,772
Other comprehensive income for the period	-	-	-	-	-	-
Total comprehensive income for the period	-	13,755	-	13,755	17	13,772
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	2,001	-	-	2,001	-	2,001
Shares issued to associates	1,480	-	-	1,480	-	1,480
Cost of share-based payments	-	-	1,600	1,600	-	1,600
Equity dividends to members of parent	-	(7,767)	-	(7,767)	-	(7,767)
Equity dividends to non-controlling interests	-	-	-	-	(20)	(20)
At 31 December 2009	25,264	17,846	13,038	56,148	62	56,210

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

Count Financial Limited and its Subsidiaries - Half-Year Report

CASH FLOW STATEMENT

for the half year ended 31 December 2010

	Notes	CONSOLIDATED	
		31-Dec-2010 \$'000	31-Dec-2009 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		102,757	63,583
Payments to suppliers and employees		(78,610)	(50,580)
Dividends received		2,279	1,302
Interest received – loans and advances		32	559
Interest received – other		131	152
Finance costs		(532)	(235)
Income tax paid		(8,460)	(6,023)
Goods and services tax paid		(4,478)	(1,969)
NET CASH FLOWS FROM OPERATING ACTIVITIES		13,119	6,789
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(800)	(23)
Proceeds from sale of property, plant and equipment		83	-
Proceeds from sale of securities		1,164	2,296
Purchase of securities		(10,857)	(5,531)
Purchase of other financial assets		(232)	-
Loans and advances made		(285)	(300)
Loans to related parties		-	(3,344)
Repayment of loans		15,248	5,114
Payment for shares in associate entities		(1,419)	(1,040)
Proceeds from consolidation of controlled entities net of cash divested		3,282	-
Proceeds from deconsolidation of controlled entities net of cash divested		(7,190)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(1,006)	(2,828)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends from associate entities		-	476
Proceeds from issues of shares		422	2,001
On-market buy-back of ordinary share capital		-	(2,897)
Associated costs of on-market buy-back of ordinary share capital		-	(2)
Proceeds from borrowings		17,899	8,914
Repayments of borrowings		(12,321)	(6,268)
Payment of non controlling interest dividends		(5,145)	-
Payment of dividends on ordinary shares		(15,614)	(7,787)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(14,759)	(5,563)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(2,646)	(1,602)
Cash and cash equivalents brought forward		5,129	3,612
CASH AND CASH EQUIVALENTS CARRIED FORWARD	8	2,483	2,010

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 half-year ended 31 December 2010

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

The half-year financial report is a general purpose condensed financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The condensed financial report of Count Financial Limited for the half-year ended 31 December 2010 was authorised for issue in accordance with a resolution of the directors on 21 February 2011. Count Financial Limited ("Count" or "the entity") is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Securities Exchange.

The half-year financial report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2010 and considered together with any public announcements made by Count Financial Limited and its Subsidiaries ("Group") during the half-year ended 31 December 2010 in accordance with the continuous disclosure obligations arising under the *ASX listing rules*.

(a) Basis of accounting

The half-year 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.

The half-year financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the class order applies.

Both the functional and presentation currency of Count Financial Limited and its subsidiaries is Australian dollars (A\$).

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Significant accounting policies

The consolidated financial statements have been prepared using the same accounting policies and methods of computation as those adopted in the annual financial report for the year ended 30 June 2010. There are no new or changed Australian Accounting Standards that have taken effect from 1 July 2010 that materially impact the Group's financial statements.

(c) Key accounting policies which are relevant for the period due to consolidation of Countplus member firms and de-consolidation 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 reference to the professional staff hours incurred on each client 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

(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 the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

	CONSOLIDATED	
	31-Dec-2010	31-Dec-2009
	\$'000	\$'000
2. REVENUE		
Revenues		
Retail fees and commissions (including franchisee share)*	30,780	24,715
Platform fees and commissions (including franchisee share)*	33,126	32,157
Franchisee fees and other income	1,741	3,188
Investment review fees	377	495
Fees, commissions and related income	66,024	60,555
Interest on loans and advances	62	543
	62	543
Accounting revenue - Countplus	37,927	-
	37,927	-
Other revenue		
Dividends - other corporations	2,066	1,302
Other revenue – Countplus	2,446	-
Interest - other persons/corporations	71	152
Realised gains / losses on Investment	(120)	(726)
Total other revenue	4,463	728
Total revenues	108,476	61,826

*These fees and commissions are gross payments, consisting of both amounts paid on to franchisees and amounts retained by Count Financial Limited.

3. EXPENSES

(a) Depreciation and amortisation

Depreciation and amortisation expense includes the following:

-Plant and equipment	42	55
-Software	12	40
-Other Amortisations	9	9
-Leasehold improvements	68	69
-Depreciation and amortisation - Countplus	1,027	-
Total depreciation of non-current assets	1,158	173

(b) Salaries and employee benefits expense

Employee benefits expense includes the following:

-Superannuation and salary on costs	885	760
-Salaries and other employee benefits expense	3,835	3,807
-Salaries and employees benefits expense - Countplus	22,600	-
-Share-based payments – Employee Options	66	200
Total salaries and employee benefits expense	27,386	4,767

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

	CONSOLIDATED	
	31-Dec-2010	31-Dec-2009
	\$'000	\$'000
3. EXPENSES (continued)		
(c) Other expenses		
Other expenses include the following:		
-Impairment Expense - trade debtors	32	18
-Sales and marketing expenses	865	733
-Administration expense – Countplus	5,309	-
-Administration expense	3,625	2,413
Total other expenses	9,831	3,164

4. DIVIDENDS PAID OR PROPOSED ON ORDINARY SHARES

(a) Dividends paid during the period

(i) Current period interim (Dividend Declared 17 August 2010, Dividend Paid 15 December 2010)

Franked dividends (2 cents per share) (2009: 2 cents per share)	5,244	5,173
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(ii) Previous year final (Dividend Declared 17 August 2010, Dividend Paid 15 October 2010)

Franked dividends (2 cents per share) (2009: 1 cent per share)	5,205	2,574
	10,449	7,747

(iii) Previous year interim (Dividend Declared 14 April 2010, Dividend Paid 15 July 2010)

Franked dividends (2 cents per share) (2009: 2 cents per share)	5,165	5,127
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(b) Dividends proposed and not recognised as a liability

(Dividend Declared 21 February 2011, Dividend to be paid 15 April 2011)

Franked dividends (2 cents per share) (2009: 2 cents per share)	5,244	5,163
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5. ISSUED CAPITAL

(a) Ordinary shares

Issued and paid up capital	262,212,976	258,835,269
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(b) Movements in ordinary shares on issue

	Number	\$
At 1 July 2010	258,835,269	26,062,731
Issued during the period as a result of exercise of options	244,234	320,923
Issued during the period as a result of Countplus acquisitions	3,133,473	3,523,796
At 31 December 2010	262,212,976	29,907,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

6. 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 information is prepared in conformity with the accounting policies of the Group as disclosed in Note 1.

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.

The Group has identified financial planning and related activities and its investment in Countplus as two distinct operating segments. The following table presents the revenue and profit information regarding business segments for the half-year periods ended 31 December 2010 and 31 December 2009.

Business segments	FINANCIAL PLANNING AND RELATED ACTIVITIES		COUNTPLUS		CONSOLIDATED	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009	31 December 2010	31 December 2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue						
Sales to customers outside the consolidated entity	61,181	60,555	42,770	-	103,951	60,555
Results						
Segment result*	11,764	11,935	45,380	1,207	57,144	13,142
Other income					10,578	6,719
Income tax expense					(20,298)	(6,089)
Net profit					47,424	13,772
	31 December 2010	30 June 2009	31 December 2010	30 June 2009	31 December 2010	30 June 2009
Assets						
Segment assets	76,688	65,334	61,635	26,066	138,323	91,400
Deferred tax assets					-	547
Total assets					138,323	91,947

* Segment result for Countplus for 31 December 2010 includes fair value gain on Countplus deconsolidation and fair value gain on acquisition of controlled entities by Countplus

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

7. COMMITMENTS, CONTINGENT ASSETS AND LIABILITIES

There have been no significant changes to commitments during the period. There are no contingent assets or contingent liabilities.

8. CASH AND CASH EQUIVALENTS

For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 December 2010:

	CONSOLIDATED		
	31-Dec-2010	30-June-2010	31-Dec-2009
	\$'000	\$'000	\$'000
Cash at bank and in hand	2,483	4,829	1,710
Short term deposit	-	300	300
	<u>2,483</u>	<u>5,129</u>	<u>2,010</u>

9. LOANS AND ADVANCES (CURRENT)

As part of the listing of Countplus in December 2010, loans made by Count to Countplus investees were settled by Countplus (\$14M).

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

During the period Count purchased 7,838,114 shares in Centrepoint Alliance Limited (ASX: CAF) at a cost of \$10.2M, representing 8.25% of Centrepoint Alliance's share capital. The Group also holds investments in both Mortgage Choice (ASX: MOC, valued at \$27.1M) and DKN (ASX: DKN, valued at \$6.7M).

11. BUSINESS COMBINATIONS

Between 1 July 2010 and 16 December 2010, 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

11. 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 reporting date. Business combination accounting is as follows:

	Acquisitions due to vesting of call options#	Other acquisitions
	Provisional Fair value at consolidation date \$'000*	Provisional 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 has been provisionally determined based on the current available information. This particularly impacts fair values for existing customer relationships acquired as part of the business combination and the related deferred tax liability, which was not complete as at the reporting date.

	Acquisitions due to vesting of call options Fair value at consolidation date \$'000	Other acquisitions 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

11. BUSINESS COMBINATIONS (Continued)

	Acquisitions due to vesting of call options Fair value at consolidation date \$'000	Other acquisitions 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 for the half-year ended 31 December 2010 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

12. 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. For more details refer to Note 13.

Details of assets and liabilities deconsolidated	Deconsolidated carrying amount \$'000
Cash and cash equivalents	7,190
Trade and other receivables	12,376
Other current assets	6,562
Property, plant and equipment	5,396
Goodwill and intangibles	42,991
Deferred tax assets	764
Other non current assets	1,090
Trade and other payables	(5,116)
Provisions	(4,605)
Interest bearing loans and borrowings	(13,753)
Current tax liabilities	(4,547)
Deferred tax liabilities	(3,576)
Other liabilities	(4,430)
Non-controlling interest	(13,110)
Total carrying value of assets and liabilities deconsolidated	<u>27,232</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

13. INVESTMENT IN ASSOCIATES

	\$'000
Investment in associates at 30 June 2010	15,789
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	61,419
Share of profit of associates	216
Investment in associates at 31 December 2010	<u>61,635</u>

As detailed in Note 11. 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.

The directors have assessed the fair value of Count's interest in Countplus as \$61.4M (40,945,747 shares at \$1.50 per share). This is 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 Count's Countplus shares are escrowed, with one third released from escrow in each of December 2011, December 2012 and December 2013.

14. RELATED PARTY DISCLOSURES

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

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.

15. INTEREST-BEARING LOANS AND BORROWINGS

The Group has a line of credit facility from the Commonwealth Bank of Australia for \$20,000,000, which at 31 December 2010 was drawn to \$18,507,998. The facility matured on 15 January 2011 and has been renewed for 1 year, maturing on 15 January 2012. Interest is payable monthly at the Bank Bill Swap Rate plus a margin. In addition, the consolidated entity maintains a margin lending facility, secured against its investment portfolio, which at balance date had a nil balance owing.

16. DEFERRED TAX

Movement in deferred tax mainly pertains to the recognition of a deferred tax liability arising on the fair value gain on Count's remaining interest in Countplus Limited amounting to \$10.9m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2010

17. EVENTS AFTER THE BALANCE SHEET DATE

There has not been any other matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the period, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future periods.

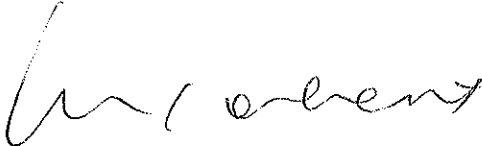
DIRECTORS' DECLARATION

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 consolidated entity are in accordance with *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position as at 31 December 2010 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board,



B.M. Lambert
Executive Chairman
Sydney, 21 February 2011

To the members of Count Financial Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the Count Financial Limited, which comprises the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half year end or from time to time during the half year.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including; giving a true and fair view of the consolidated entity's financial positions as at 31 December 2010 and their performance for the half-year ended on that date; and complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Count Financial Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we 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 attached to the Directors' Report.

Conclusion

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

- i) Giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- ii) Complying with Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A stylized, handwritten-style logo for Ernst & Young, with the text 'Ernst & Young' written below it.A handwritten signature in black ink, appearing to read 'Mark Raumer', with a long horizontal flourish extending to the right.

Mark Raumer
Partner
Sydney

21 February 2011