Rule 4.2A.3

Appendix 4D

Half-year Report
For the period ended 31 December 2018

Name of entity

EASTON INVESTMENTS LIMITED

ABN

48 111 695 357

1. Details of the reporting period and the previous corresponding period

Current reporting period	The half-year ended 31 December 2018
Previous corresponding reporting period	The half-year ended 31 December 2017

2. Results for announcement to the market

a) Amount and percentage change compared to the previous corresponding period

	Half-year			
	2018 $'000	**2017 $'000**	**% Change**	**Up/ (Down)**
Revenue from ordinary activities	29,505	22,119	33	Up
Profit from ordinary activities after tax attributable to members	986	562	76	Up
Profit for the period attributable to members	986	562	76	Up

b) The amount per security and franked amount per security of final and interim dividends

A maiden interim dividend has been declared of $348,031 (being 1 cent per ordinary share), payable on 10 May 2019.

c) The record date for determining entitlements to dividends (if any)

26 April 2019.

d) A brief explanation of any of the figures reported above necessary to enable the figures to be understood

Commentary on the results for the half-year ended 31 December 2018 is provided in the 'Review of operations' section in the attached Interim Report.

In this Appendix 4D, the consolidated entity (**the Group**) consists of Easton Investments Limited (**Easton** or **the Company**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2018.

3. Net tangible assets per security with the comparative figure for the previous corresponding period

	Half-year 2018	Half-year 2017
Net tangible asset backing per ordinary security	(6.22) cents	(9.35) cents

4. Details of entities over which control has been gained or lost during the period

a) Control gained over entities

On 2 October 2018, the Group completed the acquisition of 100% of the issued share capital of The SMSF Expert Pty Ltd (**SMSF Expert**). See note 4 of the attached Interim Report for further details.

b) Control lost over entities

Not applicable.

5. Details of individual and total dividends or distributions and dividend or distribution payments

Details of Dividends[1]	Cents per share	$
2018 Final dividend (paid 20 September 2018)	2.0	697,039
2019 Interim dividend[2,3]	1.0	348,031

1. All dividends are fully franked at a tax rate of 30%.
2. Record date for determining entitlement to the 2019 interim dividend is 26 April 2019.
3. The 2019 interim dividend is payable on 10 May 2019.

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

Not applicable.

7. Details of associates and joint venture entities

a) Details of associates

Name of Entity	Percentage Held (%)		Share of Net Profit ($'000)	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
First Financial Pty Ltd (**First Financial**)	25	25	307	228
Hayes Knight (NSW) Pty Ltd and Hayes Knight Services (NSW) Pty Ltd (together, **HKNSW**)	33.3	33.3	93	109

First Financial is a pre-eminent, Melbourne based, wealth management and financial services business, offering a range of services including:

- Financial planning and investment advice
- Income protection and life (risk) insurance services
- Self-managed super fund (SMSF) administration.

HKNSW is an established, full service accounting firm based in Sydney providing a suite of professional accounting services including business services, specialist tax, superannuation, financial planning and corporate finance.

b) Details of joint venture entities

Not applicable.

8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

Not applicable.

9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification

Not applicable.

Kevin White
Chairman

Sydney
21 February 2019

Easton Investments Limited ABN 48 111 695 357
Interim Report – 31 December 2018

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Easton Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Your directors present their report, together with the condensed interim financial report on the consolidated entity (**the Group**) consisting of Easton Investments Limited (**Easton** or **the Company**) and the entities it controlled at the end of, or during, the half-year ended 31 December 2018, and the independent review report thereon. The condensed interim financial report has been prepared in accordance with AASB 134 Interim Financial Reporting.

Directors

The following persons were directors of the Company during part of or the whole of the half-year and up to the date of this report:

Kevin W.White
Rodney Green
John G. Hayes
Carl F. Scarcella
Grahame Evans

Results and dividends

The net profit after tax[1] of the Group for the half-year ended 31 December 2018 was $1.0 million (2017: $0.53 million).

The directors have declared a maiden interim fully franked dividend of $348,031 equivalent to 1 cent per share. The dividend has a record date of 26 April 2019 and is to be paid on 10 May 2019.

Review of operations

Operating revenue was $29.51 million for the period, up from $22.12 million in the previous corresponding period, an increase of 33%. Statutory net profit after tax was $1.0 million, up from $0.53 million in the previous corresponding period, an increase of 89%.

Underlying profitability
The directors are of the view that the best guide to the underlying performance of the Group at an operational level is **Normalised EBITA** or **Underlying Profit** which is defined as earnings before interest, tax and amortisation (**EBITA**) excluding the impact of:

- one-off non-operational items (acquisition-related costs, redundancy costs, impairment charges, and gains/losses on the sale of investments);
- non-cash amortisation charges relating to separately identifiable intangible assets acquired under business combinations and other intangible assets.

Underlying Profit was $2.06 million, an increase of 33% compared to the prior corresponding period due to a combination of organic growth, realisation of operational efficiencies, a full contribution from GPS Wealth acquired with effect from 11 August 2017 and a part contribution made by SMSF Expert acquired with effect from 2 October 2018.

Financial performance on a comparative basis is presented in the following table:

Group performance	**Dec 18**	**Dec 17**	**Increase**
	$'000	**$'000**	**%**
Operating revenue from continuing operations	29,505	22,119	*33%*
Net Profit After Tax [1]	998	527	*89%*
Underlying Profit [2]	**2,061**	**1,545**	***33%***

1. Net Profit After Tax (**NPAT**) includes profit attributable to non-controlling Interests. Profit attributable to members is $985,563 (2017: $562,019).
2. Underlying Profit is a non-IFRS measure that the Group uses to assess performance as it excludes certain non-cash and one-off or non-operational items. See table below for reconciliation of Underlying Profit to Statutory Profit.

Normalisation adjustments have been applied as set out in the following reconciliation between the Group's Underlying Profit and the statutory reported result for the current and previous corresponding periods:

	31 December 2018 $'000	31 December 2017 $'000
Normalised EBITA for the half-year	**2,061**	1,545
Add/(deduct) normalisation adjustments[1]:		
Restructuring & acquisition costs	**(57)**	(102)
Equity accounting adjustments for interest and tax[2]	**(185)**	(184)
Reported EBITA for the half-year	**1,819**	1,259
Add/(deduct):		
Net interest expense	**(236)**	(180)
Amortisation of intangible assets	**(422)**	(366)
Statutory operating profit before tax for the half-year	**1,161**	713
Income tax expense	**(163)**	(186)
Statutory profit after tax for the half-year	**998**	527
Net profit/(loss) after tax attributable to non-controlling interests	**12**	(35)
NPAT attributable to members	**986**	562

1. Normalisation adjustments have not been subject to auditor review and are intended to provide greater insight into the underlying performance of the Group.
2. Adjustments to gross up the share of profits from equity accounted investments for interest and taxation have been applied to both HKNSW and First Financial in order to compare wholly owned and partially owned businesses on a like-for-like basis.

Analysis by segment

The Group continues to take a leading position in the convergence of the wealth and accounting sectors. Services to both sectors are provided through the two divisions of the Group, Accounting Solutions and Wealth Solutions where an increasing number of our customers are engaging across both sectors. This places the Group in a strong strategic position with a portfolio of businesses operating in both sectors that are able to provide integrated services to accountants and advisers.

Comments on each of these segments are set out below.

1. Wealth Solutions

The Group's Wealth Solutions division is comprised of:

- GPS Wealth Ltd (**GPS**) – 100%
- Merit Wealth Pty Ltd (**MW**) – 100%
- The SMSF Expert Pty Ltd (**SMSF Expert**) – 100%
- Hayes Knight Referral Services Pty Ltd (**HKRS**) – 100%
- Easton Wealth Protection Pty Ltd (**EWP**) – 100%
- First Financial Pty Ltd (**First Financial**) – 25%

The performance of the Wealth Solutions division on a comparative basis is summarised below:

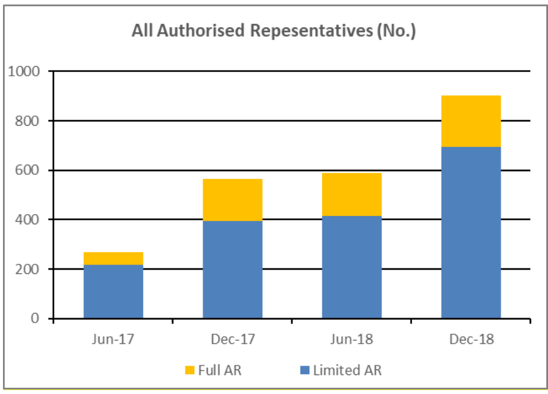
Wealth Solutions	**Dec 18**	**Dec 17**	**Increase**
	($'000)	**($'000)**	**(%)**
Revenue from ordinary operating activities	24,402	17,432	40
Segment result – Normalised EBITA	1,685	1,189	42

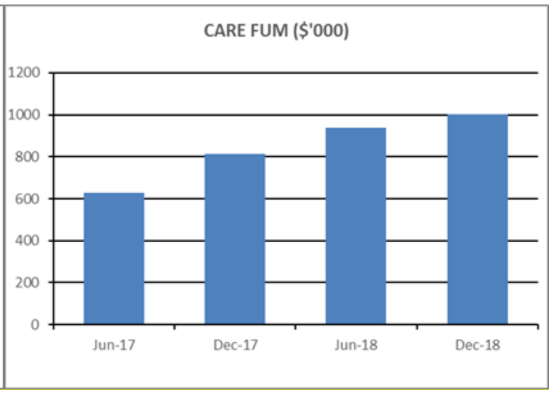
The Wealth Solutions division performed strongly during the 1st half with revenue increasing by 40% to $24.40 million and Underlying Profit (Normalised EBITA) increasing by 42% to $1.69 million, compared to the prior corresponding period.

The Group's Wealth Solutions division provides a range of dealer group services to a significantly growing network of advisers. Overall, adviser numbers grew by 63% to 920 compared to 565 in the prior corresponding period, strengthening the Group's position in the top 10 advisory groups by number of advisers in Australia. The largest component of this growth has been in the number of limited authorised representatives (**LARs**), which has been accelerated by recent changes to the education and entry requirements set by the Financial Adviser Standards and Ethics Authority (**FASEA**), effective 1 January 2019. Most of the current period increase in authorisations occurred during November and December which means that the full effect of the resultant subscription revenue from the LARs will be realised in the 2nd half of this financial year and into future periods.

The Group's CARE investment philosophy, delivered though a portfolio of Managed Accounts, continued to grow despite some market volatility in the last quarter. Funds under management at 31 December 2018 are in excess of $1.0bn, compared with $0.81bn in the prior corresponding period, an increase of 23%.

Key growth metrics in the Wealth Solutions division on a comparative basis are illustrated below:





The Group continued to invest in operations to support service capability, including on-going development of client engagement tools, compliance systems and adviser education. This has been in line with the growing scale of the division and consistent with the environment and philosophy flowing from the recent Royal Commission.

Strong organic growth was supported by a full 6-month contribution from GPS, which was acquired with effect from 11 August 2017, and by the part contribution from SMSF Expert, which was acquired with effect from 2 October 2018.

First Financial, the Group's equity accounted investment continued to improve on prior corresponding period share of profits. During the period, the Group received dividends totalling $675,000.

2. Accountings solutions

The Group's Accounting Solutions division is comprised of:

- Knowledge Shop Pty Ltd (**Knowledge Shop**) – 100%
- Tax Bytes Pty Ltd (**Taxbytes**) – 65%
- Panthercorp CST Pty Ltd (**Panthercorp**) – 100%
- Law Central Co. Pty Ltd (**Law Central**) – 60.2%
- Hayes Knight NSW Pty Ltd (**HKNSW**) – 33.3%

The performance of the Accounting Solutions division on a comparative basis is summarised below:

Accounting Solutions	Dec 18	Dec 17	Increase
	($'000)	**($'000)**	**(%)**
Revenue from ordinary operating activities	5,095	4,685	9
Segment result – Normalised EBITA	1,307	1,151	14

The Accounting Solutions division continued to grow during the 1st half with revenue increasing by 9% to $5.10 million and Underlying Profit (Normalised EBITA) increasing by 14% to $1.31 million compared to the prior corresponding period.

The Group's Accounting Solutions division provides a range of support services to accounting firms, including online technical support through a subscription service, training including online and face to face formats, and access to legal and corporate documents.

The training businesses have performed well in the period with a combined 25% increase in Normalised EBITA contribution compared with the prior corresponding period. This in part is due to Taxbytes which was acquired with effect from 11 January 2018 which has performed in line with expectations. Knowledge Shop has continued to grow its subscriber member base and training income increased in all formats offered by the Group. Whilst face to face and webinar formats remain the dominant contributors, Knowledge Shop continues to develop its pay on demand format that provides a series of targeted learning programs delivered through KS IQ. The delivery of online education is consistent with market demand and provides enhanced earnings opportunities. Investment in the production of these programs has impacted the earnings contribution from the division but provides a significant revenue opportunity going forward as programs are progressively deployed. The continuing education requirements introduced under FASEA, and operative from 1 January 2019, has opened an expanded training market. Programs are currently under development to meet FASEA requirements and will be introduced to the market in 2019. Many of the of the Group's existing clients will be a natural market for these services.

The legal document businesses have had a soft result which is consistent with an Australia wide market downward trend of circa 8% for new company registrations when compared to the prior corresponding period. Referral activity from Knowledge Shop continues to grow modestly and increased usage by member firms remain a focus for management and an important earnings opportunity.

HKNSW, the Groups 33% equity accounted investment in the traditional accounting market, performed slightly below prior corresponding period. The firm continues to pay reliable dividends and remains an important strategic investment by providing technical support services to the Group.

Our Group companies now deal with more than 3,000 accounting firms across Australia, which represents around 30% of the entire market. The unique and strong relationships held with these firms underpin our strategy to support and engage in the facilitation of the convergence of accounting and wealth services.

Cashflow and capital management

Net cash inflow from operating activities during the period was $0.63 million (2017: outflow $0.64 million). In addition, the Group received dividends from associates of $0.81 million. This cash inflow has provided adequate funds to meet capital commitments, service debt, pay dividends and allow the Group to implement a share buy-back plan.

During the period, a net cash payment of $0.25 million was made for the first instalment of consideration for the acquisition of SMSF Expert.

In addition, a maiden final dividend of $0.70 million for the 2018 financial year was paid.

The Company also implemented a share buy-back plan as Directors believe that shares in Easton are under-valued by the market and represent excellent value at current trading levels. At balance date, 48,872 shares have been purchased on-market and cancelled. At the date of this report, 198,122 shares have been purchased on-market and cancelled.

At balance date, net debt after including cash reserves, amounted to $6.49 million (31 December 2017: $7.76 million).

Outlook

Directors expect further improvement in underlying performance in the 2nd half.

Notably, the Company's core businesses have a strong 2nd half bias to earnings, as reflected in prior year results. This is partly due to continuing organic growth and also a natural seasonal business skew.

More broadly, Directors believe that the Company is on an exciting growth path and remain extremely positive about the Company's prospects over the medium to long term outlook on the back of a number of discrete growth opportunities within and across different business units, including:

- Higher earnings flowing from the Wealth Solutions division as a result of the accelerated growth in adviser numbers, particularly in the last 6 months;
- Continued growth in CARE, with enhanced potential as the managed accounts solution is more broadly offered across the Company's expanded adviser network;
- Further growth in Knowledge Shop's membership base and training hours delivered to the accounting profession, including the KS IQ training program with its online, on demand capability;
- Expansion of training into the Wealth space to meet the increased education requirements under FASEA; and
- Growth and extension of services provided by Knowledge Shop to its market.

The Company will continue to invest in its businesses to realise these growth opportunities.

The Directors are mindful that regulatory changes and market conditions can impact Company performance when measured on a short-term comparative basis.

The Company continues to be alert to strategic acquisition opportunities, although the primary focus remains on organic growth given the earnings potential on the back of regulatory and industry changes.

Significant events after the balance date

There are no matters or circumstances that have arisen since 31 December 2018 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

Rounding of amounts

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in financial/directors' reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest one million and one dollar (where indicated).

Auditors' independence declaration

A copy of the auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half-year is provided with this report.

This report is made in accordance with a resolution of the directors.

Kevin White

Kevin White
Chairman
Sydney
21 February 2019

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DECLARATION OF INDEPENDENCE BY TIM AMAN TO THE DIRECTORS OF EASTON INVESTMENTS LIMITED

As lead auditor for the review of Easton Investments Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Easton Investments Limited and the entities it controlled during the period.

Tim Aman
Partner

BDO East Coast Partnership

Sydney, 21 February 2019

	Half-year 2018 $'000	Half-year 2017 $'000
Revenue from continuing operations		
Services	**29,460**	22,100
Other revenue	**45**	19
	29,505	22,119
Share of net profit of associates accounted for using the equity method	**400**	337
Expenses from continuing operations		
Fees and commissions	**(21,741)**	(15,505)
Salaries and employee benefits expense	**(4,267)**	(3,714)
Occupancy expenses	**(306)**	(317)
Professional fees and consultants	**(578)**	(584)
Administration expense	**(470)**	(378)
Corporate costs	**(153)**	(121)
IT expenses	**(203)**	(150)
Marketing expenses	**(171)**	(172)
Other expenses	**(145)**	(170)
Finance costs	**(238)**	(182)
Net loss on disposal of fixed assets	**(2)**	(1)
Depreciation and amortisation	**(470)**	(449)
Profit before income tax	**1,161**	713
Income tax expense	**(163)**	(186)
Profit for the half-year	**998**	527
Total comprehensive income for the half-year	**998**	527
Profit/(loss) for the half-year is attributable to:		
Non-controlling interests	**12**	(35)
Owners of the Company	**986**	562
	998	527
Total comprehensive income/(loss) for the half-year is attributable to:		
Non-controlling interests	**12**	(35)
Owners of the Company	**986**	562
	998	527
Earnings per share for profit attributable to the ordinary equity holders of the Company:	**Cents**	Cents
Basic and diluted earnings per share	**2.83**	1.71

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

	31 December 2018 $'000	30 June 2018 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**766**	452
Receivables	**2,225**	2,595
Current tax receivable	**62**	5
Other current assets	**381**	679
Total current assets	**3,434**	3,731
Non-current assets		
Equity accounted investments	**5,535**	6,061
Plant and equipment	**139**	122
Intangible assets	**32,482**	32,289
Deferred tax assets	**759**	814
Total non-current assets	**38,915**	39,286
TOTAL ASSETS	**42,349**	43,017
LIABILITIES		
Current liabilities		
Trade and other payables	**2,461**	2,498
Provisions and employee benefits	**1,052**	1,229
Borrowings	**-**	43
Provision for contingent consideration	**141**	-
Other liabilities	**265**	846
Total current liabilities	**3,919**	4,616
Non-current liabilities		
Provisions and employee benefits	**99**	153
Borrowings	**7,253**	7,193
Deferred tax liabilities	**52**	266
Total non-current liabilities	**7,404**	7,612
TOTAL LIABILITIES	**11,323**	12,228
NET ASSETS	**31,026**	30,789
EQUITY		
Contributed equity	**26,534**	26,574
Reserves	**25**	25
Retained earnings	**4,254**	3,965
Equity attributable to owners of the Company	**30,813**	30,564
Non-controlling interests	**213**	225
TOTAL EQUITY	**31,026**	30,789
Net tangible assets per share (cents)	**(6.22)**	(5.88)

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated	**Ordinary shares $'000**	**Retained earnings $'000**	**Reserves $'000**	**Owners of the parent $'000**	**Non-controlling interest $'000**	**Total $'000**
Balance at 1 July 2018	**26,574**	**3,965**	**25**	**30,564**	**225**	**30,789**
Profit for the half-year	-	986	-	986	12	998
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	986	-	986	12	998
Transactions with owners in their capacity as owners:						
Share buy-back	(40)	-	-	(40)	-	(40)
Dividends paid	-	(697)	-	(697)	(24)	(721)
Balance at 31 December 2018	**26,534**	**4,254**	**25**	**30,813**	**213**	**31,026**
Balance at 1 July 2017	**18,629**	**2,097**	**25**	**20,751**	**81**	**20,832**
Profit/(loss) for the half-year	-	562	-	562	(35)	527
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit/(loss) for the half-year	-	562	-	562	(35)	527
Transactions with owners in their capacity as owners:						
Issue of ordinary shares as consideration for business combination net of transaction costs	7,945	-	-	7,945	-	7,945
Balance at 31 December 2017	**26,574**	**2,659**	**25**	**29,258**	**46**	**29,304**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

	Half-year 2018 $'000	Half-year 2017 $'000
Cash flows from operating activities		
Fees and commissions received	**32,356**	23,120
Payments to suppliers and employees	**(31,143)**	(23,282)
Cash generated from/(used in) operations	**1,213**	(162)
Interest received	**2**	2
Finance costs paid	**(238)**	(182)
Income taxes paid	**(351)**	(296)
Net cash inflow/(outflow) from operating activities	**626**	(638)
Cash flows from investing activities		
Payment for investment in subsidiary net of cash	**(248)**	(9,967)
Payments for property, plant and equipment and software platforms	**(128)**	(101)
Dividends received from associates	**808**	486
Net cash inflow/(outflow) from investing activities	**432**	(9,582)
Cash flows from financing activities		
Proceeds from borrowings	**60**	8,166
Repayments of borrowings	**(43)**	(28)
Payments for share issue costs	**-**	(28)
Payments under share buy-back plan	**(40)**	-
Dividend paid to shareholders	**(697)**	-
Dividend paid to minority interest	**(24)**	-
Net cash (outflow)/inflow from financing activities	**(744)**	8,110
Net increase/(decrease) in cash and cash equivalents	**314**	(2,110)
Cash and cash equivalents at the beginning of the half-year	**452**	2,641
Cash and cash equivalents at the end of the half-year	**766**	531

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Segment information

(i) Description of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers (**CODMs**). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors, the Managing Director and the Chief Financial Officer.

The Group's reporting segments are based on business solutions provided to the wealth and accounting sectors. It is recognised that there is a strong trend emerging with the convergence of the accounting and wealth sectors. This puts the Group in a strong strategic position with a portfolio of businesses operating in both sectors who are able to benefit from internal synergies.

The Group's reportable segments as follows:

- **Wealth Solutions** (comprising GPS Wealth from 11 August 2017, SMSF Expert from 2 October 2018, Merit Wealth, Hayes Knight Referral Services, First Financial and Easton Wealth Protection). In this segment the Group provides dealer group services, operating systems, managed accounts and licencing options to wealth advisers to enable them to provide services such as financial planning, risk insurance advice, self-managed superannuation administration and managed funds. First Financial is a traditional financial planning business;
- **Accounting Solutions** (comprising Hayes Knight NSW, Knowledge Shop, Taxbytes, Law Central and Panthercorp). This segment contains businesses that provide professional support, help desk and training and legal documents primarily to the accounting sector. Hayes Knight NSW is a traditional accounting firm; and
- **Corporate** which comprises the parent entity (Easton Investments Limited) and includes revenue from its treasury function and corporate costs.

Geographical Segments
The consolidated entity operated only in Australia during the current and prior reporting period.

(ii) Basis of accounting for purposes of reporting by operating segments

The basis of accounting used for reporting by operating segments is consistent with that disclosed in the Group's 2018 Annual Report.

1. Segment information (continued)

(iii) Segment results

The segment information provided on reportable segments for the half-year ended 31 December 2018 is as follows:

Consolidated Half-year 2018	**Wealth Solutions $'000**	**Accounting Solutions $'000**	**Corporate $'000**	**Total $'000**
Revenue from continuing operations				
Services	24,376	5,083	1	29,460
Other revenue	26	12	7	45
Total revenue from continuing operations	**24,402**	**5,095**	**8**	**29,505**
Normalised EBITA – (non IFRS)	**1,685**	**1,307**	**(931)**	**2,061**
Normalisation adjustments				
Restructuring costs	(32)	(24)	(1)	**(57)**
Equity accounted adjustments for interest and tax	(144)	(41)	-	**(185)**
Statutory EBITA				**1,819**
Interest revenue				**2**
Finance costs				**(238)**
Amortisation				**(422)**
Net profit before tax				**1,161**
Significant items of segment expenses				
Commissions and other direct costs	20,169	1,572	-	**21,741**
Salaries and employee benefits	1,962	1,655	650	**4,267**
Professional fees and consultants	330	130	118	**578**
Finance costs	1	-	237	**238**

1. Segment information (continued)

The segment information provided on reportable segments for the half-year ended 31 December 2017 is as follows:

Consolidated Half-year 2017	**Wealth Solutions $'000**	**Accounting Solutions $'000**	**Corporate $'000**	**Total $'000**
Revenue from continuing operations				
Services	17,415	4,685	-	22,100
Other revenue	17	-	2	19
Total revenue from continuing operations	**17,432**	**4,685**	**2**	**22,119**
Normalised EBITA – (non IFRS)	**1,189**	**1,151**	**(795)**	**1,545**
Normalisation adjustments				
Restructuring costs	(90)	(4)	(8)	**(102)**
Equity accounted adjustments for interest and tax	(136)	(48)	-	**(184)**
Statutory EBITA				**1,259**
Interest revenue				**2**
Finance costs				**(182)**
Amortisation				**(366)**
Net profit before tax				**713**
Significant items of segment expenses				
Commissions and other direct costs	13,901	1,604	-	**15,505**
Salaries and employee benefits	1,788	1,409	517	**3,714**
Professional fees and consultants	325	144	115	**584**
Finance costs	8	-	174	**182**

2. Dividends

Dividends paid to members during the period were as follows:

	Half-year 2018 $'000	2017 $'000
Maiden final fully franked dividend for the year ended 30 June 2018 of 2 cents per ordinary share was paid 20 September 2018	**697**	-
	697	-

A maiden interim dividend for 2019 has been declared of 1 cent per ordinary share, with a record date of 26 April 2019, payable on 10 May 2019.

3. Equity securities issued

Movements in ordinary share capital	Number of shares	$'000
1 July 2018	**34,851,966**	**26,574**
Share buy-back[1]		
- 20 December 2018 buy-back price 80 cps	(23,640)	(19)
- 28 December 2048 buy-back price 83 cps	(25,232)	(21)
31 December 2018	**34,803,094**	**26,534**
1 July 2017	**28,400,330**	**18,629**
- 11 August 2017 consideration shares issued to the majority shareholders at an issue price of $1.29 per ordinary share for the acquisition of GPS IP Group Holdings Limited subject to 24 months escrow	3,268,406	4,216
- Transaction costs for issue of ordinary shares to majority shareholders of GPS IP Group Holdings Limited		(14)
- 7 September 2017, consideration shares issued to the minority shareholders at an issue price of $1.18 per ordinary share for the acquisition of GPS IP Group Holdings Limited subject to 24 months escrow	3,183,230	3,757
- Transaction costs for issue of ordinary shares to minority shareholders of GPS IP Group Holdings Limited		(14)
31 December 2017	**34,851,966**	**26,574**

1. On 21 November 2018, the directors announced that the Company intended to implement a share buy-back which took effect on 13 December 2018. The buy-back is conducted within the 10/12 limit and therefore is limited to a maximum of 3,485,196 ordinary shares in a 12 month period. Amounts stated above are net of transaction costs.

4. Acquisition of subsidiary

On 2 October 2018, the Group completed the acquisition of 100% of the issued share capital of The SMSF Expert Pty Ltd (**SMSF Expert**). SMSF Expert holds a limited Australian financial services licence which authorises accountants to provide SMSF advice services, a requirement following the removal of the accountants exemption in July 2016. Under a subscription model, SMSF Expert provides dealer services to circa 80 accountants which further strengthens the Groups existing limited authorised representative (**LAR**) offering through Merit Wealth and GPS Wealth. The consideration includes an upfront cash payment of $310,000, followed by a deferred consideration on the first anniversary of $141,000 subject to a minimum revenue performance hurdle and collection of opening debtors.

The transaction has been classified as an acquisition of intangible asset in the form of a client list.

4. Acquisition of subsidiary (continued)

Details of the purchase consideration and net assets acquired are as follows:

(i) Purchase consideration:

	2 October 2018 $'000
Cash	310
Contingent consideration	141
	451

(ii) The assets and liabilities recognised as a result of the acquisition are as follows:

Cash	**62**
Trade debtors	**75**
Prepayments	**36**
Deferred tax asset	**28**
Trade payables	**(91)**
Provisions	**(93)**
Net identifiable assets acquired	**17**
Separately identifiable intangible asset - Client list	434
Net assets acquired	**451**

(iii) Revenue and profit contribution:
The acquired subsidiary contributed revenues of $87,000 and net profit before tax of $59,000 to the Group for the period 2 October 2018 to 31 December 2018. If the acquisition had occurred on 1 July 2018, consolidated proforma revenue and net profit before tax from continuing operations for the period ended 31 December 2018 would have been $173,000 and $127,000 respectively. The accounting policies of the newly acquired subsidiary are consistent with the Group's accounting policies.

5. Provisions

	31 December 2018 $'000	30 June 2018 $'000
Current		
Provision for annual leave	**390**	467
Provision for long service leave	**363**	274
Provision for ASIC levy[1]	**299[1]**	488[2]
	1,052	1,229
Non-current		
Provision for long service leave	**99**	153

1. Half year prorated estimation of the ASIC levy payable for the June 2019 year which will be invoiced by ASIC after January 2020.
2. Provision of estimated June 2018 levy recognized at June 2018, now recognized in trade creditors upon ASIC issuing its final costing for the 2018 levy and a final invoice due to be received.

5. Provisions (continued)

ASIC Levy Provision

On 11 April 2018, the ASIC Supervisory Cost Recovery Levy Act was passed which allocates ASIC's regulatory costs across 48 of its industry subsectors. The levy is calculated on the actual number of advisers both fully authorised and limited authorised that operate through one of the Group's licences and registered on the Financial Advisers Register (**FAR**) at 30 June of each year from June 2018. The actual levy is calculated post 30 June after each business submits a number of business metrics and final ASIC costings are calculated. An invoice with a final charge to each entity is issued by ASIC in the January following each financial year.

For the 30 June 2018 levy, a provision for $488,000 was recognised at 30 June 2018 based on a preliminary budget estimate issued by ASIC prorated to the number of actual advisers the Group had registered on the FAR at 30 June 2018. At 31 December 2018, final costings for the 2018 financial year have been issued by ASIC which were in the approximate range of the provision. The final June 2018 levy liability is now recognised in Trade and other payables.

For the 30 June 2019 levy, the liability to be incurred will be calculated on the number of advisers registered on the FAR at 30 June 2019. Based on the present number of advisers registered on the FAR through one of the Group's licencing options and using the prior year ASIC levy amount, a future liability is likely to be incurred in the range of $700,000 to $750,000. At 31 December 2018, the Group has adopted an accounting position to recognise a portion of this anticipated liability based on a prorata of the adviser service period during the year.

In each year, the Group operates a full cost recovery process from its advisers through a range of payment options which has been recognised in accrued revenue in line with the liability.

6. Significant events occurring after balance date

There are no matters or circumstances that have arisen since 31 December 2018 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

7. Fair value of investments

The carrying amounts of financial assets and financial liabilities as disclosed in the condensed consolidated statement of financial position and notes to the condensed consolidated financial statements approximate their fair values.

The Group has recorded contingent consideration at fair value on the purchase of SMSF Expert in the current period and Panthercorp in the prior corresponding period. This contingent consideration is a level 3 financial liability within the fair value hierarchy.

The Group applies a 15% discount rate to expected future cash flows relating to contingent consideration where material. If the discount rate changed by +/- 1% (100 basis points), assuming all other variables held constant, the effect on pre-tax profit would not be material for current amounts outstanding due to the 12 month settlement periods.

Movements in the fair value of the provision for contingent consideration are as follows:

	Half-year	
	2018	2017
	$'000	$'000
At 1 July	**-**	413
Additions during the period at fair value	**141**[1]	-
Payments	**-**	(413)[2]
At 31 December	**141**	-

1. Contingent consideration for SMSF Expert.
2. Final contingent consideration payment for Panthercorp.

8. Basis of preparation of half-year report

This condensed financial report for the interim half-year reporting period ended 31 December 2018 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Easton Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The parent entity and the consolidated entity have applied the relief available under ASIC Corporations (Rounding in financial/directors' reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the Directors' Report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest one million and one dollar (where indicated).

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period unless otherwise stated.

As at 31 December 2018 the consolidated entity had total net assets of $31.03 million (31 December 2017: $29.30 million) and net current liabilities of $0.49 million, (31 December 2017: net current liabilities $1.02 million). For the 6 months ending 31 December 2018, the consolidated entity had net cash inflow from operating activities of $0.63 million, (31 December 2017: outflow $0.64 million).

The following matters have been considered by the directors in determining the appropriateness of the going concern basis of preparation in the financial statements:

(i) As part of the Group's treasury function, surplus cash is actively applied to the debt facility which is classified as a non-current liability. At the same time, short-term cashflow can be drawn down from this debt facility at anytime. The Group has access to a $10 million finance facility of which $2.75 million remains undrawn and available as at 31 December 2018 (31 December 2017: $1.83 million);
(ii) Of the $0.49 million net current liabilities as at 31 December 2018, $0.27 million relates to deferred income representing payments for non-refundable dealer group fees (31 December 2017: $0.97 million). This amount has no anticipated future cash outflow effect. Excluding deferred revenue, the adjusted net liability position is $0.22 million (31 December 2017: 0.06 million); and
(iii) Management project continued growth in profitability and continuing positive cashflow in the 2nd half of the 2019 financial year.

9. New and amended accounting standards

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for either the current or future reporting periods, some of which are relevant to the Group.

(a) New and amended accounting standards adopted by the Group

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards replace AASB 139: Financial Instruments: Recognition and Measurement. The key changes that may affect the Group on initial application of AASB 9 and associated amending Standards include:

- simplifying the general classifications of financial assets into those carried at amortised cost and those carried at fair value;
- permitting entities to irrevocably elect on initial recognition to present gains and losses on an equity instrument that is not held for trading in other comprehensive income (OCI);
- simplifying the requirements for embedded derivatives, including removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in OCI, except when it would create an 'accounting mismatch';
- introducing a new model for hedge accounting that permits greater flexibility in the ability to hedge risk, particularly with respect to non-financial items; and

9. New and amended accounting standards (continued)

- requiring impairment of financial assets carried at amortised cost based on an expected loss approach.

This Standard does not impact the Group's financial statements given the current lines of business transactions and therefore no adjustments have been made.

AASB 15: Revenue from Contracts with Customers and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

These Standards provide a revised principle for recognising and measuring revenue. Under AASB 15, revenue is recognised in a manner that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the provider of the goods or services expects to be entitled. To give effect to this principle, AASB 15 requires the adoption of a 5-step model.

The directors believe the current practices of revenue recognition are consistent with this standard apart from the revenue recognised for referral rights agreements (RRAs). Under this new standard revenue will be recognised in line with upfront payments which gives the territory owner immediate access to the services under the agreement where previously revenue was recognised over a 18 month claw-back period. On adoption of this standard, there has been no new RRAs entered into or deferred revenue balances remaining from existing agreements and therefore the impact in the current period has been nil.

(b) New and amended accounting standards not yet adopted by the Group

The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below:

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019).

AASB 16 will replace AASB 117: Leases and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis.

Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case depending on the underlying asset, application of the fair value model in AASB 140: Investment Property; or the lessee can elect to apply the revaluation model in AASB 116: Property, Plant and Equipment to all of the right-of-use assets that relate to that class of property, plant and equipment; and

- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset and would account for each type of lease in a manner consistent with the current approach under AASB 117.

Although the directors anticipate that the adoption of AASB 16 may have some impact on the Group's accounting for operating leases, it is not expected to have a material effect on the financial results.

The directors declare that the condensed consolidated financial statements and notes of the consolidated entity set out on pages 11 to 22 in accordance with the *Corporations Act 2001*:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001,* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Easton Investments Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Kevin White

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Chairman
Sydney
21 February 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Easton Investments Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Easton Investments Limited (the Company) and its subsidiaries (the Group), which comprises the condensed consolidated statement of financial position as at 31 December 2018, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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 the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, 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 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 confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO East Coast Partnership

BDO

Tim Aman
Partner

Sydney, 21 February 2019