Rule 4.2A.3

Appendix 4D

Half-year Report
For the period ended 31 December 2020

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 2020 (**1H21**)
Previous corresponding reporting period	The half-year ended 31 December 2019 (**1H20**)

2. Results for announcement to the market

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

	1H21 $'000	**1H20 $'000**	**% Change**	**Up/ (Down)**
Revenue from continuing operations	38,964	32,198	21.0	Up
Profit from ordinary activities after tax attributable to members	1,483	1,058	40.0	Up
Profit for the period attributable to members	1,483	1,058	40.0	Up

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

A special dividend amounting to $1.71 million (being 5 cents per ordinary share) was paid on 21 January 2021.

An interim dividend has been declared of $0.56 million (being 1.5 cents per ordinary share), payable on 3 May 2021.

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

Special dividend - 23 December 2020.

Interim dividend - 19 April 2021.

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 2020 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 2020.

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

	1H21	1H20
Net tangible asset backing per ordinary security	(9.25) cents	0.58 cents

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

a) Control gained over entities

Not applicable.

b) Control lost over entities

Law Central Co. Pty Ltd – On the 14 December 2020, the Group disposed its 60.2% interest in Law Central Co. Pty Ltd for a cash consideration of $270,000. Net profit before tax included in the results for the period was $26,716, (2019: $223).

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

Details of Dividends[1]	Cents per share	$'000
2020 Final dividend (paid 25 September 2020)	2.5	857
2021 Special dividend (paid 21 January 2021)	5.0	1,714
2021 Interim dividend[2,3]	1.5	564[4]

1. All dividends are fully franked at a tax rate of 30%.
2. Record date for determining entitlement to the 2021 interim dividend is 19 April 2021.
3. The 2021 interim dividend is payable on 3 May 2021.
4. Total dollar value based on number of shares at 31 December 2020 plus 3,333,333 shares issued on 4 January 2021, subject to additional adjustments resulting from the Share buy-back plan.

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)	
	1H21	1H20	1H21	1H20
First Financial Pty Ltd (**First Financial**)	0	25	0	293
Hayes Knight (NSW) Pty Ltd and Hayes Knight Services (NSW) Pty Ltd (together, **HKNSW**)	0	33.3	0	86

The First Financial divestment completed on 3 August 2020 for a cash consideration of $3.02 million, together with the payment of a final fully franked dividend of $0.39 million.

The HKNSW divestment completed on 8 October 2020 for a cash consideration of $2.45 million, together with the payment of a final fully franked dividend of $0.20 million.

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
18 February 2021

Easton Investments Limited ABN 48 111 695 357
Interim Report – 31 December 2020

Contents

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 2020 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 2020, and the independent auditor's 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 White
Nathan Jacobsen (appointed 1 February 2021)
Grahame Evans
John G. Hayes
Carl Scarcella
Anthony McDonald (appointed 1 February 2021)

Results and dividends

The net profit after tax of the Group for the half-year ended 31 December 2020 was $1.81 million (2019: $1.06 million).

A special dividend of $1.71 million (equal to 5.0 cents per share) was declared on 15 December 2020 and paid on 21 January 2021 (with a record date of 23 December 2020).

The directors have declared an interim fully franked dividend of $0.56 million (equivalent to 1.5 cents per share). The interim dividend has a record date of 19 April 2021 and is to be paid on 3 May 2021.

Review of operations

Operating revenue from continuing operations was $38.96 million for the period, up from $32.20 million in the previous corresponding period, an increase of 21%. Statutory net profit after tax was $1.81 million, up from $1.06 million in the previous corresponding period, an increase of 70%. Statutory net profit after tax from continuing operations was $2.05 million, up from $0.77 million in the previous corresponding period, an increase of 164%.

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 and non-operational items.

Underlying Profit was $3.91 million, an increase of 72% compared to the prior corresponding period primarily driven by higher revenues and full period earnings from TaxBanter acquired on 23 January 2020.

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

Group performance	**1H21**	**1H20**	**Movement**
	$'000	**$'000**	**%**
Revenue from continuing operations:			
Wealth Solutions division	31,494	28,429	11
Accounting Solutions division	7,470	3,769	98
Revenue from continuing operations	**38,964**	**32,198**	**21**
Statutory net profit after tax [1]	**1,806**	**1,061**	**70**
Underlying Profit[2]:			
Existing divisional Underlying Profit[3]	3,524	2,715	30
Add: Acquisitions[4]	951	-	-
Continuing divisional operations	4,475	2,715	65
Less: Corporate overhead	(950)	(980)	(3)
Continuing operations	3,525	1,735	103
Add: Discontinued operations[5]	388	536	-
Underlying Profit[2]	**3,913**	**2,271**	**72**

1. Statutory net profit after tax (**NPAT**) includes profit attributable to non-controlling Interests. Profit attributable to members is $1.48 million (2019: $1.06 million).
2. Underlying Profit is a non-IFRS measure that the Group uses to assess performance as it excludes one-off and non-operational items. A reconciliation of Underlying Profit to Statutory Profit is set out in the following table.
3. Existing divisional Underlying Profit represents contributions from the two divisions, Wealth Solutions and Accounting Solutions on a like for like basis before acquisitions and discontinued operations.
4. Acquisitions refers to TaxBanter acquired 23 January 2020.
5. Discontinued operations include the following divestments with the corresponding completion dates:
   - Easton Wealth Finance 26 August 2020,
   - First Financial 3 August 2020,
   - HKNSW effective 8 October 2020,
   - Law Central 14 December 2020,
   - Panthercorp classified as a discontinued operation with its divestment completed 1 February 2021.

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:

	1H21 $'000	1H20 $'000
Normalised EBITA from continuing operations	**3,525**	1,735
Normalised EBITA from discontinued operations	**388**	536
Normalised EBITA for the half-year	**3,913**	2,271
Add/(deduct) normalisation adjustments[1]:		
Restructuring, acquisition & disposal costs	**(639)[2]**	(254)
Provision for prior year refund	**(100)**	-
Impairment of intangible assets to fair value	**(528)[3]**	-
Write back of deferred consideration	**371[4]**	-
Gain on disposal of subsidiaries and investments	**36**	-
Reverse impact of AASB16 – Leases	**(1)**	11
Equity accounting adjustments for interest and tax	**-**	(210)[5]
Fair value adjustment derivative financial instrument	**-**	125[6]
Statutory EBITA for the half-year including discontinued operations	**3,052**	1,943
Add/(deduct):		
Discontinued operations EBITA	**123**	(321)
Net interest (expense less interest received)	**(107)**	(196)
Notional interest on deferred consideration	**(39)**	-
Amortisation of intangible assets	**(459)**	(442)
Statutory profit before tax for the half-year from continuing operations	**2,570**	984
Income tax expense	**(523)**	(210)
Statutory profit from continuing operations for the half-year	**2,047**	774
Add: Discontinued operations after tax	**(241)**	287
Total comprehensive income for the half-year[7]	**1,806**	1,061
Net profit after tax attributable to non-controlling interests	**323**	3
NPAT attributable to owners of the Company	**1,483**	1,058

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. During the period, the Group has incurred corporate advisory and legal costs for both the HUB24 transaction and the divestment of non-core assets as part of a wider strategy of business simplification.
3. During the period, the Group made an impairment charge of $0.50 million against the carrying amount of Panthercorp so that it was not in excess of the expected consideration that was received from its disposal on 1 February 2021. In addition, the Group impaired a remaining balance of $28k of an unrelated client list in the Wealth division.
4. During the period, the Group made a fair value adjustment to the expected deferred consideration for the acquisition of TaxBanter which is due for settlement August 2021.
5. 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.
6. Fair value adjustment of derivative financial instrument in relation to a call option under the shareholders deed of First Financial exercisable in June 2020.
7. Statutory net profit after tax is total comprehensive income for the half-year.

Analysis by segment

The Group continues to service the wealth and accounting sectors through its two operating divisions, **Wealth Solutions** and **Accounting Solutions.** The increasing number of accounting and financial planning firms that are offering services across both wealth and accounting places the Group in a strong strategic position to provide integrated, online services to these firms.

Comments on each of these segments are set out below.

1. Wealth Solutions

The Group's Wealth Solutions division is comprised of:

- Licensee entities:
  - GPS Wealth Ltd (**GPS**) - 100%
  - Merit Wealth Pty Ltd (**MW**) - 100%
  - The SMSF Expert Pty Ltd (**SMSF**) - 100%
  - Paragem Pty Limited (**Paragem**) - 100% (acquired 1 February 2021, not reflected in 1H21 results)
- CARE managed accounts
- Divested entities:
  - First Financial Pty Ltd (**First Financial**) - 25% (divestment completed 3 August 2020)
  - EWA Finance Pty Ltd (**EWA Finance**) - 10% (sold down from 70% completed on 26 August 2020)

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

Wealth Solutions	1H21	1H20	Movement
	($'000)	**($'000)**	**(%)**
Revenue:			
Gross fee revenue from ARs	25,135	23,529	7
Subscription services ARs	1,488	691	115
Subscription services LARs	785	919	(15)
CARE and other platform income	2,235	2,252	-
Expense recoveries	1,538	670	130
Other	313	368	(15)
Revenue from continuing operations	**31,494**	**28,429**	**11**
Underlying Profit - continuing operations	**1,413**	**1,225**	**15**
Add: Discontinued operations	-	295[1]	
Underlying Profit	**1,413**	**1,520**	**(7)**

1. Equity accounted share of profits from First Financiial ($0.47 million) and losses from EWA Finance (Loss: $0.17 million).

The Group's Wealth Solutions division provides a range of dealer group services to a large network of advisers comprised of full authorised representatives (**ARs**) and limited authorised representatives (**LARs**).

The division has achieved strong revenue growth from continuing operations in the 1st half, up 11% to $31.50 million.

A new pricing model for ARs, consistent with the current industry trend to apply more appropriate pricing of dealer services, was implemented on 1 July 2020, comprising:

- a higher monthly subscription (fixed) fee; and
- a lower dealer split (variable) fee, being a percentage of gross fee revenue from advisers.

As a result of the new pricing model, subscription (fixed fee) revenue from ARs increased by 115% to $1.49 million.

Gross fee revenue from ARs increased by 7% to $25.14 million. The increase reflects the underlying average growth generated by the AR practices as the number of ARs on license remained relatively flat compared to the prior corresponding period.

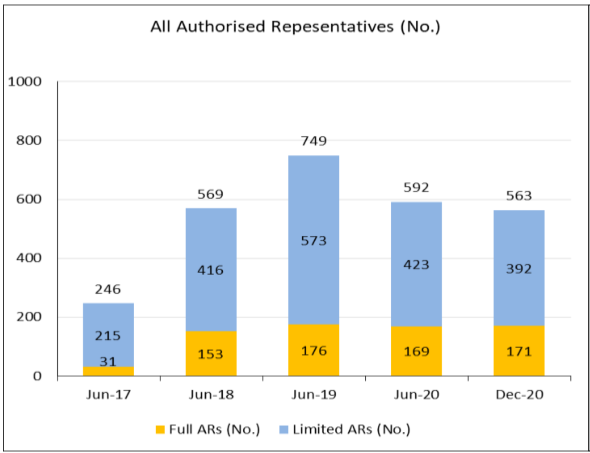
The net contribution from ARs, after taking into account the new higher subscription (fixed) fee and the lower dealer split (variable) fee, increased by 7%.

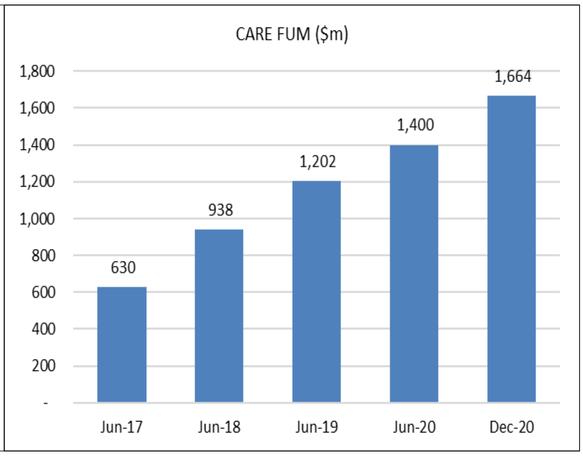
Subscription revenue from the LARs fell by 15% to $0.79 million compared to the prior corresponding period in line with a 20% decrease in the number of LARs on licence to 392 at 31 December 2020. This reduction in LARs is a result of accountants reassessing their positions in light of the increasing ongoing compliance and education obligations, the rise in the annual ASIC levy and the business impact of COVID-19.

CARE Managed Accounts continued to grow with funds under management at 31 December 2020 up 18% to $1.66 billion compared to the prior corresponding period, and has produced a 15% increase in CARE revenue. The growth in CARE revenue during the period was offset by a fall in revenue from non-CARE investment portfolios following the Company's decision to bring forward the simplification of its pricing by removing licensee fees collected through platforms from 1 October 2020.

Underlying Profit from continuing operations grew by 15% to $1.41 million. Underlying Profit decreased by 7% to $1.41 million compared to the prior corresponding period due to the loss of the net contribution from discontinued operations (First Financial and EWA Finance) of $0.30 million.

Key metrics in the Wealth Solutions division on a comparative basis for continuing operations are illustrated below:





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% (the remaining 35% acquired on 15 February 2021)
- TaxBanter Pty Ltd (**TaxBanter**) - 60%
- Divested businesses:
  - Hayes Knight (NSW) Pty Ltd and related entities (HKNSW) - 33.3% (divestment completed 8 October 2020)
  - Law Central Co. Pty Ltd (**Law Central**) - 60.2% (divestment completed 14 December 2020)
  - Panthercorp CST Pty Ltd (**Panthercorp**) - 100% (divestment completed 1 February 2021)

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

Accounting Solutions	1H21	1H20	Movement
	($'000)	**($'000)**	**(%)**
Revenue:			
Subscription services	2,698	2,380	13
Training	4,361	1,333	227
Other	411	56	
Revenue from continuing operations	**7,470**	**3,769**	**98**
Underlying Profit - existing operations	2,112	1,487	42
Add: Acquistions[1]	951	-	
Underlying Profit - continuing operations	**3,063**	**1,487**	**106**
Add: Discontinued operations[2]	387	244	
Underlying Profit	**3,450**	**1,731**	**99**

1. TaxBanter acquired 23 January 2020
2. Law Central divestment completed 14 December 2020 and Panthercorp divestment completed 1 February 2021.

The Group's Accounting Solutions division provides a range of support services to accounting firms, including online technical support through a member subscription service together with training in online and face-to-face formats.

The division continued to achieve strong growth during the 1st half with revenue increasing by 98% to $7.47 million, primarily as a result of the acquisition of TaxBanter on 23 January 2020.

Membership subscription revenue from Knowledge Shop increased by 13% in line with the continued growth in the number of members to 1,347, up 15% compared to the prior corresponding period.

Training revenue for the division increased by 227%, largely due to the contribution from TaxBanter. Whilst training revenue, on a like-for-like basis, did not materially increase compared to the prior corresponding period, this was not a result of less training being delivered, but rather the transfer of all training to online delivery due to COVID-19. Online programs have a lower revenue profile but this is more than offset by the much higher margins they deliver. Once COVID-19 restrictions ease there will be a return to face-to-face delivery, however it is evident that there has been a behavioural shift, with an increased number of firms adopting online training as their preferred format.

Underlying Profit increased by 99% to $3.45 million compared to the prior corresponding period on the back of the contribution from TaxBanter, together with a 42% uplift in earnings from existing businesses, primarily Knowledge Shop.

During the period, the division reclassified its legal documents businesses, Law Central and Panthercorp as discontinued operations and divestments were completed on 14 December 2020 and 1 February 2021 respectively.

Cashflow and capital management

Net cash inflow from operating activities during the period was very strong at $4.66 million (H120: $0.68 million). In addition, the Group received dividends from associates of $0.59 million.

A number of factors contributed to the strong cashflows from operations in the current period including:

- Continued growth in profitability and higher free cashflow generated by existing businesses;
- A significant reduction in receivables following the introduction of a new collection process for the subscription fees relating to ARs, whereby these fees are deducted from AR monthly revenue; and
- The acquisition of TaxBanter.

Cashflows from investing activities during the period included the sale proceeds from the following divestments:

- First Financial - $3.02 million
- HKNSW - $2.45 million
- Law Central - $0.27 million

During the period, the Company paid a final dividend of $0.86 million with respect to FY20.

Under the Company's share buy-back plan, 180,000 shares at an outlay of $0.14 million were purchased on-market and cancelled as at 31 December 2020.

Significant changes in the state of affairs

In line with the Company's drive to simplify its asset holdings and to elevate its focus on core businesses, the following assets and interests have been divested since 30 June 2020:

- First Financial - 25% interest completed 3 August 2020;
- EWA Finance - 70% interest (reduced to 10%) completed on 26 August 2020;
- HKNSW - 33.3% interest completed 8 October 2020;
- Law Central - 60.2% interest completed 14 December 2020; and
- Panthercorp - 100% interest completed 1 February 2021.

The proceeds of sale of these non-core assets, together with cash flow from operations, have significantly strengthened the Company's balance sheet, giving rise to a surplus net cash position at 31 December 2020 of $1.20 million (compared with net debt at 30 June 2020 of $8.15 million). No further asset divestments are contemplated at this point in time.

Whilst a relatively minor transaction, the Company moved from 65% to 100% ownership of TaxBytes on 15 February 2021 following the exercise of the put option held by the minority shareholder in TaxBytes. A similar put and call option arrangement exists with the minority shareholders in TaxBanter and Directors similarly expect that option to be exercised in January 2022, which would, if exercised, increase Easton's equity interest in TaxBanter from 60% to 100% at that time.

The sale of the Company's 100% interest in Panthercorp to Sequoia Financial Group Limited (**Sequoia**) was completed on 1 February 2021 for a consideration comprised of $0.90 million in cash (50% paid up-front and 50% at the end of 12 months) and 2.0 million Sequoia shares, representing an aggregate value of $1.84 million based on the closing price of Sequoia shares at the date of completion. An impairment charge of $0.50 million has been recognised in the 1st half against the carrying value of Panthercorp.

Strategic Relationship with HUB24

On 21 December 2020, HUB24 announced its intention to make an off-market proportional takeover bid for 1 out of every 3 ordinary shares in the Company (**HUB24's Offer**). At the date of this report, HUB24's Offer has been sent to shareholder and remains open for acceptance.

Directors believe that the strategic relationship with HUB24 that will result from HUB24's Offer will have significant benefits for the Company and have unanimously recommended that shareholders accept HUB24's Offer in the absence of a superior offer.

The arrangements entered with HUB24 include:

- A technology partnership and distribution agreement pursuant to which HUB24 will provide the Company with innovative technology and data solutions; and
- The acquisition of Paragem Pty Limited (**Paragem**), a licensee entity owned and operated by HUB24, which acquisition became effective on 1 February 2020.

The technology arrangement with HUB24 provides Easton with access to HUB24's technology development capabilities, with the intent to develop, deploy and distribute technology solutions focused on operational efficiency, practice management and client engagement, whilst recognising the ever-increasing importance that technology plays in professional advice markets.

The acquisition of Paragem is a strong strategic fit with Easton's Wealth Solutions division as it:

- Provides additional scale to support the development of technology to improve efficiencies and to add new revenue generating services; and
- Is consistent with Group's strategic direction to become a leading non-institutional provider of adviser and licensee services.

Strengthened Management & Board

Mr Nathan Jacobsen, a former senior executive with HUB24, joined the Company as its Managing Director on 1 February 2020.

At the same time, the Company's Board has been strengthened with the appointment of Mr Anthony McDonald as a non-executive director. Mr McDonald is a non-executive director of HUB24 and his appointment is expected to reinforce the strategic relationship with HUB24.

The Group's executive team has also been strengthened as a result of the acquisition of Paragem.

Outlook

Given the substantial change that has occurred within the Group over more recent times, the Directors' current priority is to reset the Group's 3-year strategic plan having regard to, inter alia:

- The strategic relationship with HUB24 and the opportunities that this relationship potentially offers to the Group;
- The opportunities provided by the current industry landscape and prevailing market dynamics;
- The opportunities presented by the Group's current position as a leading provider of integrated accounting and wealth solutions and services, including the potential to integrate and leverage operations, such as extending training into the wealth sector and providing services to self-licensed advisers; and
- Acquisition opportunities.

These opportunities together provide the potential for Easton to build scale and expand the delivery of its core services to the accounting and wealth sectors.

As a result, Directors believe that the Company has an exciting future to position itself as a leader in licensee and adviser services and support, including training and education, with the support and backing of HUB24 as a significant shareholder and with the appointment of Nathan Jacobsen as Company's new Managing Director.

From a near term perspective, the Company's full year earnings for FY21 will be dependent upon numerous factors, including future impacts of COVID-19, regulatory changes and market conditions, and accordingly are subject to fundamental uncertainty.

The Company is not in a position, nor is it the Company's normal practice, to provide any forecasts of full year earnings. Nevertheless, Directors advise that 2nd half Underlying Profit is expected to be more in line with the prior corresponding period having particular regard to anticipated trading conditions and performance and after adjusting for the estimated impact of divestments and acquisitions.

Based on the Underlying Profit for the 1st half and the Company's budgets for the remainder of the financial year (which are not forecasts), the Company expects that Underlying Profit for FY21 will be materially greater than for FY20, but not to the same extent (in percentage terms) as achieved in the first half.

While the Company's core businesses have historically displayed a strong 2nd half bias to earnings, this skew will be impacted by the loss of earnings from divestments. At the same time, the realisation of benefits from the acquisition of Paragem relies on a number of factors, including effective integration, financial adviser retention, effective oversight of compliance supervision and the timely attainment of cost and revenue synergies, which are uncertain and indefinite. Plans to convert Paragem from loss making to a profitable business have been developed, which include a new pricing model (progressively being implemented), future growth in the financial adviser network and anticipated cost savings. Notwithstanding these plans, it is possible that Paragem will continue to incur operating losses after acquisition.

Furthermore, while Directors believe that the strategic relationship with HUB24 is likely to yield material benefits, these benefits will require investment, are subject to execution risk and likely to be realised over time.

Rounding of amounts

The parent entity and the consolidated entities have applied the relief available under ASIC Corporations (Rounding in financial/directors' reports) Instrument 2016/191 and accordingly, the amounts in the condensed 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).

Auditor's independence declaration

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

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

Kevin White

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Chairman
Sydney
18 February 2021

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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 2020, 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 Audit Pty Ltd

Sydney, 18 February 2021

	Note	Half-year	
		2020	2019
		$'000	$'000
Revenue from continuing operations			
Services		**38,443**	32,158
Other revenue		**521**	40
	1	**38,964**	32,198
Other income		**407**	125
Expenses from continuing operations			
Adviser share and other direct costs		**(27,280)**	(24,409)
Salaries and employee benefits expense		**(6,101)**	(4,207)
Occupancy expenses		**(178)**	(169)
Professional fees and consultants		**(1,203)**	(679)
Administration expense		**(589)**	(441)
Corporate costs		**(221)**	(172)
IT expenses		**(286)**	(297)
Marketing expenses		**(86)**	(70)
Other expenses		**(63)**	(154)
Finance costs		**(161)**	(192)
Depreciation and amortisation		**(605)**	(549)
Impairment of intangible assets		**(28)**	-
Profit before income tax		**2,570**	984
Income tax expense		**(523)**	(210)
Profit from continuing operations for the half-year		**2,047**	774
(Loss)/profit from discontinued operations after tax	5	**(241)**	287
Profit for the half-year		**1,806**	1,061
Total comprehensive income for the half-year		**1,806**	1,061
Profit for the half-year is attributable to:			
Non-controlling interests		**323**	3
Owners of the Company		**1,483**	1,058
		1,806	1,061
Total comprehensive income for the half-year is attributable to:			
Non-controlling interests		**323**	3
Owners of the Company		**1,483**	1,058
		1,806	1,061
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic and diluted earnings per share from continuing operations		**5.05**	2.25
Basic and diluted earnings per share		**4.32**	3.07

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

	Note	**31 December 2020 $'000**	30 June 2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents		**1,833**	1,000
Receivables		**3,382**	7,087
Other current assets		**477**	813
Assets forming part of disposal group held for sale	**5**	**2,216**	2,901
Total current assets		**7,908**	11,801
Non-current assets			
Plant and equipment		**98**	126
Right of use assets		**290**	543
Intangible assets		**36,255**	39,025
Deferred tax assets		**1,107**	690
Total non-current assets		**37,750**	40,384
TOTAL ASSETS		**45,658**	52,185
LIABILITIES			
Current liabilities			
Trade and other payables		**4,588**	2,516
Provisions and employee benefits	**4**	**1,140**	2,227
Dividend payable		**1,714**	-
Current tax liability		**599**	282
Provision for contingent consideration		**123**	468
Lease liabilities		**205**	349
Other liabilities		**631**	620
Liabilities associated with disposal group held for sale	**5**	**413**	257
Total current liabilities		**9,413**	6,719
Non-current liabilities			
Provisions and employee benefits	**4**	**1,007**	318
Borrowings		**630**	9,152
Lease liabilities		**127**	226
Deferred tax liabilities		**-**	82
Total non-current liabilities		**1,764**	9,778
TOTAL LIABILITIES		**11,177**	16,497
NET ASSETS		**34,481**	35,688
EQUITY			
Contributed equity	**3**	**26,098**	26,234
Retained earnings		**4,851**	5,939
Equity attributable to owners of the Company		**30,949**	32,173
Non-controlling interests		**3,532**	3,515
TOTAL EQUITY		**34,481**	35,688
Net tangible assets per share (cents)		**(9.25)**	(13.03)

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 2020	**26,234**	**5,939**	**-**	**32,173**	**3,515**	**35,688**
Profit for the half-year	-	1,483	-	1,483	323	1,806
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	1,483	-	1,483	323	1,806
Transactions with owners in their capacity as owners:						
Disposal - NCI Law Central	-	-	-	-	13	13
Share buy-back	(136)	-	-	(136)	-	(136)
Dividends paid	-	(857)	-	(857)	(319)	(1,176)
Special dividend payable	-	(1,714)	-	(1,714)	-	(1,714)
Balance at 31 December 2020	**26,098**	**4,851**	**-**	**30,949**	**3,532**	**34,481**
Balance at 1 July 2019	26,369	5,676	-	32,045	257	32,302
Adjustment for AASB16 - Leases	-	(11)	-	(11)	-	(11)
Balance restated	26,369	5,665	-	32,034	257	32,291
Profit for the half-year	-	1,058	-	1,058	3	1,061
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the half-year	-	1,058	-	1,058	3	1,061
Transactions with owners in their capacity as owners:						
Capital contribution - NCI	-	-	-	-	45	45
Share buy-back	(115)	-	-	(115)	-	(115)
Dividends paid	-	(691)	-	(691)	(63)	(754)
Balance at 31 December 2019	**26,254**	**6,032**	**-**	**32,286**	**242**	**32,528**

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

	Half-year	
	2020	2019
	$'000	$'000
Cash flows from operating activities		
Fees and adviser revenue received	**45,422**	36,749
Payments to advisers, suppliers and employees	**(39,849)**	(35,207)
Cash generated from operations	**5,573**	1,542
Interest received	**15**	2
Finance costs paid	**(124)**	(198)
Income taxes paid	**(804)**	(669)
Net cash inflow from operating activities	**4,660**	677
Cash flows from investing activities		
Proceeds/(payment) from disposal of subsidiary net of cash	**153**	(38)
Proceeds from the disposal of equity accounted investments	**5,474**	-
Payments for property, plant and equipment and software platforms	**(121)**	(175)
Dividends received from associates	**591**	633
Net cash inflow from investing activities	**6,097**	420
Cash flows from financing activities		
Repayments of borrowings	**(8,522)**	(66)
Principal payments to lease liabilities	**(173)**	(129)
Payments under share buy-back plan	**(136)**	(115)
Dividend paid to shareholders	**(857)**	(691)
Contribution from minority interest	**-**	45
Dividend paid to minority interest	**(319)**	(63)
Net cash (outflow) from financing activities	**(10,007)**	(1,019)
Net increase in cash and cash equivalents	**750**	78
Cash and cash equivalents at the beginning of the half-year	**1,104**	790
Cash and cash equivalents at the end of the half-year	**1,854**	868
Less cash held by discontinued operations	**(21)**	-
Cash and cash equivalents at the end of the half-year – continuing operations	**1,833**	868

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, Managing Director, Chief Financial Officer and the divisional managers.

The Group's reporting segments are based on business solutions provided to the wealth and accounting sectors. It is recognised that there is a continuing 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 and market synergies.

The Group's reportable segments as follows:

- **Wealth Solutions** comprising GPS Wealth, Merit Wealth, SMSF Expert, First Financial (to 3 June 2020), EWA Finance (to 30 April 2020). 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 accounts. First Financial is a traditional financial planning business;
- **Accounting Solutions** comprising Knowledge Shop, TaxBytes, TaxBanter (from 23 January 2020) Panthercorp, Law Central (to 14 December 2020) and Hayes Knight NSW (to 8 October 2020). This segment contains businesses that provide professional support, help desk, 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 head office 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 2020 Annual Report.

1. Segment information (continued)

(iii) Segment results

The segment information provided on reportable segments for the half-year ended 31 December 2020 is as follows:

Consolidated Half-year 2020	**Wealth Solutions $'000**	**Accounting Solutions $'000**	**Corporate $'000**	**Total $'000**
Revenue from continuing operations				
Full adviser gross fees	25,135	-	-	25,135
CARE & other platform income	2,235	-	-	2,235
Subscription services	2,273	2,698	-	4,971
Training	-	4,361	-	4,361
Other fees & referral income	172	31	-	203
Expense recoveries	1,538	-	-	1,538
Other revenue & interest income	141	380	-	521
Total revenue from ordinary operating activities	**31,494**	**7,470**	**-**	**38,964**
Timing of revenue				
Over-time	4,509	2,697	-	7,206
At a point in time	26,985	4,773	-	31,758
	31,494	**7,470**	**-**	**38,964**
Continuing	1,413	3,063	(950)	3,526
Discontinued	-	387	-	387
Normalised EBITA – (non IFRS)	**1,413**	**3,450**	**(950)**	**3,913**
Normalisation adjustments				
Restructuring, acquisition & disposal costs	-	(6)	(633)	**(639)**
Reverse impact of AASB16 - Leases	(5)	4	-	**(1)**
Provision for prior period revenue adjustment	(100)	-	-	**(100)**
Impairment of intangible asset	(28)	(500)	-	**(528)**
Write back of deferred consideration	-	371	-	**371**
Profit on disposal of subsidiaries	-	-	-	**36**
Statutory EBITA				**3,052**
Interest revenue				**14**
Finance costs				**(160)**
Amortisation				**(459)**
Statutory EBITA from discontinued operations				**123**
Net profit before tax				**2,570**
Significant segment expenses				
Adviser share and other direct costs	26,839	441	-	**27,280**
Salaries and employee benefits	1,799	3,593	709	**6,101**
Professional fees and consultants	405	59	739	**1,203**

1. Segment information (continued)

The segment information provided on reportable segments for the half-year ended 31 December 2019 is as follows:

Consolidated Half-year 2019	**Wealth Solutions $'000**	**Accounting Solutions $'000**	**Corporate $'000**	**Total $'000**
Revenue from continuing operations				
Full adviser gross fees	23,529	-	-	23,529
CARE & other platform income	2,252	-	-	2,252
Subscription services	1,610	2,380	-	3,990
Training	7	1,333	-	1,340
Other fees & referral income	338	40	-	378
Expense recoveries	670	-	-	670
Other revenue & interest income	23	16	-	39
Total revenue from ordinary operating activities	**28,429**	**3,769**	**-**	**32,198**
Timing of revenue				
Over-time	3,861	2,380	-	6,241
At a point in time	24,568	1,389	-	25,957
	28,429	**3,769**	**-**	**32,198**
Continuing	1,225	1,487	(980)	1,732
Discontinued	295	244	-	539
Normalised EBITA – (non IFRS)	**1,520**	**1,731**	**(980)**	**2,271**
Normalisation adjustments				
Restructuring, acquisition & disposal costs	(184)	(11)	(59)	**(254)**
Equity accounted adjustments for interest and tax	(172)	(38)	-	**(210)**
Reverse impact of AASB16 - Leases	7	4	-	**11**
Fair value adjustment derivative financial instrument	125	-	-	**125**
Statutory EBITA				**1,943**
Interest revenue				**2**
Finance costs				**(198)**
Amortisation				**(442)**
Statutory EBITA from discontinued operations				**(321)**
Net profit before tax				**984**
Significant segment expenses				
Adviser share and other direct costs	23,735	674	-	**24,409**
Salaries and employee benefits	2,267	1,240	700	**4,207**
Professional fees and consultants	426	62	191	**679**

2. Dividends

Dividends paid to members during the period were as follows:

	Half-year	
	2020	2019
	$'000	$'000
	857	691
	857	691

A final fully franked dividend for the year ended 30 June 2020 of 2.5 cents per ordinary share was paid on 25 September 2020.

A special dividend of 5.0 cents per ordinary share, (equal to $1.71million) was declared on 15 December 2020, with a record date of 23 December 2020 and was paid 21 January 2021. A dividend payable of $1.71million has been recognised in the financial statements at balance date.

An interim dividend of 1.5 cents per ordinary share for 2021 has been declared with the record date being 19 April 2021 and payment date 3 May 2021. Based on the number of shares at balance date plus shares issued up until the date of this report, the anticipated dividend amount subject to any other share issues or buybacks is $0.56 million.

3. Equity securities issued

Movements in ordinary share capital	**Number of shares**	**$'000**
1 July 2020	34,459,471	26,234
- Share buy-back[1]	(180,000)	(136)
31 December 2020	**34,279,471**	**26,098**
1 July 2019	34,614,619	26,369
- Share buy-back[1]	(130,148)	(115)
31 December 2019	34,484,471	26,254

1. The share buy-back commenced on 13 December 2018. The buy-back is conducted within the 10/12 limit. Amounts stated above are net of transaction costs.

4. Provisions and employee entitlements

	31 December 2020 $'000	30 June 2020 $'000
Current		
Provision for annual leave	**672**	796
Provision for long service leave	**468**	509
Provision for ASIC levy	**-**	922[1]
	1,140	2,227
Non-current		
Provision for long service leave	**309**	318
Provision for ASIC levy	**698**[2]	-
	1,007	318

1. Provision of estimated June 2020 levy recognised at June 2020, transferred trade creditors upon ASIC issuing its final costing for the 2020 levy and a final invoice due to be received. The revised total levy amount is $1.47 million.
2. Half year prorated estimation of the ASIC levy payable for the June 2021 year which will be invoiced by ASIC after January 2022.

4. Provisions and employee entitlements (continued)

ASIC Levy Provision

For the 30 June 2020 levy, a provision for $922,000 was recognised at 30 June 2020 based on the prevailing indicative rate issued by ASIC at that time ($1,571 per adviser), multiplied by the number of actual advisers the Group had registered on the ASIC Financial Advisers Register (**FAR**) at 30 June 2020. Final costings for the 2020 financial year were issued by ASIC on 1 February 2021 with a revised ASIC levy rate of $2,426 per adviser which revises the amount payable to $1,468,000. An adjustment of $546,000 has been made in the current period to "Adviser share and other direct costs" and the liability has been transferred to trade payables at balance date.

For the 30 June 2021 levy, the liability to be incurred will be calculated on the number of advisers registered on the FAR at 30 June 2021. Based on the present number of advisers registered on the FAR through one of the Group's licencing options and using the final 2020 ASIC levy rate, a future liability is likely to be incurred of approximately $1.39 million. At 31 December 2020, the Group has recognised a portion of this anticipated liability on a prorata basis to align with the adviser service period.

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

5. Discontinued operations

From 30 April 2020 through to the date of this report, the Group has undertaken an active program to divest of business units that are considered non-core to future strategy and direction. To enable a like-for-like comparison of continuing operations and discontinued operations, comparative information in the financial statements have been restated.

The below table summarises the timeline of divestments dating from 30 April 2020 to the date of this report.

Entity	**Business segment**	**Effective date of disposal**	**Completion date**	**Half year 2020 NPAT ($'000)**	**Half year 2019 NPAT ($'000)**
Panthercorp	Accounting Solutions	1 February 2021	1 February 2021	(259)[2]	80
Law Central	Accounting Solutions	14 December 2020	14 December 2020	18	-
Hayes Knight NSW	Accounting Solutions	20 July 2020	8 October 2020	-	87
First Financial	Wealth Solutions	3 June 2020[1]	3 August 2020	-	293
EWA Finance	Wealth Solutions	30 April 2020	26 August 2020	-	(173)
Total				**(241)**	**287**

1. Buyback option date.
2. Panthercorp 2020 includes $0.50 million impairment charge.

5. Discontinued operations (continued)

(a) Panthercorp

On 20 November 2020, the Group announced that it has entered into a conditional term sheet relating to the divestment of Panthercorp CST Pty Ltd (**Panthercorp**) to Sequoia Financial Group Limited (**Sequoia**). On 23 December 2020, the Group entered into a conditional share sale agreement which was completed on 1 February 2021. The total consideration comprises $0.90 million in cash, (50% paid on completion and 50% payable 12 months from completion) and 2.0 million Sequoia ordinary shares which were valued at $0.47 on the issue date. An impairment charge of $0.50 million has been recognised in the period against the goodwill carrying value.

(i) Financial performance and cashflow information

	Half year 2020 $'000	Half year 2019 $'000
Revenue	**2,088**	1,709
Expenses	**(1,740)**	(1,594)
Profit before income tax	**348**	115
Income tax expense	**(107)**	(35)
Operating profit after tax of discontinued operation	**241**	80
Impairment of intangible assets held on consolidation	**(500)**	-
Loss after tax of discontinued operations	**(259)**	-

	Half year 2020 $'000	Half year 2019 $'000
Net cash inflow from operating activities	**419**	190
Net cash from investing activities	**-**	-
Net cash outflow from financing activities	**(465)**	(263)
Net decrease in cash used by the subsidiary	**(46)**	(73)

(ii) The carrying amounts of assets and liabilities of disposal group held for sale:

	31 December 2020 $'000
Cash	**21**
Receivables	**310**
Other	**20**
Fixed assets	**22**
Right of use assets	**78**
Deferred tax assets	**80**
Total assets	**531**
Trade and other payables	**(82)**
Provisions and employee benefits	**(132)**
Provision for tax	**(115)**
Lease liabilities	**(84)**
Total liabilities	**(413)**
Net operating assets	**118**
Goodwill & other intangible assets	**1,685**
Carrying value of disposal group net assets held for sale	**1,803**

5. Discontinued operations (continued)

(b) Law Central

As disclosed in the 30 June 2020 Annual Report, the Group had entered into discussions with the minority shareholders of Law Central Co. Pty Ltd (**Law Central**) to sell its 60.2% equity interest. Accordingly, the assets and liabilities were classified as a disposal group held for sale in the Group's 30 June 2020 balance sheet.

On 17 November 2020, the Group entered into an unconditional sale agreement with some of the existing minority shareholders to sell its 60.2% equity interest for a cash consideration of $0.27 million. The transaction was completed on 14 December 2020.

(i) Financial performance and cashflow information

The financial performance and cashflow information presented are for the 5.5 months to completion date (2020 column), and 6 months to 31 December 2019.

	Half-year	
	2020	2019
	$'000	$'000
Revenue	**248**	270
Expenses	**(222)**	(270)
Profit before income tax	**26**	-
Income tax expense	**(8)**	-
Profit after tax of discontinued operation	**18**	-
Net cash inflow from operating activities	**28**	2
Net cash from investing activities	**-**	-
Net cash (outflow)/inflow from financing activities	**(15)**	19
Net increase in cash generated by the subsidiary	**13**	21

(ii) Details of the sale of the subsidiary completed 14 December 2020:	**14 December 2020**
	$'000
Consideration received	
Cash	**270**
Total disposal consideration	**270**
Less: Carrying value of net assets sold	**(241)**
Add: Non-controlling interest	**(14)**
Gain on disposal	**15**

5. Discontinued operations (continued)

(iii) The carrying amounts of assets and liabilities as at the date of disposal were:

	14 December 2020 $'000
Cash	**116**
Receivables	**11**
Other	**10**
Fixed assets	**1**
Intangibles assets	**42**
Deferred tax assets	**82**
Total assets	**262**
Trade and other payables	**(27)**
Provisions and employee benefits	**(71)**
Loans	**(122)**
Total liabilities	**(220)**
Net operating assets	**42**
Goodwill	**199**
Carrying value of net assets sold	**241**

(c) Hayes Knight NSW

On 20 July 2020, the Group announced that it had executed a share sale and purchase deed to sell its 33.3% interest in Hayes Knight NSW Pty Ltd, Hayes Knight Services Pty Ltd (**HKNSW**) and a small associated entity Hayes Knight National Group Pty Ltd (**HKNG**) for a sale price of $2.45 million. The transaction was approved by shareholders at the Annual General Meeting on 1 October 2020 and was completed 8 October 2020.

HKNSW was an equity accounted investment which was classified as an asset held for sale in the Group's 30 June 2020 Annual Report with a carrying value of $2.62 million after an impairment charge of $1.18 million. HKNG had a carrying value of nil after an impairment charge of $0.12 million.

(i) Financial performance and cashflow information

	Half-year	
	2020 $'000	2019 $'000
Share of profits from associates before income tax	**-**	124
Income tax expense	**-**	(37)
Share of profits from associates after income tax	**-**	87
Net cashflow from investing activities – dividend from associate	**200**	83
Net increase in cash received from investment in associate	**200**	83

5. Discontinued operations (continued)

(ii) Details of the sale of the equity accounted investment completed 8 October 2020:

	8 October 2020 $'000
Consideration received	
Cash	**2,450**
Total disposal consideration	**2,450**
Carrying value of equity accounted investment held for sale	**(2,621)**
Dividend received	**200**
Gain on disposal	**29**

(d) First Financial

On 5 May 2020, the Group announced that formal notice had been received from the other majority shareholder of its intention to exercise an option deed to acquire the Group's 25% equity interest in First Financial for $3.02 million with an effective date 3 June 2020. The Group had previously recognised a call option derivative on the expectation that the call option would be received which effectively recognised the anticipated gain on disposal of $1.48 million in 30 June 2019 and a further $0.20 million for the 30 June 2020 financial year. On 3 August 2020, the disposal was completed including a final dividend of $0.39 million. A small additional gain of $0.03 million in the current period was recognised.

(i) Financial performance and cashflow information	**Half-year**	
	2020 $'000	2019 $'000
Share of profits from associates before income tax	-	417
Income tax expense	-	(124)
Share of profits from associates after income tax	-	293
Net cashflow from investing activities – dividend from associate	**392**	550
Net increase in cash received from investment in associate	**392**	550

(ii) Details of the sale of the subsidiary recognised 3 June 2020	3 June 2020 $'000
Consideration received	
Cash receivable	3,024
Total disposal consideration	3,024
Carrying value of equity accounted investment held for sale	(1,702)
Derivative financial instrument	(1,680)
Dividend receivable	392
Carrying value of assets disposed	2,990
Gain on disposal	34

5. Discontinued operations (continued)

(e) EWA Finance

On 26 August 2020, the Group executed an agreement with the non-controlling interest to sell down its equity interest from 70% to 10% for $1 with an effective date of 30 April 2020. The transaction was recognised on its effective date on the expectation that final documents would be executed .

(i) Financial performance and cashflow information

The financial performance and cashflow information.

	Half-year	
	2020	2019
	$'000	$'000
Revenue	**-**	8
Expenses	**-**	(181)
Profit before income tax	**-**	(173)
Income tax expense	**-**	-
Loss after tax of discontinued operation	**-**	(173)
Net cash inflow from operating activities	**-**	(173)
Net decrease in cash used by the subsidiary	**-**	(173)

(ii) Details of the sale of the subsidiary recognised 30 April 2020.

	30 April 2020 $'000
Consideration received	
Cash	-
Total disposal consideration	-
Less: Carrying value of net liability sold	60
Add: Non-controlling interest	6
Gain on disposal	66

6. Significant events occurring after balance date

(a) HUB24 Offer

Following the announcement of a strategic partnership with HUB24 on 28 October 2020 and the subsequent update on 21 December 2020, HUB24 on the same day announced its intention to make an off-market proportional takeover bid for 1 out of every 3 ordinary shares in the Company (**HUB24's Offer**). At the date of this report, HUB24's Offer has been sent to shareholder and remains open for acceptance.

On 20 January 2021, HUB24 issued its Bidder's Statement to the Company's shareholders outlining the HUB24 Offer.

6. Significant events occurring after balance date (continued)

On 25 January 2021, the Company issued its Target's Statement. Directors believe that the strategic relationship with HUB24 that will result from HUB24's Offer will have significant benefits for the Company and have unanimously recommended that shareholders accept HUB24's Offer in the absence of a superior offer.

On 1 February the HUB24 Offer became unconditional and the acquisition of Paragem was completed. At the same time, Mr Nathan Jacobsen was appointed as the Company's new Managing Director and Mr Anthony McDonald was appointed to the Company's board as a non-executive director.

(b) Paragem acquisition

On 1 February 2021, the Group completed the acquisition of a 100% equity interest in Paragem, a licensee entity with circa 80 full authorised advisers. Paragem provides additional scale within the Group's Wealth Solutions division.

The purchase consideration for Paragem comprised the issue of 3,333,333 ordinary fully paid shares which were issued on 4 January 2021 and held in holding lock until 1 February 2021. The total consideration is $3.70 million based on a Easton share price of $1.11 at completion date. The transaction forms part of a wider strategic partnership with HUB24 Limited as announced 28 October 2020.

At the date of this report there is insufficient information to provide a detailed analysis of the fair value of assets acquired which will be subject to a purchase price accounting valuation.

(c) Panthercorp divestment

On 1 February 2021, the Group completed the divestment of Panthercorp to Sequoia. A part cash payment was received of $0.45 million together with 2.0 million Sequoia ordinary shares which were valued at $0.47 on the issue date. A further cash payment of $0.45 million is due in 12 months from the date of completion. (see note 5 (a)).

(d) Payment of special dividend and declaration of interim dividend

On 21 January 2021, the Company paid a Special Dividend of 5.0 cents per ordinary share amounting to $1.71 million which was declared on 15 December 2020.

The Company has declared an interim fully franked dividend of $0.56 million (equivalent to 1.5 cents per ordinary share). The interim dividiend has a record date of 19 April 2021 and is to be paid 3 May 2021.

(e) TaxBytes

On 16 January 2021, a put option was exercised by the minority shareholder for the Group to acquire the remaining 35% equity interest in TaxBytes. On 15 February 2021, the Group completed the acquisition of the remaining equity interest to increase its share to 100% for a cash consideration of $0.25 million.

(f) COVID-19

The impact of the COVID-19 pandemic is ongoing and while it has not had a significant impact on the results for the Group up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

7. Fair value of financial assets and liabilities

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 which is a level 3 financial liability within the fair value hierarchy.

The Group applies a 12.5% discount rate to expected future cash flows relating to contingent consideration where material.

7. Fair value of financial assets and liabilities (continued)

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

	Half-year	
	2020	2019
	$'000	$'000
At 1 July	**468**	40[1]
Fair value adjustment	**(345)[1]**	(2)
Payments	**-**	(38)
At 31 December	**123**	-

1. Contingent consideration for TaxBanter of $446k (present value of $500k expected amount payable August 2021) was recognised at date of acquisition 23 January 2020. At 31 December 2020, the amount has been reassessed to $123k which is contingent on achieving average revenue growth targets over financial years 2020 and 2021.
2. Contingent consideration for SMSF Expert at date of completion which was reduced to $40,000 at 30 June 2019 and subsequently settled in December 2019.

8. Basis of preparation of half-year report

This condensed financial report for the interim half-year reporting period ended 31 December 2020 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 2020 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 2020, the consolidated entity had total net liabilities of $1.50 million which includes a special dividend paid 21 January 2021 of $1.71 million, (30 June 2020: net current assets of $5.01 million). For the 6 months ending 31 December 2020, the consolidated entity had net cash inflow from operating activities of $4.66 million, (31 December 2019: $0.68 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 $10.0 million finance facility of which $9.37 million remains undrawn and available as at 31 December 2020; and
(ii) Management project continued growth in profitability and continuing positive cashflow in the 2nd half of the 2021 financial year.

9. New and amended accounting standards

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB), that are mandatory for the current reporting period.

10. Comparative figures

The accounting policies applied are consistent with those applied for the previous year except where stated otherwise. In order to align with current year's presentation, particularly with regard to the presentation of discontinued operations, certain changes have been made to the comparative figures. These reclassifications have no effect on profit for the half year period.

The directors declare that the condensed consolidated financial statements and notes of the consolidated entity set out on pages 15 to 30 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 2020 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
Chairman
Sydney
18 February 2021

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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 the entities it controlled (collectively the 'Group'), which comprises the condensed consolidated statement of financial position as at 31 December 2020, 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 ended on that date, a summary of 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 accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 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.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2020 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.

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.

BDO Audit Pty Ltd

BDO

Tim Aman
Director

Sydney, 18 February 2021