

Via ASX Online

ASX ANNOUNCEMENT – 22 August 2014

ASX Market Announcements Office
 ASX Limited

2013/14 Full Year Results

Easton Investments Limited (**Easton** or **the Company**) releases its results for the 12-months ended 30 June 2014.

Improved Profitability and Strong 2nd Half Result

The Company has reported a loss attributable to members for the full year of \$1.71 million (2013: loss of \$3.49 million). This loss includes significant non-recurring and non-cash items as the Company has embarked on a program over the last 12 months to simplify, restructure and re-organise its operations in order to improve underlying performance and to focus on profitable, core business activities. Non-recurring items are composed principally of:

- (a) non-cash costs of \$2.23 million associated with impairment charges and loss on disposal of intangible assets; and
- (b) one-off restructuring and acquisition related costs of \$0.81 million.

After allowing for these and other one-off and non-operational items, **the Company has reported strong underlying profit** for the full year of \$0.72 million, where underlying profit is measured in terms of normalised earnings before interest, tax and amortisation (**Normalised EBITA**). This result compares with a full year loss of \$0.59 million on a comparative basis for the previous corresponding period and represents a material improvement in underlying performance.

Strong 2nd half underlying profit performance was a highlight of the full year result, as presented below:

Underlying Profit	2013/14	2012/13	Improvement
	(\$'000)	(\$'000)	(\$'000)
1 st Half	34	(470)	504
2 nd Half	682	(125)	807
Full Year	716	(595)	1,311

Underlying profit in the 2nd half of \$0.68 million was achieved on the back of a broad transformation that has been implemented over the past 12 months, together with completion of the Hayes Knight NSW transaction in the 2nd half of the year.



Sound Financial Position

At balance date, the Company is in a sound financial position with cash of \$2.59 million and borrowings of \$0.78 million.

The Company also has access to additional funding to support its growth plans through an undrawn bank facility from Westpac of \$3.0 million.

Outlook

Directors expect further strong improvement in underlying performance in 2014/15.

Normalised EBITA is expected to exceed \$2.5 million (2014: \$0.72 million) in the year ahead given a full year contribution from the Hayes Knight NSW businesses, together with continued improvement from the Company's other businesses as a result of the business transformation that has been successfully implemented during 2013/14.

The expected result is subject to normal trading conditions prevailing over the next 12 months.

In addition, Easton will continue to investigate new business acquisitions, consistent with the Company's strategic direction and intent to build a scale distribution capability in the Australian financial services sector.

At the same time, carried forward tax losses at 30 June 2014 of \$3.85 million will provide income tax payment relief over the coming year and therefore augment cash flow.

Attached Information

In accordance with Listing Rule 4.2A, the following information is attached for immediate release to the market:

1. Appendix 4E - Easton's Preliminary Final Report for the 12-months ended 30 June 2014;
2. Chairman's Letter to Shareholders dated 22 August 2014; and
3. 2013/14 Full Year Results presentation dated 22 August 2014.

Mark Licciardo
Company Secretary

Please direct all enquiries to:

Geoff Robinson
Chief Financial Officer

Email grobinson@eastoninvest.com



EASTON INVESTMENTS LIMITED
ABN 48 111 695 357

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014

RULE 4.3A

Appendix 4E

Preliminary Final Report

EASTON INVESTMENTS LIMITED

ASX CODE: EAS

48 111 695 357

1. **Reporting period and previous corresponding reporting period**

Current reporting period	The financial year ended 30 June 2014
Previous corresponding reporting period	The financial year ended 30 June 2013

2. **Results for announcement to the market**

2.1	Revenues from ordinary activities	up	59%	to	\$5,587,725
2.2	Loss from ordinary activities after tax attributable to members	down	51%	to	(\$1,709,007)
2.3	Net loss for the period attributable to members	down	51%	to	(\$1,709,007)
2.4	No dividends have been paid during the current or previous reporting period and it is not proposed that dividends will be paid in respect of the current reporting period.				
2.5	It is not proposed to pay dividends in respect of the current reporting period.				
2.6	Explanation of the figures reported above.				

During the second half of FY2014, Easton Investments Limited (**the Company**) completed the Hayes Knight NSW Transaction which was announced to the ASX on 28 November 2013, approved by shareholders on 30 January 2014 and completed on 19 March 2014 with an effective date of 1 February 2014. The transaction involved the acquisition of the following interests as part of a single transaction:

- 100% of Knowledge Shop Professional Consulting Pty Ltd;
- 100% of Merit Wealth Pty Ltd and its related entity, Hayes Knight Referral Services Pty Ltd; and
- 30% of Hayes Knight (NSW) Pty Ltd and its related entity, Hayes Knight Services (NSW) Pty Ltd.

The 59% increase in revenues from ordinary activities for the period was driven by:

- a) the acquisition of the Hayes Knight NSW businesses, which contributed net revenue of \$1.51 million for the period 1 February 2014 to 30 June 2014; and
- b) a full year contribution from Easton Asset Management Pty Ltd (**EAM**) compared to ten months' contribution in the prior corresponding period. Net revenue contribution from EAM of \$1.97 million (2013: \$1.22 million) was also impacted by increased funds under management which grew from A\$185 million to A\$330 million over the 12 months to 30 June 2014.

The net loss after tax for the year was significantly adversely impacted by:

- a) non-cash costs of \$2.23 million relating to impairment charges and loss on disposal of intangible assets;
- b) one-off redundancy and related costs of \$0.38 million arising from actions taken during the first half of the year to restructure, re-organise and simplify the Company's businesses and operations; and
- c) pre-tax direct costs relating to asset disposals and acquisitions totalling \$0.44 million.

The net loss after tax was partially offset by an income tax benefit of \$0.75 million, which includes the recognition of previously unrecognised tax losses of \$3.85 million.

Further commentary on the results is set out at note 14 of this report.

3. Consolidated Statement of Comprehensive Income

For the year ended 30 June 2014

	2014	2013
	\$	\$
Revenue from continuing operations	5,587,725	3,505,940
Gain on disposal of subsidiaries	93,797	22,129
Gain on disposal of investments	84,426	-
Gain on disposal of investment in associates	65,513	-
Loss on disposal of client list	(188,523)	-
Loss on investments held for trading	-	(219,421)
Salaries and employee benefits expenses	(2,946,838)	(2,182,368)
Impairment losses	(2,037,876)	(2,018,278)
Legal and business services	(1,294,272)	(923,379)
General administration	(375,629)	(315,009)
Occupancy costs	(373,999)	(321,328)
Depreciation and amortisation	(313,154)	(474,487)
Finance costs	(89,977)	(89,929)
Other expenses	(591,209)	(568,845)
Loss before income tax	(2,380,016)	(3,584,975)
Income tax benefit	749,181	177,899
Loss for the year	(1,630,835)	(3,407,076)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Net fair value gain on available-for-sale financial assets	-	225,961
Income tax expense on items of other comprehensive income	-	(67,788)
Other comprehensive income for the year, net of tax	-	158,173
Total comprehensive loss for the year	(1,630,835)	(3,248,903)
Profit/(loss) for the year is attributable to:		
Non-controlling interests	78,172	82,487
Owners of the Company	(1,709,007)	(3,489,563)
	(1,630,835)	(3,407,076)
Total comprehensive income/(loss) for the year is attributable to:		
Non-controlling interests	78,172	82,487
Owners of the Company	(1,709,007)	(3,331,390)
	(1,630,835)	(3,248,903)
Basic earnings per share (cents) ¹	(8.04)	(30.27)
Diluted earnings per share (cents) ¹	(8.04)	(30.27)

1. The prior period comparative for basic earnings per share and diluted earnings per share has been restated to reflect the impact of the 1 for 5 share consolidation completed on 10 December 2013.

4. Consolidated Statement of Financial Position

As at 30 June 2014

	2014	2013
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	2,590,651	1,464,509
Receivables	389,746	287,089
Assets held for sale	-	644,415
Other current assets	703,118	1,399,132
Total current assets	3,683,515	3,795,145
Non-current assets		
Other financial assets	86,106	86,106
Plant and equipment	84,656	95,071
Deferred tax assets	1,501,571	210,259
Investments	3,034,903	1,124,155
Intangible assets and goodwill	15,646,047	8,239,365
Total non-current assets	20,353,283	9,754,956
TOTAL ASSETS	24,036,798	13,550,101
LIABILITIES		
Current liabilities		
Trade and other payables	1,288,505	774,787
Current tax liability	82,194	100,716
Provisions and employee benefits	209,824	124,509
Borrowings	777,121	891,318
Other liabilities	383,545	2,156,675
Provision for contingent consideration	1,194,518	-
Liabilities associated with assets held for sale	-	9,928
Total current liabilities	3,935,707	4,057,933
Non-current liabilities		
Provisions for contingent consideration	706,830	-
Deferred tax liabilities	421,092	-
Total non-current liabilities	1,127,922	-
TOTAL LIABILITIES	5,063,629	4,057,933
NET ASSETS	18,973,169	9,492,168
EQUITY		
Equity attributable to owners of the Company		
Contributed equity	25,986,300	14,991,285
Reserves	83,471	83,918
Accumulated losses	(7,660,329)	(5,951,322)
Owners interests	18,409,442	9,123,881
Non-controlling interests	563,727	368,287
TOTAL EQUITY	18,973,169	9,492,168

5. Consolidated Statement of Cash Flows

For the year ended 30 June 2014

	2014	2013
	\$	\$
Cash flows from operating activities		
Fees and commissions received	12,097,159	5,990,748
Payments to suppliers and employees	(11,899,020)	(6,412,597)
Cash generated from/(used in) operations	198,139	(421,849)
Interest received	92,587	15,918
Finance costs paid	(89,977)	(89,929)
Income tax paid	(185,040)	(121,988)
Net cash flows from/(used in) operating activities	15,709	(617,848)
Cash flows from investing activities		
Proceeds from sale of 'available-for-sale' financial assets	-	741,606
Proceeds from disposal of investments	1,150,000	-
Proceeds from disposal of associate	65,513	-
Proceeds from disposal of subsidiary, net of cash disposed	89,555	-
Purchase of plant and equipment	(3,245)	(10,678)
Payments for other intangible assets	(200,000)	(45,487)
Payments for acquisition of a subsidiary, net of cash acquired	(206,726)	(263,901)
Payments for separately identifiable intangible assets	(1,000,000)	(300,000)
Payments for other investments	(2,250,000)	(932,763)
Net cash flows used in investing activities	(2,354,903)	(811,223)
Cash flows from financing activities		
Proceeds from issue of shares	3,098,318	1,699,389
Proceeds in advance of share issue	-	752,411
Payments for share issue costs	(31,461)	-
Loans to related parties	(35,000)	(40,000)
Proceeds from repayment of loan to related parties	634,487	-
Proceeds from borrowings	3,000,000	850,000
Repayment of borrowings	(3,114,196)	(989,764)
Dividends paid to minority interest in subsidiaries	(86,612)	(42,000)
Net cash flows from financing activities	3,465,336	2,230,037
Net increase in cash held	1,126,142	800,963
Cash at the beginning of the financial year	1,464,509	663,546
Cash at the end of the financial year	2,590,651	1,464,509

6. Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Ordinary shares	Accumulated losses	Share based payments reserve	Other reserves	Owners of the parent	Non- controlling interest	Total
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2013	14,991,285	(5,951,322)	58,580	25,338	9,123,881	368,287	9,492,168
Profit/(loss) for the year	-	(1,709,007)	-	-	(1,709,007)	78,172	(1,630,835)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive profit/(loss) for the year	-	(1,709,007)	-	-	(1,709,007)	78,172	(1,630,835)
Transactions with owners in their capacity as owners:							
Issue of new equity	11,025,729	-	-	-	11,025,729	-	11,025,729
Costs associated with the issue of new equity	(30,714)	-	-	-	(30,714)	-	(30,714)
Issue of new equity to non-controlling interest	-	-	-	-	-	200,000	200,000
Dividend Paid	-	-	-	-	-	(86,812)	(86,812)
Disposal of non-controlling interest in subsidiary	-	-	-	-	-	4,080	4,080
Employee incentive plan	-	-	58,133	-	58,133	-	58,133
Options cancelled on disposal of investment	-	-	(58,580)	-	(58,580)	-	(58,580)
At 30 June 2014	25,986,300	(7,660,329)	58,133	25,338	18,409,442	563,727	18,973,169
	\$	\$	\$	\$	\$	\$	\$
At 1 July 2012	8,887,884	(2,536,759)	75,000	(158,173)	6,267,952	464,548	6,732,500
Profit/(loss) for the year	-	(3,489,563)	-	-	(3,489,563)	82,487	(3,407,076)
Other comprehensive income	-	-	-	158,173	158,173	-	158,173
Total comprehensive profit/(loss) for the year	-	(3,489,563)	-	158,173	(3,331,390)	82,487	(3,248,903)
Transactions with owners in their capacity as owners:							
Issue of new equity	6,302,812	-	-	-	6,302,812	-	6,302,812
Costs associated with the issue of new equity	(199,410)	-	-	-	(199,410)	-	(199,410)
Equity transfer for expired options	-	75,000	(75,000)	-	-	-	-
Options granted on acquisition of investment	-	-	58,580	-	58,580	-	58,580
Dividend Paid	-	-	-	-	-	(42,000)	(42,000)
Acquisition of remaining interest in subsidiary	-	-	-	(14,014)	(14,014)	50,518	36,504
Disposal of non-controlling interest in subsidiary	-	-	-	39,352	39,352	(187,315)	(147,963)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	49	49
At 30 June 2013	14,991,285	(5,951,322)	58,580	25,338	9,123,881	368,287	9,492,168

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

Not applicable.

8. Details of dividend or distribution reinvestment plans in operation are described below.

Not applicable.

9. Net tangible assets per security.

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	8.20¢	8.08¢ ¹

1. *The prior period comparative for net tangible asset backing per ordinary security has been restated to reflect the impact of the 1 for 5 share consolidation completed on 10 December 2013.*

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

(a) Control gained over entities

(i) Easton Distribution Services Pty Ltd

Name of the entity	Easton Distribution Services Pty Ltd (EDS)
Ownership interest acquired	100%
The date control was gained	11 December 2013
EDS was incorporated on 11 December 2013 and is the holding company for the distribution businesses acquired under the Hayes Knight NSW Transaction. The primary activity for EDS is as a holding company.	
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	\$91,643 Loss
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	\$Nil

(ii) Easton Accounting & Tax Pty Ltd

Name of the entity	Easton Accounting & Tax Pty Ltd (EAT)
Ownership interest acquired	100.0%
The date control was gained	11 December 2013
EAT was incorporated on 11 December 2013 and is the holding company for the interest in the accounting business acquired under the Hayes Knight NSW Transaction. The primary activity for EAT is as a holding company.	
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	\$24 Loss
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	\$Nil

(iii) Knowledge Shop Professional Consulting Pty Ltd

Name of the entity	Knowledge Shop Professional Consulting Pty Ltd (KSPC)
Ownership interest acquired	100.0%
The date control was gained	19 March 2014 (effective date of 1 February 2014)
KSPC is a wholly owned subsidiary of EDS and was acquired by the group as part of the Hayes Knight NSW Transaction. KSPC provides professional support services to small to medium accounting firms.	
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	\$178,106
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	\$Nil

(iv) HK Financial Services Pty Ltd

Name of the entity	HK Financial Services Pty Ltd (HKFS)
Ownership interest acquired	100.0%
The date control was gained	19 March 2014 (effective date of 1 February 2014)
HKFS is a wholly owned subsidiary of EDS and was acquired by the group as part of the Hayes Knight NSW Transaction. HKFS is the holding company for Merit Wealth Pty Ltd and Merit Planning Pty Ltd – see (v) and (vi) below.	
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	\$Nil
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	\$Nil

(v) Merit Wealth Pty Ltd

Name of the entity	Merit Wealth Pty Ltd (MW)
Ownership interest acquired	100.0%
The date control was gained	19 March 2014 (effective date of 1 February 2014)
MW is a wholly owned subsidiary of HKFS and was acquired by the group as part of the Hayes Knight NSW Transaction. MW holds an Australian Financial Services License (AFSL) and provides financial services solutions for accounting firms.	
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	\$51,954 Loss
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	\$Nil

(vi) Merit Planning Pty Ltd

Name of the entity	Merit Planning Pty Ltd (MP)
Ownership interest acquired	100.0%
The date control was gained	19 March 2014 (effective date of 1 February 2014)
MP is a wholly owned subsidiary of HKFS and was acquired by the group as part of the Hayes Knight NSW Transaction. MP is a dormant company.	
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	\$Nil
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	\$Nil

(vii) Hayes Knight Referral Services Pty Ltd

Name of the entity	Hayes Knight Referral Services Pty Ltd (HKRS)
Ownership interest acquired	100.0%
The date control was gained	19 March 2014 (effective date of 1 February 2014)
HKRS is a wholly owned subsidiary of EDS and was acquired by the group as part of the Hayes Knight NSW Transaction. HKRS is closely related in operation to MW by providing referral services to certain financial advisers who operate as Authorised Representatives under the MW AFSL .	
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	\$22,756 Loss
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	\$Nil

(b) Control lost over entities

(i) Incito Wealth Pty Ltd

Name of the entity	Incito Wealth Pty Ltd (Incito)
Ownership interest disposed	51%
The date control was lost	31 August 2013
The Group's 51% interest in Incito was disposed of on 31 August 2013 to the shareholder previously holding the remaining 49%. Consideration received was \$100,000 in cash resulting in a gain on disposal of \$93,796. Incito's contribution to the Group's profit from ordinary activities for the period 1 July 2013 to 31 August 2013 and the previous corresponding period was not material.	

(ii) Absolute Asset Management Ltd

Name of the entity	Absolute Asset Management Ltd (AbsAM)
Ownership interest disposed	100.0%
The date control was lost	30 November 2013
The Group's 100% interest in AbsAM was disposed of on 30 November 2013 pursuant to a management buyout. Nominal consideration received was \$1. AbsAM's contribution to the Group's profit from ordinary activities for the period 1 July 2013 to 30 November 2013 and the previous corresponding period was not material.	

11. Details of associates.

- (i) Hayes Knight (NSW) Pty Ltd and Hayes Knight Services (NSW) Pty Ltd

Name of the entity	Hayes Knight (NSW) Pty Ltd Hayes Knight Services (NSW) Pty Ltd (together, HKNSW)	
Ownership interest acquired	30.6% of the ordinary shares	
The date of the acquisition of the ownership interest	19 March 2014 (effective date of 1 February 2014)	
HKNSW is an established, full service accounting firm based in Sydney supported by professional accounting services encompassing Business Services, Specialist Tax, Superannuation, Financial Planning and Corporate Finance.		
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the current period	Pre-amortisation	\$46,233
	Post-amortisation	\$34,903
The contribution of the entity to the reporting entity's profit from ordinary activities after tax during the prior corresponding period	Pre-amortisation	\$Nil
	Post-amortisation	\$Nil

12. Significant information relating to the entity's financial performance and financial position.

Refer to section 14 for detailed commentary on the Company's financial performance and financial position.

13. Basis of Preparation

The financial information provided in the Appendix 4E is based on the information to be included in the Company's annual financial report, which is in the process of being prepared in accordance with Australian accounting standards.

14. Commentary on the results for the period.

(a) Financial Performance

The full year reported loss after tax attributable to members for 2014 of \$1.71 million (2013: \$3.49 million loss) includes non-cash costs of \$2.23 million associated with impairment charges and loss on disposal of intangible assets. In addition, the Company has embarked on a program over the last 12 months to simplify, restructure and re-organise its operations in order to improve underlying performance and to focus on profitable, core business activities, which has given rise to one-off expenditure in the form of redundancy and related costs of \$0.38 million, as well as direct costs associated with asset disposals and acquisitions of \$0.44 million.

The result was positively impacted by a tax benefit of \$1.08 million brought about by the recognition of a deferred tax asset on previously unrecognised tax losses which, in the directors' view, is now recoverable.

After these and other one-off and non-operational items, reported EBITA for the year was a loss of \$2.00 million (2013: loss of \$3.16 million).

The directors are of the view that the best guide to the underlying performance of the group at an operational level is "**Normalised EBITA**" which is earnings before interest, tax and amortisation (**EBITA**) excluding the impact of:

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

Appendix 4E
Preliminary Final Report
30 June 2014

The benefit of decisions and actions taken during the financial year progressively emerged with Normalised EBITA for the full year increasing strongly to \$716,211, representing a material improvement on a loss on a comparative basis for the prior corresponding period of \$594,791.

The table below presents the reconciliation of Easton's Normalised EBITA to Reported NPAT.

	30 June 2014	30 June 2013
	\$	\$
Net revenue from continuing operations	5,587,725	3,505,940
Deduct:		
Interest income	(92,587)	(17,639)
Operating costs from continuing operations	(4,778,927)	(4,083,092)
Normalised EBITA for the year	716,211	(594,791)
Add/(deduct):		
Gain/(loss) on disposal of investments and associates	149,939	(219,421)
Gain on disposal of subsidiary	93,797	-
Loss on disposal of client list	(188,523)	-
Net refund of overpaid goods and services tax	101,936	-
Redundancy and discontinued staff costs	(376,331)	-
Restructuring and acquisition-related costs	(437,822)	(331,183)
Costs associated with tax consolidation	(24,725)	-
Loss from operations for the year	34,482	(1,145,395)
Deduct:		
Impairment losses	(2,037,876)	(2,018,279)
Reported EBITA for the year	(2,003,394)	(3,163,674)
Add/(deduct):		
Interest income/(expense)	2,610	(72,290)
Notional interest on contingent consideration	(107,561)	-
Amortisation of separately identifiable intangible assets	(271,671)	(349,011)
Statutory operating loss before tax for the year	(2,380,016)	(3,584,975)
Income tax benefit	749,181	177,899
Statutory loss after tax for the year	(1,630,835)	(3,407,076)
NPAT Attributable to Non-controlling Interest	78,172	82,487
NPAT Attributable to Members	(1,709,007)	(3,489,563)

Strong 2nd half performance was a highlight of the full year result. Normalised EBITA for the 2nd half of \$682,191 was achieved on the back of the broad transformation that has been implemented over the past 12 months, together with the completion of the Hayes Knight NSW transaction in the 2nd half of 2014.

(b) Financial Position

The Company completed two capital raisings during the financial year, as follows:

- a one for three rights issue which was completed on 3 July 2013 and raised over \$2.15 million (before costs); and
- a private placement to sophisticated and professional investors which was completed on 6 August 2013 and raised \$1.50 million.

These capital raisings, together with the proceeds of sale from the divestment of non-core businesses and operations during the financial year, have placed the Company in a sound financial position at balance date with cash of \$2.59 million and borrowings of \$0.78 million.

During 2014, the Company also completed a one for five share consolidation. The Directors consider that the Company has a more appropriate capital structure post the share consolidation and is consistent with the Directors' strong focus on capital management going forward.

15. Subsequent Events

No matters or circumstances have arisen since 30 June 2014 that has significantly affected the Company's operations, results or state of affairs, or may do so in future years.

16. Audit of the financial report.

The financial report is in the process of being audited. The financial report is not likely to be the subject of dispute or qualification.



K W White
Joint Managing Director



J G Hayes
Joint Managing Director

22 August 2014

22 August 2014

Dear Shareholder

2013/14 Full Year Results and Outlook

I am pleased to report that Easton Investments Limited (**Easton** or **the Company**) has made good progress during 2013/14 in what has been a transformational year for the Company.

The major highlights of the past 12 months have undoubtedly been a sharp improvement in profitability and the completion of the Hayes Knight NSW transaction.

Whilst the Company has reported a full year loss of \$1.71 million (2013: \$3.49 million), this loss includes significant non-recurring and non-cash items as the Company has embarked on a program over the last 12 months to simplify, restructure and re-organise its operations in order to improve underlying performance and to focus on profitable, core business activities.

Significantly, underlying profitability, measured by normalised earnings before interest, tax and amortisation (**Normalised EBITA**), improved from a loss of \$0.59 million in the previous year to a profit of \$0.72 million in the 2013/14 financial year.

The Company achieved a particularly strong 2nd half result as the benefit of decisions and actions taken during the year progressively emerged, including completion of the Hayes Knight NSW transaction. The improvement in underlying performance is presented in the following table:

Normalised EBITA	2013/14	2012/13	Improvement
	(\$'000)	(\$'000)	(\$'000)
1 st Half	34	(470)	504
2 nd Half	682	(125)	807
Full Year	716	(595)	1,311

I would draw special attention to the fact that further strong profit improvement is expected in the year ahead, with **Normalised EBITA expected to exceed \$2.5 million** given the benefit of a full year contribution from the Hayes Knight NSW businesses and as a result of the successful business transformation that has been undertaken over the last 12 months.

The expected result is subject to normal trading conditions prevailing over the next 12 months.

In addition, Easton will continue to investigate new business acquisitions, consistent with the Company's strategic direction and intent to build a scale distribution capability in the Australian financial services sector. The Company is well positioned from a funding perspective with cash on hand at 30 June 2014 of \$2.59 million and access to an undrawn bank facility of \$3.0 million.

At the same time, carried forward tax losses at 30 June 2014 of \$3.85 million will provide income tax payment relief over the coming year and therefore augment cash flow.



I am particularly pleased to welcome Mr Greg Hayes, the founder of the Hayes Knight NSW businesses, to the Board of Easton and to the executive role of joint Managing Director. The combination of Greg and our incumbent Managing Director, Mr Kevin White, with complementary skills and expertise, working together to build Easton into a substantial enterprise gives Directors a great deal of confidence in the Company's future prospects.

I thank you for your interest in and support for Easton and I reconfirm that your Board is genuinely committed to the Company's future growth and prosperity. Whilst the improved performance during 2014 has been pleasing, I am confident that further strong improvement will occur in 2015 and that our Company is at the early stages of a sustained period of growth under a highly experienced leadership team who have a clear plan for future growth.

Rodney Green
Chairman



EASTON INVESTMENTS LIMITED

2014 Full Year Results

22 August 2014

Greg Hayes & Kevin White
Joint Managing Directors

Overview – A Transformational Year

- ❑ Good progress has been made during 2014
- ❑ The Company is now operating profitably (on a Normalised EBITA basis) with good earnings and growth prospects –
 - ❖ 2nd half underlying profit (Normalised EBITA) of \$682k
- ❑ The Company's balance sheet has been strengthened and is soundly positioned at year end –
 - ❖ Cash of \$2.59m, borrowings of \$0.78m at year end
 - ❖ Undrawn bank facility of \$3.0m provides access to additional funding to support future growth
- ❑ Market capitalisation has increased from less than \$10m to around \$22m currently

Full Year Highlights

Operational

- Non-core and uneconomic businesses divested
- Operations streamlined and costs trimmed
- Continuing businesses operating profitably and in line with plan
- Reported NPAT = Loss of \$1.71m (2013: Loss of \$3.49m)
 - Includes non-cash costs of \$2.23m, non-recurring and non-operational costs of \$0.81m and tax benefit of \$0.75m due to recognition of carried forward losses

Financial

- Normalised EBITA = \$716k (2013: Loss of \$595k)
- Strong 2nd half result – Normalised EBITA = \$682k (2H13: Loss of \$125k)
- Benefits of 1st half actions realised in the 2nd half
- 5-month contribution from the Hayes Knight NSW businesses
- Cash balance at year end = \$2.59m
- Borrowings at year end of \$0.78m, plus \$3.0m undrawn Westpac facility

Strategic

- Direction, Strategy and Business Model clearly articulated
- Important strategic transaction completed – important step in building a meaningful distribution business

Underlying Performance

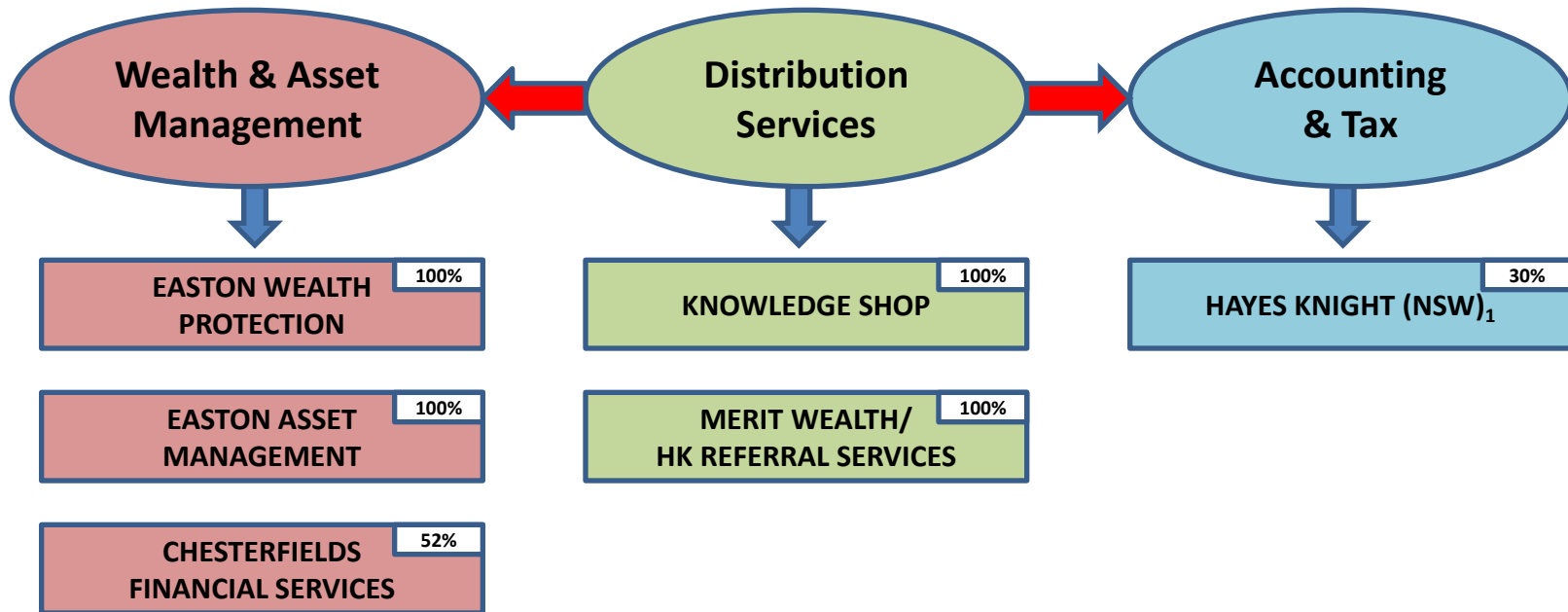
Key Drivers of Performance:

- ❑ The benefit of 1st half decisions and actions emerged in the 2nd half
- ❑ 5-month contribution from the Hayes Knight NSW business

Underlying Profit	2014	2013	Improvement
	<i>(\$'000)</i>	<i>(\$'000)</i>	<i>(\$'000)</i>
1 st Half	34	(470)	504
2 nd Half	682	(125)	807
Full Year	716	(595)	1,311

Note: Underlying Profit = Normalised EBITA

Easton Investments Operating Divisions



August 2014

1. Incorporates Hayes Knight Services (NSW) Pty Ltd

Divisional (Segment) Performance

Normalised Segment Result	2014	2013	Change
	(\$'000)	(\$'000)	(%)
Wealth & Asset Management			
• Revenue	3,782	3,406	11%
• Contribution	1,309	477	174%
Distribution Services			
• Revenue	1,507	-	n/a
• Contribution	296	-	n/a
Accounting & Tax (1)			
• Revenue & Contribution	46	-	n/a
Total Segment Result (2)			
• Revenue	5,335	3,406	57%
• Contribution - Normalised	1,651	477	246%

Notes: (1) Reflects equity accounted contribution

(2) Excludes normalised corporate costs of \$935k (2013: \$1,054k)

Wealth & Asset Management

100%

Easton Asset Management

Business

Distribution of Harmony investment products under contract in Asia and the Middle East

Performance (12 months)

- Funds under management up from \$185m to \$330m

100%

Easton Wealth Protection

Business

Risk insurance broking business

Performance (12 months)

- Transitioned licensing to Merit Wealth
- In-force premium income flat at \$2.2m

52%

Chesterfields Financial Services

Business

Financial planning & risk insurance broking business

Performance (12 months)

- Entered into a RRA with Hayes Knight Referral Services
- Funds under advice increased from \$165m to \$180m

Distribution Services

Integrated Business Model



Business

Professional support services and training to Accounting Firms

Performance (5 months)

- 57 new subscriber firms in 5 months
- Web-based training launched with almost 1,000 participants in 6 months
- Contribution = \$333k



Business

Referral model to provide Wealth Management solutions to clients of Accounting Firms

Performance (5 months)

- 7 RRA's at year end (increase of a net 1)
- 20 licensed advisers
- 40 accounting firms engaged
- Contribution = loss of \$37k (plus deferred revenue of \$300k from sale of RRA's)



Accounting & Tax

30%

**Hayes Knight
(NSW)**

Business

Accounting & Tax practice

Performance (5 months)

- Completed “tuck-in” acquisition
- Over 450 SMSFs using compliance service
- Contribution = \$46k (performance skewed to 1st half)

**Provides
professional and
technical support to
Knowledge Shop**

Strategic Intent & Business Model

- ❑ Narrow focus on building a meaningful distribution capability in financial services in Australia
- ❑ Seek to acquire interests in quality and aligned accounting and financial planning businesses
 - Accountants are the “gate keepers” with key client relationships in the high net worth (HNW) and small to medium enterprises (SME) sectors
 - A network achieves scale, where scaled distribution has strategic value
 - Provides access to the high growth SMSF sector
- ❑ Apply a different (superior) business model to others in the sector
 - Prefer “meaningful” interests, not 100% ownership
 - Alleviates many of the issues others in the sector are faced with, such as remuneration and retention
 - Provides benefits of listed company involvement and broad network of firms with similar businesses, aspirations and cultures
- ❑ Leverage Knowledge Shop’s unique distribution capability and develop Merit Wealth’s adviser and accounting referral network

Outlook

- ❑ Further strong improvement in underlying performance is expected in 2015
- ❑ Normalised EBITA is expected to exceed \$2.5m given full year contribution from the Hayes Knight NSW businesses, plus continued improvement from the Company's other businesses
- ❑ The expected result is subject to normal trading conditions prevailing over the next 12 months
- ❑ Carried forward tax losses of \$3.85 million as at 30 June 2014 will provide income tax payment relief over the coming year and augment cash flow
- ❑ Continued focus on quality acquisitions
 - Very selective and must be earnings accretive
- ❑ Clear strategic intent
 - Realistic plans to become a leading distribution company in the financial services sector
 - A differentiated business model

Looking to
attract firms with the
right culture

Knowledge Shop

Business element		Commentary
Strategic focus	Unique distribution capability – clear market leader	c.1,500 accounting firms on-line
Sector	Accounting support services	Technical support & training c.9,000 SME firms
Positioning	B2B	<ul style="list-style-type: none"> A mix of subscriber firms and transaction firms
Operational elements	<ul style="list-style-type: none"> Professional support Technical training 	<ul style="list-style-type: none"> More than 20,000 help desk questions p.a. Training developed around market issues
Barriers to entry	<ul style="list-style-type: none"> Medium to high: <ul style="list-style-type: none"> IP IT Scale 	<ul style="list-style-type: none"> Practice based Systems & processes Time & cost to establish market position
Growth	<ul style="list-style-type: none"> New subscriber firms Web based training New supply opportunities Knowledge management 	<ul style="list-style-type: none"> Potential to grow the base Potential to increase the range of services

Merit Wealth / HK Referral Services

Business element		Commentary
Strategic focus	Unique referral model	Wealth management solution for all accountants
Sector	Wealth management	<ul style="list-style-type: none"> • Developing an adviser network • Developing an accounting referral network
Positioning	B2B & B2C	<ul style="list-style-type: none"> • Accounting firms • Clients of accounting firms
Operational elements	<ul style="list-style-type: none"> • AFSL • Referral rights agreement (RRA) 	<ul style="list-style-type: none"> • Dealer group services • Annuity stream created under RRA
Barriers to entry	<ul style="list-style-type: none"> • Medium to high <ul style="list-style-type: none"> • Business model • Relationships 	<ul style="list-style-type: none"> • Accounting relationship & accounting centric model
Growth	<ul style="list-style-type: none"> • Number of advisers • Number of referring accountants • Unique distribution capability 	<ul style="list-style-type: none"> • Development of full national coverage • At maturity, target of 150 advisers servicing 900 accounting firms

Disclaimer

The information contained in this presentation is not intended to be exhaustive and must be considered in conjunction with all other publicly available information disclosed by Easton to the Australia Securities Exchange from time to time.

This presentation does not take into consideration the investment objectives, financial situation or circumstances of any particular investor.

Certain statements in the presentation relate to the future. Such statements involve known and unknown risks and uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. Easton does not give any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this presentation will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

This presentation has not been subject to auditor review.