EASTON INVESTMENTS LIMITED

Annual Report

for the year ended

30 June 2014

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357

CORPORATE DIRECTORY

Directors

Rodney Green	Independent Non-Executive Chairman
Carl F Scarcella	Independent Non-Executive Director
Kevin W White	Joint Managing Director
John G Hayes	Joint Managing Director

Company Secretary
Mark Licciardo
Mertons Corporate Services Pty Ltd
Level 7, 330 Collins Street
MELBOURNE VIC 3000

Principal registered office in Australia
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MELBOURNE VIC 3000

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Share Registry
Computershare Investor Services Pty Ltd
GPO Box 2975
MELBOURNE VIC 3001

Shareholder Enquiries: 1300 850 505
Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Computershare Investor Services Pty Ltd directly. A variety of requisite forms may be downloaded from www.computershare.com.au

Bankers
Westpac Banking Corporation
360 Collins Street
MELBOURNE VIC 3000

Auditors
Pitcher Partners
Level 19, 15 William Street
MELBOURNE VIC 3000

Legal Advisers
Corrs Chambers Westgarth
Level 36, 600 Bourke Street
MELBOURNE VIC 3000

Annual General Meeting
The Easton Investments Limited Annual General Meeting will be held on 21 November 2014. The venue will be advised with release of the Notice of Annual General Meeting.

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CHAIRMAN'S STATEMENT

Financial Year to 30 June 2014

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 attributable to members of $1.71 million (2013: $3.49 million loss), 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, improved significantly 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 the completion of the Hayes Knight NSW transaction.

I would draw special attention to the fact that further strong profit improvement is expected in the year ahead given the benefit of a full year contribution from the Hayes Knight NSW businesses as outlined further in the following report from our Joint Managing Directors.

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 would also like to welcome Mr Carl Scarcella to the Board and we look forward to Carl's strong contribution as a non-executive director with extensive experience in the listed company sector in general and the financial services sector in particular.

Carl has replaced Mr Jonathan Sweeney who resigned from the Board in May and I would like to thank Jonathan for his efforts and valuable contribution to the Company since his appointment to the Board in October 2009. Jonathan played an important role during his time on the Board, including as Chairman of the Audit and Risk Committee and as a member of the Remuneration Committee. We wish him every success for the future.

I would especially like to thank all of our staff, including a warm welcome to all of our new staff who have joined as a result of the Hayes Knight NSW transaction, for their hard work, efforts and commitment during the year.

Finally, I thank shareholders for your past and on-going support. Whilst the improved performance during 2014 has been pleasing, I am confident that further improvement will occur in 2015 and that our Company is at the early stages of a sustained period of growth under a new and highly experienced leadership team who have a clear and well-articulated plan for future growth.

Rodney Green
Chairman

Melbourne
23 September 2014

JOINT MANAGING DIRECTORS' REPORT

We started the year with two essential priorities –

(1) to put the Company on a sound financial footing; and
(2) to make the Company profitable and cash flow positive, with good long term earnings prospects.

The first of these priorities was achieved through two capital raisings in the first half of the year, coupled with the proceeds from the divestment of non-core businesses and investments during the year.

With respect to the second of these priorities, we have –

(1) reviewed and refined the Company's strategic direction and plan;
(2) reviewed each of the Company's businesses and restructured or divested as deemed necessary or appropriate; and
(3) reviewed the Company's corporate overhead structure and better aligned it with the needs of our businesses and our strategy.

Under an incremental business simplification program, the Company has progressively transitioned over the course of the year from making losses to profits (Normalised EBITA) and to generating positive cash flow from operations.

At the same time, we have released and reinvested capital into core businesses and acquisition opportunities consistent with the Company's refined strategic direction and plan.

Most notably, the Company completed the Hayes Knight NSW transaction in the 2nd half of 2013/14, with the underlying businesses immediately contributing to profitability and operating cash flow.

Improved Profitability and Strong 2nd Half Result

Our reported result for the year, being a loss of $1.71 million (2013: $3.49 million) attributable to members, includes a number of non-recurring and non-cash cash items which have necessarily been incurred in turning around our Company.

We believe that underlying profitability is a better guide of operational and financial performance, measured by normalised earnings before interest, tax and amortisation (**Normalised EBITA**). In this regard, we are extremely pleased with the year on year improvement in performance as presented below, but especially the sharp jump in 2nd half performance with underlying profit increasing to $0.68 million against a full year result of $0.72 million.

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

For a reconciliation of Easton's Normalised EBITA to reported NPAT, see page 11 of the Directors' Report.

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.

JOINT MANAGING DIRECTORS' REPORT (continued)

The Year in Review

In summary, therefore, the Company has made good progress operationally, financially and strategically over the last 12 months –

- we have grown strongly with our market capitalisation increasing from less than $10 million to over $20 million;
- we have continued to build our distribution capability in the financial services sector, adding quality new business to our continuing core businesses;
- we have become profitable with good prospects for earnings growth over coming years;
- we are in a sound financial position with cash on hand at 30 June 2014 of $2.59 million and undrawn bank facilities of around $3.0 million; and
- we have a clear strategic direction which we believe has the potential to create shareholder value over time.

Whilst we remain relatively small in listed company terms, our operational scale and distribution capabilities are beginning to emerge with net revenue up 59% to $5.59 million.

Outlook

We 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.

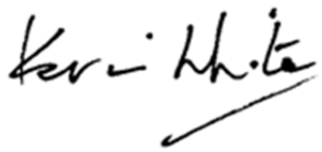
In addition, Easton will continue to investigate new business merger and acquisition opportunities, consistent with the Company's strategic direction and intent to build a scale distribution capability in the Australian financial services sector. The Company is well positioned from a funding perspective given its cash position and unused bank facility.

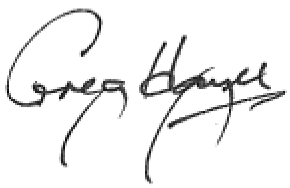
We will, however, remain extremely selective, we will only invest in quality businesses with an aligned culture and strategy and we will apply a consistent approach to investment to ensure that we achieve an acceptable return on capital employed and thereby increase the underlying value of our Company and its share price.

During the year, we recognised carried forward tax losses of $3.85 million which will provide income tax payment relief over the coming year and therefore augment cash flow.

As significant shareholders in Easton, we are committed to creating value for all shareholders, as are our fellow Easton Directors.

We remain confident that we can build Easton into a valuable company over the next 5 years and beyond.





Kevin White
Joint Managing Director

Greg Hayes
Joint Managing Director

Melbourne
23 September 2014

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (**the Group**), consisting of Easton Investments Limited (**the Company**) and the entities it controlled at the end of, or during, the year ended 30 June 2014, and the audit report thereon.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Rodney Green

Kevin W. White

John G. Hayes was appointed as director on 19 March 2014 and continues in office at the date of this report.

Carl F. Scarcella was appointed as director on 15 May 2014 and continues in office at the date of this report.

Jonathan W. Sweeney was a director from the beginning of the financial year until his resignation on 15 May 2014.

PRINCIPAL ACTIVITIES

During the year, the principal continuing activity of the Group was the provision of wealth management services and asset management services.

The following activities of the Group changed significantly during the year:

(a) through the acquisition of the Hayes Knight NSW businesses, the Group is now involved in:
   i. providing professional support services and dealer group services to the accounting profession; and
   ii. equity accounted investments in traditional accounting practices;

(b) through the restructuring of Easton Asset Management Pty Ltd involving the sale of the Portfolio Management client book, the group has combined its wealth and asset management activities into one reporting segment.

RESULTS AND DIVIDENDS

The net loss after tax of the Group for the year ended 30 June 2014 was $1,630,835 (2013: a loss of $3,407,076).

No dividends were paid, declared or recommended since the start of the financial year.

REVIEW OF OPERATIONS

Business Simplification Program
During the year under review, the Company has moved to progressively simplify, restructure and re-organise its businesses and operations in order to improve underlying profitability.

REVIEW OF OPERATIONS (continued)

The key changes to operations are summarised below:

- Divestment of interests in Incito Wealth and API Capital;
- Restructuring of Easton Asset Management Pty Ltd (**EAM**), involving the sale of the Portfolio Management client book (for a nominal consideration of $1.00), together with the subsequent cancellation of the Australian Financial Services License (AFSL) held by EAM;
- Sale of Easton's 19.9% interest in AAM Advisory Pte Ltd (**AAMA**) for a consideration of $1.15 million, which was approved by Easton Shareholders on 30 January 2014;
- Rationalisation of dealer group services and an associated reduction in corporate overhead costs;
- Sale of the Company's 20% interest in Axial Wealth Management Pty Ltd (**Axial**), together with the repayment in full of loan monies advanced by the Company to Axial, representing total cash receipts of $700,000;
- Execution of a new contract with Mr Cameron Knox, the Managing Director of EAM, a wholly owned subsidiary of Easton. Under the terms of the new contract, Mr Knox has been granted 500,000 performance rights, which vest into ordinary shares in Easton on a 1 for 1 basis at the end of 3 years, subject to specific performance targets being achieved during this period;
- Purchase of a 10% equity interest in Chesterfields Financial Services Pty Ltd (**Chesterfields**) by Mr Mark Triggs, a key adviser in that company, by way of a subscription for new Chesterfields shares involving a consideration of $200,000. As a result of the issue of new shares by Chesterfields, Easton's interest in this company has reduced from 58.0% to 52.2%;
- Purchase by Chesterfields of a Referral Rights Agreement from Hayes Knight Referral Services Pty Ltd (**HKRS**), a wholly owned subsidiary of Easton, for an up-front consideration of $200,000. Under the Referral Rights Agreement, HKRS will be responsible for developing an accounting referral network and Chesterfields, through a new wholly owned subsidiary, will be responsible for providing a wealth management solution for clients of those referring accountants; and
- Transition of the risk business operated by Easton Wealth Protection Pty Ltd, a wholly owned subsidiary of Easton, to the AFSL operated by Merit Wealth Pty Ltd, also a wholly owned subsidiary of Easton.

The Hayes Knight NSW Transaction

In parallel with these activities, the Company has moved to release and reinvest capital in core businesses and acquisition opportunities that are consistent with the Company's strategic direction and intent.

In particular, the Company has completed the Hayes Knight NSW transaction which was approved by Easton Shareholders on 30 January 2014 and involved the purchase of the following interests as part of a single transaction:

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

The total consideration payable for these interests is $12.91 million, of which $10.66 million has been settled through the issue of 8,194,444 Easton shares at an issue price of $0.90 each, together with a cash payment of $3.285 million. The outstanding earn-out amount of $2.25 million is payable over 3 years subject to specified targets being met or exceeded.

REVIEW OF OPERATIONS (continued)

Directors believe that the Hayes Knight NSW transaction is highly attractive as it:

- represents an excellent strategic fit with Easton's stated intent and direction;
- is an important step in creating a meaningful distribution business with significant scale;
- offers strong potential for organic growth;
- opens opportunities for prospective acquisitions in the financial services sector;
- repositions Easton with an expanded capital base and with enhanced earnings and earnings prospects; and
- involves a purchase price that is largely satisfied by the issue of Easton shares, thereby providing a strong alignment of interests going forward and reflecting confidence in the further growth of the Hayes Knight NSW businesses in particular and in the future prospects of Easton more generally.

On completion of the transaction, Greg Hayes, the founder of the Hayes Knight NSW businesses, joined the Board of Easton and assumed the executive role of joint Managing Director in conjunction with Easton's incumbent Managing Director, Kevin White.

Mr Hayes has responsibility for the performance and growth of the Hayes Knight NSW businesses, as well as identifying further accounting acquisition opportunities. Mr White has responsibility for Easton's other continuing operations, as well as selectively targeting new, strategic acquisition and merger opportunities in keeping with Easton's aspiration to develop a major distribution capability in the Australian financial services sector.

In June 2014, HKNSW completed the acquisition of Bamfield & Company, a Sydney based accounting firm with annual fee income of approximately $1.5 million for a purchase consideration of $1.14 million. The purchase price, including a deferred component of $225,000 which is subject to fee targets being met over the following 12 months, involves the issue of shares in HKNSW.

The Company acquired additional shares in HKNSW prior to financial year end from a senior equity partner in HKNSW as part of an orderly retirement and succession plan in order for Easton to maintain its equity position in HKNSW of approximately 30%.

Overview of Operations

At financial year end, the operations of the Group are segmented as follows:

WEALTH & ASSET MANAGEMENT	DISTRIBUTION SERVICES	ACCOUNTING & TAX

Comments on each of these segments are set out below.

1. Wealth and Asset Management

The Company's Wealth and Asset Management segment at financial year end is composed of:

- Easton Asset Management Pty Ltd (**EAM**) – 100%
- Easton Wealth Protection Pty Ltd (**EWP**) – 100%
- Chesterfields Financial Services Pty Ltd (**Chesterfields**) – 52%

EAM distributes the Harmony suite of investment products across Asia and the Middle East under contract with Momentum Global Investment Management. Funds under management (**FUM**) in Harmony products grew strongly from A$185 million at 30 June 2013 to A$330 million at 30 June 2014.

EWP is a risk insurance broking business, based in Melbourne and during the year transitioned its licensing to Merit Wealth. The business was established in February 2013 and in-force premium income has remained relatively flat during the year at approximately $2.0 million.

REVIEW OF OPERATIONS (continued)

Chesterfields is a Perth based financial planning and risk insurance broking business with funds under advice (**FUA**) at financial year end of $180 million, an increase from $165 million from the previous year end. Chesterfields purchased a Referral Rights Agreement from HKRS during the year as part of its growth plans.

The performance of the Wealth and Asset Management division during 2013/14 is summarised below:

Wealth & Asset Management	2013/14	2012/13	Increase / (Decrease)
	($'000)	*($'000)*	*(%)*
Revenue	3,782	3,406	11%
Segment Result – Normalised EBITA	1,309	477	174%

2. Distribution Services

The Company's Distribution Services segment at financial year end is composed of:

- Knowledge Shop – 100%
- Merit Wealth / HKRS – 100%

Knowledge Shop provides professional support services and training to small to medium accounting firms, including a subscription based service, allowing "member" firms to access a range of support services and material, including:

- an on-line knowledge bank providing electronic precedent, work paper and practice management systems;
- a technical support help desk;
- professional development programs; and
- quarterly technical and client newsletters.

The Knowledge Shop subscriber base has grown consistently since its inception and has continued to do so during the last 12 months. In addition, Knowledge Shop deals with a significant number of accounting practices annually on an ad hoc or transactional basis, mainly through training programs offered nationally on a rolling basis. All up, Knowledge Shop has online access to more than 1,500 accounting firms.

Contingent consideration of $0.75 million is payable to the vendors if Knowledge Shop achieves an operating profit (**EBITA**) of $0.90 million or more in the 12 month period ending 31 January 2015.

Merit Wealth / HKRS are related entities, established by HKNSW in 2009 to provide financial services solutions for accounting firms.

Merit Wealth holds an Australian Financial Services License (**AFSL**) and offers accounting firms the option of providing in-house advice through a qualified adviser authorised by Merit Wealth or under a referral service initiated and managed by HKRS in conjunction with Merit Wealth.

Under its referral service, HKRS sources and engages qualified financial advisers who understand the accounting market and who are capable of building a significant financial planning business.

Each adviser enters into a Referral Rights Agreement with HKRS which involves an up-front payment by the adviser plus an on-going annuity fee. In return for these fees, HKRS introduces the financial adviser to accounting firms and facilitates an on-going referral arrangement between the parties.

All advisers operating under the referral service are authorised by Merit Wealth, which provides full dealer services.

HKRS currently has 7 Referral Rights Agreements in place and is planning a progressive roll-out over the next 5 years with the aim of providing wide Referral Rights coverage across the more populated areas of Australia.

REVIEW OF OPERATIONS (continued)

Contingent consideration of $0.50 million is payable to the vendors in each of the first 3 years (i.e. $1.50 million in total) if not less than 5 Referral Rights Agreements are achieved in each relevant 12 month period (with one carry over and one catch up adjustment allowed in each 12 month period).

The performance of the Distribution Services segment during 2013/14 is summarised below:

Distribution Services	2013/14	2012/13	Increase / (Decrease)
	($'000)	*($'000)*	*(%)*
Revenue	1,507	n/a	-
Segment Result – Normalised EBITA	296	n/a	-

Note: Represents 5-months trading as underlying businesses were acquired with effect from 1 February 2014.

3. Accounting and Tax

The Company's Accounting & Tax segment at financial year end is composed of:

- Hayes Knight NSW – 30%

HKNSW is an established Sydney based accounting firm offering a full range of professional accounting services. The firm has developed significant specialisation in a limited number of client sectors, including self-managed super funds (SMSF) and mid-size, privately owned businesses and corporates.

In June 2014, HKNSW acquired Bamfield & Company and has merged that practice into its Sydney operations in order to gain merger synergies, both cost savings and revenue up-lift which are expected to emerge in a meaningful way over the next 12 months.

The performance of the Accounting & Tax segment during 2013/14 is summarised below:

Accounting & Tax	2013/14	2012/13	Increase / (Decrease)
	($'000)	*($'000)*	*(%)*
Equity Accounted Segment Result – Normalised EBITA	46	n.a.	-

Note: Represents equity accounted contribution from 5-months trading as a 30% interest in the underlying business was acquired with effect from 1 February 2014.

Underlying Profitability

Given the level of restructuring and change that has taken place within the Company over the last 12 months, 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 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.

The benefit of decisions and actions taken during the financial year progressively emerged with Normalised EBITA for the full year increasing strongly to $0.72 million, representing a material improvement on a loss on a comparative basis for the prior corresponding period of $0.59 million.

REVIEW OF OPERATIONS (continued)

The table below presents the reconciliation of Easton's Normalised EBITA to Reported Net Profit After Tax (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	**149,939**	(219,421)
	Gain on disposal of subsidiary	**93,797**	-
	Loss on disposal of client list	**(188,523)**	-
	Net refund of overpaid goods & 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)**	-
Profit/(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):	Amortisation of separately identifiable intangible assets	**(271,671)**	(349,011)
	Net interest income/(expense)	**2,610**	(72,290)
	Notional interest on contingent consideration	**(107,561)**	-
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 2013/14.

Strengthened Financial Position

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

- a one for three rights issue which was completed on 6 July 2013 and raised over $2.15 million (before costs); and
- a private placement to sophisticated and professional investors which was completed on 2 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 2013/14, 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.

REVIEW OF OPERATIONS (continued)

Strategic Direction

During the year, the Company's strategic direction was reviewed and refined with a view to repositioning the Company for sustained long term growth in order to create shareholder value.

The Company plans to build a significant distribution capability in the Australian financial services sector. Directors strongly believe that the progressive development of scale distribution in the financial services sector will create strategic value and thereby enhance the value of Easton shares over time. The Hayes Knight NSW transaction represents an important step in creating a meaningful distribution business.

Outlook

An important focus during fiscal 2015 will again be on improved profitability and operating cash flow. To this end, Directors expect further strong improvement in underlying performance in 2014/15 as outlined in the Joint Managing Directors' Report.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- contributed equity increased by $10,995,015 (from $14,991,285 to $25,986,300) as a result of a one for three rights issue, a share placement and the issue of shares as part-consideration for the acquisition of the Hayes Knight NSW businesses. Details of the changes in contributed equity are disclosed in note 22 to the financial statements;
- the Company completed a 1 for 5 share consolidation on 10 December 2013 decreasing the number of shares on issue at that date from 96,029,174 to 19,205,886;
- the Group acquired the Hayes Knight NSW businesses resulting in new reporting segments (see note 3); and
- the Group disposed of the Portfolio Management client book and cancelled the AFSL operated by EAM.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2014 that has significantly affected the Group's operations, results or state of affairs, or may do so in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to pursue its operating strategy to create shareholder value, including by way of the acquisition activity. Further commentary on the Company's strategic direction and plan is set out in the Joint Managing Directors' Report.

ENVIRONMENTAL REGULATION

The consolidated entity's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

DIVIDEND PAID, RECOMMENDED AND DECLARED

No dividends were paid, declared or recommended since the start of the financial year.

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The following information is current as at the date of this report.

Directors

Rodney Green B.Com, ACA. *Age 57. Chair – non-executive. Appointed 26 April 2012.*		
Experience and expertise	Rodney brings with him over 30 years' experience in the financial services industry. Prior roles include Managing Director and then Non-executive Director of Treasury Group Limited from start up in 2001 until 2008, and previously 6 years as the Chief Investment Officer and then Head of Perpetual Investments Ltd from 1995 to 2001. Mr Green was also Chairman and Non-Executive Director of Premium Investors Limited (a listed investment company) from 2003 until 2006.	
Other current directorships	Non-executive director of First Class Capital Holdings Pty Ltd and associated group companies	
Former directorships in last 3 years	None	
Special Responsibilities	Chair of the Board Chair of the Remuneration Committee Member of the Audit and Risk Committee	
Interests in shares, options and rights	Ordinary shares – Easton Investments Limited	320,000

Carl F. Scarcella B.Com, FCPA. *Age 57. Non-executive director. Appointed 15 May 2014.*		
Experience and expertise	Carl joined the financial services industry in 1987 and has extensive experience in strategy formulation, business implementation, M&A, financial control and operational and risk management. In 2000, Carl was one of the foundation managers of Snowball Group Limited, an independent, integrated advice business which provided financial services including financial planning, accounting and tax, portfolio management and portfolio administration. Carl was Chief Operating Officer and Company Secretary of Snowball from inception through its listing on the ASX in 2001 and its ultimate merger with the Shadforth Group in 2011 to become SFG Australia Limited, a wealth management business with a market capitalisation of over $500 million. Following his departure from SFG in 2012, Carl co-founded T&C Consulting Services, a firm which works collaboratively with businesses to formulate growth strategies, design governance frameworks, develop infrastructure solutions and provide M&A support.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special Responsibilities	Chair of the Audit and Risk Committee (from 15 May 2014) Member of the Remuneration Committee (from 15 May 2014)	
Interests in shares, options and rights	Ordinary shares – Easton Investments Limited	13,884

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Kevin W. White B.Eng (civil), M.Eng.Sci., M.Admin. *Age 62. Joint Managing Director. Appointed 29 May 2013.*		
Experience and expertise	Kevin graduated as a professional engineer in 1973 and has spent the majority of his working life in the financial services industry. He was the founder and Managing Director of Crowe Horwath Australasia Limited (formerly WHK Group Limited) from 1996 to 2011 and has a successful track record in building and leading ASX listed companies with a distribution focus operating in the financial services sector.	
Other current directorships	Non-executive Director of Royal Automobile Club of Victoria (RACV) Limited Non-executive Director of Insurance Manufacturers of Australia Pty Ltd	
Former directorships in last 3 years	Non-executive Director of IOOF Holdings Limited	
Special Responsibilities	Joint Managing Director	
Interests in shares, options and rights	Ordinary shares – Easton Investments Limited	1,574,224
	Rights over ordinary shares	1,000,000

John G. Hayes B.Bus, FCPA, CTA, FAIM. *Age 60. Joint Managing Director. Appointed 19 March 2014.*		
Experience and expertise	Greg is the founder and CEO of Hayes Knight (NSW) Pty Ltd and is well known in the accounting profession. Greg is also the Chairman of the Hayes Knight Group nationally, a specialist business valuer, a recognised practice management specialist and an author in both of these disciplines. He is the founder and director of Knowledge Shop Professional Consulting Pty Ltd and Merit Wealth Pty Ltd, both entities providing practice support and distribution to the accounting profession in Australia. Greg was a member of the Advisory Panel to the Board of Taxation between 2003-2013.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special Responsibilities	Joint Managing Director (from 19 March 2014)	
Interests in shares, options and rights	Ordinary shares – Easton Investments Limited	5,376,517

Jonathan W. Sweeney B.Com, LLB, CFA, MAICD. *Age 51. Non-executive director. Appointed 12 October 2009. Resigned 15 May 2014*	
Experience and expertise	Jonathan has over 27 years' experience in the financial services industry, firstly in London as a fund manager with Gartmore for five years and then in Australia with Armstrong Jones before joining The Trust Company in 1991. He occupied a variety of senior positions at Trust and was Managing Director from May 2000 to December 2008. After leaving Trust Jonathan joined Equity Real Estate Partners which was purchased in April 2011 by Folkestone Limited, a company listed on the Australian Securities Exchange ("ASX"). He was the Chief Operating Officer at Folkestone until he left in February 2013. Jonathan holds a Bachelor of Law and a Bachelor of Commerce from the University of New South Wales, is a Certified Financial Analyst and a member of the Institute of Company Directors. He is a past president of the Trustee Corporations Association and is a director of Tennis New South Wales and the Australian Davis Cup Tennis Foundation. He is also a member of the University of New South Wales, School of Business Advisory Council.
Other current directorships	None
Former directorships in last 3 years	None
Special Responsibilities	Chair of the Audit and Risk Committee (until 15 May 2014) Member of the Remuneration Committee (until 15 May 2014)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Company Secretary

Mark Licciardo, B.Bus (Acc), GradDip CSP, FCSA, FCIS, GAICD. *Age 50. Company Secretary – appointed 6 December 2011*

Mark is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, Mr Licciardo was Company Secretary of the Transurban Group (2004-07) and Australian Foundation Investment Company Limited, Djerriwarrh Investments Limited, AMCIL Limited and Mirrabooka Investments Limited (1997-2004). Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mr Licciardo is a former Chairman of Governance Institute of Australia (GIA) (formerly the Chartered Secretaries Australia) in Victoria, a fellow of GIA, a graduate member of the Australian Institute of Company Directors (AICD), Chairman of Melbourne Fringe Limited and a director of several public and private companies.

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

	Directors' Meetings		Audit & Risk Committee Meetings	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Rodney Green	11	11	6	6
Carl F. Scarcella *(appointed 15 May 2014)*	1	1	-	-
Jonathan W. Sweeney *(resigned 15 May 2014)*	10	10	6	6
Kevin W. White	11	11	6*	6*
John G. Hayes	3	3	1*	1*

**Mr White and Mr Hayes were not members of the Audit & Risk Committee but attended by invitation.*

COMMITTEE MEMBERSHIP

During the year, the Company's Audit and Risk Committee was comprised of Jonathan Sweeney (up to his resignation on 15 May 2014), Rodney Green and Carl Scarcella (from his appointment on 15 May 2014). As at the date of this report, the Company's Audit and Risk Committee Members are:

Carl F. Scarcella – Chairman (appointed on 15 May 2014)
Rodney Green (appointed on 5 July 2012)

Also as at the date of this report, the Company's Remuneration Committee Members are:

Rodney Green – Chairman (appointed on 5 July 2012)
Carl F. Scarcella (appointed on 15 May 2014)
Kevin W. White (appointed on 29 May 2013)

The Remuneration Committee did not hold any formal meetings during the year. All discussions regarding remuneration policy and executive contractual arrangements were held during regular Board meetings.

DIRECTORS' REPORT (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into deeds of access, insurance and indemnity with each director and officer which contain rights of access to certain books and records of the Company for a period of ten years after the director and officer ceases to hold office. This ten year period can be extended where certain proceedings or investigations commence before the ten year period expires.

In respect of the indemnity of the directors and officers, the Company is required, pursuant to the constitution, to indemnify all directors and officers, past and present, against all liabilities allowed under law. Under the deed of access, insurance and indemnity, the Company indemnifies parties against all liabilities to another person that may arise from their position as a director or an officer of the Company or its subsidiaries to the extent permitted by law. The deed stipulates that the Company will meet the full amount of any such liabilities, including reasonable legal costs and expenses.

In respect of insurance being obtained on behalf of the directors and officers, the Company may arrange and maintain directors' and officers' insurance for its directors and officers to the extent permitted by law. Under the deed of access, insurance and indemnity, the Company must obtain such insurance during each director's and officer's period of office and for a period of ten years after a director or an officer ceases to hold office. This ten year period can be extended where certain proceedings or investigations commence before the ten year period expires.

Disclosure of the insurance premiums and the nature of liabilities covered by such insurance are prohibited by the relevant contracts of insurance.

SHARES UNDER OPTION

Unissued shares
As at the date of this report, there were no unissued ordinary shares under options. During the year, 2,000,000 options were cancelled under an Option Cancellation Deed which was approved by shareholders at the 2013 Annual General Meeting.

No options were granted to the directors of the Company or any other key management personnel of the Group during, or since the end of the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

There are no legal or other proceedings being made on behalf of the Company or against the Company as at the date of this report.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

Details of the amounts paid or payable to the auditor (Pitcher Partners) for non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with advice received from the Audit and Risk Committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

NON-AUDIT SERVICES (continued)

During the year the following fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2014	2013
	$	$
Tax compliance services	**46,410**	20,199
Other services	**13,030**	14,982
Total remuneration for non-audit services	**59,440**	35,181

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 audit for the financial year is provided with this report.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Easton Investments Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (**CGS**) in accordance with the third edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Company's CGS is available on the Easton website at www.eastoninvest.com under the About Us/Corporate Governance section.

REMUNERATION REPORT (AUDITED)

The directors are pleased to present the Company's 2014 remuneration report which sets out the remuneration information for the Company's non-executive directors, executive directors and other key management personnel of the Group.

The report contains the following sections:
(a) Details of key management personnel disclosed in this report
(b) Remuneration governance
(c) Executive remuneration policy and framework
(d) Relationship between remuneration and Group performance
(e) Non-executive director remuneration policy
(f) Voting and comments made at the Company's 2013 Annual General Meeting (AGM)
(g) Details of remuneration of key management personnel
(h) Service agreements
(i) Details of share-based compensation and bonuses
(j) Equity instruments held by key management personnel
(k) Other transactions with key management personnel

(a) Details of key management personnel disclosed in this report

The following persons acted as key management personnel of the Company and the Group during or since the end of the financial year.

(i) Non-executive and Executive Directors

Rodney Green	Non-executive Chairman
Carl F. Scarcella	Non-executive Director – from 15 May 2014
Jonathan W. Sweeney	Non-executive Director – until 15 May 2014
Kevin W. White	Joint Managing Director
John G. Hayes	Joint Managing Director – from 19 March 2014

(ii) Other key management personnel

Mark Licciardo	Company Secretary
Geoffrey J. Robinson	Chief Financial Officer
Shane A. Bransby	Managing Director of Chesterfields Financial Services Pty Ltd
Cameron R. Knox	Managing Director of Easton Asset Management Pty Ltd – from 1 January 2014
Lisa M. Armstrong	General Manager of Knowledge Shop Professional Consulting Pty Ltd – from 1 February 2014
Campbell G. McComb	Chief Operating Officer – until 31 July 2013
Andrew G. McKay	Managing Director of Easton Asset Management Pty Ltd – until 9 December 2013

(iii) Changes since the end of the reporting period

There were no changes to key management personnel in the period after the end of the reporting date and up to the date of this report.

(b) Remuneration governance

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- the over-arching executive remuneration framework;
- operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- remuneration levels of executives; and
- non-executive director fees.

The committee's objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

REMUNERATION REPORT (AUDITED) (continued)

(c) Executive remuneration policy and framework

Remuneration policy
The Board policy for determining the nature and amount of remuneration of key management personnel is agreed by the Board of directors as a whole on advice from the Remuneration Committee. The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated directors and employees who can enhance the performance of the Group through their contributions and leadership. No such advice has been obtained during 2014. The Remuneration Committee makes specific recommendations on the remuneration package and other terms of employment for the Joint Managing Directors having regard to their performance, relevant comparative information, and if appropriate, independent expert advice.

For key management personnel, the Group provides a remuneration package that incorporates both cash-based remuneration and, if appropriate, share-based remuneration. The contracts for service between the Group and key management personnel are on a continuing basis, the terms of which are to align executive performance-based remuneration with Group objectives. The remuneration policy is directly related to Group performance. The qualitative and quantitative criteria on which remuneration is based are set by the Remuneration Committee and those objectives are consistent with the Group's strategic objectives and are linked to the at-risk component of the executives' remuneration as applicable. Refer to section (g) on page 22 for further details on executive contractual arrangements.

The Remuneration Committee is also responsible for making recommendations to the Board in relation to the terms of any issue of equity-based remuneration to employees, as part of their individual package, or a wider staff incentive and retention scheme, and for ensuring that any such issue is made in accordance with the ASX Listing Rules.

Executive Pay
The executive pay and reward framework has three components:
- base pay and benefits, including superannuation;
- short-term performance incentives; and
- long-term incentives through participation in the Easton Investments Employee Share Ownership Plan.

A combination of some or all of these components comprises an executive's total remuneration.

Base pay and benefits
Executives receive their base pay and benefits structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' reasonable discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives is reviewed annually to ensure that executive remuneration is competitive with the market.

There are no guaranteed base pay increases included in any executives' contracts.

Short-term incentives (STI)
Executives have a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The STI is a cash-based incentive which forms part of the executive's total compensation. Each year, the Remuneration Committee in conjunction with the Joint Managing Directors, will consider the appropriate targets and key performance indicators (KPIs) of each executive to link the STI plan and the level of payout if targets are met. This will include setting any maximum payout under the STI plan, and minimum levels of performance to trigger payment of STI.

The STI bonus opportunity is calculated and paid annually.

Long-term incentives (LTI)
Long-term incentives are provided to certain employees via the Easton Investments Employee Share Ownership Plan (**the Plan**) which was re-approved by shareholders at a general meeting held on 29 November 2013.

REMUNERATION REPORT (AUDITED) (continued)

The Board has the discretion to offer and issue any (or any combination) of the following kinds of awards to eligible employees including executive directors:

- Options – rights to be issued ordinary shares in the Company upon the payment of an exercise price and satisfaction of specified vesting conditions;
- Performance Rights – rights to be issued one ordinary share in the Company for every performance right for nil exercise price upon the satisfaction of specified vesting conditions;
- Deferred Share Awards – ordinary shares in the Company that are issued in lieu of wages, salary, director's fees or other remuneration, or by the Company in addition to remuneration or in lieu of any discretionary cash bonus or other incentive payment;
- Exempt Share Awards – ordinary shares in the Company issued for nil consideration or at an issue price which is at a discount to the prevailing market price with the intention that up to $1,000 of the total value or discount received by the employee will be exempt from tax. Exempt share awards issued under the Plan may not be sold until the earlier of three years after issue or cessation of employment; and
- Limited Recourse Loan Awards – ordinary shares in the Company where some or all of the issue price is funded by way of a loan from the Company.

Participation in the Plan is at the Board's discretion and executives do not have a contractual right to participate in the Plan.

The Plan is designed to focus executives on delivering long-term shareholder returns.

Performance Rights
The preferred LTI award of the Company relates to the grant of performance rights. A performance right is a right to acquire one ordinary share for nil exercise price upon the satisfaction of certain vesting conditions. Unless otherwise determined by the Board, the vesting of performance rights is conditional upon a combination of the following:

- Non-market conditions, comprising:
  - continuous employment service of 3 years commencing on the grant date;
  - financial and operational performance criteria specific to the business unit the key management personnel is responsible for.
- Market conditions, comprising:
  - share price performance.

Performance rights will vest on an accelerated basis in certain limited circumstances, including on change of control, death, redundancy or retirement. However, if a participant's employment with the Company terminates for cause or as a result of resignation, any outstanding performance rights will immediately lapse. The Board has discretion to waive certain vesting conditions pertaining to termination of employment.

As soon as practicable after vesting, the Company will issue to each participant one ordinary share in the Company for each performance right that has vested.

No performance rights vested during the year.

(d) Relationship between remuneration and Group performance

The remuneration policy has been designed to align key management personnel objectives with the long-term interests of the Company by providing a combination of fixed remuneration and specific short term and long term incentives based on key performance criteria of the Company. Remuneration linked to company share price performance for Kevin White and Geoff Robinson is $34,566 (2013: $2,653).

REMUNERATION REPORT (AUDITED) (continued)

The following table shows the key performance indicators of the Company over the last 5 years:

	2014	2013	2012	2011	2010
Net revenue	$5,541,492	$3,505,940	$2,753,026	$2,081,576	$908,155
Net profit/(loss) before tax	$(2,380,016)	$(3,584,975)	$(1,520,270)	$(196,697)	$442,550
Net profit/(loss) after tax	$(1,630,835)	$(3,407,076)	$(1,571,031)	$(435,530)	$604,170
Share price at end of year[1]	$0.89	$0.75	$0.96	$1.15	$1.10
Basic earnings per share[2]	(8.04)cps	(30.27)cps	(22.70)cps	(8.00)cps	19.70cps
Diluted earnings per share[2]	(8.04)cps	(30.27)cps	(22.70)cps	(8.00)cps	19.70cps
Performance based remuneration	$34,566	$2,653	-	-	-

1. *Share price data has been restated to reflect the impact of the 1 for 5 share consolidation completed on 10 December 2013.*
2. *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.*

The Company has not declared or paid a dividend in the last 5 years.

At the end of 2013 and continuing through 2014, the Company undertook to complete a business simplification program which included restructuring and re-organising its businesses and operations in order to improve underlying profitability. Details of the key changes in activities are provided on pages 6 and 7 of the Directors' Report. As part of this program, the Company also implemented a direct alignment of future Company performance with executive remuneration which the Directors believe is appropriate having regard to the Company's stated strategic direction with a focus on creating shareholder value.

(e) Non-executive director remuneration policy

On appointment to the Board, non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director.

Non-executive directors receive a Board fee which is inclusive of fees for chairing or participating on Board committees. They do not receive performance-based pay. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently of the fees of non-executive directors based on comparative roles in the external market. The Chairman is entitled to be paid a fixed remuneration of $54,750 per annum including superannuation contributions (2013: $54,625). Other directors are each entitled to be paid a fixed remuneration of up to a maximum of $45,000 per annum including superannuation contributions (2013: $45,000).

The Constitution of the Company provides that non-executive directors as a whole may be paid or provided remuneration of an aggregate maximum total of $200,000 per annum or other such maximum as determined by the Company in general meeting. A revised Constitution of the Company was approved by shareholders at a general meeting held on 14 November 2012. A non-executive director may be paid fees or other amounts as the directors determine where a director performs services outside the scope of the ordinary duties of a director, provided it does not exceed the maximum of $200,000. The Company may reimburse non-executive directors for their expenses properly incurred as a director or in the course of office, including special duties as approved by the Chairman.

(f) Voting and comments made at the Company's 2013 Annual General Meeting (AGM)

The Company received more than 90% of "yes" votes on its remuneration report for the 2013 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

(g) Details of remuneration of key management personnel

Remuneration for the year ended 30 June 2014

	Short-term employee benefits			Post employment benefits		Share-based payments	Total	Performance related
Directors' remuneration	**Salaries & fees $**	**Cash bonus $**	**Other $**	**Superannuation $**	**Termination benefits $**	**Performance rights $**	**$**	**%**
Rodney Green	50,000	-	-	4,625	-	-	54,625	-
Carl F. Scarcella *(from 15/05/2014)*[1]	5,625	-	-	-	-	-	5,625	-
Jonathan W. Sweeney *(to 15/05/2014)*	35,202	-	-	3,256	-	-	38,458	-
Kevin W. White	140,000	-	-	10,000	-	31,833	181,833	17%
John G. Hayes *(from 19/03/2014)*[2]	57,343	-	9,625	5,304	-	-	72,272	-
Sub-total directors	**288,170**	**-**	**9,625**	**23,185**	**-**	**31,833**	**352,813**	
Executives' remuneration								
Mark Licciardo[3]	44,624	-	-	-	-	-	44,624	-
Geoffrey J. Robinson	155,606	12,000	-	14,394	-	2,733	184,733	8%
Shane A. Bransby	331,825	-	15,000	17,775	-	-	364,600	-
Cameron R. Knox *(from 01/01/2014)*[4]	223,285	50,000	-	-	-	20,833	294,118	24%
Lisa M. Armstrong *(from 01/02/2014)*	76,453	-	-	7,072	-	-	83,524	-
Campbell G. McComb *(to 31/07/2013)*	21,019	-	-	1,481	135,000	-	157,500	-
Andrew G. McKay *(to 09/12/2013)*	118,190	-	-	13,239	81,071	-	212,500	-
Sub-total executives	**971,002**	**62,000**	**15,000**	**53,960**	**216,071**	**23,566**	**1,341,599**	
Total key management personnel (group)	**1,259,172**	**62,000**	**24,625**	**77,145**	**216,071**	**55,399**	**1,694,412**	

1 *A company of which Mr Scarcella is a director received director fees from the Company for services as non-executive director.*
2 *Mr Hayes is employed by Hayes Knight (NSW) Pty Ltd, a company in which the Group has a 30.6% interest.*
3 *A company of which Mr Licciardo is a director received fees from the Company for company secretarial and corporate governance consulting services.*
4 *A company of which Mr Knox is a director received fees from the Group for consulting services.*

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

Remuneration for the year ended 30 June 2013

		Short-term employee benefits		Post employment benefits		Share-based payments	Total	Performance related
	Salaries & fees	Cash bonus	Other	Superannuation	Termination benefits	Performance rights		
Directors' remuneration	$	$	$	$	$	$	$	%
Rodney Green	43,750	-	-	3,938	-	-	47,688	-
Jonathan W. Sweeney	41,758	-	-	3,769	-	-	45,527	-
Kevin W. White *(from 29/05/2013)*	14,231	-	-	-	-	2,653	16,884	16%
Lee D. P. IaFrate *(to 22/01/2013)*	26,667	-	-	2,400	-	-	29,067	-
Campbell G. McComb *(to 29/05/2013)*	201,835	-	-	18,165	-	-	220,000	-
Anthony P. Hodges *(to 22/01/2013)*	17,500	-	-	-	-	-	17,500	
Sub-total directors	**345,741**	**-**	**-**	**28,272**	**-**	**2,653**	**376,666**	
Executives' remuneration								
Campbell G. McComb *(from 30/05/2013)*[1]	23,075	-	-	-	-	-	23,075	-
Geoffrey J. Robinson *(from 22/04/2013)*	29,038	-	-	2,613	-	-	31,651	-
Andrew G. McKay *(from 28/08/2012)*	168,196	-	-	15,138	-	-	183,333	-
Mark Licciardo[2]	52,234	-	-	-	-	-	52,234	-
Shane A. Bransby	310,930	10,900	15,000	16,470	-	-	353,300	3%
Thomas P. Almond *(to 14/09/2012)*	24,619	-	-	1,846	-	-	26,465	-
Vincent F. Vozzo *(to 23/01/2013)*	17,500	-	-	-	-	-	17,500	-
Sub-total executives	**625,592**	**10,900**	**15,000**	**36,067**	**-**	**-**	**687,559**	
Total key management personnel (group)	**971,333**	**10,900**	**15,000**	**64,339**	**-**	**2,653**	**1,064,225**	

1 *Subsequent to the reporting date, Mr. McComb resigned as Chief Operating Officer on 31 July 2013.*
2 *A company of which Mr. Licciardo is a director received fees from the Company for company secretarial and corporate governance consulting services.*

REMUNERATION REPORT (AUDITED) (continued)

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed remuneration 2014	Fixed remuneration 2013	At risk – STI 2014	At risk – STI 2013	At risk – LTI 2014	At risk – LTI 2013
Executive directors						
Kevin W. White	**83%**	84%	-	-	**17%**	16%
Other key management personnel of the group						
Geoffrey J. Robinson	**92%**	100%	**6%**	-	**2%**	-
Cameron R. Knox	**76%**	-	**17%**	-	**7%**	-

(h) Service agreements

Joint Managing Director – Mr Kevin W. White
Mr White commenced as Managing Director on 29 May 2013 and his remuneration is set by the Board and is governed by an employment agreement. Mr White's remuneration consists of the following components:

- base annual salary of $150,000 (including superannuation); and
- long-term incentive consisting of 1.0 million performance rights (see page 26 for terms and conditions).

Mr White's employment agreement has an initial term of three years and is renewable upon agreement between the Board and Mr White prior to expiry of the initial term. The employment agreement may be terminated by the giving of six months' notice in writing by either party.

Joint Managing Director – Mr John G. Hayes
Mr Hayes was appointed as Joint Managing Director on 19 March 2014 following the completion of the Hayes Knight NSW Transaction. Mr Hayes is employed by Hayes Knight (NSW) Pty Ltd, a company in which the Group has a 30.6% interest and his remuneration is governed by an employment agreement. Certain provisions relating to Mr Hayes' remuneration are contained in a Shareholders' Deed dated 17 December 2013 between the Company, Mr Hayes and others.

Mr Hayes' remuneration consists of a base annual salary of $247,492 (including superannuation) and is subject to review annually. The employment agreement has no fixed term and a notice period of three months.

Company Secretary
The Company Secretary, Mr Mark Licciardo, currently provides company secretarial and corporate governance services under a service arrangement between the Company and Merton Corporate Services Pty Ltd, a company associated with Mr Licciardo. The current arrangement has no predetermined termination date, with each party having the right to terminate the arrangement by giving ninety days' notice in writing to the other party.

Other key management personnel of the Group
Remuneration and other terms of employment for other key management personnel of the Group are formalised in employment agreements which specify the components of remuneration, benefits and notice periods. Participation in the STI and LTI plans is subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below:

REMUNERATION REPORT (AUDITED) (continued)

Name	Term of agreement	Notice period[1]	Base salary including superannuation[2]	Termination payments[3]
Geoffrey J. Robinson *Chief Financial Officer*	No fixed term	3 months	$170,000	3 months
Shane A. Bransby *Managing Director – Chesterfields Financial Services Pty Ltd*	No fixed term	Employee – 6 months Employer – 5 weeks	$364,600	5 weeks
Cameron R. Knox[4] *Managing Director – Easton Asset Management Pty Ltd*	No fixed term	Employee – 6 months Employer – 1 month	USD$413,000	N/a
Lisa M. Armstrong *Managing Director – Knowledge Shop Professional Consulting Pty Ltd*	No fixed term	3 months	$200,459	3 months
Campbell G. McComb *Chief Operating Officer (from 1 July 2013 to 31 July 2013)*	No fixed term	6 months	$22,500 (for period ended 31 July 2013)	6 months
Andrew G. McKay *Managing Director – Easton Asset Management Pty Ltd (from 1 July 2013 to 9 December 2013)*	No fixed term	3 months	$131,429 (for period ended 9 December 2013)	3 months

1. *The notice period applies without cause equally to either party unless otherwise stated.*
2. *Base salaries quoted are for the year ended 30 June 2014; they are reviewed annually by the Remuneration Committee.*
3. *Base salary payable if the Company terminates employees with notice, and without cause (eg, for reasons other than unsatisfactory performance).*
4. *Mr Knox is employed pursuant to a contractor agreement with an effective date of 1 January 2014.*

REMUNERATION REPORT (AUDITED) (continued)

(i) Details of share-based compensation and bonuses

Performance Rights
Details of performance rights provided as remuneration to executive directors of the Company and other key management personnel of the Group are set out below:

	Number of performance rights granted during the year		Number of performance rights vested during the year	
	2014	2013	**2014**	2013
Executive directors				
K.W. White (note a)	-	1,000,000	-	-
Other key management personnel				
G.J. Robinson (note b)	20,000	-	-	-
C.R. Knox (note c)	500,000	-	-	-

(a) Mr White's performance rights were granted with the following terms and conditions:

- each performance right converts to one ordinary fully paid share in the Company subject to the Company's volume weighted average share price exceeding, for a minimum period of 30 consecutive days, at any time during the 3 year term of the employment agreement, the following Threshold Price levels:

# of Performance Rights[1]	Threshold Price[1]
	$ per Share
200,000	1.00
600,000	1.25
200,000	1.50
1,000,000	

1. *The number of performance rights and the Threshold Prices have been adjusted for the 1 for 5 share consolidation completed on 10 December 2013.*

- the performance rights will be forfeited in the event of valid termination with cause or if Mr White gives notice of termination before the initial term of the employment agreement;
- on a change of control in the Company, those performance rights, if any, will vest where the Threshold Price has been met on the date control changes or if the share price applying to the change of control is $1.00 or higher, or otherwise at the Board's discretion; and
- the grant of performance rights was approved by shareholders at an annual general meeting held on 29 November 2013.

(b) Mr Robinson's performance rights were granted with the following terms and conditions:

- each performance right converts to one ordinary fully paid share in the Company subject to the Company's volume weighted average share price exceeding $1.25 for a minimum period of 30 consecutive days, at any time during the 3 year term of the employment agreement;
- on a change of control in the Company, those performance rights, if any, will vest subject to the Company's shares being valued for the purposes of the change of control at a price equal to or exceeding $1.00, or otherwise at the Board's discretion; and
- continuous employment with the Company for a period of three years commencing on the grant date.

REMUNERATION REPORT (AUDITED) (continued)

(c) Mr Knox's performance rights were granted with the following terms and conditions:

- financial and operational performance targets specific to Mr Knox's business unit are met;
- on a change of control in the Company, those performance rights, if any, will vest subject to the Company's shares being valued for the purposes of the change of control at a price equal to or exceeding $1.00, or otherwise at the Board's discretion; and
- continuous employment with the Company for a period of three years commencing on the grant date.

The following table summarises the value of performance rights granted, vested, or cancelled during the financial year, in relation to performance rights granted to key management personnel as part of their remuneration:

	Value of performance rights granted	Value of performance rights vested	Value of performance rights cancelled	Financial years in which performance rights may vest
Executive directors				
K.W. White	$95,500	-	-	2016
Other key management personnel				
G.J. Robinson	$8,200	-	-	2016
C.R. Knox	$125,000	-	-	2017

The value of the performance rights granted has been expensed on a straight line basis over the respective vesting periods. The Company has used a modified Black-Scholes valuation model to determine the value of the performance rights. The inputs used in the valuation model are based on the following:

- historical share price volatility;
- risk free rate of return using a 3 year government bond yield at grant date;
- exercise multiple; and
- probabilities of achieving non-market vesting conditions.

Bonuses

For each cash bonus included in the tables on pages 22 to 23, the percentage of the available bonus that was paid or payable in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below:

	Current year STI entitlement	
Name	Awarded %	Forfeited %
G.J. Robinson (note a)	70	30
C.R. Knox (note b)	100	-
S.A. Bransby	-	100

(a) Mr Robinson has a cash bonus eligibility of 10% of base salary including superannuation subject to an appraised rating of performance against key business process improvement projects and KPIs. Appraisals are completed annually by the Joint Managing Directors.

(b) Mr Knox has a cash bonus eligibility calculated as 20% of net profit before tax in excess of specified hurdles specific to his business unit. The financial performance criteria is based on a calendar year which will be assessed in full as at 31 December 2014. The cash bonus assessed at 30 June 2014 is based on the financial performance criteria for 6 months and the bonus applied on a pro rata basis. At the reporting date, the Company has assessed that the full year financial performance criteria will be met barring unforeseen circumstances.

REMUNERATION REPORT (AUDITED) (continued)

(j) Equity instruments held by key management personnel

Shareholdings

The numbers of ordinary shares in the Company held during the year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below:

2014 Name	Balance at the start of the year	Received on vesting of performance rights	Other changes during the year[1]	Balance at the end of the year
R. Green	1,200,000	-	(880,000)	320,000
C.F. Scarcella	-	-	-	-
J.W. Sweeney	400,000	-	(400,000)	-
K.W. White	-	-	1,724,224	1,724,224
J.G. Hayes[2]	-	-	5,824,117	5,824,117
M. Licciardo	-	-	-	-
G.J. Robinson	-	-	23,000	23,000
S.A. Bransby	3,303,107	-	(2,450,161)	852,946
C.R. Knox	-	-	780,474	780,474
L.M. Armstrong[2]	-	-	5,824,117	5,824,117
C.G. McComb *(resigned 31/7/2013)*	2,912,000	-	(2,912,000)	-
A.G. McKay *(resigned 9/12/2013)*	6,131,543	-	(6,131,543)	-

1. *Other changes during the year include adjustments made as a result of the 1 for 5 share consolidation completed on 10 December 2013, shares acquired or disposed by key management personnel and key management personnel leaving the Group.*
2. *J.G. Hayes and L.M. Armstrong are related parties of each other.*

Performance rights holdings

The numbers of performance rights over ordinary shares in the Company held during the year by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below:

2014 Name	Balance at the start of the year	Granted as compen-sation	Vested	Cancelled	Other changes[1]	Balance at the end of the year	Vested	Unvested
K.W. White	5,000,000	-	-	-	(4,000,000)	1,000,000	-	1,000,000
G.J. Robinson	-	100,000	-	-	(80,000)	20,000	-	20,000
C.R. Knox	-	500,000	-	-	-	500,000	-	500,000
Total	**5,000,000**	**600,000**	**-**	**-**	**(4,080,000)**	**1,520,000**	**-**	**1,520,000**

1. *The number of performance rights has been adjusted for the 1 for 5 share consolidation completed on 10 December 2013.*

Option holdings

There were no options issued during the year to, or options held by directors of the Company and other key management personnel of the Group. All options on issue during the financial year ended 30 June 2013 were out of the money, did not vest and were consequently cancelled.

The numbers of options over ordinary shares in the Company held during the prior corresponding period by each director of the Company and other key management personnel of the Group, including their personally related parties, are set out below:

REMUNERATION REPORT (AUDITED) (continued)

2014 Name	Balance at the start of the year	Granted as compen-sation	Vested	Cancelled	Other changes[1]	Balance at the end of the year	Vested	Unvested
J.W. Sweeney	750,000	-	-	(750,000)	-	-	-	-
C.G. McComb	1,250,000	-	-	(1,250,000)	-	-	-	-
L.D.P. laFrate	1,250,000	-	-	(1,250,000)	-	-	-	-
Total	**3,250,000**	**-**	**-**	**(3,250,000)**	**-**	**-**	**-**	**-**

(k) Other transactions with key management personnel

A director, Mr Carl Scarcella, is a director and shareholder of T&C Consulting Services Pty Ltd. T&C Consulting Services Pty Ltd has provided consulting services to the Company on normal commercial terms and conditions.

A director, Mr Greg Hayes, and Ms Lisa Armstrong, managing director of Knowledge Shop Professional Consulting Pty Ltd, are both directors and shareholders of Hayes Knight (NSW) Pty Ltd and Hayes Knight Services (NSW) Pty Ltd (together, **HKNSW**). The Group has a 30.6% non-controlling interest in HKNSW and receives business services from HKNSW pursuant to a services agreement on normal commercial terms and conditions. The business services provided under the agreement include staff services, IT services and occupancy services. HKNSW is also the nominated tax agent for the Group and provides tax advice services on normal commercial terms and conditions.

Mr Cameron Knox, managing director of Easton Asset Management Pty Ltd, is a director and shareholder of PT Imperium Capital. PT Imperium Capital provides administrative services to the Group on normal commercial terms and conditions.

Aggregate amounts of each of the above types of other transactions with directors of the Company and key management personnel of the Group are:

	2014 $	2013 $
Amounts recognised as revenue		
Recovery of dealer group costs	**4,650**	-
Recovery of employment costs	**14,006**	-
	18,656	-
Amounts recognised as expense		
Administration fees	**50,456**	-
Commissions paid	**53,660**	-
Help desk and technical training support	**346,412**	-
Occupancy and infrastructure	**79,000**	-
Professional fees	**239,725**	-
	769,253	-

Amounts recognised as assets and liabilities

At the end of the reporting period the following aggregate amounts were recognised in relation to the above transactions:

	2014 $	2013 $
Current assets (amounts receivable)	**14,230**	-
Current liabilities (amounts payable)	**109,696**	-

DIRECTOR'S REPORT (continued)

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

Rodney Green
Chairman

Melbourne
23 September 2014

PITCHER PARTNERS

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357
AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF
EASTON INVESTMENTS LIMITED

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

N R BULL
Partner

23 September 2014

PITCHER PARTNERS
Melbourne

Easton Investments Limited
Annual Financial Report – 30 June 2014
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue from continuing operations			
Services	4	**5,271,945**	3,413,439
Other revenue	4	**269,547**	92,501
		5,541,492	3,505,940
Other income	5	**243,736**	22,129
Share of net profit of associates accounted for using the equity method		**46,233**	-
Expenses from ordinary activities			
Salaries and employee benefits expenses	5	**(2,946,838)**	(2,182,368)
Occupancy expenses		**(373,999)**	(321,328)
Professional fees		**(1,294,272)**	(923,379)
Administration expenses		**(375,629)**	(315,009)
Other expenses		**(591,209)**	(568,845)
Finance costs	5	**(89,977)**	(89,929)
Depreciation and amortisation	5	**(313,154)**	(474,487)
Impairment losses	5	**(2,037,876)**	(2,018,278)
Net loss on disposal of intangible assets		**(188,523)**	-
Net loss on investments held for trading		**-**	(219,421)
Loss before income tax		**(2,380,016)**	(3,584,975)
Income tax benefit	6	**749,181**	177,899
Net loss from continuing operations after income tax		**(1,630,835)**	(3,407,076)
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 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]	7	**(8.04)**	(30.27)
Diluted earnings per share (cents)[1]	7	**(8.04)**	(30.27)

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

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.*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	2014 $	2013 $
ASSETS			
Current assets			
Cash and cash equivalents	8	**2,590,651**	1,464,509
Receivables	9	**1,002,368**	234,589
Assets held for sale	10	**-**	644,415
Other current assets	11	**90,496**	1,451,632
Total current assets		**3,683,515**	3,795,145
Non-current assets			
Other financial assets	12	**86,106**	86,106
Equity accounted investments	13	**3,034,903**	-
Plant and equipment	14	**84,656**	95,071
Intangible assets	15	**15,646,047**	8,239,365
Investments	16	**-**	1,124,155
Deferred tax assets	6	**1,501,571**	210,259
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	17	**1,288,505**	859,233
Provisions and employee benefits	18	**190,096**	46,009
Borrowings	19	**777,121**	891,318
Current tax liability	6	**82,194**	100,716
Provision for contingent consideration	20	**1,194,518**	-
Liabilities associated directly associated with assets held for sale	10	**-**	9,928
Other liabilities	21	**383,545**	2,150,729
Total current liabilities		**3,915,979**	4,057,933
Non-current liabilities			
Provisions and employee benefits	18	**19,728**	-
Provision for contingent consideration	20	**706,830**	-
Deferred tax liabilities	6	**421,092**	-
Total non-current liabilities		**1,147,650**	-
TOTAL LIABILITIES		**5,063,629**	4,057,933
NET ASSETS		**18,973,169**	9,492,168
EQUITY			
Contributed equity	22	**25,986,300**	14,991,285
Reserves	23	**83,471**	83,918
Accumulated losses	24	**(7,660,329)**	(5,951,322)
Equity attributable to owners of the Company		**18,409,442**	9,123,881
Non-controlling interests	25	**563,727**	368,287
TOTAL EQUITY		**18,973,169**	9,492,168

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2014

Consolidated Entity	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)
Employee incentive plan	-	-	58,133	-	58,133	-	58,133
Disposal of non-controlling interest in subsidiary	-	-	-	-	-	4,080	4,080
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**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 June 2014

Consolidated Entity	Ordinary shares $	Accumulated losses $	Share based payments reserve $	Other reserves $	Owners of the parent $	Non-controlling interest $	Total $
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	6,302,811	-	-	-	6,302,811	-	6,302,811
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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 30 June 2014

	Note	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	26	**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**	-
Payments for 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 acquisition of associate		**(2,250,000)**	-
Payments for other investments		**-**	(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**	1,699,390
Proceeds received 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 loans to related parties		**634,487**	-
Dividends paid to minority interest in subsidiaries		**(86,812)**	(42,000)
Proceeds from borrowings		**3,000,000**	850,000
Repayment of borrowings		**(3,114,196)**	(989,764)
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	8	**2,590,651**	1,464,509

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of Easton Investments Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Easton Investments Limited is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors on 23 September 2014.

(i) Compliance with IFRS
The consolidated financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Historical cost convention
The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

(iii) Critical accounting estimates
The preparation of these financial statements requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

These financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

(iv) New and amended standards adopted by the Group
The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 July 2013:

- AASB 10 *Consolidated Financial Statements* - the consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The consolidated entity concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts were required.
- AASB 12 *Disclosure of Interests in Other Entities* – this standard sets new minimum disclosure requirements for interest in subsidiaries, joint arrangements, associates and unconsolidated structured entities. Disclosures required under AASB 12 are provided in note 13 – Equity Accounted Investments and note 27(b) – Related Party Disclosures – Subsidiaries.
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* – this standard introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the Company's fair value measurements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- AASB 119 *Employee Benefits* – the amendments to AASB 119 revise the definitions of short term and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The Group has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements* which removes the individual key management personnel disclosure requirements in AASB 124 *Related Party Disclosures.* As a result the Group only discloses the key management personnel compensation in total and the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to *Corporations Regulations 2001* issued in June 2013.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

(v) New standards and interpretations not operative at 30 June 2014
AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010),* AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and* AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* (effective from 1 January 2017)

AASB 9 *Financial Instruments* improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the group has no available for sale financial assets which are not held for trading.

Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The consolidated entity has a provision for contingent consideration that is recorded at fair value using present value assumptions – see note 20. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. There will be no material impact on the consolidated entity's accounting for financial liabilities.

There are no other new standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (**the Group**) as at and for the period ended 30 June each year.

(i) Subsidiaries
Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intragroup balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Investments in subsidiaries held by the Company are accounted for at cost in the separate financial statements of the parent entity less any impairment charges. Dividends received from subsidiaries are recorded as a component of other revenues in the separate income statement of the parent entity, and do not impact the recorded cost of the investment. Upon receipt of dividend payments from subsidiaries, the parent will assess whether any indicators of impairment of the carrying value of the investment in the subsidiary exist. Where such indicators exist, to the extent that the carrying value of the investment exceeds its recoverable amount, an impairment loss is recognised.

(ii) Associates
Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

(iii) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transaction between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Non-controlling interests
Non-controlling interests are allocated their share of net profit or loss after tax in the statement of comprehensive income and are presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

Losses are attributed to the non-controlling interest even if that results in a deficit balance.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Changes in ownership interests
A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences, recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss, or retained earnings, as appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Further details on the segment reporting policy is provided in note 3.

(d) Foreign currency translation and balances

(i) Functional and presentation currency
The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

(ii) Transactions and balances
Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(e) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group, the revenue can be reliably measured and specific criteria have been met for each of the Group's activities. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services
Revenue from the provision of services to customers is recognised upon delivery of the services to the customers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Referral rights

Revenue received from the execution of Referral Rights Agreements is recognised over an 18 month period in accordance with the termination provisions embedded in the Referral Rights Agreements. Revenue is recognised in profit or loss in accordance with the following schedule:

Upon execution of the agreement	25% of the upfront fee
6 months following the date of the agreement	25% of the upfront fee
12 months following the date of the agreement	30% of the upfront fee
18 months following the date of the agreement	20% of the upfront fee

(iii) Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset

(iv) Dividends and distributions

Dividends and distributions are recognised when the Group's right to receive the payment is established.

(f) Other income

Other income includes recognition of gains on transactions which are non-operational or non-core in nature such as gains on disposal of investments, subsidiaries or other intangible assets. Income is brought to account after deduction of any applicable cost base from consideration proceeds received.

(g) Income tax and other taxes

(i) Income tax

Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(ii) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(iii) Tax consolidation

During the year the Group implemented the tax consolidation legislation and have formed a tax-consolidated group. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances only; and
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as intercompany payables or receivables.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(h) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases
Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of comprehensive income. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Operating leases
Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

Lease incentives received under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(i) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity issued by the Group, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs, other than the costs to issue debt or equity securities, are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration liability will be recognised in accordance with AASB 139 in profit or loss. When the contingent consideration is classified as equity, it should not be remeasured and any subsequent settlement is accounted for within equity.

(j) Impairment of non-financial assets

Non-financial assets other than goodwill, indefinite life intangibles and intangible assets not yet ready for use are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(l) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are categorised as either “financial assets at fair value through profit or loss”, “loans and receivables”, “held-to-maturity investments”, or “available-for-sale financial assets”. The classification depends on the nature and purpose for which the investments were acquired or originated.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Classification
Investments held for trading comprises securities held for short term trading purposes. They are classified as “financial assets at fair value through profit or loss”. Meanwhile, investment in a managed investment scheme is held for long term capital growth and dividend income purposes. It is classified as “available-for-sale financial assets”.

Recognition and derecognition
All regular way purchases and sales of financial assets are recognised on the trade date i.e., the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. Financial assets are derecognised when the right to receive cash flows from the financial assets has expired or when the Group transfers substantially all the risks and rewards of the financial assets. If the Group neither retains nor transfers substantially all of the risks and rewards, it derecognises the asset if it has transferred control of the assets.

Subsequent measurement
(i) Financial assets at fair value through profit or loss
Financial assets classified as held for trading are included in the category “financial assets at fair value through profit or loss”. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Financial assets held for trading are revalued with reference to the reporting date and closing bid prices. Gains or losses on such financial assets are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Loans and receivables

Loans and receivables including loans to an associate are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired. These are included in current assets, except for those with maturities greater than 12 months after balance date, which are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition, available-for sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the reporting date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis; and option pricing models, making as much use of available and supportable market data as possible and keeping judgemental inputs to a minimum.

(iv) Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Refer to Note 32(f) for classification of financial assets and liabilities by fair value.

(m) Plant and equipment

Cost and valuation

All classes of plant and equipment are stated at cost less depreciation and any accumulated impairment losses. Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. All other repairs and maintenance are recognised in profit or loss as incurred.

Depreciation

The depreciable amounts of all fixed assets are calculated using the diminishing balance method over their estimated useful lives commencing from the time the asset is held ready for use. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of asset are:

• Office and computer equipment	2 to 5 years
• Furniture and fittings	2 to 10 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

(n) Goodwill and intangibles

Goodwill
Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes, and is not larger than an operating segment determined in accordance with AASB 8, and includes the wealth management and asset management cash generating units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. When the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit (group of cash-generating units) and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this manner is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

Intangibles
Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired (see Note 1(i) for methodology). The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Amortisation is calculated using the straight line method to allocate the cost of separately identifiable intangible assets over their estimated useful lives as follows:

• Client contracts and related client relationships	not exceeding 15 years
• Website development	2 to 3 years
• Trademarks	10 years

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level consistent with the methodology outlined for goodwill above. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

(o) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Borrowings

All loans and borrowings are initially measured at fair value, net of transaction cost. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

The Group derecognises borrowings when, and only when, the Group's obligations are discharged, cancelled or they expire.

Borrowing costs
All borrowing costs are expensed in the period they occur unless they relate to a qualifying asset in which case they are capitalised until the asset is ready for its intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(q) Provisions and employee benefits

Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which, are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

Defined contribution superannuation plan

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(iv) Share-based payments

The consolidated entity operates a share-based payment employee share ownership scheme via the Easton Investments Share Ownership Plan. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market bid price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

(v) Bonus plans

The Group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(vi) Termination benefits

Termination benefits are payable when employment of an employee or group of employees is terminated before the normal retirement date, or when the entity provides termination benefits as a result of an offer made and accepted in order to encourage voluntary redundancy.

The consolidated entity recognises a provision for termination benefits when the entity can no longer withdraw the offer of those benefits, or if earlier, when the termination benefits are included in a formal restructuring plan that has been announced to those affected by it.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit/(loss) attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(iv) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

2. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

In application of the Group's accounting policies described in note 1, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill at 30 June 2014 was $9,253,061 (30 June 2013: $1,338,875) after an impairment loss of $1,129,825 was recognised during 2014 (2013: $185,222). Details of the impairment loss calculation are set out in note 15.

Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity.

2. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (continued)

The recoverable amount of a cash-generating unit is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period of up to 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

The carrying amount of non-financial assets other than goodwill at 30 June 2014 was $6,392,986 (30 June 2013: $6,900,490) after an impairment loss of $873,050 was recognised during 2014 (2013: $2,010,511). Details of the impairment loss calculation are set out in note 15.

Income tax
Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Fair value measurements
Certain financial assets and liabilities are measured at fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to note 32(f).

Share-based payment transactions

The Group measures the cost of equity-settled transactions with directors and employees by reference to the fair value of the equity instruments at the date at which they are granted. Fair value assessment includes the probability of non-market conditions being met. Refer to note 28.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

3. SEGMENT INFORMATION

(a) Description of segments

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, the Joint Managing Directors and the Chief Financial Officer.

Business Segments
The chief operating decision maker reviewed the segment structure of the Group following the completion of the Hayes Knight NSW Transaction and revised the business segments to better reflect the core activities of the Group.

3. SEGMENT INFORMATION (continued)

The consolidated entity has four reportable segments as described below:

- Wealth and asset management (comprising the Chesterfields Financial Services, Easton Wealth Protection, and Easton Asset Management businesses) which provides financial planning and risk insurance advice to high net worth individuals, self-managed superannuation funds and corporate clients and a distribution platform for managed funds in Asia;
- Distribution services (comprising the Knowledge Shop, Merit Wealth and Hayes Knight Referral Services businesses) which provides professional support services and dealer group services primarily to the accounting profession;
- Accounting and tax (comprising the Hayes Knight (NSW) business) which is a traditional accounting practice; and
- Corporate – comprises the parent entity (Easton Investments Limited) and includes revenue from its treasury function and corporate costs.

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

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

(i) Accounting policies adopted
Unless stated otherwise, all amounts reported to the Board of Directors, being the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(ii) Intersegment transactions
All intersegment transactions are at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements. Corporate costs are allocated to and recovered from reporting segments where there is a consumption of shared resources. Intersegment payables and receivables are initially recognised at the consideration received/to be received and are paid on account.

(iii) Segment assets
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(iv) Segment liabilities
Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

3. SEGMENT INFORMATION (continued)

(c) Segment results

The segment information provided to the Board of Directors and executive management team for the reportable segments for the year ended 30 June 2014 is as follows:

Consolidated 2014	**Wealth and asset management $**	**Distribution services $**	**Accounting and tax $**	**Corporate $**	**Total $**
Total segment net revenue	3,775,410	1,507,483	-	166,012	5,448,905
Interest income	32,673	3,755	-	56,159	92,587
Total revenue from continuing operations	3,808,083	1,511,237	-	104,645	5,541,492
Share of profits from associates	-	-	46,233	-	46,233
Total segment EBITA	(650,038)	295,868	46,198	(1,695,421)	(2,003,394)
Total segment profit/(loss) for the year	730,423	(11,766)	(24)	(2,349,468)	(1,630,835)
Significant items of segment expenses					
Salaries and employee benefits	1,360,435	803,626	-	782,777	2,946,838
Occupancy expenses	115,181	64,000	-	194,818	373,999
Professional fees	502,451	127,375	-	664,446	1,294,272
Administration expenses	201,195	140,963	-	33,471	375,629
Amortisation expense	220,659	39,681	11,330	-	271,671
Impairment charges	2,002,876	-	-	35,000	2,037,876
Interest expense	56,913	33,061	-	4	89,977
Income tax expense/(benefit)	496,214	131,086	(11)	(1,376,470)	(749,181)
Total segment assets	7,489,693	11,376,254	3,035,648	2,135,203	24,036,798
Total segment assets include:					
Investments in associates	-	-	3,034,903	-	3,034,903
Additions to non-current assets other than financial instruments and deferred tax assets – at fair value	1,646	9,992,970	-	1,130	9,995,746
Total segment liabilities	1,370,304	3,546,066	-	147,260	5,063,629

3. SEGMENT INFORMATION (continued)

The segment information provided to the Board of Directors and executive management team for the reportable segments for the year ended 30 June 2013 is as follows:

Consolidated 2013	Wealth and asset management $	Distribution services $	Accounting and tax $	Corporate $	Total $
Total segment revenue	3,476,301	-	-	12,000	3,488,301
Interest income	397	-	-	17,242	17,639
Total revenue from continuing operations	3,476,698	-	-	29,242	3,505,940
Share of losses from associates	(1)	-	-	-	(1)
Total segment EBITA	(1,472,498)	-	-	(1,691,176)	(3,163,674)
Total segment loss for the year	(1,623,671)	-	-	(1,783,405)	(3,407,076)
Salaries and employee benefits	1,452,951	-	-	729,417	2,182,368
Occupancy expenses	218,370	-	-	102,958	321,328
Professional fees	666,409	-	-	256,970	923,379
Administration expenses	273,174	-	-	41,834	315,009
Amortisation expense	36,609	-	-	400,342	436,951
Impairment charges	1,904,234	-	-	114,044	2,018,278
Interest expense	36,764	-	-	53,165	89,929
Income tax expense/(benefit)	78,739	-	-	(256,638)	(177,899)
Total segment assets	11,169,168	-	-	2,380,933	13,550,101
Total segment assets include:					
Additions to non-current assets other than financial instruments and deferred tax assets – at fair value	4,365,931	-	-	36,623	4,402,554
Total segment liabilities	1,548,781	-	-	2,508,612	4,057,933

4. REVENUE

	2014 $	2013 $
Revenue from continuing operations		
Sales revenue		
Gross fees and commissions received	**10,683,543**	5,752,330
Deduct: Fees and commissions paid	**(5,411,598)**	(2,338,891)
Net revenue from services	**5,271,945**	3,413,439
Interest income	**92,587**	17,639
Other income	**176,960**	74,862
	5,541,492	3,505,940

5. OTHER INCOME AND EXPENSE ITEMS

	2014 $	2013 $
Profit from continuing operations before income tax has been determined after the following specific items:		
Employee benefits expense		
Salaries and wages	**2,472,105**	1,908,656
Defined contribution superannuation expense	**183,561**	137,612
Other employee benefits	**291,172**	136,100
	2,946,838	2,182,368
Depreciation and amortisation of non-current assets		
Depreciation		
Office equipment	**30,082**	20,874
Furniture, fittings and leasehold improvements	**11,401**	16,662
	41,483	37,536
Amortisation		
Trademarks and website	**-**	87,940
Referral rights	**1,667**	-
Client lists and relationships	**257,674**	349,011
Client lists and relationships – equity accounted investments	**11,330**	-
	271,671	436,951
Total depreciation and amortisation of non-current assets	**313,154**	474,487
Finance Costs expensed		
Bank loans and overdrafts	**89,977**	89,929
Impairment losses		
Distribution rights	**873,050**	583,267
Client lists and relationships	**-**	1,320,968
Goodwill	**1,129,826**	-
Other financial assets	**35,000**	114,043
	2,037,876	2,018,278
Other income		
Net gain on disposal of subsidiaries	**93,797**	22,129
Net gain on disposal of investments	**84,426**	-
Net gain on disposal of investment in associates	**65,513**	-
	243,736	22,129
Other expenses		
Net foreign exchange gain/(loss)	**(6,137)**	14,402
Net loss on investments held for trading	**-**	(219,421)
Net loss on disposal of intangible assets	**(188,523)**	-

6. INCOME TAXES

	2014 $	2013 $
(a) Components of tax expense/(benefit)		
Current tax	**82,194**	100,716
Deferred tax	**(814,080)**	(278,615)
Over provision in prior years	**(17,295)**	-
Total	**(749,181)**	(177,899)

(b) Prima facie tax payable

The prima facie tax payable on profit/loss before income tax is reconciled to the income tax expenses as follows:

	2014 $	2013 $
Loss before tax	**(2,380,016)**	(3,584,975)
Prima facie income tax on the profit/(loss) before income tax at 30% (2013: 30%)	**(714,006)**	(1,075,492)
Tax effect of:		
Non-allowable deductions	**195,281**	262,484
Amortisation of intangible assets	**80,937**	104,703
Impairment charges	**611,363**	430,503
Tax benefit arising from franked dividend rebate	**(46,366)**	-
DTA recognised on capital losses	**-**	(131,327)
Non-assessable foreign income	**-**	(13,897)
Other non-assessable income	**(82,870)**	(86,568)
Other assessable income	**137,567**	-
Tax losses brought to account (net of de-recognised losses)	**(913,792)**	-
Over provision in prior years	**(17,295)**	-
Deferred tax asset not brought to account	**-**	331,696
Income tax expense/(benefit) attributable to profit or loss	**(749,181)**	(177,899)

(c) Current tax

	2014 $	2013 $
Current tax relates to the following:		
Current tax (liabilities)/assets		
Opening balance	**(100,716)**	(72,431)
Charged to income	**(82,194)**	(100,716)
Tax payments	**185,040**	121,989
Acquisitions/disposals	**(101,619)**	(49,558)
Over provision in prior years	**17,295**	-
Closing balance	**(82,194)**	(100,716)

(d) Deferred tax

	2014 $	2013 $
Deferred tax relates to the following:		
Deferred tax assets/(liabilities)		
Opening balance	**210,259**	424,914
Charged to income	**814,080**	278,615
Charged to equity	**9,438**	(66,587)
Acquisitions/disposals	**46,702**	(426,683)
Closing balance	**1,080,479**	210,259

6. INCOME TAXES (continued)

	2014	2013
	$	$
Amounts recognised in the consolidated statement of financial position:		
Deferred tax asset	**1,501,571**	593,399
Deferred tax liability	**(421,092)**	(383,140)
	1,080,479	210,259
Deferred income tax at 30 June relates to the following:		
Deferred tax assets:		
Blackhole expenditure	**149,821**	149,588
Accruals and provisions	**168,497**	63,664
DTA recognised on capital losses	**66,893**	131,327
DTA recognised on revenue losses	**1,116,360**	248,820
	1,501,571	593,399
Deferred tax liabilities:		
Fair value of assets acquired in a business combination	**(284,547)**	-
Accrued income	**(90,000)**	-
Unrealised capital gain	**(48,900)**	(383,140)
Other	**2,355**	-
	(421,092)	(383,140)
Net deferred tax assets	**1,080,479**	210,259

(e) Tax losses

Tax losses brought to account

As at 30 June 2014, the Group has estimated un-recouped operating income tax losses of $3,721,200 (2013: $4,702,471). The benefit of these losses of $1,116,360 was brought to account as the directors now believe that realisation is probable. The group also has un-recouped capital tax losses of $222,977 with a tax benefit of $66,893 to be offset against capital gains in future periods.

The Group has only brought to account the tax losses incurred in those entities for which the directors believe that it is probable that future taxable profit will be available, against which the unused tax losses can be utilised.

The benefit will only be obtained if:

- the Group derives future assessable income of a nature and an amount sufficient to enable the benefits from the deductions for the losses to be realised;
- the Group continues to comply with the conditions for deductibility imposed by the law; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the losses.

Tax losses not brought to account

As at 30 June 2014, the Group has estimated unrecouped operating income tax losses of $1,515,232 which have been transferred into the tax consolidated group and are subject to available fraction. The benefit of these losses of $454,570 was not brought to account but can be utilised after all group tax losses have been extinguished.

Unrecognised temporary differences

As 30 June 2014, there are no unrecognised temporary differences associated with the Group's investment in subsidiaries and associates, as the Group has no liability for additional taxation should unremitted earnings be remitted (2013: Nil).

6. INCOME TAXES (continued)

(f) Franking credit balance

	Parent	
	2014	2013
	$	$
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of the financial year at 30% (2013: 30%)	**181,913**	116,420

7. EARNINGS PER SHARE

	2014	2013
	Cents	Cents
(a) Basic earnings per share[1]		
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(8.04)**	(30.27)
(b) Diluted earnings per share[1]		
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(8.04)**	(30.27)

The following reflects the income used in the basic and diluted earnings per share computations:

	2014	2013
	$	$
(c) Earnings used in calculating earnings per share		
For basic earnings per share:		
Net profit/(loss) attributable to ordinary equity holders of the Company	**(1,709,007)**	(3,489,563)
For diluted earnings per share:		
Net profit/(loss) attributable to ordinary equity holders of the Company	**(1,709,007)**	(3,489,563))
(d) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share[1]	**21,266,737**	11,528,190
Effect of dilution:		
Share options	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**21,266,737**	11,528,190

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. This includes a restatement of the weighted average number of ordinary shares used as the denominator in calculating earnings per share.*

(e) Information on the classification of securities

Options and performance rights granted to directors of the Company and key management personnel of the Group as described in note 28 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. The options and performance rights have not been included in the determination of basic earnings per share.

The 1,540,000 performance rights granted during the year are not included in the calculation of diluted earnings per share because they are antidilutive for the year ended 30 June 2014. These performance rights are considered to potentially dilute basic earnings per share in the future only when they have vested. No performance rights have vested as at 30 June 2014.

8. CASH AND CASH EQUIVALENTS

	2014 $	2013 $
Cash at bank and on hand[1]	**2,590,651**	1,464,509

1. *The Company undertook a fully underwritten 1 for 3 rights issue prior to the year ended 30 June 2013. As at 30 June 2013, a total of $752,411 in application monies had been received and was held under escrow until the balance of cash from the rights issue was received in full (refer note 11) and the shares issued. The escrow on the application monies was lifted when the shares were issued on 3 July 2013.*

9. RECEIVABLES

	2014 $	2013 $
Accrued income	**612,622**	-
Other debtors and receivables	**389,746**	234,589
	1,002,368	234,589

Current receivables are non-interest bearing. A provision for impairment is recognised when there is objective evidence that an individual trade is impaired. No provisions for impairment are required to be recognised since no receivables are past their due date (2013: Nil).

10. ASSETS AND ASSOCIATED LIABILITIES HELD FOR SALE

	2014 $	2013 $
Client book held for sale to associate	**-**	644,415
Employee provisions associated with client book held for sale	**-**	9,928

At 30 June 2013, a financial planning client book acquired from Cochrane Shaw Capital Management Pty Ltd (**CSCM**) was held for sale pursuant to incomplete arrangements with Axial Wealth Management Pty Ltd (**Axial**), an associate entity of the Group. At 30 June 2013, this disposal had not been completed. An employee, previously employed by CSCM, was transferred to Axial as part of the disposal of the client book and the liability for employee entitlements transferred upon completion, which occurred on 30 July 2013.

11. OTHER CURRENT ASSETS

	2014 $	2013 $
Share proceeds receivable[1]	**-**	1,398,318
Prepayments	**88,220**	52,500
Other current assets	**2,276**	814
	90,496	1,451,632

1. *The Company undertook a fully underwritten 1 for 3 rights issue prior to the year ended 30 June 2013. The balance of cash receivable from the rights issue was received on 3 July 2013.*

12. OTHER FINANCIAL ASSETS

	2014 $	2013 $
Non-current		
Held-to-maturity investments carried at amortised cost		
Term deposits[1]	**86,106**	86,106

1. *The term deposits are pledged as security for bank undertakings in favour of the lessors of the Group's current offices as disclosed in note 29.*

13. EQUITY ACCOUNTED INVESTMENTS

	2014 $	2013 $
Equity accounted associated entities	**3,034,903**	-

Investments in associated entities are accounted for using the equity method in the consolidated entity and carried at cost in the parent entity.

(a) Carrying amounts

Interest is held in the following associated companies:

Name of Company	Principal activity	Ownership interest 2014 %	Ownership interest 2013 %	Carrying amount 2014 $	Carrying amount 2013 $
Hayes Knight (NSW) Pty Ltd[1]	Accounting and tax	30.6	-	3,034,903	-
Axial Wealth Management Pty Ltd[2]	Wealth management	-	20.0	-	-
				3,034,903	-

The principal place of business of the above associated companies is Australia.

1. During the year, the Group acquired a 30% interest in the following entities:
   - Hayes Knight (NSW) Pty Ltd; and
   - Hayes Knight Services (NSW) Pty Ltd

   (together, **HKNSW**)

   The acquisition was completed as part of the Hayes Knight NSW Transaction on 19 March 2014 with an effective date of 1 February 2014. Consideration paid for this interest was $2,760,000 on the completion date. Subsequent to this transaction, HKNSW issued new equity as the result of a tuck-in acquisition of a client book which diluted the Group's interest in HKNSW. On 30 June 2014, the Group acquired additional equity as part of a succession plan at HKNSW for consideration of $240,000 resulting in a replenishment of its interest in to 30.6%.

2. During the year, the Group disposed of its 20% interest in Axial Wealth Management Pty Ltd with an effective date of 30 April 2014 for consideration of $65,513.

13. EQUITY ACCOUNTED INVESTMENTS (continued)

(b) Movements in carrying amounts

	2014 $	2013 $
Carrying amount at the beginning of the financial year	**-**	-
Acquisition of ownership interest	**3,000,000**	1
Share of profits or losses after income tax – refer (c) below	**46,233**	(1)
Amortisation of intangible assets	**(11,330)**	-
Carrying amount at the end of the financial year	**3,034,903**	-

(c) Share of associates' profits or losses

	2014 $	2013 $
Profit/(loss) before income tax	**66,045**	(1)
Income tax expense	**(19,812)**	-
Profit/(loss) after income tax	**46,233**	(1)

(d) Summarised financial information for associates

The table below provides summarised financial information for the principal associates of the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts.

	HKNSW[1]		**AXIAL**	
Summarised statement of financial position	**30 June 2014 $**	30 June 2013 $	**30 June 2014 $**	30 June 2013 $
Current assets	**1,485,624**	-	**-**	40,717
Non-current assets	**3,400,778**	-	**-**	2,516
Current liabilities	**(868,720)**	-	**-**	(24,680)
Non-current liabilities	**(984,214)**	-	**-**	(36,393)
Net assets	**3,033,468**	-	**-**	(17,839)
Summarised statement of comprehensive income				
Revenue	**2,290,105**	-	**-**	249,180
Profit from operations	**154,298**	-	**-**	(17,839)

1. *Information provided in the summarised statement of comprehensive income for HKNSW reflects the activity for the period 1 February 2014 to 30 June 2014.*

14. PLANT AND EQUIPMENT

Year ended 30 June 2014	Office equipment $	Furniture & fittings $	Leasehold improvements $	Total $
Net carrying amount as at 1 July 2013	59,830	32,349	2,892	95,071
Additions	2,115	1,130	-	3,245
Acquisition through business combinations	27,823	-	-	27,823
Depreciation charge	(30,082)	(11,256)	(145)	(41,483)
Net carrying amount as at 30 June 2014	**59,686**	**22,223**	**2,747**	**84,656**
At 30 June 2014				
Cost	137,998	71,648	3,446	213,092
Less accumulated depreciation	(78,312)	(49,425)	(699)	(128,436)
Net carrying amount	**59,686**	**22,223**	**2,747**	**84,656**

Year ended 30 June 2013	Office equipment $	Furniture & fittings $	Leasehold improvements $	Total $
Net carrying amount as at 1 July 2012	109,032	20,562	3,045	132,639
Additions	5,637	4,954	87	10,678
Disposals	(5,107)	(5,603)	-	(10,710)
Transfers	(28,858)	28,858	-	-
Depreciation charge	(20,874)	(16,422)	(240)	(37,536)
Net carrying amount as at 30 June 2013	**59,830**	**32,349**	**2,892**	**95,071**
At 30 June 2013				
Cost	84,046	69,858	3,446	157,350
Less accumulated depreciation	(24,216)	(37,509)	(554)	(62,279)
Net carrying amount	**59,830**	**32,349**	**2,892**	**95,071**

15. INTANGIBLE ASSETS

Year ended 30 June 2014	Website & trademarks $	Distribution rights $	Client lists & relationships $	Goodwill $	Total $
Net carrying amount as at 1 July 2013	-	3,666,000	3,234,490	1,338,875	8,239,365
Additions through business combinations (note 34)	-	-	948,489	9,044,012	9,992,501
Additions	-	-	200,000	-	200,000
Disposals	-	-	(522,764)	-	(522,764)
Amortisation charge	-	-	(260,179)	-	(260,179)
Impairment charge	-	(873,050)	-	(1,129,826)	(2,002,876)
Net carrying amount as at 30 June 2014	-	2,792,950	3,600,036	9,253,061	15,646,047
At 30 June 2014					
Cost or fair value	-	2,792,950	4,195,672	9,253,061	16,241,683
Less accumulated amortisation	-	-	(595,636)	-	(595,636)
Net carrying amount	-	2,792,950	3,600,036	9,253,061	15,646,047

Year ended 30 June 2013	Website & trademarks $	Distribution rights $	Client lists & relationships $	Goodwill $	Total $
Net carrying amount as at 1 July 2012	31,281	-	4,399,159	1,563,855	5,994,295
Additions through business combinations	10,795	4,249,267	570,496	-	4,830,558
Additions	45,487	-	3,274,268	109,892	3,429,647
Disposals	-	-	(2,588,386)	(149,650)	(2,738,036)
Transfer to assets held for sale	-	-	(644,415)	-	(644,415)
Amortisation charge	(87,563)	-	(349,388)	-	(436,951)
Impairment charge	-	(583,267)	(1,427,244)	(185,222)	(2,195,733)
Net carrying amount as at 30 June 2013	**-**	**3,666,000**	**3,234,490**	**1,338,875**	**8,239,365**
At 30 June 2013					
Cost or fair value	110,912	3,666,000	3,617,678	1,338,875	8,733,465
Less accumulated amortisation	(110,912)	-	(383,188)	-	(494,100)
Net carrying amount	-	3,666,000	3,234,490	1,338,875	8,239,365

15. INTANGIBLE ASSETS (continued)

Impairment tests for goodwill and intangible assets with indefinite useful lives

(i) Goodwill

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to business segment. A segment-level summary of the goodwill allocation is presented below:

	2014 $	2013 $
Wealth and asset management	**209,049**	1,338,876
Distribution services	**9,044,012**	-
	9,253,061	1,338,876

The Group tests whether goodwill has suffered any impairment on an annual basis. The recoverable amount of goodwill is based on value-in-use calculations which are based on projected cash flows approved by management covering a period of up to 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

The following table sets out the key assumptions for those segments that have significant goodwill allocated to them:

	Revenue growth rate		Expense growth rate		Discount rate	
	2014 %	2013 %	**2014 %**	2013 %	**2014 %**	2013 %
Wealth and asset management	**5.0**	6.0	**5.0**	3.0	**15.0**	15.0
Distribution services	**2.5**	N/a	**5.0**	N/a	**15.0**	N/a

Wealth and asset management segment

Goodwill of $63,388 was attributable to the EAM Portfolio Management client book that was disposed of for $1 during the year. As a result of the asset disposal, the goodwill was no longer supported and was immediately impaired in full.

Goodwill of $1,066,437 was attributable to Easton Wealth Australia Pty Ltd (EWA), which previously undertook dealer group activities supporting eight authorised representatives. During the year, the dealer group activities were rationalised with the termination of six authorised representative agreements and the remaining two authorised representatives operating under Chesterfields. Dealer group fees are no longer charged by EWA. The value-in-use calculations concluded that the recoverable amount of the goodwill attributable to EWA does not exceed the carrying amount of the goodwill to the extent of the carrying amount and an impairment charge of $1,066,437 has been recognised in the statement of comprehensive income.

Distribution services segment

The value-in-use calculations concluded that the recoverable amount of the goodwill attributable to the distribution services segment exceeds the carrying amount of goodwill.

(ii) Distribution Rights

Distribution rights are allocated to the wealth and asset management segment and have an indefinite useful life. The Group tests whether the right to future income has suffered any impairment on an annual basis. The recoverable amount of this intangible asset is based on value-in-use calculations which are based on projected cash flows approved by management covering a period of up to 5 years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

15. INTANGIBLE ASSETS (continued)

The following table sets out the key assumptions for the impairment testing of Distribution Rights:

	Revenue growth rate		Expense growth rate		Discount rate		Terminal value probability
	2014	2013[1]	**2014**	2013	**2014**	2013	
	%	%	**%**	%	**%**	%	%
Distribution rights	**10.0**	24.3	**10.0**	3.0	**15.0**	15.0	25.0

1. *The assumption for revenue growth used in the prior year impairment test was a varied growth rate year on year for 4 years – the average revenue growth rate was 24.3%. During the current reporting year management has revised this assumption and applied a probability factor to the terminal value used in the calculation of the present value of future cash flows. The revised assumptions reflect a reassessment by management of the risks associated with this asset.*

The value-in-use calculations concluded that the recoverable amount of the distribution rights intangible asset does not exceed its carrying amount and an impairment charge of $873,050 has been recognised in the statement of comprehensive income.

16. INVESTMENTS

	2014	2013
	$	$
Shares in unlisted entities at fair value	**-**	1,124,155
Comprising:		
Shares in AAM Advisory Pte Ltd[1]	**-**	1,065,575
Shares in API Capital Pty Ltd[2]	**-**	58,580
	-	1,124,155

1. *During the year the Group disposed of its 19.9% interest in AAM Advisory Pte Ltd to a related party for consideration of $1,150,000 which was approved by shareholders at an extraordinary general meeting on 30 January 2014. This transaction realised a gain on disposal of $84,425 which has been recognised in the statement of comprehensive income.*
2. *During the year the Company disposed of its 19.9% interest in API Capital pursuant to an Options Cancellation Deed which was approved by shareholders at the annual general meeting on 29 November 2013.*

17. TRADE AND OTHER PAYABLES

	2014	2013
	$	$
Current		
Trade payables	**606,515**	386,894
Other payables and accruals	**681,990**	472,339
Carrying amount of trade and other payables	**1,288,505**	859,233

Trade and other payables are normally settled on 30 day terms. Interest rates are disclosed in note 32(c). Due to the short-term nature of these payables, their carrying value is assumed to approximate to their fair value.

18. PROVISIONS AND EMPLOYEE BENEFITS

	2014 $	2013 $
Current		
Provision for annual leave	**114,013**	44,509
Provision for fringe benefits tax	**-**	1,500
Provision for audit and tax fees	**76,083**	-
	190,096	46,009
Non-current		
Provision for long service leave	**19,728**	-

19. BORROWINGS

	2014 $	2013 $
Current		
Bank loans (secured)	**777,121**	891,318

The Group has the following secured loan facilities provided by Westpac Bank:

(i) Bank bill business loan facility with an initial limit of $850,000 drawn in November 2012 by Easton Wealth Australia Pty Ltd. The purpose of this facility was to fund the acquisition of the insurance client book by Easton Wealth Protection Pty Ltd (EWP) from Altitude Private Wealth Pty Ltd. The loan has been subject to monthly principal and interest repayments. It is secured by a limited guarantee and indemnity provided by EWP supported by a general security agreement over all existing assets and future assets and undertakings of EWP. The total fair value of existing assets held by EWP at 30 June 2014 is $1,218,478 (2013: $1,321,762). The balance of the loan outstanding at 30 June 2014 is $768,540 (2013: $832,818).

(ii) Bank bill business loan facility with an initial limit of $3,000,000 drawn in March 2014 by Easton Distribution Services Pty Ltd (EDS) and subsequently repaid. The purpose of this facility was to initially fund the acquisition of the Hayes Knight NSW businesses. It is secured by a limited debt and interest guarantee and indemnity provided by the entities acquired in the Hayes Knight NSW Transaction supported by general security agreements over all existing assets and future assets and undertakings of the Hayes Knight NSW entities and EDS. The total fair value of existing assets held by EDS at 30 June 2014 is $13,432,385 (2013: $Nil). The balance of the loan outstanding at 30 June 2014 is $8,581 (2013: $Nil).

(a) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2014 and 2013 reporting periods. Under the terms of the borrowing facilities, the Group is required to comply with the following financial covenants:

(i) Interest cover
(ii) Cash available for debt servicing
(iii) Working capital
(iv) Gearing
(v) Recurring revenue targets

The Group is not in breach of any bank covenants under the loan facilities with Westpac Bank.

19. BORROWINGS (continued)

(b) Loan facilities

	2014	2013
	$	$
Bank loan facilities	**3,675,933**	891,318
Amount utilised	**777,121**	891,318
Unused loan facility	**2,898,812**	-

20. PROVISION FOR CONTINGENT CONSIDERATION

	2014	2013
	$	$
Current		
Provision for contingent consideration – business combinations	**1,194,518**	-
Non-current		
Provision for contingent consideration – business combinations	**706,830**	-

Contingent consideration is payable to the vendors of the Hayes Knight NSW entities pursuant to a share sale deed and is subject to specific performance hurdles achieved each year in the first 3 years from the effective date of the business combination. The fair value of the contingent consideration was estimated by calculating the present value of the future expected consideration payable using a discount rate of 15% and assumed probability of performance hurdles being achieved of 100%.

21. OTHER LIABILITIES

	2014	2013
	$	$
Deferred revenue	**383,545**	-
Share placement advanced[1]	**-**	2,150,729
	383,545	2,150,729

1. *The Company raised $2,150,729 (before costs) under a rights offer to acquire 1 new ordinary share at $0.10 for every 3 existing fully paid ordinary shares as announced on 30 May 2013 (including a shortfall, which was fully underwritten). The balance of cash receivable from the rights issue was received on 3 July 2013 (refer note 11) and 21,507,294 new fully paid ordinary shares were allotted to shareholders on 3 July 2013 and the above amount transferred to equity on that date.*

22. CONTRIBUTED EQUITY

(i) Issued and paid up capital

	2014	2013
	$	$
Ordinary shares fully paid	**25,986,300**	14,991,285

22. CONTRIBUTED EQUITY (continued)

(ii) Movements in ordinary share capital

		Notes	Number of Shares	$
Year ended 30 June 2013				
1 July 2012	Opening balance		37,569,722	8,887,884
30 August 2012	Ordinary share placement	(i)	17,080,000	4,270,000
3 September 2012	Ordinary share placement	(ii)	4,090,908	900,000
23 January 2013	Ordinary share placement	(iii)	5,000,000	1,000,000
1 February 2013	Ordinary share placement	(iv)	781,250	132,812
				15,190,696
Less: Transaction costs arising on share issue				(200,612)
Add: Current tax credit recognised directly in equity				1,201
30 June 2013	Balance		64,521,880	14,991,285
Year ended 30 June 2014				
1 July 2013	Opening balance		64,521,880	14,991,285
6 July 2013	Ordinary share placement	(v)	21,507,294	2,150,729
2 August 2013	Ordinary share placement	(vi)	10,000,000	1,500,000
10 December 2013	Corporate action	(vii)	(76,823,288)	-
25 March 2014	Ordinary share issue	(viii)	8,194,444	7,375,000
				26,017,014
Less: Transaction costs arising on share issue				(40,152)
Add: Current tax credit recognised directly in equity				9,438
30 June 2014	Balance		27,400,330	25,986,300

(i) On 30 August 2012, 17,080,000 ordinary shares of $0.25 per share were issued in relation to the acquisition of Easton Asset Management Pty Ltd.

(ii) On 3 September 2012, 4,090,908 ordinary shares of $0.22 per share were issued to sophisticated and professional investors to fund working capital requirements and future acquisitions.

(iii) On 23 January 2013, 5,000,000 ordinary shares of $0.20 per share were issued to sophisticated and professional investors to fund working capital requirements and future acquisitions.

(iv) On 1 February 2013, 781,250 ordinary shares of $0.30 per share were issued in relation to the acquisition of a 19.9% interest in AAM Advisory Pte Ltd. The market price of shares issued on that date was $0.17.

(v) On 6 July 2013, 21,507,294 ordinary shares of $0.10 per share were issued under a 1 for 3 rights offer.

(vi) On 2 August 2013, 10,000,000 ordinary shares of $0.15 per share were issued to sophisticated and professional investors to fund future acquisitions.

(vii) On 10 December 2013, the Company completed a 1 for 5 share consolidation resulting in a reduction of 76,823,288 to the number of shares on issue.

(viii) On 25 March 2014, 8,194,444 ordinary shares of $0.90 per share were issued to the vendors of Hayes Knight (NSW) Pty Ltd and associated entities as part consideration for the acquisition of the Hayes Knight NSW businesses.

(iii) Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. The voting rights attached to the ordinary shares at a general meeting of shareholders are such that on a show of hands every member present (in person or by proxy) shall have one vote and on a poll one vote for each share held. Ordinary shares have no par value.

22. CONTRIBUTED EQUITY (continued)

(iv) Employee share scheme

There have been no ordinary shares issues under the Easton Investments Employee Share Ownership Plan during the year.

(v) Options

Details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, under the Easton Investments Employee Share Ownership Plan, are set out in Note 28.

(vi) Performance rights

Details of performance rights granted, vested and lapsed during the financial year and performance rights outstanding at the end of the financial year under the Easton Investments Employee Share Ownership Plan, are set out in Note 28.

(vii) Capital risk management

When managing capital, it is management's objective to safeguard its ability to continue as a going concern so that it can provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. The Group is currently not in a position to pay dividends to shareholders.

Management monitors capital through the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings as shown in the balance sheet less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

The gearing ratios at 30 June 2014 and 30 June 2013 were as follows:

	Notes	**2014** $	2013 $
Total borrowings	19	**777,121**	891,318
Less: cash and cash equivalents	8	**(2,590,651)**	(1,464,509)
Net cash and borrowings		**(1,813,530)**	(573,191)
Total equity		**18,973,169**	9,492,168
Total capital		**17,159,639**	8,918,977
Gearing ratio		**0.0%**	0.0%

The Group has zero net debt due to cash balances exceeding drawn borrowings.

23. RESERVES

	Available-for-sale revaluation reserve $	Share based payments reserve $	Other reserve $	Total $
Year ended 30 June 2014				
At 1 July 2013	-	58,580	25,338	83,918
Cancellation of options on disposal of investment	-	(58,580)	-	(58,580)
Employee incentive plan	-	58,133	-	58,133
At 30 June 2014	-	58,133	25,338	83,471
Year ended 30 June 2013				
At 1 July 2012	(158,173)	75,000	-	(83,173)
Options expired during the year	-	(75,000)	-	(75,000)
Net gain on available-for-sale investments	158,173	-	-	158,173
Issue of options on acquisition of investment	-	58,580	-	58,580
Acquisition of remaining interest in subsidiary	-	-	(14,014)	(14,014)
Disposal of non-controlling interest in subsidiary	-	-	39,352	39,352
At 30 June 2013	-	58,580	25,338	83,918

Available-for-sale revaluation reserve
This reserve records movement in the fair value of available-for-sale financial assets.

Share based payments
The employee equity benefits reserve relates to share options granted to the key management personnel under the employee share option plan. Further information about share-based payments to key management personnel is set out in the Remuneration Report.

Options reserve
The options reserve relates to share options granted to the shareholders of API Capital as consideration for the Group's 19.9% interest in API Capital. The options granted were cancelled pursuant to an Option Cancellation Deed which was approved by shareholders at the annual general meeting on 29 November 2013.

24. ACCUMULATED LOSSES

	2014 **$**	2013 $
Balance 1 July	**(5,951,322)**	(2,536,759)
Loss attributable to owners of the Company	**(1,709,007)**	(3,489,563)
Equity transfer for expired options	**-**	75,000
Balance 30 June	**(7,660,329)**	(5,951,322)

25. NON-CONTROLLING INTERESTS (NCI)

	2014	2013
	$	$
Contributed equity	**485,800**	285,800
Retained profits	**77,927**	82,487
	563,727	368,287

(i) Summarised financial information

The Group has one subsidiary with a non-controlling interest, Chesterfields Financial Services Pty Ltd (**Chesterfields**), at the reporting date. Set out below is summarised financial information for Chesterfields. The amounts disclosed are before intercompany eliminations.

	CHESTERFIELDS	
	30 June 2014	30 June 2013
Summarised statement of financial position	**$**	$
Current assets	**149,979**	235,281
Current liabilities	**180,509**	263,909
Current net assets	**(30,530)**	(28,628)
Non-current assets	**1,109,281**	915,317
Non-current liabilities	**-**	-
Non-current net assets	**1,109,281**	915,317
Net assets	**1,078,751**	886,689
Summarised statement of comprehensive income		
Revenue	**1,254,999**	1,225,608
Profit for the period	**187,062**	200,926
Profit allocated to NCI	**78,172**	82,487
Dividends paid to NCI	**86,812**	42,000
Summarised cash flows		
Cash flows from operating activities	**(33,739)**	121,597
Cash flows from investing activities	**(200,000)**	680
Cash flows from financing activities	**141,500**	(120,153)
Net increase in cash and cash equivalents	**(92,239)**	2,124

(ii) Individually immaterial subsidiaries with non-controlling interests

In addition to the subsidiary disclosed above, during the year the Group also had a 51% interest in Incito Wealth Pty Ltd which was considered to be immaterial to the Group. The Group's interest in this subsidiary was disposed of to the non-controlling interest on 30 August 2013.

(iii) Transactions with non-controlling interests

On 30 April 2014, Chesterfields provided an additional 10% of issued equity to its non-controlling interest for consideration of $200,000. This transaction had the impact of diluting the Group's controlling interest from 58.01% to 52.20% and thereby increasing the equity attributable to non-controlling interests by $200,000.

26. CASH FLOW STATEMENT RECONCILIATION

(a) Reconciliation of net loss after tax to net cash flows used in operations

	2014	2013
	$	$
Net loss after income tax	**(1,630,835)**	(3,407,076)
Adjustments for non-cash items:		
Loss/(gain) on disposal of client book	**188,523**	(24,129)
Gain on disposal of subsidiary	**(93,797)**	(22,129)
Gain on disposal of associate	**(65,513)**	-
Gain on disposal of investments	**(84,425)**	-
Depreciation	**41,483**	37,536
Amortisation	**271,671**	436,951
Impairment of separately identifiable intangible assets	**873,050**	1,719,013
Impairment of goodwill	**1,129,826**	185,222
Impairment of loan to related party	**35,000**	58,003
Impairment of convertible notes	**-**	56,040
Non-cash employee benefits expense – share-based payments	**58,133**	-
Transfers from reserve on realisation of 'available for sale' financial instruments	**-**	158,173
Share of associates' net (profit)/loss	**(46,233)**	1
Notional interest charge on present value of contingent consideration	**107,561**	-
Movements in assets and liabilities on disposal of non-controlling interest in a subsidiary	**4,080**	-
Changes in assets and liabilities		
Decrease in trade, other receivables and other assets	**173,005**	117,049
Increase in deferred tax assets	**(911,163)**	(92,179)
Increase in assets and liabilities acquired through business combinations	**(38,017)**	-
(Decrease)/increase in trade and other payables	**(137,625)**	160,056
Increase/(decrease) in provisions and employee benefits	**70,516**	(28,664)
(Decrease)/increase in current tax liability	**(17,176)**	28,285
Increase in deferred tax liability	**87,645**	-
Net cash flows from/(used in) operating activities	**15,709**	(617,848)

26. CASH FLOW STATEMENT RECONCILIATION (continued)

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2014	2013
	$	$
Cash at bank	**2,590,651**	1,464,509
Closing cash balance (note 8)	**2,590,651**	1,464,509

(c) Non-cash financing and investing activities

The Company had a margin loan facility in place from a subsidiary of a major bank which was repayable under certain circumstances of default. The facility had a credit limit of $600,000 and was not utilised. During the financial year, the Company closed the facility.

27. RELATED PARTY DISCLOSURES

(a) Parent entity

The parent entity within the Group is Easton Investments Limited (refer to note 33 for information relating to the parent entity).

(b) Subsidiaries

The consolidated financial statements include the financial statements of the parent entity and its controlled entities, both directly and indirectly owned, listed in the following table:

Subsidiary Name	Country of incorporation	Proportion of ownership interest and voting power held (%) 2014	2013
Easton Wealth Australia Pty Ltd	Australia	**100.0**	100.0
Easton Wealth Protection Pty Ltd	Australia	**100.0**	100.0
Chesterfields Financial Services Pty Ltd	Australia	**52.2**	58.0
Easton Wealth Asia Pty Ltd	Australia	**100.0**	100.0
Easton Asset Management Pty Ltd	Australia	**100.0**	100.0
Knowledge Shop Professional Consulting Pty Ltd[1]	Australia	**100.0**	-
HK Financial Services Pty Ltd[1]	Australia	**100.0**	-
Merit Wealth Pty Ltd[1]	Australia	**100.0**	-
Merit Planning Pty Ltd[1]	Australia	**100.0**	-
Hayes Knight Referral Services Pty Ltd[1]	Australia	**100.0**	-
Incito Wealth Pty Ltd[2]	Australia	**-**	51.0
Absolute Asset Management Limited[3]	Cayman Islands	**-**	100.0

1. *The Group acquired its interest in Knowledge Shop Professional Consulting Pty Ltd, HK Financial Services Pty Ltd, Merit Wealth Pty Ltd, Merit Planning Pty Ltd and Hayes Knight Referral Services Pty Ltd on 19 March 2014 with and effective date of 1 February 2014.*
2. *The Group disposed of its interest in Incito Wealth Pty Ltd on 31 August 2013.*
3. *The Group disposed of its interest in Absolute Asset Management Limited on 30 November 2013.*

27. RELATED PARTY DISCLOSURES (continued)

(c) Key management personnel compensation

	2014	2013
	$	$
Short-term employment benefits	**1,345,797**	997,233
Post-employment benefits	**77,145**	64,339
Termination benefits	**216,071**	-
Share-based payments	**55,399**	2,653
Total remuneration	**1,694,412**	1,064,225

Detailed remuneration disclosures are provided in the remuneration report on pages 18 to 29.

(d) Underwriting Agreement

The Company undertook a 1 for 3 rights issue in June 2013 to raise $2,150,729. The funds were received in full and the shares issued on 6 July 2013 (see note 22(b)). Mr K White was the lead underwriter of the rights issue and did not receive any fees in that capacity.

(e) Transactions with related parties

The following transactions occurred with related parties:

	2014	2013
(i) Transactions with associates	**$**	$
Fees received from associates		
Management fees received	**62,500**	6,250
Dealer group fees received	**22,776**	41,905
Expense recoveries received	**45,248**	21,132
Interest charged on loans to associates	**29,360**	503
Payments made to associates		
Financial planning revenue paid under an Authorised Representative Agreement	**288,055**	249,180
Loans to associates	**35,000**	40,000
Expenses incurred on behalf of associates	**-**	17,500
(ii) Transactions with other related parties		
Superannuation contributions		
Contributions to superannuation funds on behalf of employees	**183,561**	127,504
Other transactions		
Subscription for new ordinary shares by key management personnel as a result of the rights issue (see note 22(b)(v))	**909,182**	-
Remuneration paid to non-executive directors of the ultimate parent entity	**98,708**	139,782

(f) Outstanding balances arising from related party transactions

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2014	2013
	$	$
Current payables		
Entities controlled by key management personnel	**109,696**	-
Current receivables		
Entities controlled by key management personnel	**14,230**	-

27. RELATED PARTY DISCLOSURES (continued)

(g) Loans to related parties

	2014	2013
	$	$
Loans to other related parties		
Loan balance at the beginning of the year	**-**	952
Interest charged	**-**	74
Impairment of loan to other related parties	**-**	(1,026)
Loan balance at the end of the year	**-**	-
Loans to associates		
Loan balance at the beginning of the year	**-**	-
Loans advanced to associates	**669,487**	40,000
Loan repayments made	**(634,847)**	-
Legal fees incurred on behalf of associates	**-**	17,500
Interest charged	**29,360**	503
Interest paid	**(29,360)**	-
Impairment of loan to associate[1]	**(35,000)**	(58,003)
Loan balance at the end of the year	**-**	-

1. *A loan provided to API Capital pursuant to a subordinated limited recourse loan facility agreement dated 20 March 2013 was impaired in full after management concluded after review of actual financial performance and budget data it was unlikely API Capital would be able to repay the interest or principal in accordance with the agreement.*

(h) Other transactions and balances with key management personnel and their related parties

Expenses reimbursement

During the current year, the Company paid $5,302 to Hayes Knight (NSW) Pty Ltd, a related party of Mr J Hayes and Ms L Armstrong for the reimbursement of out of pocket expenses at cost incurred by Mr Hayes in the course of fulfilling his duties as Joint Managing Director of the Company.

During the previous year, the Company paid $3,915 to Folkstone Ltd, a related party of Mr J Sweeney for the reimbursement of out of pocket expenses at cost incurred by Mr Sweeney in the course of fulfilling his duties as non-executive director of the Company.

Services

During the year, the Group paid:

- $44,624 to Mertons Corporate Services Pty Ltd, a related party of Mr M Licciardo for company secretarial and corporate governance consulting services (2013: $52,234);
- $5,625 to T&C Consulting Services Pty Ltd, a related party of Mr C Scarcella for services as a non-executive director (2013: $Nil);
- $7,600 to T&C Consulting Services Pty Ltd, a related party of Mr C Scarcella for specialist consulting services (2013: $Nil);
- $50,456 to PT Imperium Capital Pte Ltd, a related party of Mr C Knox for office administration services (2013: $Nil).

27. RELATED PARTY DISCLOSURES (continued)

Pursuant to a services agreement between Hayes Knight (NSW) Pty Ltd and Knowledge Shop Professional Consulting Pty Ltd, Merit Wealth Pty Ltd and Hayes Knight Referral Services Pty Ltd, the Group paid the following fees to Hayes Knight (NSW) Pty Ltd, a related party of Mr J Hayes and Ms L Armstrong:

- $232,125 for professional fees relating to specialist tax advice, accounting and consulting fees (2013: $Nil);
- $53,660 for financial planning and insurance commissions (2013: $Nil);
- $346,412 for help desk and technical training support (2013: $Nil);
- $79,000 for occupancy and infrastructure services (2013: $Nil);

Revenue
During the year, the Group received from Hayes Knight (NSW) Pty Ltd, a related party of Mr J Hayes and Ms L Armstrong:

- $4,650 for recovery of dealer group fees (2013: $Nil); and
- $14,006 for recovery of employee costs (2013: $Nil).

Investments
During 2013, the Company redeemed $741,606 in Armytage Strategic Opportunities Fund (**ASOF**), an unlisted managed investment scheme managed by Armytage Private Limited (**Armytage**). The Company no longer holds units in ASOF. Mr IaFrate is a director and shareholder of Armytage.

28. SHARE BASED PAYMENTS

(a) Employee share ownership plan

The Company has put in place the Easton Investments Employee Share Option Plan (**ESOP**) which was re-approved by shareholders at a general meeting held on 29 November 2013. The ESOP entitles directors, executives and senior employees to purchase shares in the Company and is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares.

(i) Performance rights
The preferred LTI award of the Company relates to the grant of performance rights. A performance right is a right to acquire one ordinary share for nil exercise price upon the satisfaction of certain vesting conditions. Unless otherwise determined by the Board, the vesting of performance rights is conditional upon a combination of the following:

- Non-market conditions, comprising:
    - continuous employment service of 3 years commencing on the grant date;
    - financial and operational performance criteria specific to the business unit the key management personnel is responsible for.
- Market conditions, comprising:
    - share price performance.

Performance rights will vest on an accelerated basis in certain limited circumstances, including on change of control, death, redundancy or retirement. However, if a participant's employment with the Company terminates for cause or as a result of resignation, any outstanding performance rights will immediately lapse. The Board has discretion to waive certain vesting conditions pertaining to termination of employment and change of control.

As soon as practicable after vesting, the Company will issue to each participant one ordinary share in the Company for each performance right that has vested.

No performance rights vested during the year.

28. SHARE BASED PAYMENTS (continued)

Set out below is a summary of performance rights granted under the ESOP:

Grant date	Vesting date	Balance at start of the year	Granted during the year	Vested during the year	Forfeited during the year	Balance at the end of the year	Vested at end of the year
		Number	Number	Number	Number	Number	Number
29 May 2013	28 May 2016	1,000,000	-	-	-	1,000,000	-
1 July 2013	30 June 2016	-	40,000	-	-	40,000	-
1 January 2014	1 January 2017	-	500,000	-	-	500,000	-
		1,000,000	540,000	-	-	1,540,000	-

The assessed fair value at each grant date of the performance rights granted during the year ended 30 June 2014 varies and is dependent upon the vesting conditions of each grant of performance rights. The Company has used a modified Black-Scholes valuation model that takes into account the grant date, fair market price of the underlying share at the grant date, risk free rate of return, expected dividends, expected volatility of the underlying share price, the term of the performance rights and the vesting and performance criteria to determine the value of the performance rights granted.

The following table summarises the value of performance rights granted, vested, or cancelled during the financial year and the fair value inputs utilised:

Grant date	Value of performance rights granted	Value of performance rights vested	Value of performance rights forfeited	Fair value per performance rights	Years in which the performance rights may vest	Volatility rate	Risk free rate	Dividend yield
	$	$	$	$				
29 May 2013	95,500	-	-	0.10	2016	40%	3.00%	-
1 July 2013	16,400	-	-	0.41	2016	61%	2.82%	-
1 January 2014	125,000	-	-	0.25	2017	46%	2.97%	-
	236,900	-	-					

The value of the performance rights granted is expensed on a straight line basis over the respective vesting periods of each grant.

(ii) Options

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The exercise price of share options is set on the date of grant. When a participant ceases employment prior to the vesting of their share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Company or death.

The contractual life of each option granted is three years. There are no cash settlement alternatives.

No options were granted during the year ended 30 June 2014 or the year ended 30 June 2013. There are no share options outstanding as at 30 June 2014.

The following table illustrates the number and weighted average exercise prices (**WAEP**) of, and movements in, share options on issue during the 2013 financial year:

28. SHARE BASED PAYMENTS (continued)

	2014 No.	**2014 WAEP**	2013 No.	2013 WAEP
Outstanding at 1 July	-	-	3,250,000	0.35
Expired during the year	-	-	(3,250,000)	-
Outstanding at 30 June	-	-	-	-
Exercisable at the end of the year	-	-	-	-

(b) Recognised share-based payment expenses

Share-based payment expense of $55,399 was recognised for employee services received during the year (2013: $2,653).

29. COMMITMENTS

(a) Lease commitments – the Group as lessee

Operating leases relate to non-cancellable lease of offices with lease terms of between 5 months and 5 years. All office leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The Group does not have an option to purchase the leased offices at the expiry of the lease periods.

(i) Payments recognised as an expense

	2014 $	2013 $
Minimum lease payments	**382,783**	309,792
Sub-lease payments received	**(53,425)**	(49,572)
	329,359	260,220

(ii) Non-cancellable operating lease commitments

	2014 $	2013 $
Not later than 1 year	**209,643**	317,685
Later than 1 year and not later than 5 years	**-**	210,888
Later than 5 years	**-**	-
	209,643	528,573

The Group does not recognise any liabilities in respect of non-cancellable operating leases. One of the leased offices has been sub-let to third and related parties of the Group. The total of future minimum lease payments expected to be received from these entities at the reporting date is $38,896 (2013: $92,312).

(b) Capital commitments

The Group has no outstanding capital commitments as at 30 June 2014 (2013: Nil) other than those disclosed in the subsequent events after the balance date.

(c) Loan commitments

The Group has not recognised any liabilities in respect of loan commitments.

30. CONTINGENCIES

There were no contingent liabilities as at 30 June 2014 (2013: Nil).

31. EVENTS AFTER THE BALANCE SHEET DATE

No matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years; or
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

32. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and loans to and from subsidiaries.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Audit and Risk Committee, under policies approved by the board of directors.

The Group holds the following financial instruments:

	2014	2013
	$	$
Financial assets		
Cash and cash equivalents	**2,590,651**	1,464,509
Trade and other receivables	**1,002,368**	234,589
Available-for-sale investments	**-**	644,415
Held-to-maturity investments	**86,106**	86,106
Other financial assets	**90,496**	1,451,632
Total financial assets	**3,769,621**	3,881,251
Financial liabilities		
Trade and other payables	**1,288,505**	859,233
Borrowings	**777,121**	891,318
Contingent consideration	**1,901,348**	-
Total financial liabilities	**3,966,974**	1,750,551

The Group's operating activities expose it to a variety of financial risks comprising:

- Market price risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk
- Fair values

32. FINANCIAL INSTRUMENTS (continued)

(a) Market price risk

Market price risk represents the loss that would be recognised if the value of global financial markets were to decline. The Group earns financial planning revenue which is based on fees charged for service and is not directly linked to financial markets, thereby mitigating market price risk in the Group's wealth and asset management segment. The Group also earns distribution fee revenue which is more closely linked to global equity market values and based on funds under management. The funds under management is subject to market risk in that the base will increase during periods of market growth, but decrease during periods of market decline. The Group does not directly manage equity security portfolios and has no control over diversion of portfolios in times of market decline. There are many variables that have an impact on global financial markets including a combination of price, currency and interest rate risks and the directors believe that sensitivity analysis based on movement in funds under management derived from price risk in isolation does not provide a meaningful assessment of the Group's exposure.

(b) Currency risk

Exposure to currency risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

The Group holds the following financial instruments that are exposed to currency risk:

	2014	2013
	AUD$	AUD$
Cash and cash equivalents in functional currency		
US dollar cash balances	**405,338**	112,002
UK pound sterling cash balances	**461,509**	14,509
Total cash and cash equivalents in functional currency	**866,847**	126,511

The Group is primarily exposed to changes in USD/AUD and GBP/AUD exchange rates. A significant portion of the Group's revenue is denominated in USD and GBP and the following table provides the impact to profit or loss of exchange rate movements of +/- 10%:

	2014	2013
	AUD$	AUD$
USD/AUD exchange rate change by +10%	**(348,086)**	(248,430)
USD/AUD exchange rate change by –10%	**425,438**	303,636
GBP/AUD exchange rate change by +10%	**(137,853)**	(39,250)
GBP/AUD exchange rate change by –10%	**168,488**	47,973

(c) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that the Group uses. Non derivative interest bearing assets are predominantly short term liquid assets, such as bank deposits and interest bearing current accounts.

The Group's exposure to market interest rates arises primarily from drawdowns of debt finance from and commercial banks which exposes the Group to variable interest rates, and therefore, cash flow risks.

32. FINANCIAL INSTRUMENTS (continued)

In its current form, the Group seeks to match the type of securities which are used as collateral with an ability for such securities to provide an income stream to assist in the servicing of the debt. Whilst the Group hopes to achieve at least a cash flow neutral outcome from this asset-liability management, there is no guarantee such an outcome will be achieved due to the equity, and thus variable distribution and dividend nature of the securities from which income is derived.

Due to the simplistic nature of the Group's debt financing, policies and procedures in relation to risk management of the debt position are generally prescribed to the Group in the form of maximum available loan amounts and rate of interest charged.

The following tables summarise interest rate risk of the Group, together with effective interest rates at balance date.

30 June 2014	Weighted average interest rate %	Fair value level	Fixed interest rate $	Floating interest rate $	Non interest bearing $	Total $
Financial assets:						
Cash and cash equivalents	0.67	1	-	722,916	1,867,735	2,590,651
Trade and other receivables	-		-	-	1,002,368	1,002,368
Held-to-maturity investment	3.28		86,106	-	-	86,106
Other current assets	-		-	-	90,496	90,496
Financial liabilities:						
Trade and other payables	-		-	-	(1,288,505)	(1,288,505)
Borrowings	5.78		-	(777,121)	-	(777,121)
Contingent consideration	-	3	-	-	(1,901,348)	(1,901,348)
Net financial assets/(liabilities)			86,106	(54,205)	(229,254)	(197,353)

30 June 2013	Weighted average interest rate %	Fair value level	Fixed interest rate $	Floating interest rate $	Non interest bearing $	Total $
Financial assets:						
Cash and cash equivalents	1.61	1	-	858,344	606,165	1,464,509
Trade and other receivables	-		-	-	234,589	234,589
Available-for-sale investment	-	2	-	-	1,768,570	1,768,570
Held-to-maturity investment	3.85		86,106	-	-	86,106
Other current assets	-		-	-	1,451,632	1,451,632
Financial liabilities:						
Trade and other payables	-		-	-	(859,233)	(859,233)
Borrowings	6.24		-	(891,318)	-	(891,318)
Net financial assets/(liabilities)			86,106	(32,974)	3,201,723	3,254,855

For the year ended 30 June 2014, if average interest rates had changed by +/- 1% (100 basis points), assuming all other variables held constant, the pre-tax loss for the year would have been approximately $319 lower/higher (2013: $28,143 lower/higher).

32. FINANCIAL INSTRUMENTS (continued)

The Group manages its capital to ensure the entities in the Group will be able to continue as going concerns while maximizing the return to its shareholders through the optimisation of the debt and equity balance. The capital structure of the Group consists of debt, as disclosed in note 19, and equity of the Group that predominantly comprises issued capital as disclosed in note 22.

As a smaller corporation, the Group has limited ability to manage its overall cost of capital, since equity capital may not always be accessible, and if so, only at significant theoretical cost. These costs may result in significant dilution to existing shareholders' percentage interest in the Group.

In addition, the supply of debt capital is also not always assured as a result of the Group's requirements to use major commercial banks.

The Group's policy is to manage borrowings centrally to fund all Group acquisitions and provide funding for working capital while allowing subsidiaries to manage borrowings to fund their local capital expenditure requirements, within strict parameters imposed by the Company.

To manage overall capital risks, it may be necessary for the Board of Directors to adjust the level of dividends paid to shareholders, return capital to shareholders or issue new shares. Capital is monitored on an overall basis, but with an emphasis on maintaining access to the Group's debt facilities.

(d) Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk. The Group's exposure and the credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

At balance date the Group does not have any material credit risk exposure to any single debtor or group of debtors under transactions entered into by the Group.

The Group's cash investments are managed internally under Board approved guidelines. Funds are invested for the short-term with the major Australian banks which have a Standard & Poor's short-term rating of A1+.

The maximum exposure to credit risk at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in statement of financial position and notes to the financial statements.

(e) Liquidity risk

Liquidity risk includes the risk that, as a result of the Group's operational liquidity requirements:

- the Group will not have sufficient funds to settle a transaction on the due date;
- the Group will be forced to sell financial assets at a value which is less than what they are worth; or
- the Group may be unable to settle or recover a financial asset at all.

To help mitigate these risks the Group attempts to ensure the entity has accessible liquidity in form of cash and access to bank financing. All financial assets and liabilities have maturity of less than 12 months with the exception of the contingent consideration which matures in less than 3 years subject to performance hurdles (see note 34).

32. FINANCIAL INSTRUMENTS (continued)

(f) Net fair values of financial assets and liabilities

Financial asset and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

Refer to the table in note 32(c) for allocation of financial assets by level.

The net fair values of the investments are shown in note 12 to the financial statements. For other assets and liabilities, the net fair value approximates their carrying value.

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

	2014	2013
	$	$
At 1 July	**-**	-
Additions during the year at fair value	**1,793,787**	-
Fair value adjustments during the year	**107,561**	-
At 30 June	**1,901,348**	-

The valuation technique used to fair value the provision for contingent consideration is discounted cash flow and the significant unobservable input is a discount rate of 15%. If the discount rate had changed by +/- 1% (100 basis points), assuming all other variables held constant, the pre-tax loss for the year would have been approximately $24,920 lower/higher (2013: Nil).

(g) Reconciliation of net financial assets to net assets

	2014	2013
	$	$
Net financial assets and liabilities as above	**(197,353)**	3,254,855
Non financial assets and liabilities	**17,269,174**	6,158,813
Net assets per statement of financial position	**18,973,169**	9,492,168

33. INFORMATION RELATING TO EASTON INVESTMENTS LIMITED ("THE PARENT ENTITY")

As at, and throughout, the financial year ended 30 June 2014 the parent entity of the Group was Easton Investments Limited.

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 1 for a summary of the significant accounting policies relating to the Group.

33. INFORMATION RELATING TO EASTON INVESTMENTS LIMITED ("THE PARENT ENTITY") (continued)

(a) Summarised statement of financial position

	2014 $	2013 $
Current assets	**717,050**	2,271,094
Non-current assets	**18,996,232**	12,466,182
Total assets	**19,713,282**	14,737,276
Current liabilities	**1,116,049**	2,517,021
Total liabilities	**1,116,049**	2,517,021
Net Assets	**18,597,234**	12,220,255
Contributed equity	**25,986,300**	14,991,285
Share option reserve	**58,133**	58,580
Accumulated losses	**(7,447,200)**	(2,829,610)
Total equity	**18,597,234**	12,220,255

(b) Summarised statement of comprehensive income

	2014 $	2013 $
Loss of the parent entity	**(4,617,590)**	(1,392,205)
Total comprehensive loss of the parent entity	**(4,617,590)**	(1,392,205)

(c) Parent entity guarantees
The parent has not provided any guarantees in relation to debts of its subsidiaries.

(d) Parent entity contingent liabilities
The parent has no contingent liabilities as at the date of this report.

(e) Parent entity contractual commitments
The parent has no contractual commitments for the acquisition of property, plant or equipment.

34. BUSINESS COMBINATIONS

(a) Summary of acquisitions
Current year acquisitions
Effective 1 February 2014, the Group acquired 100% of the issued capital in the following entities in a single transaction (the **Hayes Knight NSW Transaction**) pursuant to a Share Sale and Purchase Deed:

- Knowledge Shop Professional Consulting Pty Ltd (**Knowledge Shop**), a provider of professional support services and training to small to medium accounting firms. Knowledge Shop was acquired for a nominal sum of $2 and immediately after the subsidiary was acquired, Knowledge Shop acquired the business assets of Knowledge Shop Pty Ltd pursuant to a Sale of Business Contract;
- HK Financial Services Pty Ltd (**HKFS**) including wholly-owned subsidiaries:
  - Merit Wealth Pty Ltd, a provider of financial services solutions for accounting firms;
  - Merit Planning Pty Ltd, a dormant company; and
- Hayes Knight Referral Services Pty Ltd (**HKRS**), a provider of referral services in support of Merit Wealth Pty Ltd.

The Group has 100% voting equity interest in all the entities listed above.

34. BUSINESS COMBINATIONS (continued)

Directors believe that the Hayes Knight NSW transaction is highly attractive as it:

- represents an excellent strategic fit with the Group's stated intent and direction;
- is an important step in creating a meaningful distribution business with significant scale;
- offers strong potential for organic growth;
- opens opportunities for prospective acquisitions in the financial services sector;
- repositions the Group with an expanded capital base and with enhanced earnings and earnings prospects; and
- involves a purchase price that is largely satisfied by the issue of Easton shares, thereby providing a strong alignment of interests going forward and reflecting confidence in the further growth of the Hayes Knight NSW businesses in particular and in the future prospects of the Group more generally.

The entities acquired represent a single business combination resulting in the creation of a new reportable segment for the Group (refer to note 3). Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration (refer to (b) below)	**$**
Cash paid	1,275,000
Equity issued (7,361,111 shares issued at $0.90 per share)	6,625,000
Contingent consideration at net present value	1,793,787
Total purchase consideration per sale agreement	9,693,787

Net assets acquired	**Fair Value**
	$
Cash acquired	365,964
Receivables	651,010
Prepayments	30,054
Plant and equipment	15,298
Intangible assets – website and software	9,258
Separately identifiable intangible assets	948,489
Trade payables and provisions	(775,751)
Deferred income	(310,000)
Deferred tax liability	(284,547)
Fair value of identifiable net assets acquired	649,775
Add: Goodwill arising on acquisition	9,044,012
Net assets acquired	9,693,787

The fair value of the equity instruments issued as consideration for this business combination was $0.90 per share which was the share price of the Company on the date of completion, being 19 March 2014.

Contingent consideration
Contingent consideration (Earn Out Amount) comprises the following:

- $750,000 payable under the Share Sale Agreement should Knowledge Shop exceed EBITA of $900,000 for the period 1 February 2014 to 31 January 2015.
- $1,500,000 payable under the Share Sale Agreement in three equal annual instalments should HKRS execute 5 Referral Rights Agreements in each year for three years commencing 1 February 2014.

A provision for contingent consideration has been recorded in the financial statements at net present value (see note 20).

34. BUSINESS COMBINATIONS (continued)

Acquired receivables
The fair value of acquired receivables equals the contractual amounts due.

Goodwill
The goodwill is attributable to the value in the distribution capability of the acquired businesses and the network reach in the accounting and financial advice professions. The Group expects to leverage off this capability to create a scalable distribution business.

Goodwill is not deductible for tax purposes.

Revenue and profit contribution
The acquired businesses contributed net revenues of $1,507,483 and net profit after tax of $79,877 to the Group for the period 1 February 2014 to 30 June 2014.

If the acquisition had occurred on 1 July 2013, the Group's consolidated net revenue would have been $7,517,000 and the consolidated loss for the year would have been $1,199,000. These amounts have been calculated using the subsidiary's full year results and adjusting them for differences in accounting policies between the Group and the subsidiaries.

(b) Purchase consideration – cash outflow

	$
Cash consideration	1,275,000
Less: Cash balances acquired	(68,274)
Outflow of cash – investing activities (Consolidated Statement of Cash flows)	1,206,726

Acquisition related costs
Acquisition related costs of $366,418 were incurred in relation to the acquisition of the above subsidiaries. These costs are included with professional fee expenses in the consolidated statement of comprehensive income. Direct costs relating to the acquisition include legal fees, corporate advisory fees and other transaction related costs.

35. AUDITORS' REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms.

	2014	2013
	$	$
(a) Pitcher Partners		
Audit and review of financial statements	**129,630**	118,535
Taxation compliance services	**46,410**	20,199
Other services	**13,030**	14,982
Total remuneration of Pitcher Partners	**189,070**	153,716
(b) Non Pitcher Partners audit firms		
Audit and review of financial statements	**12,000**	-
Total remuneration of non-Pitcher Partners audit firms	**12,000**	-

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 33 to 86 in accordance with the *Corporations Act 2001*:

a. comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

b. as stated in note 1, the consolidated financial statements also comply with International Financial Reporting Standards; and

c. give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of its performance for the 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 has been made after receiving the declarations required to be made by the executive director and chief financial officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ended 30 June 2014.

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

On behalf of the Board.

Rodney Green
Chairman

Melbourne
23 September 2014

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EASTON INVESTMENTS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Easton Investments Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements comply with *International Financial Reporting Standards.*

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
EASTON INVESTMENTS LIMITED

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Easton Investments Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 18 to 29 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Easton Investments Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

N R BULL
Partner

23 September 2014

PITCHER PARTNERS
Melbourne

ADDITIONAL AUSTRALIAN SECURITIES EXCHANGE INFORMATION

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The shareholder information set out below was applicable as at 31 August 2014.

(a) Distribution of equity securities

Ordinary share capital

As at 31 August 2014 there were 27,400,330 shares held by 421 shareholders, all of which were quoted on the ASX. All issued ordinary shares carry one vote per share and carry the rights to dividends.

Range	Number Of Shares	Holders
1 - 1,000	36,579	182
1,001 - 5,000	160,857	53
5,001 - 10,000	243,764	32
10,001 - 100,000	3,907,731	102
100,001 - over	23,051,399	52
TOTAL	**27,400,330**	**421**

There were 170 holders of less than a marketable parcel of ordinary shares.

Performance rights

1,540,000 performance rights are held by 4 individual performance rights holders.

(b) Substantial shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

	Notification	Ordinary Shares Held	
	Date	Number	%
Ordinary shareholders			
GREG HAYES	29/04/2014	5,376,517	19.62
KEVIN WHITE + MARGARET WHITE <WHITE FAMILY SUPER FUND A/C>	26/03/2014	1,574,224	5.75
		6,950,741	25.37

(c) Twenty largest holders of quoted equity securities as at 31 August 2014

	Fully Paid Ordinary Shares	
	Number	Held %
Ordinary shareholders		
GREG HAYES	2,932,072	10.70
KNOWLEDGE SHOP PTY LTD	2,444,445	8.92
KEVIN WHITE + MARGARET WHITE <WHITE FAMILY SUPER FUND A/C>	1,504,823	5.49
ADCOCK PRIVATE EQUITY PTY LTD <ADCOCK PRIVATE EQUITY A/C>	1,270,584	4.64
CITICORP NOMINEES PTY LIMITED	1,248,948	4.56
HEATHER BENNISON	876,046	3.20
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	847,253	3.09
ANDREW MCKAY	794,853	2.90
CRAIG ROSEN	713,903	2.61
HP CAPITAL PTY LTD <SUPERANNUATION FUND A/C>	666,667	2.43
MR PETER GEOFFREY HOLLICK	646,377	2.36
TOP POCKET PTY LTD <TOP POCKET SUPERFUND A/C>	533,334	1.95
TOP POCKET PTY LTD	530,400	1.94
MRS HEATHER BENNISON	451,296	1.65
LISA ARMSTRONG	447,600	1.63
SHANE ANTHONY BRANSBY	434,712	1.59
SHANE ANTHONY BRANSBY <COTE D'AZURE A/C>	378,234	1.38
MR ANTHONY WHITE + MRS DANA WHITE <T & D SUPER FUND A/C>	338,067	1.23
MR SIMON MARRIOTT	335,061	1.22
ABBIE ROSE PTY LTD	329,082	1.20
Total Top 20 Holders of Fully Paid Ordinary Shares	17,723,757	64.68

(d) Restricted securities

As at 31 August 2014, there were no restricted ordinary shares and ordinary shares subject to voluntary escrow.

(e) Voting Rights

On a show of hands, every shareholder present in person or by proxy holding stapled securities in the Company shall have one vote and upon a poll each stapled security shall have one vote.