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 ASX Limited

2015/16 First Half Results

Easton Investments Limited (**Easton** or **the Company**) releases its results for the half-year ended 31 December 2015.

Continued Strong Earnings Growth

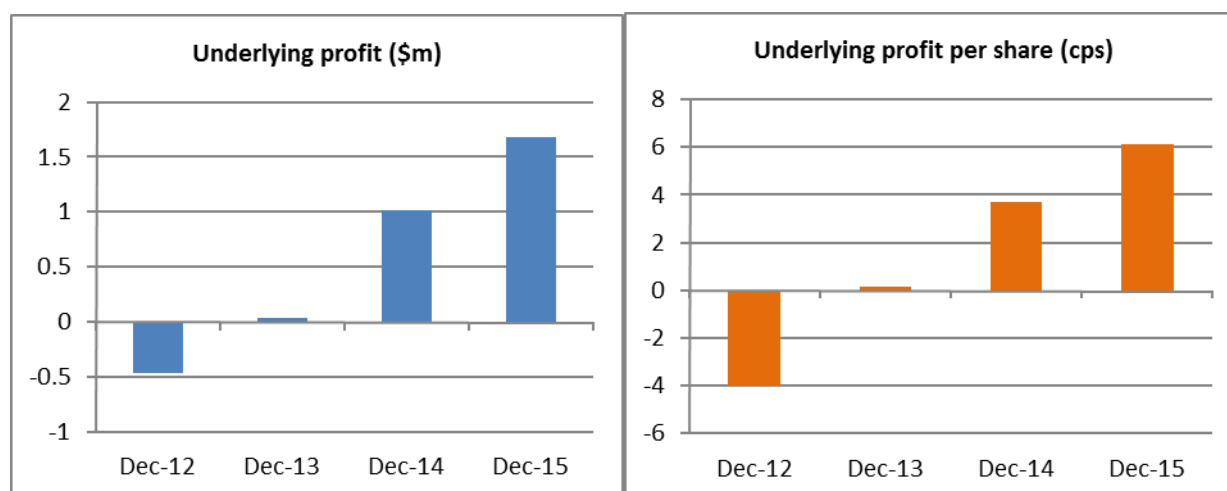
Directors are pleased with the continued improvement in earnings over the 1st half of 2015/16.

Statutory Profit (being net profit after tax) increased to \$1.29m (2015: \$0.72m), up 80%.

At the same time, Underlying Profit (being normalised earnings before interest, tax and amortisation) increased to \$1.68m (2015: \$1.01m), up 66%.

The Company uses Underlying Profit, which is a non-IFRS measure, to assess performance as it excludes non-cash amortisation and share based payment charges, together with one-off or non-operational items.

Earnings per share for the 1st half has increased sharply, rising to 6.1 cents per share on the basis of the first half Underlying Profit (2015: 3.7 cents per share), up 66%.



Increased profitability has been achieved on the back of:

- higher Operating Revenue, which climbed to \$9.63m (2015: \$8.27m), up 16%
- organic growth and improved performance within the Company's main operating businesses
- contribution from acquisitions completed in the previous 12 months.



Acquisitions and Divestments

The Company completed the purchase of a 25% interest in First Financial Pty Limited (**First Financial**) in June 2015 and this business made a solid contribution to 1st half earnings.

The Company sold its 52% equity interest in Chesterfields Financial Services Pty Limited (**Chesterfields**) during the first half for a cash consideration of \$1.17m. The decision to sell the interest in Chesterfields was taken as Directors do not consider the business to be of sufficient scale to represent a long term core asset and a superior return on funds is expected to be available through the pursuit of the Company's current growth strategies.

Subsequent to the end of the first half, the Company announced that it had purchased an additional 32% equity interest in Law Central Co. Pty Limited (**Law Central**) for a cash consideration of \$0.45m, bringing its shareholding to 44.6%. The Company has previously entered into a long term distribution agreement with Law Central, an on-line provider of legal and corporate documents.

Moving to a major shareholder position allows Easton to better assist in the on-going development of Law Central and to participate in any future up-lift in value that is expected to occur as the business seeks to grow into a major on-line distributor of services to the accounting profession.

The Company continues to carefully and selectively assess a pipeline of acquisition opportunities.

Sound Financial Position

At balance date, the Company is in a sound financial position with cash of \$3.02m and no borrowings.

The sale proceeds from the Chesterfields divestment, coupled with strong cash flow from operations during the first half of \$1.30m (2015: \$0.52m), have allowed the Company to improve its cash position at balance date and provide scope for the acquisition of earnings accretive businesses.

The Company also has access to additional funding to support its growth plans through an undrawn bank facility from Westpac of \$2.3 million.

Outlook

Directors expect further improvement in underlying performance in the 2nd half, in particular from three important organic growth opportunities; :

- The launch of a Limited Authorisation Representative (**LAR**) offering by Merit Wealth
- Expansion of on-line training by Knowledge Shop
- The distribution of Law Central products through the Company's accounting channel.

Merit Wealth and Knowledge Shop are both wholly owned subsidiaries of Easton and appropriate investment has been made during the first half in support of the timely realisation of these significant organic growth opportunities.



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

Carried forward income tax losses at 30 June 2015 of \$1.8 million will provide income tax payment relief over the FY16 results and therefore augment cash flow.

Other Information

The following information has been separately released to the market today:

1. Appendix 4D - Easton's Half Year Report for the period ended 31 December 2015
2. Directors Report and Interim Financial Report for the period ended 31 December 2015
3. 2015/16 First Half Results Presentation dated 22 February 2016.

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