easton

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 30 JUNE 2016

RULE 4.3A

Appendix 4E

Preliminary Final Report

EASTON INVESTMENTS LIMITED
ASX:EAS
48 111 695 357

1. Reporting period and previous corresponding reporting period

Current reporting period	The financial year ended 30 June 2016
Previous corresponding reporting period	The financial year ended 30 June 2015

2. Results for announcement to the market

2.1	Revenues from ordinary activities	up	11%	to	$19,457,575
2.2	Loss from ordinary activities after tax attributable to members	down	130%	to	$342,735
2.3	Net loss for the period attributable to members	down	130%	to	$342,735

2.4 No dividends have been paid during the current or previous reporting period and it is not proposed that dividends will be paid in respect of the current reporting period.

2.5 It is not proposed to pay dividends in respect of the current reporting period.

2.6 A brief explanation of any of the figures in 2.1 to 2.4

Commentary on the results is provided in the review of operations within the attached Directors' report, ASX release and presentation.

For further details, please refer to the following documents released to the ASX:

- Directors' report
- Audited financial report
- ASX release
- Results presentation

2016 Annual General Meeting and Director Nominations.

Easton Investments Limited advises that its Annual General Meeting is expected to be held on Tuesday 22 November 2016. The time and other details relating to the meeting will be advised in the Notice of Meeting to be sent to all shareholders and released to ASX immediately after despatch.

In accordance with the ASX Listing Rules, valid nominations for the position of director are required to be lodged at the registered office of the Company by 5:00pm (AEST) Monday 26 September 2016.

Kevin White

K.W. White
Executive Chairman

23 August 2016

EASTON INVESTMENTS LIMITED

Annual Report

for the year ended

30 June 2016

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357

CORPORATE DIRECTORY

Directors

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

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

Principal registered office in Australia
Level 2, 115 Pitt Street
SYDNEY NSW 2000

Communications

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Facsimile:	(02) 9221 6305
Mail:	Level 2, 115 Pitt Street SYDNEY NSW 2000
Email:	info@eastoninvestments.com.au

Share Registry
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

Shareholder Enquiries: 1300 554 474
Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Link Market Services Limited directly on the above number, or email registrars@linkmarketservices.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
Colin Biggers & Paisley
Level 42, 2 Park Street
SYDNEY NSW 2000

Annual General Meeting
The Easton Investments Limited Annual General Meeting will be held on 22 November 2016. The venue will be advised with release of the Notice of Annual General Meeting.

CONTENTS

EXECUTIVE CHAIRMAN'S STATEMENT

I am pleased to report that Easton Investments Limited (**Easton** or **the Company**) had another successful year as our businesses overall continued to perform well during 2015/16.

The one disappointing outcome was the loss of the Harmony Distribution Agreement (as referred to below), which was announced to the market in May 2016. This loss represents a short term impact to year-on-year underlying earnings growth in the coming year, but is otherwise of no strategic relevance to the Company as this fixed term distribution agreement applies to an offshore market and was not regarded by Directors as a core activity.

In reviewing the last 12 months, I draw particular attention to the following important matters:

- Earnings before non-recurring, non-cash items continued to rise strongly on the back of significant growth in Knowledge Shop where the membership base continued to grow and first year demand for on-line training exceeded expectations, together with an increased contribution from our equity interests in personal advice firms.

- In line with on-going business simplification, the Company's equity interest in Chesterfields Financial Services (**Chesterfields**) was sold. The decision to sell this asset was taken on the basis that Chesterfields does not have sufficient scale to warrant retention as a core business and superior returns are expected to be achieved through investment in other more strategic growth opportunities.

- The proceeds from the Chesterfields divestment were partially re-invested in Law Central where Easton increased its equity holding during the year from 12.6% to 45.6%. Whilst Law Central is a relatively small business, its product suite and on-line distribution capability are consistent with Easton's distribution strategy and focus on the accounting sector. Easton is well placed to assist the future development of Law Central into a major on-line distributor of services to the accounting profession.

- The Company was formally notified that its distribution agreement relating to the Harmony suite of products would not be extended beyond 31 August 2016. Whilst this was an unexpected and disappointing decision after a successful 5 year relationship, the distribution business, based mainly in SE Asia, is not a core activity or asset. The cancellation of this fixed term agreement has removed a level of uncertainly and risk associated with Easton's underlying earnings outlook and in no way effects the Company's strategic intent or relevance. The impact will be earnings related and the Company's 2015/16 year statutory result is lowered as a result of a non-cash impairment charge of $2.79 million relating to the write-off of the book carrying value of the Harmony Distribution Agreement.

- The Company successfully launched a new service to accountants in response to legislative changes to remove certain exemptions which allowed accountants to provide limited advice to clients in relation to self-managed super funds (SMSFs). More than 200 applications from accountants to operate under the Company's Limited Authorisation service, offered by Merit Wealth under its AFS license, were processed in the last 6 months of 2015/16. Whilst the take-up was slower than originally anticipated given the 1 July 2016 start date, it is evident that many accountants have deferred taking action until the new financial year and final numbers are not expected to be reached for at least another 12 months.

- Strong cash flow from operations and continued tight control of corporate overheads during the year have further strengthened the Company's balance sheet with surplus cash of approximately $3.9 million and no borrowings at financial year end.

Outlook

The divestment of Chesterfields and the loss of the Harmony Distribution Agreement mean that the Company is now able to focus entirely on its core Australian operations which have excellent medium to long term growth prospects.

In this regard, Directors point to the following important organic growth opportunities which are expected to contribute strongly to underlying earnings in the year ahead:

- The full year benefit of Limited Authorisations granted to accountants in the 2nd half of 2015/16, combined with the expected further growth in this number during 2016/17 are expected to make a valuable contribution to Merit Wealth's earnings in the year ahead. This service has the potential to create an important long term annuity income steam for the Company following an appropriate investment in costs over the past 12 months relating to the necessary resources and infrastructure to efficiently service anticipated future requirements.

- The continued expansion of web-based training by Knowledge Shop on the back of high demand as the on-line service was progressively rolled-out to the accounting channel during 2015/16, as well as further growth in Knowledge Shop's membership subscription base.

- Distribution of Law Central products through the Company's accounting channel, which has been slower than expected during 2015/16, but which is expected to pick-up in the year ahead with a large number of accounting firms now registered to transact on-line and with a renewed marketing effort.

- Increased activity in building the Company's adviser network across the accounting channel given the position and outlook for Limited Authorisations as noted above, in conjunction with the expected demand from some accounting firms to have access to full service financial planning advice by way of the Company's referral model, evidenced by the recent signing of 2 new advisers to operate Referral Rights Agreements in designated territories.

Investment in these and other organic growth opportunities is expected to underpin the 2016/17 profit result, in combination with acquired earnings.

In this regard, with surplus cash and no borrowings, Directors will continue to investigate acquisition opportunities, consistent with the Company's strategic direction and intent to build a scale distribution capability in the Australian accounting and financial services sector. We will, nonetheless, remain extremely selective and only transact where we clearly perceive sustainable value for our shareholders.

Acknowledgements

I would like to acknowledge the valuable contribution made by my colleagues on the Board during the year, but especially our Managing Director, Greg Hayes, who works tirelessly and who is committed to our Company's future success.

I would also like to acknowledge the hard work, efforts and commitment of our staff during the year, which has underscored the growth and success of our Company and our businesses.

Finally, I thank shareholders for your support. Whilst Directors are pleased with the performance of the Company over the last 12 months and the strong financial position that exists at year end, please rest assured that we remain focused on creating value for our shareholders.

As you would expect, we continually monitor the performance of the Company's share price, which has broadly appreciated over the last 12 months from around 70 cents to 75 cents at this time last year to around $1.35 at 30 June 2016, having traded at higher levels during the year prior to the Harmony Distribution Agreement announcement.

Directors re-affirm that we are intent on maintaining a tight capital base to support growth in earnings per share as we strive to lift profitability, operating cash flow and return on capital. We believe that this approach, coupled with a selective acquisition strategy, will result in a continued re-rating of the Company on the basis of investment fundamentals and a resultant up-lift in share price over time.

Kevin White

Kevin White
Executive Chairman

Sydney
23 August 2016

MANAGING DIRECTOR'S REPORT

The Company commenced the year intent on progressing a number of organic growth opportunities designed to underpin our broader objective of growth in earnings and underlying profitability. Good progress has been made with these opportunities and they are now developed to a stage where they will deliver enhanced earnings for the Company. We also continued with our intent of pursuing selective investment in aligned businesses to increase our scale and grow our earnings. No new investments were completed in the 2015/16 year, however a pipeline of opportunities has been developed, and which may lead to investments being completed in the 2017 financial year.

Overview

Whilst statutory profit declined due to the non-cash impairment charge taken on the loss of the Harmony Distribution Agreement, Underlying Profit, (being earnings before interest, taxation, amortisation, one off non-operational costs and share-based payments expense), increased by 28%. This increase was achieved despite the company investing in increased operational infrastructure to manage the organic growth opportunities being progressed. This investment in people and technology provides the additional infrastructure required to build out our service offers in:

- Limited Authorisation for accountants
- Web based training
- On line document capability

Each of these service offers continues our focus on distribution through the accounting channel and enhances the services already being provided by our Knowledge Shop and Merit Wealth business units.

The loss of the Harmony Distribution Agreement was unexpected, and whilst it has a short term impact on our earnings, it was not considered to be a core business asset and was not a part of our longer term business strategy. This, together with our divestment of our interest in Chesterfields (October 2015) removes two legacy businesses held by the Company, with the remaining businesses all part of our core business strategy going forward.

Contribution from our professional services businesses Hayes Knight (NSW) and First Financial both increased over the year and these businesses provide a stable and growing earnings stream for the Company. During the year the Company secured the exclusive rights to the Hayes Knight brand and will look to grow out the brand over the coming years.

The Company finished the year in a sound financial position with cash on hand of $3.9 million and no debt. This together with an undrawn credit line of $5 million allows us to readily execute on investments complimentary to the Company business model. Revenue from continuing operations increased by 11% to $19.46 million (2015: $17.46 million).

Our Growth Initiatives

The Company gave significant focus to organic growth opportunities throughout the year. This included:

Limited Authorisation service for accountants – The removal of the Accountants Exemption under the Corporations Act which became effective on 1 July 2016 meant that accountants advising clients in the SMSF space must be licensed or authorised under an Australian Financial Services (AFS) licence. Through our subsidiary Merit Wealth an authorisation service was developed and offered to the accounting market. As at 30 June 2016, more than 200 accountants had applied to be authorised with Merit Wealth. There was also a strong continuing pipeline of applications which we anticipate completing during the 2017 year. Under the subscription model offered for Limited Authorisation, a strong annuity income stream is created. In addition, accountants are offered the capability of engaging with Merit Wealth advisers who are able to assist them with investment advice required by their SMSF clients and which is beyond the scope of the accountant's authorisation. This capability has the opportunity of bringing together the accounting and financial advice service offers in a systemic way.

Web based training – Our subsidiary company Knowledge Shop continued to grow its training offer to the accounting profession. The face to face training capability has been enhanced by the addition of web based training. There was a 52% increase in web based programs delivered during the year. Whilst face to face training will continue and is seen as an important part of the training offer, the majority of growth is anticipated to come from on line delivery. Overall, Knowledge Shop delivered 22,630 hours of training to the accounting profession. To date all of our online training has been live events. We expect this to be expanded through the provision of pay on demand training during the coming year.

Online document service - During the year we increased our investment in Law Central, a Perth based company providing document services to the accounting profession such as company registrations, trust and SMSF deeds. Our equity in the company increased from 12.6% to 45.6%. In the last 12 months 347 accounting firms registered as customers of Law Central, through introduction by our subsidiary Knowledge Shop. Growth in the spend of these accounting firms with Law Central is emerging and we anticipate that it will produce an increased contribution in the 2017 year.

Whilst some investment has been required in these growth initiatives, it has been modest relative to the anticipated income stream that should flow from operations. Due to the nature of the services being offered, the revenue stream flowing from them should be both recurring and growing.

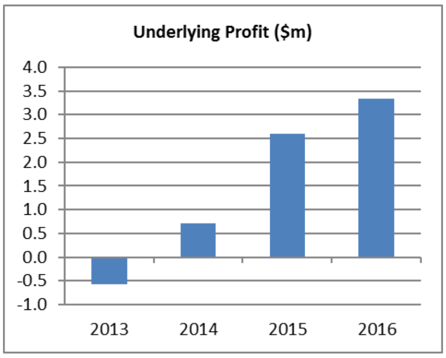
Financial performance

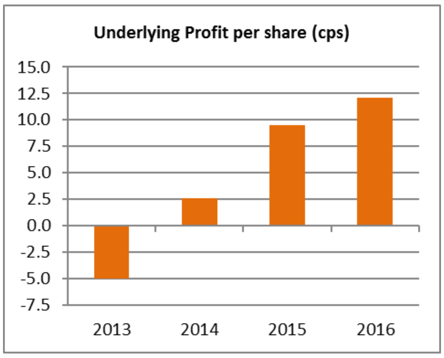
Statutory Profit (being net profit after tax) decreased to a loss of $0.35 million (2015: profit $1.24 million), down 128%. The decrease in profits was primarily a result of the impairment charge of $2.8 million, taken on the loss of the Harmony Distribution Agreement.

"Underlying Profit" increased to $3.33 million (2015: $2.60 million), up 28%.

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. Refer to page 9 for a reconciliation to Statutory Profit.

Earnings per share has increased to 12.1 cents per share on the basis of Underlying Profit (2015: 9.5 cents per share).





Year on year, the Company continues to deliver strong growth in Underlying profit. There was a continuing trend improvement in performance, albeit that 2nd half performance was more subdued due to increased costs being incurred to put in place additional infrastructure to service our growth opportunities.

Underlying Profit	2016	2015	Improvement
	($m)	($m)	($m)
1st Half	1.68	1.01	0.67
2nd Half	1.65	1.59	0.06
Full Year	**3.33**	**2.60**	**0.73**

Our expectations going forward

The Company is in a sound position going into the 2017 financial year. Significant ground work has been completed in the 2016 year to strengthen existing income streams and establish new revenue streams within our core businesses. These will assist in compensating for the loss of the Harmony Distribution Agreement. The business units are now fully aligned to the Company's distribution model and should be able to secure significant leverage from each other going forward. Each business has recurring income streams which continue to grow and are complemented by the growth initiatives being put in place.

MANAGING DIRECTOR'S REPORT (continued)

Our business units enjoy strong brand support in the accounting channel. This support, built around the established reputation of these businesses as reliable and consistent service providers, positions the Company well to grow its distribution capability.

The organic growth opportunities are quite significant and should enhance Company earnings over the coming years. Our focus, in part, on online distribution creates significant scale and enhanced earnings contribution. These opportunities offer significant earnings per share growth and do not require large amounts of additional capital investment.

Collectively our businesses contribute strong earnings and cash flow and this will allow us to continue to invest in the growth of the Company. Strategically we will seek out investments that are consistent with our distribution model. The mix of organic growth and selective acquisitions should result in continued growth in underlying earnings and shareholder value.

Our management team is excited by and committed to the growth of the Company. The Company is fortunate to have a great team of people who subscribe to the vision of the Company and are enthusiastic about our business plan and the opportunities in front of us. Building on our past and with a strong commitment to growth, our future outlook is very positive.

Greg Hayes
Managing Director

Sydney
23 August 2016

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 2016, 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:

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

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The statutory net loss after tax of the Group for the year ended 30 June 2016 was $351,932 (2015: profit $1,242,470), after the recognition of non-cash impairment losses of $3,192,950. Impairment losses were predominantly associated with the cancellation of the Harmony Distribution Agreement for $2,792,950, as announced to the ASX on 19 May 2016. In addition, an impairment charge of $400,000 was applied to the Easton Wealth Protection business unit.

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

REVIEW OF OPERATIONS

Operating revenue from continuing operations lifted to $19.5 million, up from $17.5 million in the previous year, an increase of 11%.

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

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

Strong underlying earnings growth has come from both organic opportunities as the Group's key businesses build on prior performance and new business initiatives, as well as from contributions of acquisitions made in prior periods.

Underlying profit and revenue growth is illustrated in the following table:

Earnings performance	2016	2015	Increase
	($'000)	($'000)	(%)
Operating revenue from continuing operations	19,458	17,465	11%
Statutory net (loss)/profit after tax [1]	(352)	1,242	(128%)
Underlying Profit [2]	**3,333**	**2,598**	**28%**

1. Net Profit After Tax includes profit attributable to Non-controlling Interests. Loss attributable to members is $342,735 (2015: profit $1,134,324).

2. Underlying Profit is a non-IFRS measure that the Group uses to assess performance as it excludes certain non-cash and one-off or non-operational items. See table below for reconciliation of Underlying Profit to Statutory Profit.

REVIEW OF OPERATIONS (continued)

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

		30 June 2016	30 June 2015
		$'000	$'000
Normalised EBITA from continuing operations		**3,164**	2,246
Normalised EBITA from discontinued operations		**169**	352
Normalised EBITA for the year		**3,333**	2,598
Add/(deduct) normalisation adjustments:			
Write back of contingent consideration		**500**	500
Equity accounted adjustments for interest and tax[1]		**(337)**	(121)
Prior year revenue adjustment[2]		**(30)**	(50)
Share based payments benefit/(expense)		**133**	(183)
Gain on disposal of subsidiary		**207**	-
Net restructuring costs		**(198)**	(204)
Profit from operations for the year		**3,608**	2,540
Deduct: Impairment losses		**(3,193)**	-
Statutory EBITA for the year		**415**	2,540
Add/(deduct):	Amortisation of separately identifiable intangible assets	**(469)**	(326)
	Net interest expense	**(28)**	(33)
	Notional interest on contingent consideration	**(95)**	(220)
Statutory operating (loss)/profit before tax for the year		**(177)**	1,961
Income tax expense		**(175)**	(719)
Statutory (loss)/profit after tax for the year		**(352)**	1,242
NPAT attributable to Non-controlling interest		**(9)**	108
NPAT attributable to members		**(343)**	1,134

1. Adjustments to gross up share of profits from equity accounted investments for interest, taxation and amortisation have been applied to HKNSW, First Financial and Law Central. This adjustment is seen necessary to compare wholly owned and partially owned businesses on a like for like basis.

2. Revenue adjustments in 2016 and 2015 are adjustments to territory related revenue recognised in years prior to 2015.

REVIEW OF OPERATIONS (continued)

Analysis by segment

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 Group'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%
- First Financial Pty Ltd **(First Financial)** – 25%

EAM has held a distribution agreement for the Harmony suite of investment products globally with Momentum Global Investment Management (**Harmony Distribution Agreement**). Funds under management (**FUM**) in Harmony products grew from $538 million at 30 June 2015 to $588 million at 30 June 2016. On 18 May 2016, the Group received a termination notice from Momentum which terminates the agreement effective 31 August 2016. An impairment charge for the full carrying amount of the EAM business unit has been recognised in the current year for $2.8 million. Whilst this is a disappointing outcome, the directors did not consider this asset core to the Group's growth strategy.

EWP is a risk insurance broking business which is licensed through Merit Wealth. The business was established in February 2013 and performance remains steady on the back of relatively static in-force premium income of approximately $2 million. Whilst earnings from Easton Wealth Protection were in line with expectations, an impairment charge against the carrying value of the asset was made in the current year for $0.4 million to align its carrying amount with its estimated recoverable amount both on a value in use and fair value basis.

The Group holds a 25% equity interest in First Financial, a Melbourne based wealth management and financial services business with FUA of $1.15 billion and specialising in self-managed superannuation funds (SMSF) where it advises more than 500 funds. First Financial also has a substantial finance broking book with loans written of $420 million. During the current year, First Financial undertook a significant restructure which included internalising its back office which was previously outsourced. On-going cost savings resulting from the restructure commenced in the second half of the current year.

Disposal of Chesterfields

On 30 October 2015, the Group disposed of its controlling interest in Chesterfields Financial Services Pty Ltd. The Chesterfields business was considered by the directors to no longer align to the Group's core growth strategy. The sale proceeds of $1.18 million form part of the current cash reserves of $3.9 million which is intended for other more strategically aligned investment opportunities. The results for Chesterfields, including a profit on disposal of $0.2 million are recognised to the date of disposal and are classified as a discontinued operation in the statement of comprehensive income.

The performance of the Wealth and Asset Management division during 2015/16 is summarised below:

Wealth & Asset Management	2015/16	2014/15	Increase
	($'000)	($'000)	(%)
Revenue from continuing operations	10,362	8,982	15
Segment result – Normalised EBITA[1]	2,688	2,443	10

1. Includes discontinued operation to date of disposal.

REVIEW OF OPERATIONS (continued)

2. Distribution Services

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

- Knowledge Shop Pty Ltd (Knowledge Shop) – 100%
- Merit Wealth Pty Ltd (Merit Wealth) – 100%
- Hayes Knight Referral Services Pty Ltd (HKRS) – 100%
- Law Central Co. Pty Ltd (Law Central) – 45.6%

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
- monthly technical and client newsletters.

The 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 firms on an ad hoc or transactional basis, mainly through training programs offered nationally. Knowledge Shop has engagement with more than 2,000 accounting firms.

Merit Wealth and Hayes Knight Referral Services 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. During the current year, Merit Wealth introduced an offer to accounting firms for a subscription service to enable those firms to provide advice on SMSF's as a limited authorised representative of Merit Wealth. This service is provided in response to legislative changes impacting accounting firms providing advice on superannuation effective from 1 July 2016. At 30 June 2016, Merit Wealth has in excess of 200 accountants registered to use its limited authorised representative service.

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 **(RRA)** with HKRS which involves an up-front payment by the adviser plus an on-going fee based on revenue. In return for these fees, HKRS introduces the financial adviser to accounting firms and facilitates an on-going referral arrangement between the parties. HKRS currently has 8 RRAs in place.

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

On 25 January 2016 the Group increased its share ownership from 12.6% to 44.5% in Law Central. A short time afterward, a capital raising followed which resulted in a total equity interest of 45.6% for an additional $498,555 cash invested. The Group commenced equity accounting the results of Law Central from 1 February 2016.

Law Central provides an extensive range of on-line documents, including the incorporation of companies, provision of trust deeds and superannuation fund deeds, as well as a suite of business related agreements, resolutions and policies relating to employment, estate planning, and commercial practice. Law Central has a distribution agreement with Knowledge Shop whereby it is contracted that Knowledge Shop will receive a fee from Law Central for distributing Law Central's products through its distribution channels.

REVIEW OF OPERATIONS (continued)

The performance of the Distribution Services segment during 2015/16 is summarised below:

Distribution Services	2015/16	2014/15	Increase
	($'000)	($'000)	(%)
Revenue from continuing operations	9,084	8,400	8
Segment result – Normalised EBITA	1,570	1,086	45

Deferred Consideration

The second tranche of deferred consideration of $0.5 million relating to the acquisition of HKRS has been forfeited as the prescribed performance hurdle in the 12-month period ended 31 January 2016 was not achieved. The write back of deferred consideration has been recognised in the statement of comprehensive income as other income while being normalised out of the results in the above table. One further annual tranche of deferred consideration of $0.5 million remains in place until 31 January 2017.

3. Accounting and Tax

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

- Hayes Knight NSW (**HKNSW**) – 33.3%

HKNSW is an established Sydney based accounting firm offering a full range of professional accounting services. The firm has developed significant specialisation in a number of client sectors, including self-managed super funds (SMSF), mid-size, privately owned businesses and corporates. On 1 July 2015, the Group acquired 3.9% additional interest, followed by a share issue to another shareholder in September 2015 resulting in a net shareholding of 33.3% increased from 30.6% at the end of the prior year.

The performance of the Accounting & Tax segment during 2015/16 is summarised below:

Accounting & Tax	2015/16	2014/15	Increase
	($'000)	($'000)	(%)
Equity accounted Segment result – Normalised EBITA	401	328	22

Outlook

The directors expect continued earnings growth in the underlying performance of existing core business income streams and in particular from those opportunities that were developed in the current year which include limited authorisations, online training and distribution income from Law Central.

The Company will also seek to augment organic growth with acquired growth by continuing to assess acquisition prospects and new opportunities which are consistent with the Company's strategic direction.

The Directors believe that the Company has strong potential for sustained growth over coming years, both by organic and by acquisition as it seeks to build a leveraged distribution business in the accounting and financial services channel.

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than matters disclosed elsewhere, there were no significant changes in the state of affairs of the Group.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

There are no matters or circumstances that have arisen since 30 June 2016 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue to pursue its operating strategy to create shareholder value by way of organic growth and acquisition opportunities. Further commentary on the Group's strategic direction and plan is set out in the Managing Director's Report.

ENVIRONMENTAL REGULATION

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

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

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

Kevin W. White B.Eng (civil), M.Eng.Sci., M.Admin. Age 64. Executive Chairman. Appointed Executive Chairman 1 March 2015. Appointed Managing Director 29 May 2013, resigned as Joint Managing Director 1 March 2015.		
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 and Chairman of Royal Automobile Club of Victoria (RACV) Limited	
Former directorships in last 3 years	Non-executive Director of IOOF Holdings Limited	
Special Responsibilities	Executive Chair of the board Member of the Remuneration Committee	
Interests in shares, options and rights	Ordinary shares – Easton Investments Limited	2,804,397

Rodney Green B.Com, ACA. Age 59. Non-executive director, Deputy Chairman. Appointed 26 April 2012 as Chairman, resigned as Chairman and became Deputy Chairman 1 March 2015.		
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. Rodney was also Chairman and Non-executive Director of Premium Investors Limited (a listed investment company) from 2003 until 2006.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special Responsibilities	Deputy Chair of the Board (resigned as Chairman 1 March 2015) 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

John G. Hayes B.Bus, FCPA, CTA, FAIM. Age 62. Managing Director. Appointed Managing Director 1 March 2015, appointed Joint Managing Director 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 was 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 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	Managing Director	
Interests in shares, options and rights	Ordinary shares – Easton Investments Limited	5,586,517

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Carl F. Scarcella B.Com, FCPA. Age 59. Non-executive director. Appointed 15 May 2014.		
Experience and expertise	Carl joined the financial services industry in 1987. In 2000, Carl was one of the foundation managers of Snowball Group Limited, a listed independent 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 to its merger with the Shadforth Group in 2011 to become SFG Australia Limited. Following his departure from SFG in 2012, Carl co-founded T&C Consulting Services, a firm which provides advice on growth strategies, governance frameworks, infrastructure solutions and M&A support.	
Other current directorships	None	
Former directorships in last 3 years	None	
Special Responsibilities	Chair of the Audit and Risk Committee Member of the Remuneration Committee	
Interests in shares, options and rights	Ordinary shares – Easton Investments Limited	53,884

Joint Company Secretaries

Mark Licciardo, B.Bus (Acc), GradDip CSP, FCSA, FCIS, GAICD. Age 52. Company Secretary – appointed 6 December 2011. Mark Licciardo is the founder and Managing Director of Mertons Corporate Services Pty Ltd. As a former company secretary of ASX 50 companies, Transurban Group and Australian Foundation Investment Company Limited, his expertise includes working with boards of directors in the areas of corporate governance, business management, administration, consulting and company secretarial matters. Mark is also the former Chairman of the Governance Institute of Australia Victoria division and Melbourne Fringe Festival and a current non-executive Director of a number of public and private companies. Mark holds a Bachelor of Business Degree (Accounting) from Victoria University and a Graduate Diploma in Company Secretarial Practice, is a Fellow of the Governance Institute of Australia and a Graduate Member of the Australian Institute of Company Directors.

Matthew Rowe, BA (Hons), MSc Corp Gov, AGIA, ACIS. Age 35. Joint Company Secretary - appointed 21 October 2014, resigned 30 June 2016. Matthew is a Corporate Governance Advisor with Mertons. Prior to working at Mertons, Matthew managed the company secretarial team for a UK based fund manager specialising in investment companies listed on the Main Market, Alternative Investment Market and Specialist Funds Market of the London Stock Exchange, Euronext and Channel Island Stock Exchanges. Matthew has a Masters in Corporate Governance from Bournemouth University (UK).

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

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		Remuneration Committee Meetings	
	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended	Meetings eligible to attend	Meetings attended
Kevin W. White	12	12	4*	4*	4	4
Rodney Green	12	10	4	4	4	3
John G. Hayes	12	12	4*	4*	4*	4*
Carl F. Scarcella	12	12	4	4	4	4

*In attendance ex-officio.

COMMITTEE MEMBERSHIP

As at the date of this report, the Company's Audit and Risk Committee members are:

- Carl F. Scarcella – Chairman
- Rodney Green

At the date of this report, the Company's Remuneration Committee members are:

- Rodney Green – Chairman
- Carl F. Scarcella
- Kevin W. White

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 Group 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.

DIRECTORS' REPORT (continued)

SHARES UNDER OPTION

Unissued shares
As at the date of this report, there were no unissued ordinary shares under option.

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.

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

	2016	2015
	$	$
Other services	-	**11,800**
Total remuneration for non-audit services	-	**11,800**

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 prepared 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.eastoninvestments.com.au under the Investors section.

REMUNERATION REPORT (AUDITED)

The directors are pleased to present the Group's 2016 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 2015 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

- Kevin W. White — Executive Chairman
- Rodney Green — Non-executive Director, Deputy Chairman
- John G. Hayes — Managing Director
- Carl F. Scarcella — Non-executive Director

(ii) Other key management personnel

- Mark Licciardo — Company Secretary
- Michael A. Harris — Chief Financial Officer
- Cameron R. Knox — Managing Director of Easton Asset Management Pty Ltd
- Lisa M. Armstrong — General Manager of Knowledge Shop Pty Ltd
- Shane A. Bransby — Managing Director of Chesterfields Financial Services Pty Ltd (ceased employment 15 October 2015.)

(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 for 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 Group.

REMUNERATION REPORT (AUDITED) (continued)

(c) Executive remuneration policy and framework

Remuneration policy
The 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 Group 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 2016. The Remuneration Committee makes specific recommendations on the remuneration package and other terms of employment for the Managing Director having regard to his 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.

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
For the reporting period, the executive pay and reward framework had 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)
Certain 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 Managing Director, 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 assessed annually.

Long-term incentives (LTI)
Long-term incentives have been 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 24 November 2015.

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.
- 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.

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

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

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.

(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 is $29,183 (2015: $34,489).

REMUNERATION REPORT (AUDITED) (continued)

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

	2016	2015	2014	2013	2012
Revenue ($'000)	$19,458	$17,465	$10,953	$5,845	$3,025
Normalised EBITA ($'000)	$3,333	$2,598	$716	$(577)	$(627)
Net profit/(loss) before tax ($'000)	$(318)	$1,754	$(2,380)	$(3,585)	$(1,520)
Net profit/(loss) after tax ($'000)	$(352)	1,242	$(1,631)	$(3,407)	$(1,571)
Share price at end of year[1]	$1.50	$0.70	$0.89	$0.75	$0.96
Basic earnings per share[2]	(1.25)cps	4.14cps	(8.04)cps	(30.27)cps	(22.70)cps
Diluted earnings per share[2]	(1.25)cps	4.14cps	(8.04)cps	(30.27)cps	(22.70)cps
Remuneration linked to share price ($'000)	$29	$35	$35	-	-

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 have 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.

(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. During the year, the Executive Chairman was entitled to be paid a fixed remuneration of $100,000 per annum including superannuation contributions (2015: $100,000). Other directors are each entitled to be paid a fixed remuneration of up to a maximum of $45,000 per annum including superannuation contributions (2015: $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 $300,000 per annum, (2015: $200,000) or other such maximum as determined by the Company in a general meeting. A revised Constitution of the Company was approved by shareholders at a general meeting held on 24 November 2015. 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 directors fees in aggregate do not exceed the maximum of $300,000. 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 2015 Annual General Meeting (AGM)

The Company received more than 99% of "yes" votes on its remuneration report for the 2015 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

REMUNERATION REPORT (AUDITED) (continued)

(g) Details of remuneration of key management personnel

Remuneration for the year ended 30 June 2016

	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	$	$	$	$	$	$	$	%
Kevin W. White	91,324	-	-	8,676	-	29,183	129,183	23%
Rodney Green	43,699	-	-	1,301	-	-	45,000	-
John G. Hayes	251,142	75,248	-	23,858	-	-	350,248	21%
Carl F. Scarcella[1]	45,000	-	-	-	-	-	45,000	-
Sub-total directors	**431,165**	**75,248**	**-**	**33,835**	**-**	**29,183**	**569,431**	
Executives' remuneration								
Lisa M. Armstrong	205,692	-	-	19,308	-	-	225,000	-
Shane A. Bransby[2]	79,401	-	-	6,163	167,189	-	252,753	-
Michael A. Harris	200,000	-	-	19,000	-	-	219,000	-
Cameron R. Knox[3]	567,873	100,000	-	-	-	(162,546)[4]	505,327	(12%)
Mark Licciardo[5]	44,893	-	-	-	-	-	44,893	-
Sub-total executives	**1,097,859**	**100,000**	**-**	**44,471**	**167,189**	**(162,546)**	**1,246,973**	
Total key management personnel	**1,529,024**	**175,248**	**-**	**78,306**	**167,189**	**(133,363)**	**1,816,404**	

1. A company of which Mr Scarcella is a director received director fees from the Company for services as non-executive director.
2. Mr Bransby ceased employment with Chesterfields Financial Services Pty Ltd (CFS) on 15 October 2015. The Group's 52.2% controlling interest in CFS was subsequently divested on 30 October 2015.
3. A company of which Mr Knox is a director received fees from the Group for consulting services.
4. During the year these performance rights were revalued to reflect updated expectations of meeting vesting conditions from a 70% probability to a 3% probability of vesting. Before consideration of the write back due to a change in vesting probability, remuneration paid to Mr Knox is $667,873.
5. 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)

Remuneration for the year ended 30 June 2015

	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	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
Kevin W. White	121,766	-	-	11,568	-	34,489	167,823	21%
Rodney Green	48,333	-	-	3,167	-	-	51,500	-
John G. Hayes[1]	254,098	-	-	38,110	-	-	292,208	-
Carl F. Scarcella[2]	45,000	-	-	-	-	-	45,000	-
Sub-total directors	**469,197**	**-**	**-**	**52,845**	**-**	**34,489**	**556,531**	
Executives' remuneration								
Lisa M. Armstrong	188,984	-	-	17,953	-	-	206,937	-
Shane A. Bransby	302,197	-	-	17,775	-	-	319,972	-
Michael A. Harris[3] (from 27/01/15)	86,410	-	-	8,209	-	-	94,619	-
Cameron R. Knox[4]	499,881	76,823	-	-	-	154,167	730,871	32%
Mark Licciardo[5]	45,709	-	-	-	-	-	45,709	-
Geoffrey J. Robinson[6] (to 15/03/2015)	122,227	-	-	11,062	52,500	-	185,789	-
Sub-total executives	**1,245,408**	**76,823**	**-**	**54,999**	**52,500**	**154,167**	**1,583,897**	
Total key management personnel	**1,714,605**	**76,823**	**-**	**107,844**	**52,500**	**188,656**	**2,140,428**	

1. Mr Hayes was employed by Hayes Knight (NSW) Pty Ltd, a company in which the Group at reporting date had a 30.6% interest up until 28 February 2015. Effective 1 March 2015 Mr Hayes was employed directly by the Company.
2. A company of which Mr Scarcella is a director received director fees from the Company for services as non-executive director.
3. Mr Harris commenced with the Company 27 January 2015.
4. A company of which Mr Knox is a director received fees from the Group for consulting services.
5. A company of which Mr Licciardo is a director received fees from the Company for company secretarial and corporate governance consulting services.
6. Mr Robinson resigned from the Company effective 15 March 2015.

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		At risk – STI		At risk – LTI	
	2016	2015	**2016**	2015	**2016**	2015
Executive directors						
Kevin W. White	**77%**	79%	-	-	**23%**	21%
John G. Hayes	**79%**	100%	**21%**	-	**-**	-
Other key management personnel of the group						
Lisa Armstrong	**100%**	100%	**-**	-	**-**	-
Shane Bransby (ceased employment 15 October 2015)	**100%**	100%	**-**	-	**-**	-
Michael Harris	**100%**	100%	**-**	-	**-**	-
Cameron R. Knox[1]	**68%**	68%	**12%**	11%	**20%**	21%
Geoffrey J. Robinson (resigned 15 March 2015)	**-**	100%	**-**	-	**-**	-

1. Percentage allocation in 2016 is in absolute terms.

(h) Service agreements

Executive Chairman - Mr Kevin W. White
Mr White commenced as Managing Director on 29 May 2013 and subsequently became Executive Chairman on 1 March 2015 under a new employment agreement as announced on 24 February 2015. His remuneration is set by the Board and is governed by an employment agreement. Mr White's remuneration consists of the following components:

- For year ended 30 June 2016 base annual salary of $100,000 (including superannuation); and
- long-term incentive consisting of 1.0 million performance rights which vested on 29 May 2016 and for which 1.0 million ordinary shares were issued on 31 May 2016 (see page 27 for terms and conditions).

The employment agreement has no fixed term and a notice period of six months.

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. Subsequently Mr Hayes became Managing Director on 1 March 2015 as announced on 24 February 2015. Mr Hayes was previously employed by Hayes Knight (NSW) Pty Ltd, a company in which the Group has a 33.3% interest at balance date. A new employment agreement commenced 1 March 2015 when Mr Hayes' employment was transferred directly to the Company.

For the year ending 30 June 2016, Mr Hayes' remuneration consisted of a base annual salary of $275,000 (including superannuation) and was eligible to participate in a short term incentive (STI) opportunity whereby he was entitled to a STI payment of 2.5% of Total Remuneration (TR) for each 1% in reported Normalised EBITA per share growth over the financial year. A STI cap of 50% of TR applies. For the current year, the STI opportunity was calculated to be $75,248. The employment agreement has no fixed term and a notice period of six months.

Joint Company Secretary - Mr Mark Licciardo
Mr 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 for the year ended 30 June 2016 are set out below:

REMUNERATION REPORT (AUDITED) (continued)

Name	Term of agreement	Notice period[1]	Base salary including superannuation[2]	Termination payments[3]
Lisa M. Armstrong Managing Director - Knowledge Shop Pty Ltd	No fixed term	Employee - 6 months Employer - 3 months	$225,000	3 months
Shane A. Bransby Managing Director - Chesterfields Financial Services Pty Ltd (ceased employment 15 October 2015)	No fixed term	Employee - 6 months Employer - 5 weeks	$250,000	5 weeks
Michael A. Harris Chief Financial Officer	No fixed term	Employee - 3 months Employer - 3 months	$219,000	3 months
Cameron R. Knox[4] Managing Director – Easton Asset Management Pty Ltd	No fixed term	Employee - 6 months Employer - 1 month	US$413,000	N/a

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 2016; they are reviewed annually by the Remuneration Committee.
3. Base salary payable if the Group 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.

(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		Number of performance rights cancelled during the year	
	2016	2015	**2016**	2015	**2016**	2015
Executive directors						
K.W. White	-	-	1,000,000	-	-	-
Other key management personnel						
G.J. Robinson (resigned 15 March 2015)	-	-	-	-	-	20,000

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	-	n/a

REMUNERATION REPORT (AUDITED) (continued)

Bonuses

For each cash bonus included in the tables on pages 23 to 24, 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:

Name	Current year STI entitlement	
	Awarded %	Forfeited %
S.A. Bransby[1]	-	100
J.G Hayes[2]	55	45
C.R. Knox[3]	100	-

1. Mr Bransby had a cash bonus eligibility calculated as 20% of revenue growth on the base year achieved for one of the business units that he was responsible for managing, Merit Planning WA. On 15 October 2015 Mr Bransby ceased employment with the Group and subsequently, Merit Planning WA was disposed of as part of the Chesterfields disposal on 30 October 2015. No bonus was paid.
2. For the year ending 30 June 2016 Mr Hayes was entitled to a STI payment of 2.5% of Total Remuneration (TR) for each 1% in reported Normalised EBITA per share growth over 20% for the financial year. A STI cap of 50% of TR applied. Actual normalised EBITA growth per ordinary share achieved was 31%.
3. Mr Knox has a cash bonus eligibility calculated as 20% of an adjusted net profit before tax that exceeds $1 million in his business unit. The financial performance criteria is based on a calendar year. The cash bonus disclosed in the table on page 22 is based on the financial performance criteria for the year ended 31 December 2015.

(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:

2016 Name	Balance at the start of the year	Received on vesting of performance rights	Other changes during the year	Balance at the end of the year
K.W. White	1,904,397	1,000,000	50,000	2,954,397
R. Green	320,000	-	-	320,000
J.G. Hayes[1]	5,944,117	-	90,000	6,034,117
C.F. Scarcella	53,884	-	-	53,884
S.A. Bransby[2]	852,946	-	(852,946)	-
C.R. Knox	811,474	-	(300,808)	510,666
L.M. Armstrong[1]	5,944,117	-	90,000	6,034,117

1. J.G. Hayes and L.M. Armstrong are related parties of each other.
2. S.A Bransby ceased employment with the Group on 15 October 2015.

REMUNERATION REPORT (AUDITED) (continued)

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:

2016 Name	Balance at the start of the year	Granted as compensation during the year	Vested	Cancelled	Balance at the end of the year
K.W. White[1]	1,000,000	-	1,000,000	-	-
C.R. Knox[2]	500,000	-	-	-	500,000
Total	**1,500,000**	**-**	**1,000,000**	**-**	**500,000**

1. Mr White's performance rights were granted on 29 May 2013 with the following terms and conditions:

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

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

- the performance rights would be forfeited in the event of valid termination with cause or if Mr White gave notice of termination before the initial 3 year term;
- on a change of control in the Company, those performance rights, if any, would vest where the Threshold Price was met on the date control changed or if the share price applying to the change of control was $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.

During the 2nd half of the year, the Company's VWAP exceeded the $1.50 threshold in excess of 30 consecutive days and on 31 May 2016, the Remuneration Committee approved the issue of 1,000,000 ordinary shares to Mr White which were issued on the same day.

2. Mr Knox's performance rights were granted on 1 January 2014 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.
- Harmony Distribution Agreement be renewed on terms and conditions acceptable to the Company on its renewal date on 31 August 2016.

On 18 May 2016, the Group was notified that the Harmony Distribution Agreement will be terminated effective 31 August 2016. At 30 June 2016, Mr Knox's performance rights continue to be held unvested with a 3% probability assigned to meeting all vesting conditions. The Remuneration Committee will review the vesting conditions again in the first half of the year ending 30 June 2017.

REMUNERATION REPORT (AUDITED) (continued)

Option holdings
There were no options issued during the year or prior year to, or options held by directors of the Company and other key management personnel of the Group.

(k) Other transactions with key management personnel

Mr J.G. Hayes and Ms L.M. Armstrong are both directors and shareholders of Hayes Knight (NSW) Pty Ltd and Hayes Knight Services (NSW) Pty Ltd (together, **HKNSW**). At 30 June 2016, the Group had a 33.3% non-controlling interest in HKNSW and received 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 C.R. Knox, 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:

	2016	2015
	$	$
Amounts recognised as revenue		
Recovery of dealer group costs	**17,676**	15,255
Recovery of employment costs	**-**	37,958
	17,676	53,213
Amounts recognised as expense		
Administration fees	**239,689**	132,798
Commissions paid	**292,695**	207,826
Help desk and technical training support	**747,791**	707,160
Occupancy and infrastructure	**292,233**	204,539
Professional fees	**199,320**	263,507
Expense reimbursements	**30,721**	38,042
	1,802,449	1,553,872

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:

	2016	2015
	$	$
Current assets (amounts receivable)	**56,402**	55,406
Current liabilities (amounts payable)	**109,046**	109,811

End of audited Remuneration Report.

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

Rodney Green
Chairman – Remuneration Committee

Sydney
23 August 2016

PITCHER PARTNERS

EASTON INVESTMENTS LIMITED

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

In relation to the independent audit for the year ended 30 June 2016, 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.

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

N R BULL
Partner

23 August 2016

PITCHER PARTNERS
Melbourne

Easton Investments Limited
Annual Financial Report – 30 June 2016
Contents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	2016 $'000	2015 $'000
Revenue from continuing operations			
Services	4	**19,345**	17,325
Other revenue	4	**113**	140
		19,458	17,465
Other income	5	**516**	500
Share of net profit of associates accounted for using the equity method	11	**611**	233
Expenses from ordinary activities			
Fees and commissions		**(11,684)**	(10,336)
Salaries and employee benefits expenses	5	**(3,649)**	(3,734)
Occupancy expenses		**(243)**	(409)
Professional fees		**(383)**	(431)
Administration expenses		**(260)**	(327)
Other expenses		**(904)**	(665)
Finance costs	5	**(135)**	(293)
Depreciation and amortisation	5	**(452)**	(249)
Impairment losses	5	**(3,193)**	-
(Loss)/profit before income tax		**(318)**	1,754
Income tax expense	6	**(180)**	(613)
Net (loss)/profit from continuing operations after income tax		**(498)**	1,141
Discontinued operation			
Net profit from discontinued operation		**146**	101
Net (loss)/profit for the year		**(352)**	1,242
Total comprehensive (loss)/income for the year		**(352)**	1,242
(Loss)/profit for the year is attributable to:			
Non-controlling interests		**(9)**	108
Owners of the Company		**(343)**	1,134
		(352)	1,242
Total comprehensive (loss)/income for the year is attributable to:			
Non-controlling interests		**(9)**	108
Owners of the Company		**(343)**	1,134
		(352)	1,242
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company:			
Basic (loss)/earnings per share (cents)	7	**(1.78)**	4.16
Diluted (loss)/earnings per share (cents)	7	**(1.78)**	4.16
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic (loss)/earnings per share (cents)	7	**(1.25)**	4.14
Diluted (loss)/earnings per share (cents)	7	**(1.25)**	4.14

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2016

	Note	**2016 $'000**	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	8	**3,941**	1,450
Receivables	9	**1,753**	1,458
Other current assets	10	**141**	75
Total current assets		**5,835**	2,983
Non-current assets			
Equity accounted investments	11	**6,207**	5,542
Plant and equipment	12	**134**	78
Intangible assets	13	**10,529**	15,160
Investments	14	**-**	164
Deferred tax assets	6	**783**	866
Total non-current assets		**17,653**	21,810
TOTAL ASSETS		**23,488**	24,793
LIABILITIES			
Current liabilities			
Trade and other payables	15	**2,646**	2,089
Provisions and employee benefits	16	**237**	247
Borrowings	17	**-**	655
Current tax liability	6	**155**	102
Provision for contingent consideration	18	**466**	561
Other liabilities	19	**302**	141
Total current liabilities		**3,806**	3,795
Non-current liabilities			
Provisions and employee benefits	16	**87**	49
Provision for contingent consideration	18	**-**	311
Deferred tax liabilities	6	**350**	402
Total non-current liabilities		**437**	762
TOTAL LIABILITIES		**4,243**	4,557
NET ASSETS		**19,245**	20,236
EQUITY			
Contributed equity	20	**18,629**	18,539
Reserves	21	**38**	267
Retained earnings	22	**578**	921
Equity attributable to owners of the Company		**19,245**	19,727
Non-controlling interests	23	**-**	509
TOTAL EQUITY		**19,245**	20,236
Net tangible assets per share (cents)		**29.16**	16.84

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 2016

Consolidated entity	Ordinary shares $'000	Retained profits $'000	Share based payments reserve $'000	Other reserves $'000	Owners of the parent $'000	Non-controlling interest $'000	Total $'000
At 1 July 2015	18,539	921	241	26	19,727	509	20,236
Loss for the year	-	(343)	-	-	(343)	(9)	(352)
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**(343)**	**-**	**-**	**(343)**	**(9)**	**(352)**
Transactions with owners in their capacity as owners:							
Share issue costs	(6)	-	-	-	(6)	-	(6)
Employee incentive plan	96	-	(229)	-	(133)	-	(133)
Disposal on non-controlling interest	-	-	-	-	-	(500)	(500)
At 30 June 2016	**18,629**	**578**	**12**	**26**	**19,245**	**-**	**19,245**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 June 2016

Consolidated entity	Ordinary shares $'000	Retained profits/ (accumulated losses) $'000	Share based payments reserve $'000	Other reserves $'000	Owners of the parent $'000	Non-controlling interest $'000	Total $'000
At 1 July 2014	25,986	(7,660)	58	26	18,410	563	18,973
Profit for the year	-	1,134	-	-	1,134	108	1,242
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	**-**	**1,134**	**-**	**-**	**1,134**	**108**	**1,242**
Transactions with owners in their capacity as owners:							
Capital reduction	(7,447)	7,447	-	-	-	-	-
Dividend paid	-	-	-	-	-	(162)	(162)
Employee incentive plan	-	-	183	-	183	-	183
At 30 June 2015	**18,539**	**921**	**241**	**26**	**19,727**	**509**	**20,236**

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 2016

	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Fees and commissions received		**21,125**	19,551
Payments to suppliers and employees		**(18,481)**	(17,006)
Cash generated from operations		**2,644**	2,545
Interest received		**12**	40
Finance costs paid		**(41)**	(72)
Income tax paid		**-**	(82)
Net cash flows from operating activities	24	**2,615**	2,431
Cash flows from investing activities			
Proceeds from disposal of subsidiary, net of cash disposed		**1,030**	-
Payments for plant and equipment		**(104)**	(68)
Payments for other intangible assets		**(245)**	-
Payments for acquisition of a subsidiary, net of cash acquired		**-**	(750)
Payments for acquisition of associate		**(683)**	(2,377)
Payments for other investments		**-**	(164)
Dividends received from associates		**539**	72
Net cash flows provided by/(used in) investing activities		**537**	(3,287)
Cash flows from financing activities			
Payments for share issue costs		**(6)**	-
Dividends paid to minority interest in subsidiaries		**-**	(162)
Repayment of borrowings	17	**(655)**	(122)
Net cash flows used in financing activities		**(661)**	(284)
Net increase/(decrease) in cash held		**2,491**	(1,140)
Cash at the beginning of the financial year		**1,450**	2,591
Cash at the end of the financial year	8	**3,941**	1,450

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2016

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 consolidated entity (**the Group**), consisting of Easton Investments Limited (**the Company**) and the entities it controls.

(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 August 2016.

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

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

(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.

(iv) New and amended standards adopted by the Group

No new and amended accounting standards effective for the financial year beginning 1 July 2015 affected any amounts recorded in the current or prior year.

(v) New standards and interpretations not operative at 30 June 2016

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements. The Group's assessment of the new and amended pronouncements that are relevant to the Group but applicable in future reporting periods is set out below.

AASB 2014-4: Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (applicable for annual reporting periods commencing on or after 1 January 2016).

This Amending Standard amends AASB 116: Property, Plant and Equipment and AASB 138: Intangible Assets, to establish the principle for the basis of depreciation and amortisation. This Standard is not expected to significantly impact the Group's financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB 2015-1: Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (applicable for annual reporting periods commencing on or after 1 January 2016).

This Amending Standard amends a number of Australian Accounting Standards including:

- AASB 119: Employee Benefits to clarify that the discount rates used to measure defined benefit obligations
- AASB 134: Interim Financial Reporting to clarify that certain disclosures may be incorporated in the interim financial statements by cross-reference to another part of the interim financial report.

This Standard is not expected to significantly impact the Group's financial statements.

AASB 2015-2: Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 (applicable for annual reporting periods commencing on or after 1 January 2016).

This Amending Standard makes a number of amendments regarding the application of some of the presentation and disclosure requirements in AASB 101: Presentation of Financial Statements. These amendments are in relation to disclosure of accounting policies, disaggregation of certain line items in the financial statements, presentation order of notes, rules around subtotalling and rules of materiality for some specific items.

This Standard is not expected to significantly impact the Group's financial statements.

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

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

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

This Standard is not expected to significantly impact the Group's financial statements.

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

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

The directors have not yet assessed the impact (if any) of changes in the standard above.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

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 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 within the Group 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. Unrealised gains and losses on transactions between the consolidated entity and an associate are eliminated to the extent of the entity's share in the associate.

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 transactions 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

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. All revenue is stated net of the amount of goods and services tax (GST). 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.

(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. Dividends received from associates are accounted for in accordance with the equity method.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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:

- 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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
The Group has applied tax consolidation legislation to form one tax-consolidated group. The Company being the head entity, and the 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 head 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 Financial Instruments*: *Recognition and Measurement*, 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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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) Held-to-maturity investments
Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

(v) Financial liabilities
Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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

(vi) 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 30(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, fittings and leasehold improvements 2 to 10 years

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 is initially measured at the excess over the aggregate of the consideration transferred, the fair value *(or proportionate share of net assets value)* of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition), less the fair value of the identifiable assets acquired and liabilities assumed.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less 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 Operating Segments*.

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 at fair value 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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(j) 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.

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

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 wholly 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 wholly 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 corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(iii) Retirement benefit obligations

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 or performance rights that are 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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, options or performance rights are shown in equity as a deduction, net of tax, from the proceeds.

(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.

(ii) 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.

Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

2. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (continued)

Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated. The 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, an impairment loss may be recognised.

The carrying amount of goodwill at 30 June 2016 was $9,054,012 (30 June 2015: $9,263,061) after an impairment loss of $nil was recognised during the year ended 30 June 2016 (2015: $nil). Details of impairment testing are set out in note 13.

Impairment of non-financial assets other than goodwill
All non-financial assets are assessed for impairment at each reporting date or when there may be indicators of impairment by evaluating whether their carrying amount is in excess of their recoverable amount.

Value-in-use 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 2016 was $1,475,669 (30 June 2015: $5,896,659) after an impairment loss of $3,192,950 was recognised during 2016 (2015: $nil). Refer to note 13.

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.

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.

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 30(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 26.

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 makers **(CODMs)**. The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Board of Directors, the Managing Director and the Chief Financial Officer.

The consolidated entity has four reportable segments as described below:

(i) Wealth and asset management (comprising the Chesterfields Financial Services to 30 October 2015, Easton Wealth Protection, Easton Asset Management and First Financial) which provide financial planning, risk insurance advice and broking, self-managed superannuation administration and a distribution platform for managed funds;
(ii) Distribution services (comprising the Knowledge Shop, Merit Wealth, Hayes Knight Referral Services and Law Central) which provide professional support services and dealer group services primarily to the accounting profession;
(iii) Accounting and tax (comprising the Hayes Knight (NSW) business) which is a traditional accounting practice; and
(iv) Corporate which comprises the parent entity (Easton Investments Limited) and includes revenue from its treasury function and corporate costs.

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

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

(i) Accounting policies adopted
Unless stated otherwise, all amounts reported to the CODMs 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 except for normalised adjustments. Normalised adjustments are applied to earnings before interest, taxation, depreciation and amortisation (EBITA) to derive “Normalised EBITA”. Normalised EBITA typically excludes the effects of non-recurring costs such as restructuring costs and impairments and also excludes the effects of share-based payments. The CODMs view Normalised EBITA as the best reflection of underlying business performance.

(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 and liabilities
Total assets and liabilities are generally presented to the CODM for decision making on a more granular basis than by total segment and therefore are not presented on a segment basis in this report.

3. SEGMENT INFORMATION (continued)

(c) Segment results

The segment information provided on reportable segments for the year ended 30 June 2016 is as follows:

Consolidated 2016	**Wealth and asset management $'000**	**Distribution services $'000**	**Accounting and tax $'000**	**Corporate $'000**	**Total $'000**
Revenue from continuing operations					
Services	10,295	9,050	-	-	19,345
Other revenue	67	34	-	12	113
Total revenue from continuing operations	**10,362**	**9,084**	**-**	**12**	**19,458**
Share of profits from associates	374	(31)	268	-	611
Normalised EBITA from continuing operations	2,519	1,570	401	(1,326)	3,164
Normalised EBITA from discontinued operation	169	-	-	-	169
Normalised EBITA – (non IFRS)	**2,688**	**1,570**	**401**	**(1,326)**	**3,333**
Normalisation adjustments					
Net restructuring costs					(198)
Profit on sale of subsidiary					207
Write back of contingent consideration					500
Equity accounted adjustments for interest and tax					(337)
Prior year adjustment related to referral rights revenue					(30)
Share based payments					133
Impairment losses					(3,193)
Statutory EBITA					**415**
Interest revenue					12
Finance costs					(135)
Amortisation					(469)
Net loss before tax					**(177)**
Less net profit before tax from discontinued operation					**(141)**
Net loss before tax from continuing operations					**(318)**
Significant items of segment expenses					
Fees and commissions	7,283	4,401	-	-	11,684
Salaries and employee benefits	629	2,208	-	812	3,649
Professional fees	-	214	-	169	383
Finance costs	11	115	-	9	135

3. SEGMENT INFORMATION (continued)

The segment information provided on reportable segments for the year ended 30 June 2015 is as follows:

Consolidated 2015	**Wealth and asset management $'000**	**Distribution services $'000**	**Accounting and tax $'000**	**Corporate $'000**	**Total $'000**
Revenue from continuing operations					
Services	8,974	8,351	-	-	17,325
Other revenue	8	49	-	83	140
Total revenue from continuing operations	**8,982**	**8,400**	**-**	**83**	**17,465**
Share of profits from associates	17	-	216	-	233
Normalised EBITA from continuing operations	2,091	1,086	328	(1,259)	2,246
Normalised EBITA from discontinued operation	352	-	-	-	352
Normalised EBITA – (non IFRS)	**2,443**	**1,086**	**328**	**(1,259)**	**2,598**
Normalisation adjustments					
Net restructuring costs					(204)
Write back of contingent consideration					500
Equity accounted adjustments for interest and tax					(121)
Prior year adjustment related to referral rights revenue					(50)
Share based payments					(183)
Statutory EBITA					**2,540**
Interest revenue					40
Finance costs					(293)
Amortisation					(326)
Net profit before tax					**1,961**
Less net profit before tax from discontinued operation					**(207)**
Net profit before tax from continuing operations					**1,754**
Significant items of segment expenses					
Fees and commissions	5,864	4,472	-	-	10,336
Salaries and employee benefits	688	2,054	-	992	3,734
Professional fees	13	254	1	163	431
Finance costs	45	248	-	-	293

4. REVENUE

	2016 $'000	2015 $'000
Revenue from continuing operations		
Sales revenue		
Fees and commissions received	**19,345**	17,325
Interest income	**12**	40
Other revenue	**101**	100
	19,458	17,465

5. OTHER INCOME AND EXPENSE ITEMS

	2016 $'000	2015 $'000
Profit from continuing operations before income tax has been determined after the following specific items:		
Other income		
Write back of contingent consideration	**500**	500
Net gain on acquisition of subsidiary	**16**	-
	516	500
Employee benefits expense		
Salaries and wages	**3,151**	2,970
Defined contribution superannuation expense	**232**	202
Other employee benefits	**266**	562
	3,649	3,734
Depreciation and amortisation of non-current assets		
Depreciation		
Office equipment	**10**	50
Furniture, fittings and leasehold improvements	**21**	18
	31	68
Amortisation		
Client lists and relationships	**166**	151
Client lists and relationships – equity accounted investments	**255**	30
	421	181
Total depreciation and amortisation of non-current assets	**452**	249
Finance costs expensed		
Bank loans and overdrafts	**41**	73
Notional interest charge on present value of contingent consideration	**94**	220
	135	293
Impairment losses		
Distribution rights	**2,793**	-
Client lists and relationships	**400**	-
	3,193	-

6. INCOME TAXES

	2016 $'000	2015 $'000
(a) Components of tax expense		
Current tax	**821**	548
Deferred tax	**(239)**	171
Income tax benefit from losses brought to account	**(407)**	-
Total	**175**	719
Income tax expense/(benefit) is attributable to:		
Profit from continuing operations	**180**	613
Profit from discontinued operation	**(5)**	106
	175	719

(b) Prima facie tax payable

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

	2016 $'000	2015 $'000
(Loss)/profit before tax	**(178)**	1,961
Prima facie income tax on the (loss)/profit before income tax at 30% (2015: 30%)	**(53)**	588
Tax effect of:		
Non-allowable deductions	**(5)**	127
Amortisation of intangible assets	**112**	98
Impairment losses	**958**	-
Tax benefit arising from franked dividend rebate and tax losses brought to account	**(598)**	48
Other non-assessable income	**(239)**	(142)
Income tax expense attributable to profit or loss	**175**	719

(c) Current tax

	2016 $'000	2015 $'000
Current tax relates to the following:		
Current tax (liabilities)/assets		
Opening balance	**(102)**	(82)
Charged to income	**(821)**	(548)
Tax benefit arising from franked dividend rebate and tax losses	**666**	446
Tax payments	**-**	82
Acquisitions/disposals	**102**	-
Closing balance	**(155)**	(102)

6. INCOME TAXES (continued)

(d) Deferred tax

Deferred tax relates to the following:	2016 $'000	2015 $'000
Deferred tax assets/(liabilities)		
Opening balance	**464**	1,081
Charged to income	**(20)**	(617)
Acquisitions/disposals	**(11)**	-
Closing balance	**433**	464

Amounts recognised in the consolidated statement of financial position:		
Deferred tax asset	**783**	866
Deferred tax liability	**(350)**	(402)
	433	464
Deferred income tax at 30 June relates to the following:		
Deferred tax assets:		
Un-deducted expenditure	**47**	100
Accruals and provisions	**380**	151
DTA recognised on capital losses	**67**	67
DTA recognised on revenue losses	**289**	548
	783	866
Deferred tax liabilities:		
Fair value of assets acquired in a business combination	**(211)**	(285)
Accrued income	**(90)**	(72)
Unrealised capital gain	**(49)**	(49)
Other	**-**	4
	(350)	(402)
Net deferred tax assets	**433**	464

(e) Tax losses

Tax losses brought to account

During the year ended 30 June 2016, the Group utilised its $1,825,823 balance of revenue losses which tax effect were previously recognised in deferred tax assets at 30 June 2015. In addition, the Group utilised $235,717 available fraction losses which were previously un-recognised. There is a remaining balance of $1,279,515 available fraction losses of which $973,575 have been brought to account in the current year and which the tax effect is recognised as part of deferred tax assets.

The group has recognised un-recouped capital tax losses of $222,977 (2015: $222,977).

The Group has only brought to account the available fraction 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 available fraction tax losses can be utilised.

6. INCOME TAXES (continued)

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 2016, the Group has un-recouped operating income tax losses subject to available fraction of $305,940 which have not been brought to account, (2015:$1,515,232). A further $437,757 un-recouped capital tax losses remain unrecognised.

Unrecognised temporary differences
As 30 June 2016, 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 (2015: Nil).

(f) Franking credit balance

	Parent	
	2016	2015
	$'000	$'000
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% (2015: 30%)	**-**	289

7. EARNINGS PER SHARE

	2016	2015
	Cents	Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**(1.78)**	4.16
From discontinued operation	**0.53**	(0.2)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**(1.25)**	4.14
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**(1.78)**	4.16
From discontinued operation	**0.53**	(0.2)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**(1.25)**	4.14

7. EARNINGS PER SHARE (continued)

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

	2016 $'000	2015 $'000
(c) Earnings used in calculating earnings per share		
For basic earnings per share:		
Net (loss)/profit attributable to ordinary equity holders of the Company	**(343)**	1,134
For diluted earnings per share:		
Net (loss)/profit attributable to ordinary equity holders of the Company	**(343)**	1,134
(d) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	**27,482,522**	27,400,330
Effect of dilution:		
Performance rights	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**27,482,522**	27,400,330

On 31 May 2016, 1,000,000 ordinary shares were issued under the Easton Investments Limited Employee Share Ownership Plan to Mr. White following the satisfaction of the vesting conditions for Mr White's performance rights which were approved at the Annual General Meeting on 29 November 2013.

(e) Information on the classification of securities

Performance rights granted to directors of the Company and key management personnel of the Group as described in note 26 are considered to be potential ordinary shares. They are included in the determination of diluted earnings per share if certain vesting conditions would have been met based on the Group's performance up to reporting date and to the extent they are dilutive.

The performance rights outstanding at the end of years 30 June 2016 and 30 June 2015 have not been included in the calculation of diluted earnings per share because certain vesting conditions have not been met.

8. CASH AND CASH EQUIVALENTS

	2016 $'000	2015 $'000
Cash at bank and on hand	**3,941**	1,450

9. RECEIVABLES

	2016 $'000	2015 $'000
Accrued income	**1,011**	996
Other debtors and receivables	**742**	462
	1,753	1,458

10. OTHER CURRENT ASSETS

	2016 $'000	2015 $'000
Prepayments	**141**	73
Other current assets	**-**	1
	141	74

11. EQUITY ACCOUNTED INVESTMENTS

	2016 $'000	2015 $'000
Equity accounted associated entities	**6,207**	5,543

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

(a) Carrying amounts

Interest is held in the following associated companies:

Name of company	Principal activity	Ownership interest 2016 %	Ownership interest 2015 %	Carrying amount 2016 $'000	Carrying amount 2015 $'000
Law Central Co Pty Ltd[1]	Distribution	**45.6**	12.6	**630**	-
First Financial Pty Ltd[2]	Wealth & financial services	**25**	25	**2,145**	2,394
Hayes Knight (NSW) Pty Ltd[3]	Accounting & tax	**33.3**	30.6	**3,432**	3,149
				6,207	5,543

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

1. On 25 June 2015, the Group acquired 12.6% of the share capital of Law Central Co. Pty Ltd (**Law Central**) for a purchase consideration of $163,878 which was classified as an investment in the consolidated statement of financial position, (refer to note 14). On 25 January 2016, the Group acquired an additional 32% equity interest for $444,911 which resulted in a 44.5% equity interest. Effective 1 February 2016, the Group reclassified Law Central to an equity accounted investment. On 9 February 2016 Law Central undertook a capital raising from existing shareholders whereby the Group increased its equity interest by acquiring additional unsubscribed shares resulting in an equity interest of 45.6%. The Group paid $53,644 toward the capital raising including the additional unsubscribed shares acquired.

   Law Central provides an extensive range of on-line documents, including the incorporation of companies, provision of trust deeds and superannuation fund deeds, as well as a suite of business related agreements, resolutions and policies relating to employment, estate planning, and commercial practice. As part of the transaction, the Group entered into a distribution agreement for the purpose of offering Law Central documents through the broad accounting network serviced by Easton's wholly owned businesses, Knowledge Shop and Merit Wealth.

11. EQUITY ACCOUNTED INVESTMENTS (continued)

2. On 3 June 2015, the Group completed the acquisition of 25% of the share capital of First Financial Pty Ltd **(First Financial)** pursuant to a Share Sale and Purchase Deed for a cash consideration of $2,376,556. First Financial is a pre-eminent, Melbourne based, wealth management and financial services business, offering a range of services including:
    - Financial planning and investment advice
    - Finance broking
    - Income protection and life (risk) insurance broking services
    - Self-managed super fund (SMSF) administration

3. At the beginning of the current year, the Group had a 30.6% equity interest in HKNSW. On 1 July 2015 an additional 3.9% interest was acquired for $184,400, followed by a HKNSW share issue to another shareholder in September 2015 which diluted Easton's shareholding to 33.3%.

    HKNSW is an established, full service accounting firm based in Sydney providing a suite of professional accounting services including Business Services, Specialist Tax, Superannuation, Financial Planning and Corporate Finance. Pursuant to a service agreement the group pays fees to HKNSW for the following services:
    - Professional fees relating to taxation compliance, accounting and consulting services
    - Financial planning fees and insurance commissions
    - Help desk and technical training support services
    - Occupancy and infrastructure services

(b) Movements in carrying amounts

	2016 $'000	2015 $'000
Carrying amount at the beginning of the financial year	**5,543**	3,034
Acquisition of ownership interest	**683**	2,377
Transferred in from investments	**164**	-
Share of profits or losses after income tax – refer (c) below	**611**	233
Amortisation of intangible assets	**(255)**	(29)
Dividends received	**(539)**	(72)
Carrying amount at the end of the financial year	**6,207**	5,543

(c) Share of associates' profits or losses

Profit before income tax	**873**	332
Income tax expense	**(262)**	(99)
Profit after income tax	**611**	233

11. EQUITY ACCOUNTED INVESTMENTS (continued)

(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 for the period of ownership and not the Group's share of those amounts.

	Law Central		First Financial		HKNSW	
Summarised statement of financial position	**30 June 2016 $'000**	30 June 2015 $'000	**30 June 2016 $'000**	30 June 2015 $'000	**30 June 2016 $'000**	30 June 2015 $'000
Current assets	**81**	-	**3,621**	2,716	**2,172**	2,321
Non-current assets	**358**	-	**10,549**	9,152	**3,484**	3,579
Current liabilities	**(136)**	-	**(4,291)**	(2,698)	**(1,288)**	(1,201)
Non-current liabilities	**(22)**	-	**(1,075)**	(62)	**(234)**	(832)
Net assets	**281**	-	**8,804**	9,108	**4,134**	3,867
Summarised statement of comprehensive income						
Revenue	**290**[1]	-	**12,377**	908[2]	**6,712**	6,766
Profit from operations after income tax	**(68)**[1]	-	**1,495**	68[2]	**790**	705

1. Results are from commencement of equity accounting on 1 February 2016.
2. Results are from the date of acquisition, 3 June 2015 to 30 June 2015.

12. PLANT AND EQUIPMENT

Year ended 30 June 2016	**Office equipment $'000**	**Furniture & fittings $'000**	**Leasehold improvements $'000**	**Total $'000**
Net carrying amount as at 1 July 2015	62	13	3	78
Additions	104	-	-	104
Disposals	(1)	(11)	(3)	(15)
Depreciation charge	(31)	(2)	-	(33)
Net carrying amount as at 30 June 2016	134	-	-	134
At 30 June 2016				
Cost	283	33	-	316
Less accumulated depreciation	(149)	(33)	-	(182)
Net carrying amount	**134**	**-**	**-**	**134**

12. PLANT AND EQUIPMENT (continued)

Year ended 30 June 2015	Office equipment $'000	Furniture & fittings $'000	Leasehold improvements $'000	Total $'000
Net carrying amount as at 1 July 2014	60	22	3	85
Additions	59	9	-	68
Depreciation charge	(57)	(18)	-	(75)
Net carrying amount as at 30 June 2015	62	13	3	78
At 30 June 2015				
Cost	185	80	4	269
Less accumulated depreciation	(123)	(67)	(1)	(191)
Net carrying amount	**62**	**13**	**3**	**78**

13. INTANGIBLE ASSETS

Year ended 30 June 2016	Distribution rights $'000	Client lists & relationships $'000	Goodwill $'000	Other $'000	Total $'000
Net carrying amount as at 1 July 2015	2,793	3,104	9,263	-	15,160
Additions	-	50	-	206	256
Disposal	-	(1,312)	(209)	-	(1,521)
Amortisation charge	-	(173)	-	-	(173)
Impairment	(2,793)	(400)	-	-	(3,193)
Net carrying amount as at 30 June 2016	-	1,269	9,054	206	10,529
At 30 June 2016					
Cost	-	2,173	9,054	206	11,433
Less accumulated amortisation	-	(904)	-	-	(904)
Net carrying amount	**-**	**1,269**	**9,054**	**206**	**10,529**

Year ended 30 June 2015	Distribution rights $'000	Client lists & relationships $'000	Goodwill $'000	Total $'000
Net carrying amount as at 1 July 2014	2,793	3,600	9,253	15,646
Additions	-	-	10	10
Amortisation charge	-	(296)	-	(296)
Elimination of intercompany referral rights	-	(200)	-	(200)
Net carrying amount as at 30 June 2015	2,793	3,104	9,263	15,160
At 30 June 2015				
Cost	2,793	3,996	9,263	16,052
Less accumulated amortisation	-	(892)	-	(892)
Net carrying amount	**2,793**	**3,104**	**9,263**	**15,160**

13. INTANGIBLE ASSETS (continued)

Impairment testing

The Group tests the carrying amount of goodwill and other intangible assets for impairment on an annual basis or where there has been an indication that an asset may be impaired.

The recoverable amount used in the impairment test is based on value-in-use calculations using projected cash flows approved by management covering a period of up to 5 years. Management's determination of cash flow projections consider a CGU's past performance and its expectation for the future.

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:

	2016	2015
	$'000	$'000
Wealth and asset management	**-**	209
Distribution services	**9,054**	9,054
	9,054	9,263

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

	Revenue growth rate		**Expense growth rate**		**Pre-tax discount rate**	
	2016	2015	**2016**	2015	**2016**	2015
	%	%	**%**	%	**%**	%
Wealth and asset management	**(20.0) - 5.0**	0 - 5.0	**5.0**	5.0	**11.5**	15.0
Distribution services	**5.0**	5.0	**5.0**	5.0	**11.5**	15.0

During the year ended 30 June 2016, the Group conducted impairment tests resulting in the impairment of two assets:

i) Easton Asset Management distribution rights have been impaired in full following a termination notice dated 18 May 2016 of the Harmony Distribution Agreement effective 31 August 2016. An impairment charge of $2,793,950 has been recognised in the statement of comprehensive income.

ii) Easton Wealth Protection holds a risk book which has been impaired following an assessment of recoverable amount using projected cash flows. Prior to the impairment charge, the risk book had a carrying amount of $899,317 which required cashflows in the high range of those considered likely. Accordingly the directors agreed to apply an impairment charge of $400,000 to align the carrying amount with its estimated recoverable amount both on a value in use and fair value basis.

14. INVESTMENTS

	2016 $'000	2015 $'000
Shares in unlisted entities at cost	-	164
Comprising:		
Shares in Law Central Co. Pty Ltd	-	164

On 25 January 2016, the Group acquired an additional 32% equity interest in Law Central which resulted in a 44.5% shareholding. Accordingly, effective 1 February 2016, the Group reclassified Law Central as an equity accounted investment. Refer to note 11.

15. TRADE AND OTHER PAYABLES

	2016 $'000	2015 $'000
Current		
Trade payables	**548**	825
Other payables and accruals	**2,098**	1,264
Carrying amount of trade and other payables	**2,646**	2,089

Trade and other payables are generally settled on 30 day terms. Interest rates are disclosed in note 30(c). Due to the short-term nature of these payables, their carrying value represents a reasonable approximation of their fair value.

16. PROVISIONS AND EMPLOYEE BENEFITS

	2016 $'000	2015 $'000
Current		
Provision for annual leave	**138**	171
Provision for long service leave	**20**	-
Provision for audit and tax fees	**79**	76
	237	247
Non-current		
Provision for long service leave	**87**	49

17. BORROWINGS

	2016 $'000	2015 $'000
Current		
Bank loans (secured)	-	655

During the year, the Group refinanced its loan facilities by consolidating two undrawn facilities held by two subsidiaries into one facility held by the Company which remains undrawn at balance date. The finance facility continues to be provided by Westpac Banking Corporation.

The new $5,000,000 facility that was executed in March 2016, is held by the Company, and is secured by a limited guarantee and indemnity provided by all wholly owned entities in the group supported by general security agreements over all assets and undertakings of those entities. The facility has a 3 year term and payments are made on an interest only basis.

17. BORROWINGS (continued)

Prior to the refinancing in March 2016, the Group held two facilities. The first facility was held by Easton Wealth Australia Pty Ltd (EWA) with an initial limit of $850,000, which was secured by a limited guarantee and indemnity provided by Easton Wealth Protection Pty Ltd (EWP), supported by a general security over all assets and undertakings of EWP. At June 2015 the loan outstanding was $646,494.

The second facility was held by Easton Distribution Services Pty Ltd (EDS) which had an initial limit of $3,000,000, which was 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 assets and undertakings of the Hayes Knight NSW entities. At June 2015 the loan outstanding was $8,996.

(a) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2016 and 2015 reporting periods. Under the terms of the new $5,000,000 facility, the covenants have been simplified to one Debt to EBITDA ratio. The ratio is applied on a consolidated Group EBITDA basis and is not to be less than 2.5 times.

(b) Loan facilities

	2016 **$'000**	2015 $'000
Bank loan facilities	**5,000**	3,162
Amount utilised	**-**	655
Unused loan facility	**5,000**	2,507

18. PROVISION FOR CONTINGENT CONSIDERATION

	2016 **$'000**	2015 $'000
Current		
Provision for contingent consideration – business combinations	**466**	561
Non-current		
Provision for contingent consideration – business combinations	**-**	311

Contingent consideration is payable to the vendors of the Hayes Knight NSW entities pursuant to a share sale and purchase deed and is subject to specific performance hurdles achieved each year in the first 3 years from 1 February 2014. Initially 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%.

For the Hayes Knight Referral Services business, both the first and second of three potential contingent consideration instalments of $500,000 have been forfeited because the business did not meet the performance hurdles for the 12 month periods ending 31 January 2015 and 2016 respectively. One further annual tranche of $500,000 remains in place.

During the year ended 30 June 2015, the first year performance hurdle was achieved for the Knowledge Shop business and the first and final contingent consideration cash payment was made for $750,000.

19. OTHER LIABILITIES

	2016 $'000	2015 $'000
Deferred revenue	**302**	141
	302	141

20. CONTRIBUTED EQUITY

(i) Issued and paid up capital

	2016 $'000	2015 $'000
Ordinary shares fully paid	**18,629**	18,539

(ii) Movements in ordinary share capital

		Number of Shares	$'000
Year ended 30 June 2016			
1 July 2015	Opening balance	27,400,330	18,539
31 May 2016	Issue of ordinary shares on vested performance rights[1]	1,000,000	96
31 May 2016	Transaction cost on issue of ordinary shares	-	(6)
30 June 2016	Balance	**28,400,330**	**18,629**
Year ended 30 June 2015			
1 July 2014	Opening balance	27,400,330	25,986
30 June 2015	Transfer from accumulated losses[2]	-	(7,447)
30 June 2015	Balance	27,400,330	18,539

1. On 31 May 2016, 1,000,000 ordinary shares were issued under the Easton Investments Limited Employee Share Ownership Plan to Mr. White following the satisfaction of the vesting conditions for Mr White's performance rights which were approved at the Annual General Meeting on 29 November 2013.
2. During the year ended 30 June 2015, the directors of the Company resolved to apply the Company's prior year accumulated losses as a permanent reduction to the share capital of the Company under the s.258 F provisions of the Corporations Act 2001. This transfer has no impact on the number of shares issued.

(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.

(iv) Employee share scheme
During the year there were 1,000,000 ordinary shares issued under the Easton Investments Employee Share Ownership Plan upon the vesting of performance rights. Refer note 20(ii) and note26.

(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 26.

20. CONTRIBUTED EQUITY (continued)

(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 26.

(vii) Capital risk management

The Group's capital risk management objective is 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 monitors capital risk exposure by monitoring its 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 2016 and 30 June 2015 were as follows:

	Notes	**2016** **$'000**	2015 $'000
Total borrowings	17	**-**	(655)
Add: cash and cash equivalents	8	**3,941**	1,450
Net cash and borrowings		**3,941**	795
Total equity		**19,245**	20,236
Total capital		**15,304**	19,441
Gearing ratio		**0.0%**	0.0%

21. RESERVES

	Share based payments reserve $'000	**Other reserve $'000**	**Total $'000**
Year ended 30 June 2016			
At 1 July 2015	241	26	267
Employee incentive plan	(229)	-	(229)
At 30 June 2016	**12**	**26**	**38**
Year ended 30 June 2015			
At 1 July 2014	58	26	84
Employee incentive plan	183	-	183
At 30 June 2015	241	26	267

Share based payments

The employee equity benefits reserve relates to options and performance rights granted to the key management personnel under the Easton Investments Employee Share Ownership Plan. Further information about share-based payments to key management personnel is set out in the Remuneration Report.

21. RESERVES (continued)

Other reserve

The other 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.

22. RETAINED EARNINGS

	2016 $'000	2015 $'000
Balance 1 July	**921**	(7,660)
Transfer to contributed equity[1]	**-**	7,447
(Loss)/profit attributable to owners of the Company	**(343)**	1,134
Balance 30 June	**578**	921

1. Capital reduction - during the year ended 30 June 2015, the directors of the Company resolved to apply the Company's accumulated losses as a permanent reduction to the share capital of the Company. This transfer had no impact on the number of shares issued.

23. DISPOSAL OF SUBSIDIARY

On 30 October 2015 the Group disposed on its 52.2% controlling interest in Chesterfields Financial Services Pty Ltd (CFS) for cash proceeds of $1,174,000. A gain of $206,883 relating to the disposal has been recognised in the statement of comprehensive income during the year.

(i) Profit from the discontinued operation is analysed as follows:

	4 months to 30 October 2015 $'000	2015 $'000
(Loss)/profit after income tax	**(61)**	226
Gain on disposal of subsidiary	**207**	-
	146	226

(ii) Summarised financial information

Summarised statement of financial position	**30 Oct 2015 $'000**	2015 $'000
Current assets	**242**	97
Current liabilities	**380**	220
Current net assets	**(138)**	(123)
Non-current assets	**1,079**	1,088
Non-current net assets	**1,079**	1,088
Net assets	**941**	965
NCI	**500**	509
Equity attributable to owners of the Company	**441**	456
Total equity	**941**	965

23. DISPOSAL OF SUBSIDIARY (continued)

Summarised statement of comprehensive income	**4 months to 30 October 2015 $'000**	2015 $'000
Revenue	**494**	1,349
(Loss)/profit before income tax	**(66)**	332
Income tax benefit/(expense)	**5**	(106)
(Loss)/profit after income tax	**(61)**	226
Profit allocated to NCI	**(9)**	108
Dividends paid to NCI	**-**	162
Summarised cash flows		
Cash inflows/(outflows) from operating activities	**(42)**	(37)
Cash inflows/(outflows) from investing activities	**-**	(9)
Cash inflows/(outflows) from financing activities	**100**[1]	-
Net increase/(decrease) in cash and cash equivalents	**58**	(46)

1. At the time of disposal, the Group made a loan to CFS for $100k to assist with working capital requirements during its transition out of the Easton Group. The loan was subsequently extinguished in lieu of settlement of a referral rights agreement which was terminated effective 30 June 2016.

(iii) Details of the sale of CFS is as follows:

	30 October 2015 $'000
Cash consideration received	**1,174**
Add:	
Non-controlling interest	**500**
Net effect of reversal of referral rights agreement previously eliminated	**72**
Less:	
Net assets of standalone entity disposed	**(941)**
Intangibles on consolidation	**(598)**
Gain on disposal	**207**

24. CASH FLOW STATEMENT RECONCILIATION

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

	2016 $'000	2015 $'000
Net (loss)/profit after income tax	**(352)**	1,242
Adjustments for non-cash items:		
Gain on disposal of subsidiary	**(207)**	-
Gain on acquisition of subsidiary	**(16)**	-
Fair value adjustment to intangibles acquired through business combination	**-**	(10)
Depreciation	**32**	75
Amortisation	**469**	326
Impairment of separately identifiable intangible assets	**3,193**	-
Non-cash employee benefits expense – share-based payments	**(133)**	183
Share of associates' net profit	**(611)**	(233)
Notional interest charge on present value of contingent consideration	**94**	220
Changes in assets and liabilities		
Increase in trade, other receivables and other assets	**(382)**	(396)
Decrease in deferred tax assets	**70**	636
Increase in trade and other payables	**804**	800
Decrease in provisions and employee benefits	**(449)**	(414)
Increase in current tax liability	**155**	20
Decrease in deferred tax liability	**(52)**	(20)
Net cash flows from operating activities	**2,615**	2,431

(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:

	2016 $'000	2015 $'000
Cash at bank	**3,941**	1,450
Closing cash balance (refer to note 8)	**3,941**	1,450

25. RELATED PARTY DISCLOSURES

(a) Parent entity

The parent entity within the Group is Easton Investments Limited (refer to note 31 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 (%) 2016	2015
Easton Wealth Australia Pty Ltd	Australia	**100.0**	100.0
Easton Wealth Protection Pty Ltd	Australia	**100.0**	100.0
Easton Wealth Asia Pty Ltd	Australia	**100.0**	100.0
Easton Asset Management Pty Ltd	Australia	**100.0**	100.0
Easton Accounting & Tax Pty Ltd	Australia	**100.0**	100.0
Easton Distribution Services Pty Ltd	Australia	**100.0**	100.0
Knowledge Shop Pty Ltd	Australia	**100.0**	100.0
HK Financial Services Pty Ltd	Australia	**100.0**	100.0
Merit Wealth Pty Ltd	Australia	**100.0**	100.0
Merit Wealth Finance Pty Ltd	Australia	**100.0**	-
Merit Planning Pty Ltd	Australia	**100.0**	100.0
Hayes Knight Referral Services Pty Ltd	Australia	**100.0**	100.0
Hayes Knight National Group Pty Ltd	Australia	**100.0**	-
Chesterfields Financial Services Pty Ltd	Australia	**-**	52.2
Merit Planning (WA) Pty Ltd	Australia	**-**	52.2

(c) Key management personnel compensation

	2016 $	2015 $
Short-term employment benefits	**1,704,272**	1,791,428
Post-employment benefits	**78,306**	107,844
Termination benefits	**167,189**	52,500
Share-based payments	**(133,363)**	188,656
Total remuneration	**1,816,404**	2,140,428

Detailed remuneration disclosures are provided in the remuneration report on pages 18 to 28.

25. RELATED PARTY DISCLOSURES (continued)

(d) Transactions with related parties
The following transactions occurred with related parties:

	2016	2015
(i) Transactions with associates[1]	**$**	$
Fees received from associates		
Distribution fees received – Law Central	**14,213**	-
(ii) Transactions with other related parties		
Other transactions		
Remuneration paid to non-executive directors of the ultimate parent entity	**90,000**	96,500

1. HKNSW is an associate of the Group and also a related party of two of the Group's KMP. Transactions with HKNSW are disclosed below in notes 25(e) and 25(f).

(e) 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:

	2016	2015
	$	$
Current payables		
Entities controlled by key management personnel:		
- HKNSW	**109,046**	109,811
Current receivables		
Entities controlled by key management personnel:		
- HKNSW	**56,402**	55,406

(f) Other transactions and balances with key management personnel and their related parties
Expenses reimbursement
During the year, the Company paid $30,721 to Hayes Knight (NSW) Pty Ltd, a related party of Mr J.G. 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 for the Group (2015: $38,042).

Services
During the year, the Group paid:
- $44,893 to Mertons Corporate Services Pty Ltd, a related party of Mr M. Licciardo for company secretarial and corporate governance consulting services (2015: $45,709);
- $128,643 to PT Imperium Capital Pte Ltd, a related party of Mr C. Knox for office administration services (2015: $112,798);
- $45,000 to T&C Consulting Services Pty Ltd, a related party of Mr C. Scarcella for services as a non-executive director (2015: $45,000);

25. RELATED PARTY DISCLOSURES (continued)

Pursuant to a services agreement between Hayes Knight (NSW) Pty Ltd and Knowledge Shop 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.G. Hayes and Ms L. Armstrong:

- $199,320 for professional fees relating to specialist tax advice, accounting and consulting fees (2015: $263,507);
- $292,695 for financial planning and insurance commissions (2015: $207,826);
- $747,791 for help desk and technical training support (2015: $707,160);
- $292,233 for occupancy and infrastructure services (2015: $204,539);
- $111,046 for administration services (2015: $20,000).

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

- $17,676 for recovery of dealer group fees (2015: $15,255); and
- $nil for recovery of employee costs (2015: $37,958).

Hayes Knight NSW transaction
During the year ended 30 June 2015 the Group made a first and final contingent consideration payment for $750,000 to Hayes Knight Limited pursuant to the Share Sale and Purchase Deed for the Knowledge Shop business. Mr J.G. Hayes and Ms L. Armstrong are both directors of Hayes Knight Limited.

26. SHARE BASED PAYMENTS

(a) Employee share ownership plan

The Easton Investments Employee Share Ownership Plan (**ESOP**) was re-approved by shareholders at a general meeting held on 24 November 2015. 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.

Performance rights
Performance rights provide 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 may 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 Group 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.

26. SHARE BASED PAYMENTS (continued)

During the current year, 1,000,000 ordinary shares were issued under the Easton Investments Limited Employee Share Ownership Plan to Mr. White following the satisfaction of the vesting conditions for Mr White's performance rights which were approved at the Annual General Meeting on 29 November 2013. Vesting conditions for full entitlement included satisfying a 3 year employment term and the Company's volume weighted average share price (VWAP) exceeding for a minimum period of 30 consecutive days, a $1.50 per share threshold share price.

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 January 2014	31 December 2016	500,000	-	-	-	500,000	-
		1,500,000	-	1,000,000	-	500,000	-

The assessed fair value of performance rights on grant date is dependent upon the vesting conditions pertaining to those 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 perform-ance rights granted	Value of perform-ance rights vested	Value of perform-ance rights forfeited	Fair value per perform-ance rights	Years in which the perform-ance rights may vest	Volatility rate	Risk free rate	Dividend yield
	$	$	$	$				
29 May 2013	95,500	95,500	-	0.10	2016	40%	3.00%	-
1 January 2014	15,000	-	-	0.03[1]	2017	46%	2.97%	-
	110,500	95,500	-					

1. During the year these performance rights were revalued to reflect updated expectations of meeting vesting conditions. On 18 May 2016, one of the non-market vesting conditions being the renewal of the Harmony Distribution Agreement became unlikely due to a termination of agreement notice received. At 30 June 2015, there was a 70% expectation that the vesting conditions would be met which has been reduced to 3% at 30 June 2016. A review of the vesting conditions will be undertaken in the first half of the year ended 30 June 2017.

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

(b) Recognised share-based payment expenses

A share-based payment benefit of $133,363 was recognised during the year after a lower probability of meeting vesting conditions of performance rights granted on 1 January 2014 was applied, (2015: $183,187 expense).

27. COMMITMENTS

(a) Lease commitments – the Group as lessee

The Group has one operating lease based on a rolling sub-tenancy with HKNSW with a six month notice period. The Group's head office, Knowledge Shop, Merit Wealth and Hayes Knight Referral Services businesses operate from the same premises under the same agreement.

(i) Payments recognised as an expense

	2016	2015
	$'000	$'000
Minimum lease payments	**309**	453
Sub-lease payments received	**(12)**	(52)
	297	401

(ii) Non-cancellable operating lease commitments

Not later than 1 year	**22**	78
Later than 1 year and not later than 5 years	**-**	-
Later than 5 years	**-**	-
	22	78

(b) Capital commitments

The Group has no outstanding capital commitments as at 30 June 2016 (2015: Nil).

(c) Loan commitments

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

28. CONTINGENCIES

There were no contingent liabilities as at 30 June 2016 other than the provision for contingent consideration referred to in note 18 (2015: Nil).

29. EVENTS AFTER THE BALANCE SHEET DATE

There are no matters or circumstances that have arisen since 30 June 2016 that have significantly affected the Group's operations, results or state of affairs, or may do so in future years.

30. 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 risk management framework considers the risk of unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is overseen by the Audit and Risk Committee which monitor financial risk as part of its risk register.

The Group holds the following financial instruments:

	2016	2015
	$'000	$'000
Financial assets		
Cash and cash equivalents	**3,941**	1,450
Trade and other receivables	**1,753**	1,458
Held-to-maturity investments	**-**	164
Total financial assets	**5,694**	3,072
Financial liabilities		
Trade and other payables	**2,646**	2,089
Borrowings	**-**	655
Contingent consideration	**466**	872
Total financial liabilities	**3,112**	3,616

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

(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.

30. FINANCIAL INSTRUMENTS (continued)

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

	2016 AUD$'000	2015 AUD$'000
Cash and cash equivalents		
US dollar cash balances	**404**	250
UK pound sterling cash balances	**373**	33
EUR dollar cash balances	**107**	46
Total cash and cash equivalents	**884**	329

The Group is primarily exposed to changes in USD/AUD, GBP/AUD and EUR/AUD exchange rates. Whilst a significant portion of the Group's commission revenue is denominated in USD, GBP and EUR, corresponding commission expense payments are made predominantly in those same currencies which largely offset the currency exposure. The following table provides the impact to profit or loss of exchange rate movements of +/-10%:

	2016 AUD$'000	2015 AUD$'000
USD/AUD exchange rate change by +10%	**(13)**	21
USD/AUD exchange rate change by –10%	**16**	(25)
GBP/AUD exchange rate change by +10%	**(35)**	41
GBP/AUD exchange rate change by –10%	**43**	(50)
EUR/AUD exchange rate change by +10%	**(6)**	(4)
EUR/AUD exchange rate change by -10%	**7**	5

(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 and commercial banks which expose the Group to variable interest rates.

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. FINANCIAL INSTRUMENTS (continued)

30 June 2016	Weighted average interest rate %	Fair value level	Fixed interest rate $'000	Floating interest rate $'000	Non interest bearing $'000	Total $'000
Financial assets:						
Cash and cash equivalents	0.79		-	2,396	1,545	3,941
Trade and other receivables	-		-	-	1,753	1,753
Available for sale investment	-		-	-	-	-
Financial liabilities:						
Trade and other payables	-		-	-	(2,646)	(2,646)
Contingent consideration	-	3	-	-	(466)	(466)
Net financial assets/(liabilities)			-	2,396	186	2,582

30 June 2015	Weighted average interest rate %	Fair value level	Fixed interest rate $'000	Floating interest rate $'000	Non interest bearing $'000	Total $'000
Financial assets:						
Cash and cash equivalents	0.51		-	507	943	1,450
Trade and other receivables	-		-	-	1,458	1,458
Available for sale investment	-		-	-	164	164
Financial liabilities:						
Trade and other payables	-		-	-	(2,089)	(2,089)
Borrowings	5.13		-	(655)	-	(655)
Contingent consideration	-	3	-	-	(872)	(872)
Net financial assets/(liabilities)			-	(148)	(396)	(544)

For the year ended 30 June 2016, if average interest rates had changed by +/- 1% (100 basis points), assuming all other variables held constant, the pre-tax profit for the year would have been approximately $23,958 higher/lower (2015: $1,485 lower/higher).

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 ratio.

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.

30. FINANCIAL INSTRUMENTS (continued)

(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. At balance date 95% of trade receivables are within approved credit terms (2015: 96%). All trade receivables that are not impaired are expected to be received in accordance with trading terms.

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 the statement of financial position and notes to the financial statements. Impairment is assessed on a case by case basis by referencing the individual circumstances causing counterparties to perform outside contracted terms. This might include referring to aging reports or from a counter party becoming insolvent.

(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 fair value; 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 the form of cash and access to bank financing. All financial assets and liabilities have maturity of less than 12 months.

(f) Fair values of financial assets and liabilities

Financial assets 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 30(c) for allocation of financial liabilities by level.

For other assets and liabilities, the fair value approximates their carrying value.

30. FINANCIAL INSTRUMENTS (continued)

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

	2016 $'000	2015 $'000
At 1 July	**872**	1,901
Payments made	**-**	(750)
Fair value adjustments during the year	**(406)**	(279)
At 30 June	**466**	872

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 profit for the year would have been approximately $5,347 lower/higher (2015: $11,722).

(g) Reconciliation of net financial assets to net assets

	2016 $'000	2015 $'000
Net financial assets and liabilities as above	**2,582**	(544)
Non financial assets and liabilities	**16,663**	20,780
Net assets per statement of financial position	**19,245**	20,236

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

The parent entity of the Group is 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.

(a) Summarised statement of financial position

	2016 $'000	2015 $'000
Current assets	**2,467**	421
Non-current assets	**17,651**	20,150
Total assets	**20,118**	20,571
Current liabilities	**5,816**	3,044
Non-current liabilities	**1**	-
Total liabilities	**5,817**	3,044
Net Assets	**14,301**	17,527
Contributed equity	**18,636**	18,539
Share option reserve	**12**	241
Accumulated losses	**(4,347)**	(1,253)
Total equity	**14,301**	17,527

(b) Summarised statement of comprehensive income

	2016	2015
Loss of the parent entity	**(3,082)**	(1,253)
Total comprehensive loss of the parent entity	**(3,082)**	(1,253)

(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.

32. 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.

	2016 $	2015 $
(a) Pitcher Partners		
Audit and review of financial statements	**116,000**	115,240
Other services	**-**	11,800
Total remuneration of Pitcher Partners	**116,000**	127,040
(b) Non Pitcher Partners audit firms		
Audit and review of financial statements	**12,000**	12,000
Total remuneration of non-Pitcher Partners audit firms	**12,000**	12,000

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 31 to 82 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 2016 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 2016.

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

On behalf of the Board.

Kevin White

Kevin White
Executive Chairman

Sydney
23 August 2016

PITCHER PARTNERS

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 2016, 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.

PITCHER PARTNERS

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 and controlled entities 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 2016 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 28 of the directors' report for the year ended 30 June 2016. 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 and controlled entities for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

N R BULL
Partner

23 August 2016

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 20 August 2016.

(a) Distribution of equity securities

Ordinary share capital
As at 20 August 2016 there were 28,400,330 shares held by 384 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	34,232	170
1,001 - 5,000	142,227	46
5,001 - 10,000	220,054	29
10,001 - 100,000	3,689,563	95
100,001 - over	24,314,254	44
TOTAL	**28,400,330**	**384**

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

(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 Date	Ordinary Shares Held Number	%
Ordinary shareholders			
Greg Hayes	29/04/2014	5,586,517	19.67
Kevin White (direct) + Kevin and Margaret White ATF <White Family Super Fund A/C>	01/06/2016	2,804,397	9.87
		8,390,914[1]	29.54

1. Shareholding as at 20 August 2016.

ADDITIONAL AUSTRALIAN SECURITIES EXCHANGE INFORMATION
(continued)

(c) Twenty largest holders of quoted equity securities as at 20 August 2016

	Fully paid ordinary shares	
	Number	**Held %**
Ordinary shareholders		
Citicorp Nominees Pty Limited	3,016,973	10.62
Greg Hayes	2,932,072	10.32
ACN 098 682 556 Pty Ltd	2,444,445	8.61
Mr Kevin White & Mrs Margaret White<White Family Super Fund A/C>	1,574,224	5.54
Mr Kevin White	1,000,000	3.52
Mr Peter Geoffrey Hollick	946,377	3.33
HSBC Custody Nominees (Australia) Limited	783,360	2.76
J P Morgan Nominees Australia Limited	769,598	2.71
Craig Rosen	750,702	2.64
HP Capital Pty Ltd	666,667	2.35
Mr Anthony Raymond White	563,495	1.98
Top Pocket Pty Ltd <Top Pocket Super Fund A/C>	533,334	1.88
Top Pocket Pty Ltd	530,400	1.87
Mr Alistair David Strong	468,000	1.65
Lisa Armstrong	447,600	1.58
Heather Bennison	438,023	1.54
Shane Anthony Bransby	416,904	1.47
HSBC Custody Nominees (Australia) Limited A/C 2	413,875	1.46
Locope Pty Ltd	400,000	1.41
Shane Anthony Bransby <Cote D'Azure A/C>	360,426	1.27
	19,456,475	68.51

(d) Restricted securities

As at 20 August 2016, 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 ordinary securities in the Company shall have one vote and upon a poll each ordinary security shall have one vote.