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**Via ASX Online**

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## 2015/16 Full Year Results

Easton Investments Limited (**Easton** or **the Company**) releases its results for the 12-months ended 30 June 2016.

### Earnings Performance

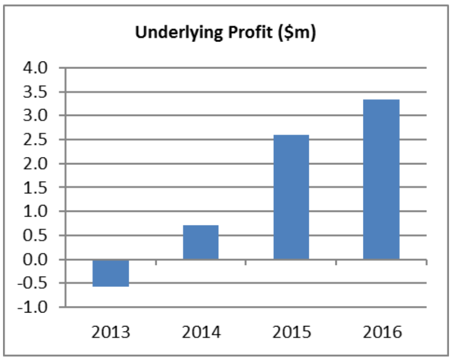
The Company's full year statutory result has been adversely impacted by significant non-recurring, non-cash items totaling $3.19 million which relate mainly to the write-off of the book carrying value, and the associated impairment charge, arising from the cancellation of the Harmony Distribution Agreement as announced to the ASX on 19 May 2016.

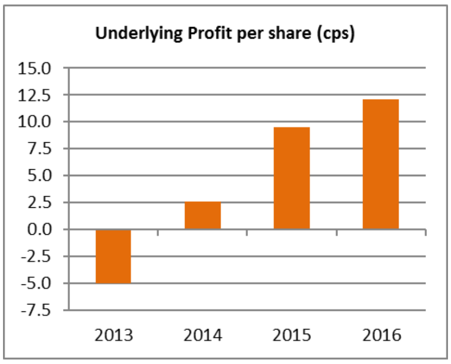
After allowing for the impairment charge, Statutory Loss (being net loss after tax) fell to $0.35 million (2015: profit $1.24 million).

Notably, 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 interest, taxation, amortisation, one off non-operational costs and share-based payments expense.

Underlying Profit per share has continued to increase in keeping with the trend over recent years, rising to 12.1 cents per share (2015: 9.5 cents per share).




### Business Performance

Underlying Profit 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. The Company's equity interests in personal advice firms also made an increased contribution.

In line with on-going business simplification and a narrowing focus on core businesses, the Company's equity interest in Chesterfields Financial Services (**Chesterfields**) was sold during the year.

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 businesses in 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.

As indicated above, 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 contract 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.

Of particular note and relevance, the Company successfully launched a new service to accountants during the year 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 has further strengthened the Company's balance sheet with surplus cash of $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 service 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 stream 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; and

- 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. Directors will, nonetheless, remain extremely selective and only transact where they clearly perceive sustainable value for shareholders.

## Attached Information

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

1. Appendix 4E and Annual Report for the 12-months ended 30 June 2016; and
2. 2015/16 Full Year Results presentation dated 23 August 2016.

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