

## Appendix 4D

### 1. Half yearly report

Name of Entity	Easton Investments Limited
ABN	48 111 695 357
Financial Period Ended	31 DECEMBER 2012
Previous Corresponding Reporting Period	31 DECEMBER 2011

### 2. Results for announcement to the market

	2012 \$	2011 \$	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	2,504,608	1,470,444	70.3
Loss from ordinary activities after tax attributable to members	(1,350,660)	(806,991)	67.4
Loss for the period attributable to members	(1,350,660)	(806,991)	67.4

Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	Nil	-
Interim Dividend	Nil	-
Previous corresponding period	Nil	-
Record date for determining entitlements to the dividends (if any)	Not applicable	

**Brief explanation of any of the figures reported above necessary to enable the figures to be understood:**

Refer to the 2012 Interim Financial Report as per attached.

### 3. Net tangible assets per security

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	(0.32) cents	1.46 cents

#### 4. Entities over which control has been gained or lost during the period

##### a) Control gained over entities having material effect

Name of entity	Easton Asset Management Ltd
Date control gained	28 August 2012
Profit from ordinary activities after tax of the controlled entity since the date in the current period on which control was acquired	\$32,975
Profit/(loss) from ordinary activities after tax of the controlled entity for the whole of the previous corresponding period	\$22,132

##### b) Loss of control of entities having material effect

Name of entity	Cochrane Shaw Capital Management Pty Ltd
Date control lost	27 July 2012
Consolidated loss from ordinary activities for the current period to the date of loss of control	\$91
Profit from ordinary activities of the controlled entity while controlled for the whole of the previous corresponding period	\$36,616

#### 5. Details of associates and joint venture entities


Name of Entity	Percentage Held		Share of Net Loss	
	Current Period	Previous Period	Current Period	Previous Period
	-	-	-	-

#### 6. Basis of information

The financial information provided in the Appendix 4D is based on the half year condensed financial report (attached).

#### 7. Independent review of the half year condensed financial report

The half year condensed financial report has been independently reviewed. It is not subject to a qualified independent review statement.

Signed By (Director/Company Secretary):	
Print Name:	Campbell McComb (Managing Director)
Date:	26 February 2013



EASTON INVESTMENTS LIMITED

INTERIM DIRECTORS' REPORT  
AND FINANCIAL REPORT

FOR THE HALF-YEAR ENDED  
31<sup>ST</sup> DECEMBER 2012

**This half-year report is to be read in conjunction with the  
financial report for the year ended 30 June 2012.**

# DIRECTORY

EASTON INVESTMENTS LIMITED

ABN 48 111 695 357

## ***EASTON INVESTMENTS LIMITED***

### **Directors**

Rodney Green	Non-Executive Chairman
Campbell McComb	Executive Director
Jonathan Sweeney	Independent Non-Executive Director
Anthony Hodges	Independent Non-Executive Director (resigned 22 January 2013)
Lee laFrate	Independent Non-Executive Director (resigned 22 January 2013)

### **Company Secretary**

Mark Licciardo  
Mertons Corporate Services Pty Ltd  
Level 16, 360 Collins Street  
MELBOURNE VIC 3000

### **Registered Office**

Level 16  
90 Collins Street  
MELBOURNE  
VIC 3000

### **Communications**

**telephone:** (03) 9661 0444  
**facsimile:** (03) 9639 0311  
**mail:** Level 16, 90 Collins Street, MELBOURNE VIC 3000  
**email:** [info@eastoninvest.com](mailto:info@eastoninvest.com)

### **Share Registry**

Computershare Investor Services Pty Limited  
GPO Box 2975  
MELBOURNE  
VIC 3001

### **Shareholder Enquiries: 1 300 850 505**

Shareholders requiring clarification of holdings, or requesting changes of name or address should contact Computershare Investor Services Pty. Limited directly. A variety of requisite forms may be downloaded from [www.computershare.com.au](http://www.computershare.com.au).

### **Bankers**

Westpac Banking Corporation  
90 Collins Street  
MELBOURNE VIC 3000

### **Auditors**

Pitcher Partners  
Level 19, 15 William Street  
MELBOURNE VIC 3000

### **Legal Advisers**

Norton Gledhill  
Level 23, 459 Collins Street  
MELBOURNE VIC 3000

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# DIRECTOR'S UPDATE

## Interim Results Six Months to 31 December 2012.

Easton Investments Ltd (EAS) first half net loss after tax was \$1,286,786 (2011: loss of \$760,201). Revenue exceeded \$2.5m, up approximately 70% on the same period last year, due mainly to the acquisition of Easton Asset Management in late August 2012.

The result was dragged down by non-cash items, including a loss on disposal of investments (\$219k) and an impairment charge (\$290k) related to the restructure of Easton Wealth Australia.

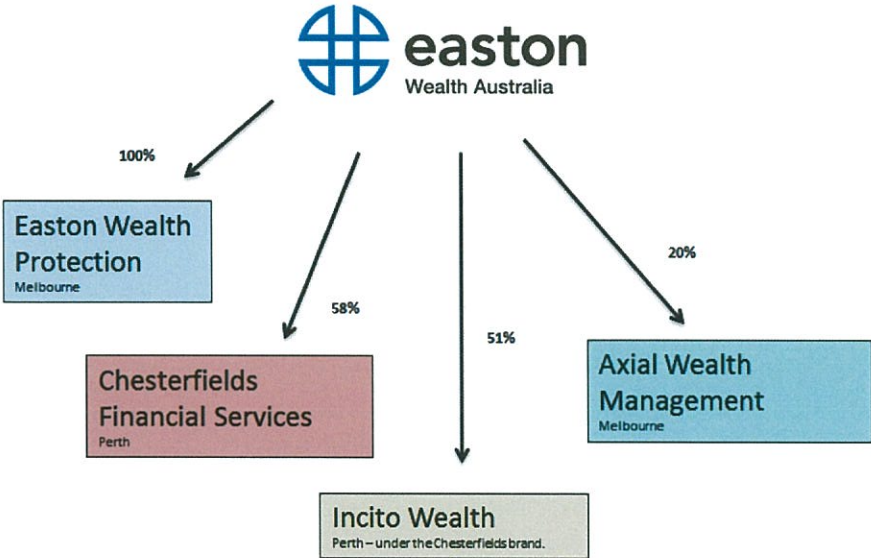
### Easton Wealth Australia

As was foreshadowed in our Market Update in September of last year, the Director's are pleased to say that Easton Investments has now completed the majority of the restructure of its holdings under Easton Wealth Australia.

Easton Wealth Protection (EWP) has been established as a 100% owned subsidiary of Easton Wealth Australia and has purchased a risk insurance book with in-force premium of \$2.2m and revenue in excess of \$450,000. The book was purchased for \$1.33m and we expect EWP to contribute solid EBIT.

As part of this transaction, Easton Wealth Australia has sold (post balance date) its 60% holding in Altitude Private Wealth to an entity associated with Altitude's Managing Director.

Outlined below is a structure chart of Easton Wealth Australia after the re-structure.



Easton Wealth Australia now has a strong foundation on which to build its business moving forward. Consolidation of the wealth management sector in Australia is on-going and we continue to evaluate the growth opportunities available.

## DIRECTOR'S UPDATE

### Easton Wealth Asia

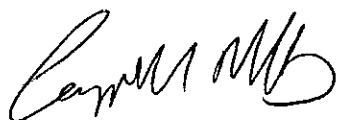
Easton Asset Management (EAM) has now been integrated as a 100% subsidiary of Easton Wealth Asia following its purchase in August 2012. EAM are experiencing growth in funds under management on their Harmony platform (UCITS fund-of-funds) as well as via its Australian, Asian and Global Macro SMA's.

Easton Wealth Asia announced the purchase of a 19.9% minority stake in AAM Advisory Pte Ltd (Singapore) in late January. This transaction has subsequently settled and we look forward to working with the principals of AAMA in continuing their strong growth.

### Summary

While the result for the half was a loss, we feel the Company is progressing in the right direction. Easton now has exposure to, or ownership in, funds under advice in excess of \$400m, split relatively equally between Australia and Asia. In addition, Easton also has over \$200m in funds under management.

It is the Company's intention to aggressively build the combined funds under advice in Australia and Asia over the next 12 months. Funds under management are targeted to grow to in excess of \$300m over the same time frame. In achieving the above, Easton will have built a profitable diversified wealth management business well placed to compete both domestically and offshore.



Campbell G. McComb  
Managing Director  
Easton Investments Limited

Melbourne, 26 February 2013

## DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity, consisting of Easton Investments Limited ("the Company") and the entities it controlled, for the half-year ended 31 December 2012 and the independent review report thereon.

This financial report has been prepared in accordance with Australian Accounting Standards.

### DIRECTORS

The names and details of the directors of the Company in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Rodney Green, B.Comm, ACA (*Chairman – appointed 26 April 2012*)

Campbell G. McComb, B.Econ, GradDipAppFin, FFIN, GAICD (*Executive Director – appointed 12 October 2009*)

Lee D.P. laFrate, B.Bus, GradDipAppFin FCPA, SAFIN (*Non-Executive Director – appointed 12 October 2009, resigned 22 January 2013*)

Jonathan W. Sweeney, B.Com, LLB, CFA (*Independent Non-Executive Director – appointed 12 October 2009*)

Anthony (Tony) P. Hodges, Dip FP, FAID, (Dip) Snr Fellow FINSIA, (*Independent Non-Executive Director – appointed 1 March 2012, resigned 22 January 2013*)

### REVIEW AND RESULTS OF OPERATIONS

A full review of operations is given on pages 2 to 3 within the Director's Update.

The consolidated net loss after income tax for the half-year was \$1,286,786 (2011: Loss \$760,201).

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

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS


A full review of significant changes is given on pages 2 to 3 within the Director's Update.

During the period, there was no significant change in the state of affairs of the Group other than those listed in the Director's Update.

### 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 review for the half-year is provided with this report.

Signed in accordance with a resolution of the directors.



Campbell G. McComb  
Managing Director  
Melbourne, 26 February 2013



## DIRECTORS' REPORT (Continued)



### AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Easton Investments Limited and its controlled entities.

In relation to the independent review for the half-year ended 31 December 2012, 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.

A handwritten signature in black ink, appearing to be 'N R Bull'.

N R BULL  
Partner  
26<sup>th</sup> February 2013

A handwritten signature in black ink, appearing to be 'Pitcher Partners'.

PITCHER PARTNERS  
Melbourne

# **Easton Investments Limited**

## **2012 Interim Financial Report**

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# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December 2012

	Note	Half-year	
		2012	2011
		\$	\$
<b>Continuing operations</b>			
Revenue	3	2,504,608	1,448,138
Gain on disposal of subsidiary		80,630	-
Impairment on fair value adjustment on assets held for sale		(49,132)	-
Net gain/(loss) on investments held for trading		-	22,306
Loss on sale of available-for-sale investments		(219,421)	(138,075)
Fees and commissions		(783,380)	(158,348)
Salaries and employee benefits expenses		(1,063,605)	(946,363)
Finance costs		(53,976)	(60,976)
Depreciation and amortisation		(226,247)	(142,510)
Premises and equipment		(172,579)	(147,239)
Legal and business services		(452,513)	(322,866)
Impairment losses		(290,685)	-
Subscriptions and memberships		(93,126)	(65,720)
Auditor's remuneration		(88,471)	(47,404)
Insurance costs		(60,560)	(38,860)
Travel and accommodation		(73,454)	(48,982)
Overseas office administration expenses		(111,572)	-
Other expenses	4	(129,749)	(96,535)
<b>Loss from continuing operations before income tax</b>		<b>(1,283,232)</b>	<b>(743,434)</b>
Income tax expense		(3,554)	(16,767)
<b>Loss from continuing operations after income tax</b>		<b>(1,286,786)</b>	<b>(760,201)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit and loss</i>			
Net fair value gain/(loss) on available-for-sale financial assets		225,961	(96,259)
Income tax (expense)/benefit on items of other comprehensive income		(67,788)	28,878
<b>Other comprehensive income for the half-year, net of tax</b>		<b>158,173</b>	<b>(67,381)</b>
<b>Total comprehensive loss for the half-year</b>		<b>(1,128,613)</b>	<b>(827,582)</b>
Profit/(losses) for the half-year is attributable to:			
Non-controlling interests		63,874	46,790
Owners of the Company		(1,350,660)	(806,991)
		<b>(1,286,786)</b>	<b>(760,201)</b>
Total comprehensive income/(loss) for the half-year is attributable to:			
Non-controlling interests		63,874	46,790
Owners of the Company		(1,192,487)	(874,372)
		<b>(1,128,613)</b>	<b>(827,582)</b>
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company</b>			
Basic earnings (cents per share)		(2.51)	(2.22)
Diluted earnings (cents per share)		(2.51)	(2.22)

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

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Note	31 December 2012	30 June 2012
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,680,587	663,546
Receivables		333,719	192,591
Other financial assets		86,106	-
Other current assets		138,416	97,734
Assets held for sale	11	220,730	-
<b>Total current assets</b>		<b>2,459,558</b>	<b>953,871</b>
<b>Non-current assets</b>			
Other financial assets		56,175	924,479
Plant and equipment		109,379	132,639
Deferred tax assets		-	424,914
Intangible assets and goodwill	8	10,921,888	5,994,295
<b>Total non-current assets</b>		<b>11,087,442</b>	<b>7,476,327</b>
<b>TOTAL ASSETS</b>		<b>13,547,000</b>	<b>8,430,198</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		543,424	515,503
Provisions and employee benefits		114,740	66,554
Income tax payable		52,299	72,431
Borrowings		750,375	1,036,247
Other liabilities	5	950,000	-
Liabilities associated with assets held for sale	11	378,196	-
<b>Total current liabilities</b>		<b>2,789,034</b>	<b>1,690,735</b>
<b>Non-current liabilities</b>			
Deferred tax liability		23,139	-
Provisions and employee benefits		-	6,963
<b>Total non-current liabilities</b>		<b>23,139</b>	<b>6,963</b>
<b>TOTAL LIABILITIES</b>		<b>2,812,173</b>	<b>1,697,698</b>
<b>NET ASSETS</b>		<b>10,734,827</b>	<b>6,732,500</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Contributed equity		14,057,884	8,887,884
Reserves		(14,014)	(83,173)
Accumulated losses		(3,812,419)	(2,536,759)
<b>Owners interests</b>		<b>10,231,451</b>	<b>6,267,952</b>
<b>Non-controlling interests</b>		<b>503,376</b>	<b>464,548</b>
<b>TOTAL EQUITY</b>		<b>10,734,827</b>	<b>6,732,500</b>

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

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2012

For the half-year ended 31 December 2012	Ordinary shares	Accumulated losses	Employee equity benefits reserve	NCI Reserve	Net unrealised loss reserve	Owners of the parent	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 1 July 2012</b>	<b>8,887,884</b>	<b>(2,536,759)</b>	<b>75,000</b>	-	<b>(158,173)</b>	<b>6,267,952</b>	<b>464,548</b>	<b>6,732,500</b>
Profit for the half-year	-	(1,350,660)	-	-	-	(1,350,660)	63,874	(1,286,786)
Other comprehensive income	-	-	-	-	158,173	158,173	-	158,173
<b>Total comprehensive income for the half-year</b>	-	<b>(1,350,660)</b>	-	-	<b>158,173</b>	<b>(1,192,487)</b>	<b>63,874</b>	<b>(1,128,613)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends paid	-	-	-	-	-	-	(42,000)	(42,000)
Equity transfer for expired options	-	75,000	(75,000)	-	-	-	-	-
Issue of new equity	5,170,000	-	-	-	-	5,170,000	-	5,170,000
Acquisition of remaining interest in subsidiary	-	-	-	(14,014)	-	(14,014)	50,518	36,504
Disposal of NCI in subsidiary	-	-	-	-	-	-	(33,613)	(33,613)
Non-controlling interests on acquisition of a subsidiary	-	-	-	-	-	-	49	49
<b>At 31 December 2012</b>	<b>14,057,884</b>	<b>(3,812,419)</b>	-	<b>(14,014)</b>	-	<b>10,231,451</b>	<b>503,376</b>	<b>10,734,827</b>

For the half-year ended 31 December 2011	Ordinary shares	Accumulated losses	Employee equity benefits reserve	NCI Reserve	Net unrealised loss reserve	Owners of the parent	Non- controlling interests	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 1 July 2011</b>	<b>8,587,884</b>	<b>(849,306)</b>	<b>75,000</b>	-	<b>(181,630)</b>	<b>7,631,948</b>	<b>462,298</b>	<b>8,094,246</b>
Profit for the half-year	-	(806,991)	-	-	-	(806,991)	46,790	(760,201)
Other comprehensive income	-	-	-	-	(67,381)	(67,381)	-	(67,381)
<b>Total comprehensive income for the half-year</b>	-	<b>(806,991)</b>	-	-	<b>(67,381)</b>	<b>(874,372)</b>	-	<b>(827,582)</b>
<b>Transactions with owners in their capacity as owners:</b>								
Dividends Paid	-	-	-	-	-	-	(33,600)	(33,600)
Issue of new equity	-	-	-	-	-	-	(62,500)	(62,500)
<b>At 31 December 2011</b>	<b>8,587,884</b>	<b>(1,656,297)</b>	<b>75,000</b>	-	<b>(249,011)</b>	<b>6,757,576</b>	<b>412,988</b>	<b>7,170,564</b>

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

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2012

	Half-year	
	2012	2011
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from Customers (inclusive of GST)	2,524,474	1,361,403
Payments to suppliers and employees (inclusive of GST)	(3,209,844)	(1,870,926)
Proceeds from sale of financial investments held for trading	-	5,329,878
Payments for purchase of financial investments and settlement of financial liabilities held for trading	-	(5,194,842)
Distributions received	36,314	123,553
Interest received	10,598	7,865
Finance costs paid	(53,976)	(60,976)
Income tax paid	(104,033)	(100,822)
<b>Net cash flows used in operating activities</b>	<b>(796,467)</b>	<b>(404,867)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(4,441)	(4,097)
Proceeds from disposal of plant and equipment	-	180
Payment for subsidiaries less cash acquired	(263,902)	(592,243)
Payment for client book	(300,000)	-
Payments for websites and trademarks	(61,683)	-
Proceeds from sale of available-for-sale financial instruments	741,457	450,000
<b>Net cash flows used in investing activities</b>	<b>111,431</b>	<b>(146,160)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings from third parties	(95,102)	(89,412)
Proceeds from issue of shares	900,000	-
Proceeds in advance of share issue	11 950,000	-
Return of capital	-	(62,500)
Dividend paid	(42,000)	(33,600)
<b>Net cash flows (used in)/from financing activities</b>	<b>1,712,898</b>	<b>(185,512)</b>
Net increase / (decrease) in cash held	1,027,862	(736,539)
Cash at the beginning of the half-year	663,546	1,141,812
Less cash classified as held for sale	(10,821)	-
<b>Cash at the end of the half-year</b>	<b>1,680,587</b>	<b>405,273</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

## 1. CORPORATE INFORMATION

The half-year financial report of the consolidated entity, consisting of Easton Investments Limited and its controlled entities ("the Group"), for the half-year ended 31 December 2012 was authorised for issue in accordance with a resolution of the directors on 26 February 2013.

Easton Investments Limited ("the Company") is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX").

The nature of operations and principal activities of the Group are described in the Directors' Report.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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- (a) Basis of preparation
  - (b) Basis of consolidation
  - (c) Borrowings
  - (d) Liquidity
  - (e) Comparatives
- 

### (a) Basis of preparation

The half-year financial report is general purpose condensed financial report which has been prepared in accordance with the requirements of Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The Group has not elected to early adopt any new standards or amendments that have been issued but are not yet effective.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

### (b) Basis of consolidation

The condensed consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at and for the half-year period ended 31 December each year.

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

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 intercompany balances and transactions, income and expenses and profit and losses resulting from intragroup transactions have been eliminated in full.

Investment in a subsidiary held by the Company is 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.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

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.

Non-controlling interests are allocated their share of net profit 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. Non-controlling interests are valued at fair value at the date of acquisition.

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

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.



## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

For the half-year ended 31 December 2012

### **(c) Borrowings**

As at 31 December 2012, certain subsidiaries of Easton Wealth Australia Ltd ("EWAL") are in technical breach of bank loan agreements. A written waiver was obtained for these breaches in August 2012 which was conditional upon a restructure as disclosed in the 30 June 2012 chairman's address.

This restructure was completed on 6 February 2013 when EWAL sold its subsidiary Altitude Private Wealth ("APW"). At this time, the Group also refinanced its external debt with Westpac, and as such, are no longer in breach of bank loan agreements.

### **(d) Going Concern**

The financial report has been prepared on a going concern basis. As at 31 December 2012, current liabilities exceeded current assets by \$329,476 (30 June 2012: \$736,864). Notwithstanding this fact, the Company has sufficient liquid capital and liquid investments to meet its obligations.

In addition, current liabilities at 31 December 2012 included the share placement of \$950,000 which was issued to sophisticated investors on 23 January 2013.

### **(e) Comparatives**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

### 3. REVENUE

	Half-year	
	2012	2011
	\$	\$
Revenue is comprised as follows:		
Fees and commissions income	1,606,849	1,347,423
Funds management fees	850,494	-
Dividend and distributions income	-	57,648
Interest income	10,598	9,151
Other income	36,667	33,916
<b>Total revenue</b>	<b>2,504,608</b>	<b>1,448,138</b>

### 4. OTHER EXPENSES

	Half-year	
	2012	2011
	\$	\$
Other expenses are comprised as follows:		
Communication	25,855	20,763
Marketing	4,642	11,966
Share registry and stock exchange costs	50,076	28,139
General and administration expenses	49,176	35,667
<b>Total other expenses</b>	<b>129,749</b>	<b>96,535</b>

### 5. OTHER LIABILITIES

As at 31 December 2012, the Group has received \$950,000 from sophisticated investors in relation to the share placement announced on 20 December 2012. On 23 January 2013, 5,000,000 EAS fully paid ordinary shares were issued and this liability was transferred to the equity section of the consolidated statement of financial position.

### 6. SEGMENT INFORMATION

The Group's business structure and focus have changed since 2012 and there are no longer two reportable segments.

The Group now provides wealth management services only. This service comprises the provision of financial planning, risk and general insurance and self-managed superannuation services.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

### 7. BUSINESS COMBINATION

#### *Easton Asset Management Ltd*

On 28 August 2012, Easton Wealth Asia Pty Ltd, a fully owned subsidiary of Easton Investments Ltd ("EAS") acquired 100% stake in Easton Asset Management ("EAM") and its subsidiary.

EAM is a well-established funds and asset management business and has strong support in various Asian markets.

The purchase price for EAM is a maximum of \$6.1m, with 90% of the consideration in the form of fully paid ordinary shares in EAS (issued at \$0.25 per share based on independent valuation of the shares at the date of exchange) and 10% in cash.

Of the full purchase price, 20% of the total consideration (\$1.22m in EAS shares) will only be paid up on the achievement of EBIT hurdles for the 2013 financial year.

The direct costs relating to this acquisition include legal fees of \$30,876. This is expensed in the consolidated statement of comprehensive income.

Since the acquisition date, EAM has contributed revenue of \$1,056,138 and net profit of \$32,975 which is included within the consolidated statement of comprehensive income.

The key factors contributing to the \$63,388 of goodwill are the operational synergies gained through EAM's investment products and portfolio management solutions and opportunity available for EAS to advance its position into the Asian financial services market.

The fair values of the identifiable assets and liabilities of EAM as of the date of acquisition were:

	<b>Consolidated</b>
	<b>Fair value at</b>
	<b>acquisition date</b>
	<b>\$</b>
Cash and cash equivalents	346,098
Trade and other receivables	71,832
Other assets	41,374
Plant and equipment	2,251
Client Book	570,496
Distribution Rights	4,249,267
Website	12,603
	<hr/>
	5,293,922
	<hr/>
Trade and other payables	(154,016)
Provisions and employee benefits	(16,065)
Deferred tax liability	(308,035)
	<hr/>
	(477,310)
	<hr/>
Fair value of net assets	4,816,612
	<hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

Acquisition-date fair-value of consideration transferred:

Cash	610,000
Shares issued @ \$0.25 each	4,270,000
Contingent Consideration <sup>1</sup>	-
Consideration	<u>4,880,000</u>
Goodwill	<u>63,388</u>

<sup>1</sup>The fair value of the contingent consideration at acquisition date is \$nil.

### *Easton Wealth Protection Pty Ltd*

On 1 November 2012, Easton Wealth Australia ("EWAL") purchased the remaining 25% of Easton Wealth Protection Pty Ltd ("EWP") for consideration of \$10,000. Goodwill relating to this acquisition was \$46,504.

Due to the proximity of both acquisitions to the issue of this financial report, the details of the assets and liabilities acquired are yet to be finalised and thus have been accounted for on a provisional basis as at 31 December 2012.

## 8. INTANGIBLE ASSETS AND GOODWILL

	Websites	Trademarks	Client Books	Distribution Rights	Goodwill	Total
Period ended 31 December 2012	\$	\$	\$	\$	\$	\$
Net carrying amount as at 1 July 2012	19,550	11,731	4,399,159	-	1,563,855	5,994,295
Additions <sup>1</sup>	48,020	13,663	2,505,496	4,249,267	109,892	6,926,339
Disposals	-	-	(1,340,573)	-	(149,650)	(1,490,223)
Amortisation	(25,526)	(3,466)	(188,845)	-	-	(217,837)
Impairment	-	-	(105,463)	-	(185,222)	(290,685)
Net carrying amount as at 31 December 2012	<b>42,044</b>	<b>21,928</b>	<b>5,269,774</b>	<b>4,249,267</b>	<b>1,338,875</b>	<b>10,921,888</b>
<b>At 31 December 2012</b>						
Cost or fair value	85,220	25,910	5,805,328	4,249,267	1,338,875	11,504,601
Less accumulated amortisation	(43,176)	(3,982)	(535,555)	-	-	(582,713)
<b>Net carrying amount</b>	<b>42,044</b>	<b>21,928</b>	<b>5,269,774</b>	<b>4,249,267</b>	<b>1,338,875</b>	<b>10,921,888</b>

<sup>1</sup> The goodwill additions of \$109,892 consist of:

- \$63,388 goodwill from the EAM acquisition
- \$46,504 goodwill as a result of EWAL acquiring the remaining 25% interest in Easton Wealth Protection ("EWP").

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

	Website	Trademarks	Client Book	Goodwill	Total
Year ended 30 June 2012	\$	\$	\$	\$	\$
Net carrying amount as at 1 July 2011	27,830	3,133	4,725,022	1,563,855	6,319,840
Additions	520	8,947	-	-	9,467
Amortisation	(8,800)	(349)	(325,864)	-	(335,012)
Net carrying amount as at 30 June 2012	<b>19,550</b>	<b>11,731</b>	<b>4,399,159</b>	<b>1,563,855</b>	<b>5,994,295</b>
<b>At 30 June 2012</b>					
Cost or fair value	37,200	12,248	4,887,955	1,563,855	6,501,258
Less accumulated amortisation	(17,650)	(517)	(488,796)	-	(506,963)
<b>Net carrying amount</b>	<b>19,550</b>	<b>11,731</b>	<b>4,399,159</b>	<b>1,563,855</b>	<b>5,994,295</b>

### 9. RELATED PARTY DISCLOSURES

#### Subsidiary

The consolidated financial statements include the financial statements of Easton Investments and its subsidiaries, both directly and indirectly owned, listed in the following table.

Name	Country of incorporation	Proportion of ownership interest and voting power held (%)	
		Dec 2012	Jun 2012
Easton Wealth Australia Ltd	Australia	100.0	100.0
Chesterfields Financial Services Pty Ltd *	Australia	58.0	58.0
Easton Wealth Protection Pty Ltd <sup>1*</sup>	Australia	100.0	75.0
Altitude Private Wealth Pty Ltd *	Australia	60.1	60.1
Incito Wealth Pty Ltd <sup>2*</sup>	Australia	51.0	-
Cochrane Shaw Capital Management Pty Ltd <sup>3*</sup>	Australia	-	75.0
Easton Wealth Asia Pty Ltd	Australia	100.0	100.0
Easton Asset Management Ltd <sup>4**</sup>	Australia	100.0	-
Absolute Asset Management Ltd <sup>4**</sup>	Cayman Islands	100.0	-

\* Easton Investments Limited owns indirectly through Easton Wealth Australia Ltd.

\*\* Easton Investments Limited owns indirectly through Easton Wealth Asia Pty Ltd.

<sup>1</sup> Previously known as Incito Wealth Pty Ltd. It changed its name to Easton Wealth Protection in November 2012.

<sup>2</sup> A new company established in November 2012.

<sup>3</sup> Company sold on 27 July 2012.

<sup>4</sup> Acquired as part of the business combination disclosed in note 7.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

## 9. RELATED PARTY DISCLOSURES (Continued)

### Other transactions and balances with related parties

#### *Investments*

During the year the Company fully redeemed the remaining 1,153,754 units in Armytage Strategic Opportunities Funds ("ASOF"), an unlisted managed investment scheme managed by Armytage Private Limited ("Armytage"). Mr. laFrate is a director and shareholder of Armytage.

#### *Expenses reimbursement*

During the year, the Company paid \$3,915 to Folkstone Ltd, a related party of Mr. J Sweeney. This represented the reimbursement of travel costs incurred by Mr. J Sweeney and are reimbursed at cost.

In addition, the Company also paid \$24,907 to Mertons Corporate Services Pty Ltd, a related party of Mr. M. Licciardo for company secretarial and corporate governance consulting services.

#### *Callable Capital*

During the half year ended 31 December 2012, there was a transfer of \$400,000 of callable capital from Turtle Capital Pty Ltd (a related party of Mr. C. McComb) to Easton Wealth Asia Pty Ltd. This callable capital is payable to Easton Asset Management Ltd ("EAML"). The transfer was made as part consideration for the purchase of EAML and as at the date of this report, there is no intention for this capital to be called upon and will be forgiven. This forgiveness was known to the Group upon entering into the purchase agreement for EAML and was thus considered in the calculation of its fair value.

## 10. CONTRIBUTED EQUITY

	2012 \$	2011 \$
58,740,630 issued and fully paid ordinary shares (2011: 36,369,722)	<b>14,057,884</b>	8,587,884

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.

	No. Shares	\$
<i>Movement in ordinary shares on issue</i>		
<b>Period ended 31 December 2012</b>		
At 1 July 2012	37,569,722	8,887,884
Share issue (i)	17,080,000	4,270,000
Share issue (ii)	4,090,908	900,000
At 31 December 2012	<b>58,740,630</b>	<b>14,057,884</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the half-year ended 31 December 2012

## Period ended 31 December 2011

At 1 July 2011	36,369,722	8,587,884
At 31 December 2011	<u>36,369,722</u>	<u>8,587,884</u>

- (i) On 3 September 2012, 17,000,000 shares of \$0.25 each were issued as part of the EAM acquisition.
- (ii) On 3 September 2012, 4,090,908 shares of \$0.22 each were issued to sophisticated investors for cash.

## 11. SUBSEQUENT EVENTS

### *AAM Advisory Pte Ltd*

Subsequent to 31 December 2012 the Group acquired a 19.9% stake in AAM Advisory Pte Ltd ("AAMA"). The consideration paid on 1 February 2013 was S\$1.2m (A\$932,763) in cash and the issuance of 781,250 fully paid ordinary shares in EAS at \$0.30 per share.

### *Altitude Private Wealth Pty Ltd*

On 8 February 2013, the Group disposed of its 60.1% interest in Altitude Private Wealth ("APW") for the amount of \$1 and purchased the client book for \$1,339,269 via the assumption of the EWAL intercompany debt of \$715,806 and \$623,463 of the NAB debt. At the same time, EWAL has refinanced the APW loan with Westpac Banking Corporation for a term of 3 years.

The total impairment charges recognised in the consolidated statement of comprehensive income in respect of this transaction were \$290,685. This consists of an impairment charge on the client book of \$105,463 and goodwill impairment of \$185,222. Assets and liabilities relating to this disposal have been re-classified as 'held for sale' and disclosed in the Statement of Financial Position. An impairment charge of \$49,132 has been recognised in the Statement of Financial Performance in relation to fair value adjustments from this reclassification.

### *Financial Partners Strategic Holdings Ltd*

The Group has not yet received the Hong Kong regulatory approval in relation to the proposed acquisition of a 35% in Financial Partners Strategic Holdings Ltd ("Financial Partners"), a Hong Kong based advisory group.

### *API Capital*

On 27 November 2012, the Group announced that it has entered into a share sale agreement to acquire an initial 19.9% equity stake in API Capital ("API"). Subject to the pre-completion conditions, the initial stake will be purchased via the issuance of 2 million options in EAS. As at 31 December 2012, this has not yet occurred.

### *Share Placement*

On 23 January 2013, the Company issued 5,000,000 fully paid ordinary shares at an issue price of \$0.20 each to sophisticated investors.

### *Board Restructure*

Lee laFrate and Anthony Hodges resigned as directors of the Company on 22 January 2013.

## DIRECTORS' DECLARATION

The directors declare that the financial statements and notes of the consolidated entity set out on pages 11 to 19 in accordance with the *Corporations Act 2001*:

- a. Comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and
- b. Give a true and fair view of the financial position of the consolidated entity as at 31 December 2012 and of its performance for the half-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 is made in accordance with a resolution of the directors.

On behalf of the board



Campbell G. McComb  
Managing Director

Melbourne, 26 February 2013



# INDEPENDENT AUDITOR'S REPORT

To the members of Easton Investments Limited



**EASTON INVESTMENTS LIMITED**  
**ABN 48 111 695 357**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
EASTON INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

We have reviewed the accompanying half-year financial report of Easton Investments Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2012, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, 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 period's end or from time to time during the half year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Easton Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

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

# INDEPENDENT AUDITOR'S REPORT (Continued)

To the members of Easton Investments Limited



**EASTON INVESTMENTS LIMITED**  
**ABN 48 111 695 357**

**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
EASTON INVESTMENTS LIMITED AND CONTROLLED ENTITIES**

## *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Easton Investments Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to be 'N R Bull'.

**N R BULL**  
Partner

26 February 2012

A handwritten signature in black ink, appearing to be 'Pitcher Partners'.

**PITCHER PARTNERS**  
Melbourne