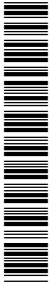


21 March 2014

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Dear Shareholder

**ASX Code: EAS**

### **Completion of the Hayes Knight NSW Transaction & 2013/14 First Half Results**

#### **The Hayes Knight NSW Transaction**

I am pleased to confirm that Easton Investments Limited (**Easton** or **the Company**) has completed the Hayes Knight NSW transaction which was approved by Easton Shareholders on 30 January 2014.

This important transaction will be effective from 1 February 2014 and will have a major impact on the Company's future profitability, including the 2013/14 second half results.

I am particularly pleased to welcome Mr Greg Hayes, the founder of the Hayes Knight NSW businesses, to the Board of Easton and to the executive role of joint Managing Director.

The combination of Mr Hayes and our current Managing Director, Mr Kevin White, with complementary skills and expertise, working together to build Easton into a substantial enterprise gives Directors a great deal of confidence in the Company's future prospects.

#### **First Half Results**

I can also confirm that the Company's results for the 6-months ended 31 December 2013 were released to the market on 21 February 2014. A full copy of the first half results can be accessed through the Company's website, [www.eastoninvest.com/investors/asx-announcements/](http://www.eastoninvest.com/investors/asx-announcements/).

In summary, Directors are extremely pleased with the considerable progress that has been made from an operational, financial and strategic perspective during the first half of 2013/14 in line with our stated priorities.

Underlying profit (represented by normalised earnings before interest, tax and amortisation) for the 1<sup>st</sup> half of \$34,017 is a significant improvement on a loss on a comparative basis for the previous corresponding period of \$470,375.

Whilst the benefit of the actions taken in the 1<sup>st</sup> half are now beginning to emerge in terms of underlying performance and profitability, the full benefit of these actions will not be realised until the 2<sup>nd</sup> half of this financial year and over subsequent years due to timing considerations relating to the progressive implementation of the restructuring, re-organisation and simplification program carried out during the 1<sup>st</sup> half.



It should be noted that the Company's reported loss attributable to members for the half-year of \$819,688 (2012: loss of \$1,286,786) included –

- (a) non-cash costs of \$621,152 associated with impairment charges and loss on disposal of intangible assets; and
- (b) one-off redundancy and related costs of \$376,331 arising from actions taken during the half-year to restructure, re-organise and simplify the Company's businesses and operations.

In addition to improved financial performance, the Company continues to divest of non-core businesses, including the proposed sale of its 19.9% interest in AAM Advisory Pte Ltd involving a cash consideration of \$1.15 million. This sale, also approved by Easton Shareholders on 30 January 2014, is expected to be completed shortly and the sale proceeds will further strengthen the Company's balance sheet following two capital raisings during the 1<sup>st</sup> half which raised a total of \$3.65 million.

At the 31 December 2013 balance date, the Company reported a sound financial position with cash of \$3.5 million, supplemented by a \$3.0 million undrawn acquisition facility to support the funding of the Hayes Knight NSW transaction, as well as providing surplus funds for future growth opportunities. This surplus will be boosted upon receipt of the proceeds of sale relating to the Company's interest in AAM Advisory.

### **Outlook**

As a result of the business transformation that has occurred in the 1<sup>st</sup> half of 2013/14, coupled with the anticipated earnings up-lift from the Hayes Knight NSW transaction, Directors are confident of significantly stronger 2<sup>nd</sup> half performance and believe that the Company has an exciting future with excellent medium to long term prospects.

Easton now has in place a clear strategic direction, its existing businesses are operating profitably, the Company has completed a significant transaction with strong earnings capability and it has an appropriate corporate overhead structure to support both its businesses and its growth strategy.

I thank you for your interest in and support for Easton and I confirm that your Board is genuinely committed to the Company's future growth and prosperity. I am confident that 2014 will prove to be the start of a sustained period of growth for our Company.

**Rodney Green**  
**Chairman**

Please direct all enquiries to:

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