EASTON INVESTMENTS LIMITED

Annual Report

for the year ended

30 June 2013

DIRECTORY

Directors

Rodney Green	Independent Non-Executive Chairman
Kevin White	Managing Director
Jonathan Sweeney	Independent Non-Executive Director

Company Secretary
Mark Licciardo
Mertons Corporate Services Pty Ltd
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MELBOURNE VIC 3000

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Share Registry
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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 Ltd directly. A variety of requisite forms may be downloaded from www.computershare.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
Norton Gledhill
Level 23, 459 Collins Street
MELBOURNE VIC 3000

Corrs Chambers Westgarth
Level 36, 600 Bourke Street
MELBOURNE VIC 3000

Annual General Meeting
The Easton Investments Limited Annual General Meeting will be held on 29 November 2013. Venue will be advised with release of the Notice of Annual General Meeting.

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CHAIRMAN'S STATEMENT

Financial Year to 30 June 2013

It is with great disappointment that I advise that Easton Investments Limited ("the Company") has had a poor year, culminating in a full year loss for 2013 of $3.4 million after tax and write-downs.

I am pleased to confirm, however, that during the financial year, but particularly in the second half, important steps were taken by the Directors to better position the Company for improved financial performance and future growth.

As a result of those actions, I am confident that the Company is now in good shape and with much improved prospects. I would especially like to draw attention to the appointment of our new Managing Director, Mr Kevin White, at the end of May 2013. We are delighted that Kevin has joined Easton and I look forward to working with him to improve Easton's performance.

Kevin has a successful track record in the financial services sector, having been the founder and managing director of WHK Group Limited (recently renamed Crowe Horwath Australasia Limited), an ASX listed company, for 15 years until he stepped down in the middle of 2011.

Under Kevin's leadership, WHK grew strongly to become a leading distribution company in the financial services sector, becoming the 5th largest accounting group in Australia and New Zealand, combined with a significant financial planning operation.

I am sure that Easton will benefit significantly from Kevin's experience, sector knowledge, understanding of markets and industry wide contacts.

Since joining the Company, Kevin has been responsible, amongst other things, for arranging two small capital raisings which I am pleased to say have put Easton in a very sound financial position and provided funds for future investment and growth.

Notably, Kevin participated strongly in the first of those capital raisings as a lead underwriter and has made a meaningful investment to become a substantial shareholder in our Company. As a result, he and the other Easton Directors' are fully aligned with our shareholders in wanting to grow the Company and improve its share price over coming years.

Looking ahead, I am delighted to be able to advise that Directors are of the view that your Company is currently well positioned, both from a strategic and financial perspective, and has sound prospects for future growth and prosperity over coming years.

Whilst the outlook is promising, there is indeed a lot of hard work and disciplined decision-making ahead, but the Directors are confident in management's ability to execute the Company's plans and achieve its goals.

In this regard, I would like to thank all of our staff for their hard work, efforts and commitment during the year. I would especially like to thank Campbell McComb who was our managing director during a very difficult and challenging period. Mr McComb left the Company in early August 2013 after an orderly hand-over and the Board wishes him well for the future.

I would also like to thank our immediate past Chairman, Mr Lee IaFrate, and non-executive director, Mr Tony Hodges, for their efforts and contributions prior to resigning their Board positions with Easton in January 2013.

CHAIRMAN'S STATEMENT (continued)

Finally, I thank shareholders for your past and on-going support. Whilst 2013 has been disappointing in many respects, I am confident that 2014 will prove to be the start of a sustained period of growth for our Company under a new and highly experienced leader and with a strengthened balance sheet.

Rodney Green
Chairman
Melbourne, 24 September 2013

MANAGING DIRECTOR'S REPORT

I am pleased to present my first Managing Director's Report, having joined the Company approximately four months ago.

Whilst I have only been with the Company for a relatively short time, I am most impressed with our main operating businesses, the key people managing and working in those businesses and the inherent growth potential within each of those operations.

Our existing businesses, however, are currently small in listed company terms and over the previous 12 months they have not generated sufficient income to cover corporate overheads.

This position, coupled with asset write-downs to reflect current fair value and losses from underperforming investments, has resulted in a significant after tax loss in 2013 of $3.4 million, which is clearly a disappointing outcome and which has adversely impacted the Company's financial position.

As a consequence, my initial priorities have necessarily been twofold:

(1) to put the Company on a sound financial footing; and
(2) to make the Company profitable and cash flow positive, with good long term earnings prospects.

In terms of the first of these priorities, we have already achieved a sound financial position through the recent 1 for 3 rights issue which raised $2.15 million, together with the subsequent placement to raise a further $1.50 million.

These funds provide both general working capital and, potentially, initial capital for business development and investment in profitable, well performing businesses which are aligned with the Company's strategic direction.

With respect to the second of these priorities, I believe that we are tackling the key issues in the right order and we are making good progress on three separate fronts, as follows:

(1) reviewing and refining the Company's strategic direction and plan;
(2) reviewing each of the Company's businesses and investments; and
(3) reviewing the Company's corporate overhead structure.

Brief comments on our progress to date in each of these areas are set out below.

Strategic Direction and Plan

It is of fundamental importance to our future success that we have a well considered, executable strategy and business plan that has the potential to create value for our shareholders.

Our strategy going forward will not be markedly different from the one that is currently in place, although it will be more clearly and narrowly focussed on the further development of a significant distribution capability in the Australian financial services sector.

We intend to do this by selectively acquiring equity interests in quality accounting and financial planning businesses that are fully aligned with Easton's strategic direction and are capable of helping us deliver on our strategic intent and broader aspirations.

Strategic Direction and Plan (continued)

Importantly, we strongly believe that scale distribution in the financial services sector has strategic value as the major financial institutions seek to offer their products through accounting and financial planning firms which have prominent positions and strong client relationships in the vital SME (small to medium enterprise) and HNW (high net worth) sectors.

In addition, these firms are at the forefront of self managed superannuation, which continues to become an increasingly important component of the Australian savings and superannuation pool.

It is worth noting that our intention is to acquire meaningful interests in accounting and financial planning firms, preferably minority interests. In this way, our business model will be different to most other comparable companies operating in the listed space who have mainly opted for 100% ownership of member firms.

We believe that this important point of difference will allow us to build a substantial distribution capability and, at the same time, eliminate many, if not all, of the problems typically affecting others in our sector.

Our differentiated business model will provide the key people in our businesses with on-going, direct ownership in those businesses and properly incentivise them to grow and develop those businesses with the full support, backing and resources of a listed company and as part of a broader national network of member firms.

Like any network of businesses, a critical component for success will be to ensure that all member firms comprising the network are culturally and strategically aligned and are willing to share and contribute to the overall success of the group.

As we build and strengthen our distribution capability, we will of course look for opportunities to grow and develop our funds management operations, both in Australia and Asia, which are highly scalable businesses and which would benefit most significantly from increased fund flows.

Our strategy, which is aligned with the Company's existing funds management and advisory activities, and its effective execution are fundamental and otherwise essential to the achievement of our objective of creating a company with sustainable earnings, having excellent longer term growth prospects and having high strategic value.

Businesses and Investments

As I was not involved in the Company for most of 2013, I am not in a position to comment with authority on specific matters, although I feel that it would be remiss if I did not acknowledge the Company's disappointing performance over the last 12 months.

This adverse performance has resulted in significant asset write-downs as at 30 June 2013 of $2.0 million, in addition to a loss from operations before interest, tax and amortisation (EBITA) of $1.2 million. After removing non-recurring items, the normalised EBITA loss for 2013 was $0.6 million. I refer you to the Review of Operations in the Directors' Report for further commentary on, and reconciliation of, the Group's operating performance.

MANAGING DIRECTOR'S REPORT (continued)

Businesses and Investments (continued)

We confidently expect this normalised operating position to be substantially improved in 2014 following the restructure and/or closure during the year of certain under-performing investments, together with some internal re-organisation. I would like to thank my predecessor, Mr Campbell McComb, for his essential role in repositioning and restructuring the Company over the past 12 months.

Subsequent to financial year end, we have further rationalised our operations and investments by disposing of our 51% interest in Incito Wealth Pty Ltd, a small Perth based wealth management business, as well as our 19.9% interest in API Capital Pty Ltd, an early stage funds management business.

These interests did not contribute positively to earnings in 2013 and were unlikely to do so to a material extent over coming years.

In the case of API Capital, the transaction involves the proposed cancellation of the 2.0 million Easton options that were issued as part of the original arrangements entered into with API Capital and its directors. The transaction also involves a mutual, unconditional release from all obligations whatsoever.

The cancellation of Easton options is subject to the approval of Easton shareholders, which will be sought at the Company's forthcoming AGM.

The Company has received $100,000 in cash from the sale of its interest in Incito Wealth and has paid $35,000 pursuant to the arrangements with API Capital. Whilst these are relatively small sums of money, those underlying transactions represent our intent to simplify our operations as far as possible, mitigate business risk to the extent that we can and focus on core business and earnings growth.

As noted in the early part of this Report, the main operating businesses and investments in place at financial year end are performing satisfactorily and the outlook for further improvement in 2014 is most encouraging. I am especially encouraged by the quality and capability of our key people, as well as their high level of engagement and commitment to achieve better results in the new financial year.

In the case of our asset management business, we start the new financial year with FUM (funds under management) of $257 million, compared with FUM a year earlier of $175 million. This improved position gives us good reason to expect improved performance from this operating unit over the next 12 months in the absence of a material decline in financial markets.

Corporate Overheads

We have reviewed our corporate overhead structure on the basis of our requirements going forward to properly support our existing businesses and to effectively execute our strategy and business plans.

As a result of that review, we now have in place a more streamlined corporate structure and an accompanying cost base that we believe is consistent with the near term needs of the Company.

Over the next 12 months, we intend to further review our corporate structure in terms of simplification, both with respect to the number of entities held within the Easton group and the activities carried on within those entities.

MANAGING DIRECTOR'S REPORT (continued)

Outlook

As we move into 2014, I believe that the Company has a promising future with excellent long term prospects.

The Company is now in a sound financial position, we have a clear strategic direction, business plan and a differentiated business model, our existing businesses are performing well as we reasonably look for further improvement in the current year, and we have an appropriate corporate overhead structure to support both our businesses and our strategy.

An important focus during 2014 will necessarily be on improved profitability and operating cash flow. To this end, new business acquisitions consistent with our strategic intent and business model will be rigorously pursued.

We will, however, remain extremely selective, we will only invest in quality businesses with an aligned culture and strategy and we will apply a consistent approach to investment to ensure that we achieve an acceptable return on capital employed and thereby increase the underlying value of our Company and its share price.

Please rest assured that as a substantial shareholder in Easton, I am committed to creating value for shareholders, as are my fellow Easton Directors.

I am confident that we can build Easton into a valuable company over the next 5 years and beyond.

I look forward to reporting to shareholders regularly on our plans and progress.

Kevin White
Managing Director
Melbourne, 24 September 2013

DIRECTORS' REPORT

The directors present their report together with the financial report of the consolidated entity ("the Group"), consisting of Easton Investments Limited ("the Company") and the entities it controlled for the year ended 30 June 2013, and the audit report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

DIRECTORS

The following persons were directors of the Company during the whole of the financial year and up to the date of this report:

Rodney Green
Jonathan W. Sweeney

Kevin W. White was appointed as director on 29 May 2013 and continues in office at the date of this report.

Campbell G. McComb was a director from the beginning of the financial year until his resignation on 29 May 2013.

Lee D.P. laFrate and Anthony P. Hodges were directors from the beginning of the financial year until their resignations on 22 January 2013.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was the provision of wealth management services which was the primary reporting segment at the beginning of the year.

During the year the Company acquired 100% of the issued capital of Easton Asset Management Limited, a funds and asset management business. As a result of this acquisition on 28 August 2012, the Group now has two reporting segments. The principal activities of the Group since 28 August 2012 were the provision of wealth management services and asset management services.

RESULTS AND DIVIDENDS

The net loss after tax of the Group for the year ended 30 June 2013 was $3,407,076 (2012: a loss of $1,571,031).

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

REVIEW OF OPERATIONS

During the year under review, the operations of the Group were substantially re-organised and restructured. The key changes to operations are summarised below:

The Group disposed of:-

(a) its 75% interest in Cochrane Shaw Capital Management Pty Ltd (***CSCM***) and, at the same time, acquired the financial planning and insurance client book from CSCM; and
(b) its 60.1% interest in Altitude Private Wealth Pty Ltd (***APW***) and acquired the underlying Snydale insurance client book.

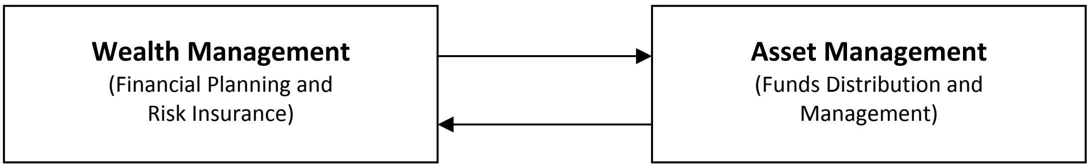
DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

The Group acquired:-

(a) 100% of the issued ordinary shares in Easton Asset Management Limited (***EAM***), as well as a related entity, Absolute Asset Management Ltd (***Absolute***);
(b) a 51% interest in Incito Wealth Pty Ltd (***Incito***);
(c) a 20% interest in Axial Wealth Management Pty Ltd (***Axial***); and
(d) a 19.9% interest in Singapore based financial planning business, AAM Advisory Pte Ltd (***AAMA***).

At financial year end, the operations of the Group are broadly comprised of:-



Comments on each of these main areas of operation are set out below.

1. Wealth Management

The Group's wealth management operations, encompassing financial planning and risk insurance, at year end are composed of:-

- Easton Wealth Protection Pty Ltd (100%)
- Chesterfields Financial Services Pty Ltd (58.01%)
- Incito Wealth Pty Ltd (51%)
- Axial Wealth Management Pty Ltd (20%)

These operations are carried on under Easton Wealth Australia Limited (***EWAL***) which holds and operates an Australian Financial Services Licence (***AFSL***). EWAL is a wholly owned subsidiary of Easton Investments Limited.

*1.1 Easton Wealth Protection (**EWP**)*

EWP was formed in February 2013 for the purpose of consolidating the Group's insurance client books. At year end, it had in-force premium income of $2.2 million.

*1.2 Chesterfields Financial Services (**Chesterfields**)*

Chesterfields is a Perth based financial planning and risk insurance business with funds under advice (FUA) at financial year end of $165 million.

The business performed satisfactorily during the year with revenue up 3.5% to $1.23 million (2012: $1.18 million), although earnings before tax fell to $0.29 million (2012: $0.35 million) due primarily to one-off cost recoveries in 2012.

1.3 Incito

Incito is a small Perth based financial planning and risk insurance business. The business contributed a pre-tax loss of $5,487 in 2013 and, subsequent to year end, the Group's 51% interest was sold on 31 August 2013 for a cash consideration of $100,000.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

1. Wealth Management (continued)

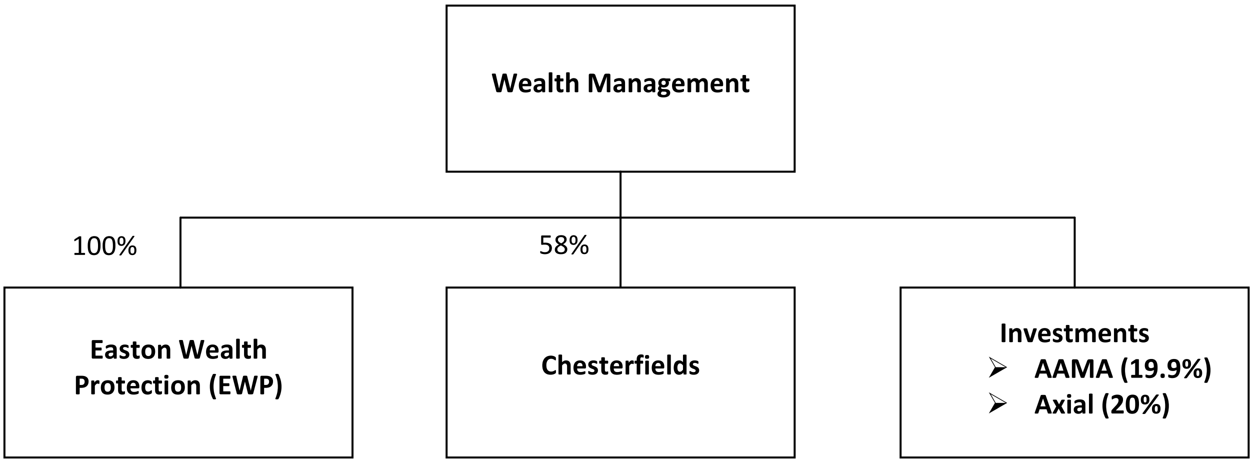
1.4 Investments

The Group holds a 19.9% interest in AAMA, a Singapore based financial planning business, which was acquired during the year for a consideration of $1.06 million.

This interest is held by Easton Wealth Asia Pty Ltd, which is a wholly owned subsidiary of Easton Investments Limited. This business has performed positively since the date of acquisition, with FUA rising to S$300 million (A$236 million) at year end. No dividend was paid by AAM Advisory to Easton up to and including 30 June 2013.

The Group also holds a 20% interest in Axial, a Melbourne based financial planning business with FUA at financial year end of $50 million. This interest was acquired during the year as part of a transaction involving the sale of a financial planning client book to Axial in exchange for an equity interest in Axial and a vendor loan from the Company to Axial.

The Wealth Management segment operates under EWAL and is currently represented by the following:



Note: This chart reflects the sale of the 51% interest in Incito that was sold subsequent to year end.

2. Asset Management

In August 2012, the Group acquired Easton Asset Management Limited (***EAM***), an asset management and funds distribution business.

EAM holds a restricted AFSL and its operations comprise:

- distribution of managed funds in Asia and the Middle East; and
- asset/investment management for individual clients by way of portfolio management.

EAM did not perform to expectations during 2013, making a lower contribution than expected of $205,817.

As a result, a contingent consideration of $1.22 million relating to the purchase of EAM was extinguished without payment.

DIRECTORS' REPORT (continued)

REVIEW OF OPERATIONS (continued)

2. Asset Management (continued)

Since the date of acquisition, funds under management have increased from $175 million to $257 million at 30 June 2013.

2.1 Distribution of Managed Funds

Growth in FUM has come mainly from the distribution of managed funds in Asia and the Middle East where EAM has the exclusive distribution rights to the Harmony suite of investment funds which are managed by Momentum Global Investment Management, a subsidiary of leading international financial services company, MMI Group.

FUM invested in Harmony products grew from A$129 million at the date of acquisition to A$185 million at 30 June 2013.

Over the last 12 months, the Harmony product has been placed on a number of investment platforms in Asia and, as a consequence, the outlook for continued steady growth in FUM is positive.

2.2 Portfolio Management

EAM operates the following types of portfolio management services:

- Separately Managed Accounts (SMA) using model portfolios for various fund platforms;
- Individually Managed Accounts (IMA) for Australian wholesale clients including business investors, tax-exempt organisations, self-managed superannuation funds, and high net worth individuals; and
- Discretionary Managed Service (DMS) for international wholesale clients.

The EAM portfolio management service provides exposure to Australian and Asian equities.

FUM in SMAs, IMAs and DMS has remained constant at $50 million from the date of acquisition to 30 June 2013.

2.3 Investments

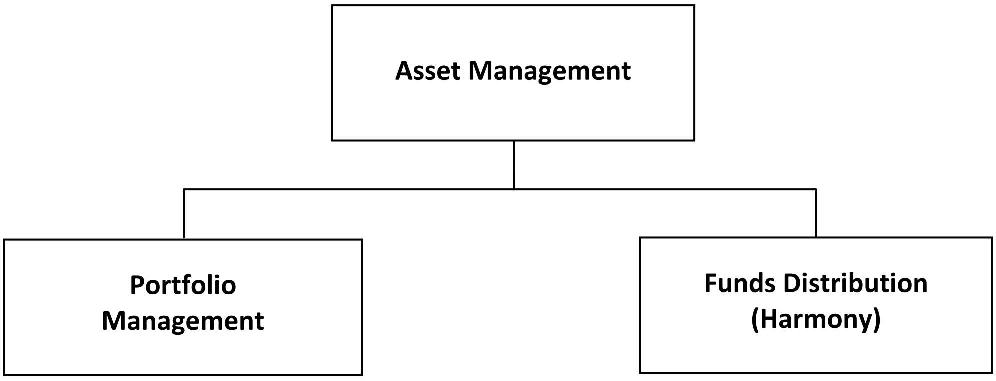
The group also entered into arrangements during the year which involved amongst other things, acquiring a 19.9% interest in API Capital Pty Limited (***API Capital***), providing loan funds to API Capital and issuing 2.0 million options over ordinary shares in Easton Investment Limited to associates of API Capital.

Subsequent to year end, formal agreement has been reached under which Easton will relinquish its 19.9% interest in API Capital, no further loans will be advanced to API Capital and the 2.0 million options over Easton shares will be cancelled, subject to the approval of Easton shareholders at a general meeting of the Company. Easton paid $35,000 to API Capital on 11 September 2013 pursuant to these separation arrangements.

REVIEW OF OPERATIONS (continued)

2. Asset Management (continued)

The Asset Management segment operates under EAM and is now represented by the following:



Comparison of current period results to prior corresponding period

The directors are of the view that the most appropriate measure to best assess the operational performance of the group is "Normalised EBITA" which is earnings before interest, tax and amortisation (EBITA) excluding the impact of: a) one-off non-operational items (acquisition-related costs, impairment charges, and gains/losses on the sale of investments); and b) non-cash amortisation charges relating to separately identifiable intangible assets acquired under business combinations.

The table below compares the Group's results for the current reporting period to the prior corresponding period so as to facilitate an assessment of the performance of the Group.

	30 June 2013	30 June 2012	Fav/(Unf)
	$	$	%
Net revenue from continuing operations	**3,505,940**	2,753,026	27.3%
Total operating costs	**(4,083,092)**	(3,379,670)	(20.1)%
Normalised EBITA	**(577,152)**	(626,644)	7.9%
Interest expense	**(89,929)**	(117,800)	23.7%
Loss on disposal of investments held for sale	**(219,421)**	(210,947)	(4.0)%
Acquisition-related costs	**(331,183)**	(239,015)	(38.6)%
Loss from operations	**(1,217,685)**	(1,194,406)	(2.0)%
Impairment losses	**(2,018,279)**	-	n/a
Amortisation of separately identifiable intangible assets	**(349,011)**	(325,864)	(7.1)%
Statutory operating loss before tax	**(3,584,975)**	(1,520,270)	(135.8)%
Income tax benefit/(expense)	**177,899**	(50,761)	450.5%
Statutory loss for the year after tax	**(3,407,076)**	(1,571,031)	(116.9)%
NPAT Attributable to Non-controlling Interest	**82,487**	89,266	(7.6)%
NPAT Attributable to Members	**(3,489,563)**	(1,660,297)	(110.2)%

DIRECTORS’ REPORT (continued)

REVIEW OF OPERATIONS (continued)

Comparison of current period results to prior corresponding period (continued)

The increase in revenues from ordinary activities for the period was driven by the acquisition of EAM on 28 August 2012. EAM contributed net revenue of $1.22 million from acquisition date to 30 June 2013. The increase in operating costs for the period was driven by an increase in personnel and general administration expenses resulting from the EAM acquisition.

During the financial year, but particularly in the second half, important steps were taken by the Directors to better position the Company for improved financial performance in 2014. These steps included the reorganisation and rationalisation of certain under-performing investments, together with some internal restructuring. As a consequence, the pre-tax result was significantly adversely impacted by the following:

(i) loss on disposal of investments held for sale totalling $219,421; and
(ii) impairment charges to write-down asset values by $2,018,278.

During the year, the group has also incurred $331,183 of one-off acquisition-related costs, primarily legal and consulting advice/services to assist the group in respect of the acquisition of EAML, the acquisition of unlisted investments and other restructuring activities. After removing abnormal items, the normalised loss on an EBITA basis for 2013 is $577,152 (2012: $626,644 loss), a 7.9% improvement on the same measure for the prior corresponding period.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the Group other than those noted in the Annual Report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

The Company raised over $2.15 million (before costs) under a rights offer to acquire 1 new ordinary share at $0.10 for every 3 existing fully paid ordinary shares as announced on 30 May 2013 (including a shortfall, which was fully underwritten). As a result of the issue, 21,507,294 new fully paid ordinary shares were allotted on 3 July 2013.

The Company raised a further $1.50 million (before costs) under a placement offer to sophisticated and other professional investors via the issue of 10 million ordinary shares in the Company at $0.15 per share. The funds from this placement were received on 3 August 2013 and the shares issued on 6 August 2013.

The Company has 96,029,174 ordinary shares on issue at the completion of these capital raisings.

As part of further reorganisation and restructuring, the Group:

- completed the sale transaction with Axial which converted a receivable of $644,415 at 30 June 2013 into a loan owing by Axial;
- sold its 51% interest in Incito Wealth Pty Ltd on 31 August 2013; and
- relinquished its 19.9% interest in API Capital under arrangements which involved the cancellation of the 2.0 million Easton options on issue.

DIRECTORS' REPORT (continued)

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Company will continue to pursue its operating strategy to create shareholder value, including by way of the acquisition activity. Refer to the Managing Director's Report for further commentary on the Company's strategic direction and plan.

ENVIRONMENTAL REGULATION

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

DIVIDEND PAID, RECOMMENDED AND DECLARED

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

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The qualifications, experience and special responsibilities of each person who has been a director of the Company at any time during or since 1 July 2012 is provided below, together with details of the company secretary as at the year-end.

Directors

Rodney Green, B.Com, ACA

Independent Non-executive Director and Chairman – appointed 26 April 2012

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. Mr Green was also Chairman and Non-Executive Director of Premium Investors Limited (a listed investment company) from 2003 until 2006.

Rodney is the Chair of the Remuneration Committee and a member of the Audit and Risk Committee.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2013.

Jonathan W. Sweeney, B.Com, LLB, CFA, MAICD

Independent Non-executive Director – appointed 12 October 2009

Jonathan has over 27 years' experience in the financial services industry, firstly in London as a funds manager with Gartmore for five years and then in Australia with Armstrong Jones before joining The Trust Company in 1991. He occupied a variety of senior positions at Trust and was Managing Director from May 2000 to December 2008. After leaving Trust Jonathan joined Equity Real Estate Partners which was purchased in April 2011 by Folkestone Limited, a company listed on the Australian Securities Exchange ("ASX"). He was the Chief Operating Officer at Folkestone until he left in February 2013. Jonathan holds a Bachelor of Law and a Bachelor of Commerce from the University of New South Wales, is a Certified Financial Analyst and a member of the Institute of Company Directors. He is a past president of the Trustee Corporations Association and is a director of Tennis New South Wales and the Australian Davis Cup Tennis Foundation. He is also a member of the University of New South Wales, School of Business Advisory Council.

Jonathan is the Chair of the Audit and Risk Committee and a member of the Remuneration Committee.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2013.

DIRECTORS' REPORT (continued)

INFORMATION ON DIRECTORS AND COMPANY SECRETARY (continued)

Directors (continued)

Kevin W. White, B.Eng (civil), M.Eng.Sci., M.Admin.
Managing Director – appointed 29 May 2013

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 WHK Group Limited (recently renamed Crowe Horwath Australasia 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.

Kevin is a Non-executive Director of IOOF Holdings Limited, Non-executive Director of Royal Automobile Club of Victoria (RACV) Limited, and Non-executive Director of Insurance Manufacturers of Australia Pty Ltd.

Campbell G. McComb, B.Econ, GradDipAppFin, FFIN, GAICD
Executive Director – appointed 12 October 2009– resigned 29 May 2013

Campbell has developed his extensive investment management and research skills over the past 15 years, working both in Australia and United Kingdom. He started his career with a smaller companies focus at Providence Funds Management Ltd before becoming an investment manager in the asset management division of Greig Middleton Ltd, now a subsidiary of Barclays Plc. Following Campbell's resignation as an executive director of the Company he was appointed to the position of Chief Operating Officer.

No other directorships of listed companies were held at any time during the three years prior to his resignation.

Lee D.P. IaFrate, B.Bus, GradDipAppFin, FCPA, SAFIN
Non-executive Director and Chairman – appointed 12 October 2009 resigned 22 January 2013

Lee has close to three decades experience in the securities industry, specialising in corporate advising, institutional broking, mergers and acquisitions and capital raising activities. Lee was the founder and former Chairman of Treasury Group Limited.

No other directorships of listed companies were held at any time during the three years prior to his resignation.

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

Tony has had over thirty-five years experience in the securities industry, including merchant banking and investment management. He held senior positions within AMP's money market companies before joining IOOF in 1985 as Head of Investments. As a founding director of IOOF Investment Management Limited / Perennial Investment Partners Limited, Tony helped to build a company which now manages some $20 billion of funds. Mr Hodges' broad base of knowledge in insurance, superannuation and funds management and his depth of relevant business experience will be crucial to the development of the EAS business model.

Tony was an executive director of IOOF Holdings Limited from 2004 to 2009.

DIRECTORS' REPORT (continued)

Directors' interests in shares, options and performance rights of the Company

The relevant interests of each director in the shares, options and performance rights of the Company shown in the Register of Directors' Shareholding as at the date of this report are:

	Number of Ordinary Shares	*Number of Share Options*	*Number of Performance Rights*
Rodney Green	1,600,000	Nil	Nil
Jonathan W. Sweeney	666,667	Nil	Nil
Kevin W. White	7,524,112	Nil	5,000,000[1]

1. *Performance Rights for Kevin White were granted on 29 May 2013 and are subject to shareholder approval at the 2013 Annual General Meeting.*

Interests in contracts or proposed contracts with the Company

Nil

Company Secretary
Mark Licciardo, B.Bus (Acc), GradDip CSP, FCSA, FCIS, GAICD
Company Secretary – appointed 6 December 2011

Mark is Managing Director of Mertons Corporate Services Pty Ltd (Mertons) which provides company secretarial and corporate governance consulting services to ASX listed and unlisted public and private companies. Prior to establishing Mertons, Mr Licciardo was Company Secretary of the Transurban Group (2004-07) and Australian Foundation Investment Company Limited, Djerriwarrh Investments Limited, AMCIL Limited and Mirrabooka Investments Limited (1997-2004). Mark has also had an extensive commercial banking career with the Commonwealth Bank and State Bank Victoria. Mr Licciardo is a former Chairman of the Chartered Secretaries Australia (CSA) in Victoria, a fellow of CSA, a graduate member of the Australian Institute of Company Directors (AICD), Chairman of Melbourne Fringe Limited and a director of several public and private companies.

SHARE OPTIONS

Unissued shares

As at the date of this report, there were 2,000,000 unissued ordinary shares under options. These options are to be cancelled under an Option Cancellation Deed which is subject to shareholder approval at the 2013 Annual General Meeting.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

There were no options exercised during the financial year and as at the date of this report. Accordingly, there are no amounts unpaid on shares issued on exercise of options.

DIRECTORS' REPORT (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the directors, the company secretary and all executive officers of the Company against a liability and legal costs incurred in defending proceedings as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The total amount of insurance contract premiums paid was $56,097.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an auditor.

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	
	Meetings eligible to attend	**Meetings attended**	**Meetings eligible to attend**	**Meetings attended**
Rodney Green	15	14	5	2
Jonathan W. Sweeney	15	15	5	5
Kevin W. White	1	1	-	-
Campbell G. McComb*	15	15	5	5
Anthony P. Hodges	8	7	1	1
Lee D.P. laFrate	8	7	-	-

**Mr McComb was not a member of the Audit & Risk Committee but attended by invitation.*

COMMITTEE MEMBERSHIP

During the year, the Company's Audit and Risk Committee was comprised of Jonathan Sweeney, Rodney Green and Anthony Hodges. However, following changes to the Board composition, as at the date of this report, the Company's Audit and Risk Committee Members are:

Jonathan Sweeney – Chairman (appointed on 17 February 2010)
Rodney Green (appointed on 5 July 2012)

Also as at the date of this report, the Company's Remuneration Committee Members are:

Rodney Green – Chairman (appointed on 5 July 2012)
Jonathan W. Sweeney (appointed on 4 February 2013)
Kevin W. White (appointed on 29 May 2013)

The Remuneration Committee did not hold any formal meetings during the year. All discussions regarding remuneration policy and executive contractual arrangements were held during regular Board meetings.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2013 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

A. Principle of compensation

Remuneration policy

The board policy for determining the nature and amount of remuneration of KMP 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 Company attracts and retains talented and motivated directors and employees who can enhance the performance of the Company and the Group through their contributions and leadership. No such advice has been obtained for 2013. 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 KMP, 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 KMP are on a continuing basis, the terms of which are in the process of being amended 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 will be set by the Remuneration Committee and those objectives will be consistent with the Group's strategic objectives and will be linked to the at-risk component of the executives' remuneration as applicable. The amendment to KMP contracts are expected to be completed during September 2013. Refer to section D on page 24 for further details on executive contractual arrangements.

The Remuneration Committee is also responsible for making recommendations to the Board in relation to the terms of any issue of any 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.

Non-executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently of the fees of non-executive directors based on comparative roles in the external market. Non-executive directors do not receive performance-based pay.

The Chairman is entitled to be paid a fixed remuneration of $50,000 per annum plus superannuation contributions (2012: $50,000). Other directors are each entitled to be paid a fixed remuneration of up to a maximum of $45,000 per annum plus superannuation contributions (2012: $35,000).

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (AUDITED) (continued)

A. Principle of compensation (continued)

The Constitution of the Company provides that non-executive directors as a whole may be paid or provided remuneration of an aggregate total of up to $200,000 per annum or other such maximum as determined by the Company in general meeting. 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 it does not exceed the maximum of $200,000. 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.

Executive Pay
The executive pay and reward framework has 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
Base pay is structured as a total employment cost package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' 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 the executive's pay is competitive with the market.

Short-term incentives (STI)
The policy on STI opportunity is being revised so that certain executives will have a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. For the year ended 30 June 2013, Shane Bransby was the only executive with an STI opportunity (refer to section D page 25 for further details). 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 calculated and paid annually.

Long-term incentives (LTI)
Long-term incentives are provided to certain employees via the Easton Investments Employee Share Ownership Plan (the Plan). The Plan is designed to provide all eligible employees of the Group with an opportunity to share in ownership of, and promote the long-term success of, the Company.

Options granted to directors of the Company during the 2011 financial year have expired out of the money and were consequently cancelled.

As at 30 June 2013, Kevin White was the only eligible employee with an LTI opportunity (refer to section D page 24 for further details).

REMUNERATION REPORT (AUDITED) (continued)

A. Principle of compensation (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; and
- 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.

B. Details of key management personnel (KMP)

The following persons acted as KMP of the Company and the Group during or since the end of the financial year.

(i) Directors

Rodney Green	Non-executive Chairman – appointed 26 April 2012
Jonathan W. Sweeney	Non-executive Director – appointed 12 October 2009
Kevin W. White	Managing Director – appointed 29 May 2013
Campbell G. McComb	Managing Director – appointed 12 October 2009, resigned 29 May 2013
Lee D.P. IaFrate	Non-executive Director – appointed 12 October 2009, resigned 22 January 2013
Anthony P. Hodges	Non-executive Director – appointed 1 March 2012, resigned 22 January 2013

(ii) Executives

Mark Licciardo	Company Secretary – appointed 6 December 2011
Geoffrey J. Robinson	Chief Financial Officer – appointed 22 April 2013
Andrew G. McKay[1]	Managing Director of Easton Asset Management Ltd – appointed 29 August 2012
Shane A. Bransby	Managing Director of Chesterfields Financial Services Pty Ltd – appointed 24 December 2010
Campbell G. McComb	Chief Operating Officer – appointed 29 May 2013
Thomas P. Almond	Chief Operating Officer – appointed 15 November 2010, resigned 11 February 2013
Vincent F. Vozzo	Non-executive Director of Incito Group Ltd – resigned 23 January 2013

1. *Andrew McKay became a KMP subsequent to the Company's acquisition of Easton Asset Management Limited on 28 August 2012.*

(iii) Changes since the end of the reporting period

Campbell McComb resigned from the position of Chief Operating Officer on 31 July 2013.

REMUNERATION REPORT (AUDITED) (continued)

C. Remuneration of key management personnel

Remuneration for the year ended 30 June 2013

	Short-term employee benefits			Post employment benefits	Share-based payments	Total	Performance related
	Salaries & fees	Cash bonus	Other	Superannuation	Performance rights		
Directors' Remuneration	$	$	$	$	$	$	%
Rodney Green	43,750	-	-	3,938	-	47,688	-
Jonathan W. Sweeney	41,758	-	-	3,769	-	45,527	-
Kevin W. White *(from 29/05/2013)*	14,231	-	-	-	2,653	16,884	16%
Lee D. P. IaFrate *(to 22/01/2013)*	26,667	-	-	2,400	-	29,067	-
Campbell G. McComb *(to 29/05/2013)*	201,835	-	-	18,165	-	220,000	-
Anthony P. Hodges *(to 22/01/2013)*	17,500	-	-	-	-	17,500	-
Total directors	**345,741**	**-**	**-**	**28,272**	**2,653**	**376,666**	
Executives' Remuneration							
Campbell G. McComb *(from 30/05/2013)*[1]	23,075	-	-	-	-	23,075	-
Geoffrey J. Robinson *(from 22/04/2013)*	29,038	-	-	2,613	-	31,651	-
Andrew G. McKay *(from 28/08/2012)*	168,196	-	-	15,138	-	183,333	-
Mark Licciardo[2]	52,234	-	-	-	-	52,234	-
Shane A. Bransby	310,930	10,900	15,000	16,470	-	353,300	3%
Thomas P. Almond *(to 14/09/2012)*	24,619	-	-	1,846	-	26,465	-
Vincent F. Vozzo *(to 23/01/2013)*	17,500	-	-	-	-	17,500	-
Total executives	**625,592**	**10,900**	**15,000**	**36,067**	**-**	**687,559**	
Total KMPs	**971,333**	**10,900**	**15,000**	**64,339**	**2,653**	**1,064,225**	

1 *Subsequent to the reporting date, Mr McComb resigned as Chief Operating Officer on 31 July 2013.*
2 *A company of which Mr Licciardo is a director, received fees from the Group for company secretarial and corporate governance consulting services.*

REMUNERATION REPORT (AUDITED) (continued)

C. Remuneration of key management personnel (continued)

Remuneration for the year ended 30 June 2012

	Short-term employee benefits			Post employment benefits	Share-based payments	Total	Performance related
	Salaries & fees	Cash bonus	Other	Superannuation	Performance rights		
Directors' Remuneration	$	$	$	$	$	$	%
Lee D. P. IaFrate	50,000	-	-	4,500	-	54,500	-
Campbell G. McComb	99,785	-	-	8,980	-	108,765	-
Jonathan W. Sweeney	35,000	-	4,234	3,531	-	42,765	-
Anthony P. Hodges[1]	30,000	-	-	-	-	30,000	-
Rodney Green	6,319	-	-	568	-	6,887	-
Total directors	**221,104**	**-**	**4,234**	**17,579**	**-**	**242,917**	
Executives' Remuneration							
Ho Lam[2]	49,779	-	-	-	-	49,779	-
Mark Licciardo[3]	37,441	-	-	-	-	37,441	-
Thomas P. Almond	100,000	-	-	9,000	-	109,000	-
Vincent F. Vozzo	30,000	-	-	-	-	30,000	-
Shane A. Bransby	310,000	-	15,000	27,900	-	352,900	-
Andrew J. Cochrane	134,255	-	15,000	10,501	-	159,756	-
Total executives	**661,475**	**-**	**30,000**	**47,401**	**-**	**738,876**	
Total KMPs	**882,579**	**-**	**34,234**	**64,980**	**-**	**981,793**	

1 *Mr Hodges was a director of Easton Wealth Australia Ltd (formerly Incito Group Ltd) until 28 February 2012. He became an independent non-executive director of Easton Investments Ltd on 1 March 2012.*

2 *A company of which Mr Lam is a director, received fees from the Group for management and consulting services on commercial terms. Mr Lam resigned as CFO and company secretary of EAS on 29 August 2011.*

3 *A company of which Mr Licciardo is a director, received fees from the Group for company secretarial and corporate governance consulting services.*

REMUNERATION REPORT (AUDITED) (continued)

D. Executive contractual arrangements

Managing Director
Mr Kevin White commenced as Managing Director on 29 May 2013 and his remuneration is set by the Board and is governed by an employment agreement. Mr White's remuneration consists of the following components:

- base annual salary of $150,000 (including superannuation);
- long-term incentive consisting of 5.0 million Performance Rights with the following terms and conditions:
  - each Performance Right converts to one ordinary fully paid share in the Company subject to the Company's volume weighted average share price exceeding, for a minimum period of 30 consecutive days, at any time during the 3 year term of the employment agreement, the following Threshold Price levels:

# of Performance Rights	Threshold Price
(m)	($) per Share
1.0	0.20
3.0	0.25
1.0	0.30
5.0	

  - the Performance Rights will be forfeited in the event of valid termination with cause or if Mr White gives notice of termination before the initial term of the employment agreement;
  - on a change of control in the Company, those Performance Rights, if any, will vest where the Threshold Price has been met on the date control changes or if the share price applying to the change of control is $0.20 or higher; and
  - the grant of Performance Rights are subject to shareholder approval at the 2013 annual general meeting.

Mr White's employment agreement has an initial term of three years and is renewable upon agreement between the Board and Mr White prior to expiry of the initial term. The employment agreement may be terminated by the giving of six months' notice in writing by either party.

Company Secretary
The Company Secretary, Mr Mark 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.

REMUNERATION REPORT (AUDITED) (continued)

D. Executive contractual arrangements (continued)

Other Executives

Other executives identified as KMPs are employed on an ongoing basis with a written notice period of up to six months. Executive employment contracts are in the process of being amended to introduce performance related remuneration objectives and align other executives with the Group's strategic objectives.

The performance related cash bonus for Shane Bransby for 2013 is based on a percentage of new business written for the reporting period. There was no other performance related bonus payments for other executives for the year ended 30 June 2013.

E. Voting and comments made at the Company's 2012 Annual General Meeting (AGM)

At the Company's most recent AGM, resolution to adopt the prior year remuneration report was put to the vote and at least 75% of 'yes' votes were cast for adoption of that report. No comments were made on the remuneration report that was considered at the AGM.

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 following non-audit services were provided by the auditor of the Company, Pitcher Partners, which was approved in writing by the Audit and Risk Committee. The directors are 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 nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Pitcher Partners received or are due to receive the following amounts for the provision of non-audit services for the Group:

	$
Tax compliance services	20,199
Other services	14,982
	35,181

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.

Signed in accordance with a resolution of the directors.

Rodney Green
Chairman
Melbourne, 24 September 2013

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Easton Investments Limited

In relation to the independent audit for the year ended 30 June 2013, 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.

N R BULL	
Partner	**PITCHER PARTNERS**
24 September 2013	**Melbourne**

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Easton Investments Limited (‘EAS’ or ‘the Company’) and its subsidiary companies (`the Group’) is responsible for establishing the corporate governance framework of the Company and establishing appropriate Corporate Governance policies and procedures having regard to the ASX Corporate Governance Council (CGC) published guidelines as set out in its “Corporate Governance Principles and Recommendations” (Revised 2010, 2nd Edition). The Board of Directors continue to review the framework and practices to ensure they meet the interests of shareholders whilst acknowledging the nature and size of the Group.

The table below is structured with reference to the CGC’s published guidelines containing eight key principles. The charters and policies described in this Corporate Governance Statement represent a concise version of those charters which are available on the Company’s website.

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1
Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

Company Response
The Board of Directors together with management, are collectively experienced in the management of listed companies and the funds and wealth management business.

The Board is responsible for providing strategic guidance and for contributing to the development of the corporate strategy and performance objectives, including:

- the implementation of a business strategy;
- the annual budget;
- monitoring the Company’s financial performance;
- meeting its regulatory reporting obligations;
- approving and monitoring the progress of existing investments, capital management and acquisitions and disposals of investment assets; and
- ensuring that appropriate management processes and procedures are in place to achieve these objectives.

The Board appoints the Chairman, Managing Director and Company Secretary.

The Board has delegated to the Managing Director the authority to manage and control the day to day affairs of the Group and the implementation of the corporate strategy.

Recommendation 1.2
Companies should disclose the process for evaluating the performance of senior executives.

Company Response
The Managing Director is responsible for evaluating the performance of senior executives against performance indicators established for senior management.

The Board is responsible for evaluating the performance of the Managing Director against set criteria. Given Mr White’s recent appointment his performance has not been evaluated in the year under review. The Board and its Committees are governed by their respective Charters which are available on the Company’s website.

Principle 2: Structure the Board to add value

Recommendation 2.1
A majority of the Board should be independent Directors.

Company Response
The Company supports the appointment of Directors who bring a wide range of business and professional skills and experience. The qualifications, skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report and their attendance at Board and Committee meetings is included in the Directors' Report.

The Board is comprised of three Directors and complies with the best practice recommendation that Boards contain a majority of independent Non-executive Directors.

Rodney Green – Chairman, independent Non-executive Director
Kevin White – Managing Director/CEO
Jonathan Sweeney – independent Non-executive Director

In order for Directors to bring independent judgement to bear in decision making, Directors have the right to obtain independent professional advice, if necessary, at the Company's expense.

Recommendation 2.2
The Chair should be an independent Director.

Company Response
Rodney Green as Chairman of the Board is considered independent. In accordance with the CGC's "Corporate Governance Principles and Recommendations", the recommendation that no independent Director holds more than 5% of the total shares on issue or that there is no material interest in the Company that would impair independence has been met by all independent Directors.

Recommendation 2.3
The roles of Chair and Chief Executive Officer should not be exercised by the same individual.

Company Response
The role of Chairman and Managing Director (CEO) is separated, with Rodney Green as Chairman and Kevin White as Managing Director.

Recommendation 2.4
The Board should establish a Nomination Committee.

Company Response
The Board as a whole considers matters normally considered by a Nomination Committee including:-

- changes believed to be desirable to the size and composition of the Board;
- individuals for nomination as members of the Board;
- the process for the election of the Chairman of the Board; and
- review on a regular and continuing basis, succession planning for the Chairman of the Board.

Principle 2: Structure the Board to add value (continued)

Recommendation 2.4 (continued)

Due to the Board's relatively small size, the Company has an informal induction process. New Directors are fully briefed about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of Directors. Directors receive a formal letter of appointment setting out the key terms and conditions and corporate expectations relevant to that appointment. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

Recommendation 2.5

Companies should disclose the process for evaluating the performance of the Board, its Committees and individual Directors.

Company Response

The Board is responsible for evaluating the performance of the Board collectively, of the Chair and each of its Committees. Under the Policy, the Chairman will undertake an annual assessment of the performance of individual Directors and meet privately with each Director to discuss this assessment. The form of this assessment may vary from year to year, from an internally conducted questionnaire based review, to an externally facilitated review.

Given the recent changes to the composition of the Board, a review was not undertaken during the reporting period to which this Annual Report relates, however it is expected that an assessment of the Board's performance will be completed during the 2014 financial year.

Recommendation 2.6

Companies should provide the information indicated in the 'Guide to Reporting on Principle 2'.

Company Response

This annual report includes detailed information on Directors that meets the requirements in 'Guide to Reporting on Principle 2', including each individual's skills, experience, expertise and their term of office.

As outlined, the Company does not comply with recommendation 2.4.

Principle 3: Promote ethical and responsible decision making

Recommendation 3.1

Companies should establish a code of conduct and disclose the code or a summary of the code as to:-

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Company Response

The Company and the Board promotes ethical and responsible decision making and has a code of conduct. This is communicated to management and requires staff to adhere to the core values, together with a number of other key attributes that have been identified as being imperative to the success of the Company.

Principle 3: Promote ethical and responsible decision making (continued)

Recommendation 3.1 (continued)

The Group aims for good corporate governance and generally requires employees to:

- avoid situations which may give rise to a conflict of interest;
- avoid situations where they may profit from their position and gain any benefit which competes with the Group's business;
- comply with all laws and regulations and Group policies and procedures;
- not undertake activities inconsistent with their employment with the Group;
- properly use Group assets for legitimate business purposes; and
- maintain privacy and confidentiality in both the Group's business and the information of its stakeholders.

Management is responsible to the Board for the Group's performance under this code, and has operational responsibility for ensuring compliance with the code.

Conflicts of Interest
There must be no conflict, or perception of a conflict, between the interests of any Director, officer or employee and the responsibility of that person to the Group and its stakeholders. All Directors, officers and employees may never improperly use their position for personal or private gain for themselves or any other person/associate.

Where a potential conflict exists, this should be disclosed to the Chairman prior to any dealings taking place and be declared at the next meeting of Directors. Each Director is required to complete and maintain a Register of Interests for this purpose.

The Company has in place a securities trading policy which is available on the website.

Recommendation 3.2
Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them.

Company Response
The Company recognises the value of attracting and retaining staff with different backgrounds, perspectives and experiences, including assisting it to attract and retain talented people and to foster business performance improvements.

The Company is committed to providing an inclusive workplace that embraces and promotes diversity at all levels of the Group.

Diversity includes, but is not limited to, gender, age, ethnicity, cultural background, disability and sexual orientation.

Principle 3: Promote ethical and responsible decision making (continued)

Recommendation 3.2 (continued)

EAS strives to create and maintain a diverse and supportive working environment, where:

- there is tolerance of difference;
- the ability to access opportunities within the Company is based on merit;
- structures and policies are in place to assist employees to balance their work and family commitments; and
- employee engagement and morale are maintained at high levels.

Recommendation 3.3

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

Company Response

The Company does not presently have set targets for the representation of women employees in senior executive positions or on the Board. Due to the Company's size and relatively new Board structure, EAS does not propose the implementation of measurable objectives at this stage of its development.

Recommendation 3.4

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Company Response

As at 30 June 2013, the Company had the following number of women employed in:

Description	Number of Women	Total Employees	Proportion of Women
Whole Organisation	5	14	36%
Management Positions	-	4	0%
Board Members	-	3	0%

Recommendation 3.5

Companies should provide the information indicated in the 'Guide to Reporting on Principle 3'.

Company Response

The Group has adopted a Diversity Policy, a copy of which is available on the Company's website.

In accordance with the information suggested in the 'Guide to Reporting on Principle 3', this Corporate Governance Statement does not include a statement of the measurable objectives for achieving gender diversity and as such does not meet best practice recommendation 3.3.

Principle 4: Safeguard integrity in financial reporting

Recommendation 4.1
The Board should establish an Audit Committee.

Company Response
At the date of this report, the Company has established an Audit and Risk Committee which plays a key role in assisting the Board of Directors with its responsibilities relating to accounting, developing internal control systems, reporting practices, risk management and ensuring the independence of the Company Auditor.

The Charter for this Committee incorporates policies and procedures to ensure an effective focus from an independent perspective.

Recommendation 4.2
The Audit Committee should be structured so that it consists only of Non-executive Directors, consists of a majority of independent Directors, is chaired by an independent Chair, who is not Chair of the Board and has at least three members.

Company Response
Members of the Committee are:

Jonathan Sweeney – Chairman, independent Non-executive Director
Rodney Green – independent Non-executive Director

At the date of this report, due to the change in the size and composition of the Board during the year, the Audit and Risk Committee only had two members which did not meet the recommendations of having at least three members.

Recommendation 4.3
The Audit Committee should have a formal charter.

Company Response
The Audit and Risk Committee works within the framework of the Audit and Risk Committee Charter adopted by the Board. The Audit and Risk Committee includes in its Charter a review of the effectiveness of administrative, operating and accounting controls.

Recommendation 4.4
Companies should provide the information indicated in the 'Guide to Reporting on Principle 4'.

Company Response
Details of the Directors' qualifications and their membership and attendance at Audit and Risk Committee meetings are set out in the Directors' Report contained in this annual report.

A copy of the Audit and Risk Committee Charter is available on the Company's website.

In accordance with the information suggested in 'Guide to Reporting on Principle 4', the Company does not meet best practice recommendation 4.2 with regard to the composition of the Audit and Risk Committee.

Principle 5: Make timely and balanced disclosure

Recommendation 5.1
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Company Response
EAS's Communications Policy is designed to promote transparency and investor confidence and ensure that all interested parties have an equal opportunity to obtain information which is issued by EAS. The Company is committed to complying with the continuous disclosure obligations contained in the Listing Rules of the Australian Securities Exchange (ASX) and under the Corporations Act, and ensuring that all shareholders and the market have an equal opportunity to obtain and review full and timely information about EAS's securities.

Disclosure of such price-sensitive information to the ASX must not be delayed and is disclosed, in the first instance, to the ASX and only after receiving confirmation that a release of this disclosure has been made to the market will it then be placed on the Company's website, www.eastoninvest.com. Material information must not be selectively disclosed (i.e. to analysts, the media or shareholders) prior to being announced to the ASX, and all media releases must be referred to the Chairman or Managing Director for approval prior to any announcement.

Recommendation 5.2
Companies should provide the information indicated in the 'Guide to Reporting on Principle 5'.

Company Response
The Managing Director controls all Company communications with assistance from the Company Secretary in carrying out this responsibility. The Chairman and the Managing Director are the only officers permitted to authorise the release of material information to the market. The Company Secretary is responsible for administering this policy and is responsible for dealing with the ASX in relation to all Listing Rule issues. The procedures which have been developed to comply with these rules include immediate reporting of any matter which could potentially have a material effect, via established reporting lines to the Chairman, Managing Director and/or the Company Secretary.

A copy of the Communications Policy is available on the Company's website.

Principle 6: Respect the rights of shareholders

Recommendation 6.1
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Company Response
EAS's communication strategy is designed to promote effective communication with shareholders.

Principle 6: Respect the rights of shareholders (continued)

Recommendation 6.1 (continued)

The Company is committed to:

- ensuring that shareholders and the financial markets are provided with full and timely information about the Company's activities in a balanced and understandable way through the annual and half yearly reports, ASX releases, general meetings and the Company's website;
- complying with continuous disclosure obligations contained in the applicable ASX Listing Rules and the Corporations Act in Australia; and
- encouraging shareholder participation at general meetings.

Recommendation 6.2

Companies should provide the information indicated in the 'Guide to Reporting on Principle 6'.

Company Response

The Company's website, www.eastoninvest.com, has dedicated Investors and News sections and endeavours to publish on the website all important company information and relevant announcements made to the market.

The external auditors are requested to attend the Annual General Meeting and are available to answer shareholders' questions about the conduct of the audit and preparation of the Auditor's Report.

A copy of the Communications Policy is available on the Company's website.

Principle 7: Recognise and manage risk

Recommendation 7.1

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Company Response

The Board of the Company takes a proactive approach to the Group's risk management and internal compliance and control system. This function is monitored by the Audit and Risk Committee.

The Audit and Risk Committee is responsible for ensuring that risks and mitigation of these risks are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Committee and the Board of Directors.

Recommendation 7.2

The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Company Response

The Company has undertaken to critically analyse its current policy on risk oversight and management designed to promote a culture of risk control throughout the Company.

Principle 7: Recognise and manage risk (continued)

Recommendation 7.3
The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Company Response
Following a recommendation by the Committee to the Board of Directors to approve the annual and half year financial accounts, the Managing Director and Chief Financial Officer state in writing to the Board that the Company's Financial Reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards; and that this statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Recommendation 7.4
Companies should provide the information indicated in the 'Guide to Reporting on Principle 7'.

Company Response
In accordance with the information suggested in the 'Guide to Reporting on Principle 7', the Risk Oversight and Management Policy is available on the Company's website.

The Group has identified key risks within the business and has received a statement of assurance from the current Managing Director and current Chief Financial Officer. However, it should be noted that this assurance was qualified at the year end on the basis that both officers were employed by the Group for only part of the financial year to which this report relates.

Principle 8: Remunerate fairly and responsibly

Recommendation 8.1
The Board should establish a Remuneration Committee.

Company Response
At the date of this report, the Company has a Remuneration Committee which is responsible for determining and reviewing compensation arrangements for the Board, Managing Director and employees.

Specifically, the Committee will monitor and review:

- the remuneration arrangements for the Chairman and sets parameters within which the Chairman will review arrangements for other Directors and the Managing Director;
- the remuneration policies, personnel practices and strategies of the Company generally; and
- any employee incentive schemes.

The Board is responsible for performance evaluation of the members of the Board and key executives against both measurable and qualitative indicators.

The Committee's duties during the period under review were performed by the Board as a whole with several discussions held during Board meetings on remuneration arrangements and policies. As a result, the Committee, although in operation for the period under review, did not meet during this time.

Principle 8: Remunerate fairly and responsibly (continued)

Recommendation 8.2
The Remuneration Committee should be structured so that it consists of a majority of independent Directors, is chaired by an independent Chair and has at least three members.

Company Response
The Remuneration Committee is currently comprised of Rodney Green (Chair), Jonathan Sweeney and Kevin White and meets the best practices guidelines.

Recommendation 8.3
Companies should clearly distinguish the structure of Non-executive Directors' remuneration from that of executive Directors and senior executives.

Company Response
The details of the remuneration paid to Directors and Officers is included in the Remuneration Report of this annual report.

The Company does not have any schemes for retirement benefits for Non-executive Directors other than standard superannuation arrangements.

Recommendation 8.4
Companies should provide the information indicated in the 'Guide to Reporting on Principle 8'.

Company Response
The Remuneration Committee charter is available on the Company's website.

In accordance with the information suggested in the 'Guide to Reporting on Principle 8', the Company has disclosed full details of its Directors in the Directors' Report attached to this annual report including each Director's qualifications, their membership of the committee, number of meetings held and attendance at Remuneration Committee meetings.

Easton Investments Limited
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Note	2013 $	2012 $
Continuing operations			
Revenue	3	**3,505,940**	2,753,026
Net loss on investments held for trading		**(219,421)**	(210,947)
Net gain on disposal of subsidiaries		**22,129**	-
Salaries and employee benefits expenses	4	**(2,182,368)**	(2,036,951)
Finance costs	4	**(89,929)**	(117,800)
Depreciation and amortisation	4	**(474,487)**	(350,154)
Impairment losses	4	**(2,018,278)**	-
Premises and equipment		**(321,328)**	(311,731)
Legal and business services		**(923,379)**	(752,194)
General administration		**(315,009)**	(109,843)
Other expenses		**(568,845)**	(383,676)
Loss before income tax		**(3,584,975)**	(1,520,270)
Income tax benefit/(expense)	5	**177,899**	(50,761)
Net loss from continuing operations after income tax		**(3,407,076)**	(1,571,031)
Loss for the year		**(3,407,076)**	(1,571,031)
Other comprehensive income			
Items that may be reclassified subsequently to profit and loss:			
Net fair value gain on available-for-sale financial assets		**225,961**	33,511
Income tax on items of other comprehensive income		**(67,788)**	(10,054)
Other comprehensive income for the year, net of tax		**158,173**	23,457
Total comprehensive loss for the year		**(3,248,903)**	(1,547,574)
Profit/(losses) for the year is attributable to:			
Non-controlling interests		**82,487**	89,266
Owners of the Company		**(3,489,563)**	(1,660,297)
		(3,407,076)	(1,571,031)
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interests		**82,487**	89,266
Owners of the Company		**(3,331,390)**	(1,636,840)
		(3,248,903)	(1,547,574)
Basic earnings per share (cents)	6	**(6.05)**	(4.54)
Diluted earnings per share (cents)	6	**(6.05)**	(4.54)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Note	2013	2012
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	7	**1,464,509**	663,546
Receivables	8	**287,903**	290,325
Assets held for sale	9	**644,415**	-
Other current assets	10	**1,398,318**	-
Total current assets		**3,795,145**	953,871
Non-current assets			
Other financial assets	11	**86,106**	924,479
Equity accounted investments	12	**-**	-
Plant and equipment	13	**95,071**	132,639
Intangible assets	14	**8,239,365**	5,994,295
Investments	15	**1,124,155**	-
Deferred tax assets	5	**210,259**	424,914
Total non-current assets		**9,754,956**	7,476,327
TOTAL ASSETS		**13,550,101**	8,430,198
LIABILITIES			
Current liabilities			
Trade and other payables	16	**859,233**	515,503
Provisions and employee benefits	17	**46,009**	66,554
Borrowings	18	**891,318**	1,036,247
Current tax liability	5	**100,716**	72,431
Liabilities associated directly associated with assets held for sale	9	**9,928**	-
Other liabilities	19	**2,150,729**	-
Total current liabilities		**4,057,933**	1,690,735
Non-current liabilities			
Provisions and employee benefits	17	**-**	6,963
Total non-current liabilities		**-**	6,963
TOTAL LIABILITIES		**4,057,933**	1,697,698
NET ASSETS		**9,492,168**	6,732,500
EQUITY			
Contributed equity	20	**14,991,285**	8,887,884
Reserves	21	**83,918**	(83,173)
Accumulated losses	22	**(5,951,322)**	(2,536,759)
Equity attributable to owners of the Company		**9,123,881**	6,267,952
Non-controlling interests	23	**368,287**	464,548
TOTAL EQUITY		**9,492,168**	6,732,500

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 2013

Consolidated Entity	Ordinary shares $	Accumulated losses $	Options reserve $	Net unrealised gains / (losses) reserve $	Owners of the parent $	Non-controlling interest $	Total $
At 1 July 2012	8,887,884	(2,536,759)	75,000	(158,173)	6,267,952	464,548	6,732,500
Profit/(loss) for the year	-	(3,489,563)	-	-	(3,489,563)	82,487	(3,407,076)
Other comprehensive income	-	-	-	158,173	158,173	-	158,173
Total comprehensive profit/(loss) for the year	-	(3,489,563)	-	158,173	(3,331,390)	82,487	(3,248,903)
Transactions with owners in their capacity as owners:							
Issue of new equity	6,302,811	-	-	-	6,302,811	-	6,302,811
Costs associated with the issue of new equity	(199,410)	-	-	-	(199,410)	-	(199,410)
Equity transfer for expired options	-	75,000	(75,000)	-	-	-	-
Options granted on acquisition of investment	-	-	58,580	-	58,580	-	58,580
Dividend paid	-	-	-	-	-	(42,000)	(42,000)
Acquisition of remaining interest in subsidiary	-	-	-	(14,014)	(14,014)	50,518	36,504
Disposal of non-controlling interest in subsidiary	-	-	-	39,352	39,352	(187,315)	(147,963)
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	49	49
At 30 June 2013	**14,991,285**	**(5,951,322)**	**58,580**	**25,338**	**9,123,881**	**368,287**	**9,492,168**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the year ended 30 June 2013

Consolidated Entity	Ordinary shares $	Accumulated losses $	Options reserve $	Net unrealised gains / (losses) reserve $	Owners of the parent $	Non-controlling interest $	Total $
At 1 July 2011	8,587,884	(876,462)	75,000	(181,630)	7,604,792	462,298	8,067,090
Profit/(loss) for the year	-	(1,660,297)	-	-	(1,660,297)	89,266	(1,571,031)
Other comprehensive income	-	-	-	23,457	23,457	-	23,457
Total comprehensive profit/(loss) for the year	-	(1,660,297)	-	23,457	(1,636,840)	89,266	(1,547,574)
Transactions with owners in their capacity as owners:							
Issue of new equity	300,000	-	-	-	300,000	-	300,000
Distributions paid	-	-	-	-	-	(24,516)	(24,516)
Acquisition of non-controlling interests	-	-	-	-	-	(62,500)	(62,500)
At 30 June 2012	**8,887,884**	**(2,536,759)**	**75,000**	**(158,173)**	**6,267,952**	**464,548**	**6,732,500**

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 2013

	Note	**2013**	2012
		$	$
Cash flows from operating activities			
Fees and commissions received		**5,990,748**	3,008,797
Payments to suppliers and employees		**(6,412,597)**	(4,002,745)
Proceeds from sale of financial investments held for trading		**-**	6,227,511
Payments for purchase of financial investments and settlement of financial liabilities held for trading		**-**	(6,199,336)
Dividends and distributions received		**-**	181,201
Interest received		**15,918**	17,764
Finance costs paid		**(89,929)**	(117,800)
Income tax paid		**(121,988)**	(177,426)
Net cash flows used in operating activities	24	**(617,848)**	(1,062,034)
Cash flows from investing activities			
Payments for plant and equipment		**(10,678)**	(108,498)
Proceeds from sale of plant and equipment		**-**	347
Payments for other intangible assets		**(45,487)**	(9,467)
Deferred payment for subsidiary		**-**	(587,133)
Payments for acquisition of a subsidiary, net of cash acquired		**(263,901)**	-
Payments for separately identifiable intangible assets		**(300,000)**	-
Proceeds from sale of 'available-for-sale' financial assets		**741,606**	1,100,000
Payments for other investments		**(932,763)**	(24,465)
Net cash flows (used in)/from investing activities		**(811,223)**	370,784
Cash flows from financing activities			
Proceeds from issue of shares (net of listing fees)		**1,699,390**	300,000
Proceeds received in advance of share issue		**752,411**	-
Loans to associates		**(40,000)**	-
Payments for return of capital		**-**	(62,500)
Distributions paid		**-**	(24,516)
Dividends paid to minority interest in subsidiaries		**(42,000)**	-
Proceeds from borrowings		**850,000**	-
Repayment of borrowings		**(989,764)**	-
Net cash flows from financing activities		**2,230,037**	212,984
Net increase/(decrease) in cash held		**800,963**	(478,266)
Cash at the beginning of the financial year		**663,546**	1,141,812
Cash at the end of the financial year	7	**1,464,509**	663,546

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 2013

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 the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers Easton Investments Limited and controlled entities as a consolidated entity. 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 24 September 2013.

Compliance with IFRS

The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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.

Critical accounting estimates

The preparation of the financial report 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.

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

(b) Working capital management

The financial report has been prepared on a going concern basis. As at 30 June 2013, the Group had a technical working capital deficiency of $262,788 which reflected the classification of the share placement advance from the 1 for 3 rights issue as a current liability. Upon completion of the rights issue, the subsequent issue of shares on 3 July 2013 resulted in the transfer of this current liability to equity resulting in the working capital position returning to surplus.

(c) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Principles of consolidation (continued)

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 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 by the Company 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.

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.

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

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Segment reporting

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 maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors and the Managing Director.

(e) Revenue recognition

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 and the revenue can be reliably measured. 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) 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

(iii) Dividends and distributions

Dividends and distributions are recognised when the Group’s right to receive the payment is established.

(iv) Net trading income

Net trading income comprises gains and losses related to trading assets and liabilities and include all realised and unrealised fair value changes.

(f) 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income tax and other taxes (continued)

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)

(f) Income tax and other taxes (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.

(g) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise 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.

(h) 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. Designation is re-evaluated at each reporting date, but there are restrictions on reclassifying to other categories.

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”.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Investments and other financial assets (continued)

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.

(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.

Refer to Note 32(f) for classification of financial assets and liabilities by fair value.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments in associates

An associated entity is an entity over which the consolidated entity is able to exercise significant influence.

The consolidated entity's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the associate is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income.

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

(j) Plant and equipment

Cost and valuation
At each balance date, the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value.

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.

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 and fittings 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) 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 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.

(l) Goodwill and Intangibles

Goodwill

Goodwill acquired in a business combination is initially measured at cost of the business combination being the excess of the consideration transferred over the fair value of the Group's net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any 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, and includes the wealth management and asset management cash generating units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units), to which the goodwill relates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Goodwill and Intangibles (continued)

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 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.

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(n) 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:

- Financial planning 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.

The useful lives for each asset class are:

- Website development — 2 to 3 years
- Trademarks — 10 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) 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.

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.

(n) Impairment

Non-financial assets other than goodwill and indefinite life intangibles 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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(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 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Provisions and employee benefits (continued)

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

(iii) Retirement benefit obligations
Defined contribution superannuation plan
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 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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Earnings per share

Basic earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the parent, adjusted for:

- Costs of servicing equity (other than dividends) and preference share dividends.
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses.

Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Foreign currency translation and balances

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.

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.

Except for certain foreign currency hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.

Entities that have a functional currency different to the presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- all resulting exchange differences are recognised as a separate component of equity.

(u) Comparatives

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Adoption of new and amended accounting standards that are first operative at 30 June 2013

None of the new and amended accounting standards effective for the financial year beginning 1 July 2012 affected any amounts recorded in the current or prior year. AASB 2011-9 *Amendments to Australian Accounting Standards - Presentation of items of Other Comprehensive Income* requires items of other comprehensive income to be presented separately for those items that would be reclassified to profit or loss in the future and those that would never be reclassified to profit or loss and the impact of tax on those items.

The adoption of AASB 2011-9 has no effect on the amounts recognised in current or prior years. However, it has resulted in changes to presentation of other comprehensive income in the group's consolidated financial statements.

(w) Accounting standards and interpretations issued but not operative at 30 June 2013

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments,* AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9,* AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure* (effective from 1 January 2015)

AASB 9 *Financial Instruments* improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The standard is not applicable until 1 January 2015 but is available for early adoption.

When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the group recognised $158,173 in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities. The consolidated entity has decided not to early adopt AASB 9 at 30 June 2013.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Accounting standards and interpretations issued but not operative at 30 June 2013 (continued)

(ii) AASB 10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities, revised* AASB 127 *Separate Financial Statements and* AASB 128 *Investments in Associates and Joint Ventures,* AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards, and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments* (effective 1 January 2013)

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements,* and Interpretation 12 *Consolidation – Special Purpose Entities.* The standard fundamentally changes the way control is defined for the purpose of identifying those entities to be included in the consolidated financial statements. It focuses on the need to have power over the investee, rights or exposure to variable returns and ability to use the power to affect the amount of its returns. Returns must vary and can be positive, negative or both. There is also new guidance on substantive rights versus protective rights and on agent versus principal relationships. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the accounting for consolidation.

AASB 11 does not focus on the legal structure of joint arrangements, but rather on how and what rights and obligations are shared between parties. If the parties share the right to the net assets of the joint arrangement, these parties are parties to a joint venture. A joint venturer accounts for an investment in the arrangement using the equity method, and the choice to proportionately consolidate will no longer be permitted. If the parties share the right to the separate assets and obligations for the liabilities of the joint arrangement, these parties are parties to a joint operation. A joint operator accounts for assets, liabilities and corresponding revenues and expenses arising from the arrangement by recognising their share of interest in each item.

The consolidated entity has performed an analysis of the new requirements and has determined AASB 10 and AASB 11 have no impact on the composition of the consolidated group.

AASB 12 sets new minimum disclosures requirements for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard will affect the type of information disclosed in relation to the consolidated entity's investments as the new standard requires extensive new disclosures regarding the nature of risk associated with the entity's interest in other entities and the effect of those interest on its financial position, financial performance and cash flows.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not re-measure its retained interest if an investment in a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The consolidated entity is still assessing the impact of these amendments.

The consolidated entity does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Accounting standards and interpretations issued but not operative at 30 June 2013 (continued)

(iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* (effective 1 January 2013)

AASB 13 introduces a fair value framework for all fair value measurements in the full suite of accounting standards. This standard explains how to measure fair value and aims to enhance fair value disclosures. The consolidated entity is currently assessing which, if any of its current measurement techniques will have to change as a result of the new standard. However, it is not yet possible to provide a reliable estimate of the impact, if any, of these new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements.

The consolidated entity does not expect to adopt the new standard before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

2. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. 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.

Impairment of goodwill
Goodwill is allocated to cash generating units (CGUs) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These 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 CGUs identified are according to business segments as follows:

- Wealth management segment
- Asset management segment

The present value of future cash flows for the business segments to assess goodwill impairment has been calculated using the following assumptions:

- Pre-tax discount rate 15.0% (2012: 15.4%)
- Revenue growth rate 6.0% (2012: 5.0%)
- Expense growth rate 3.0% (2012: 3.0%)

Impairment of non-financial assets other than goodwill
All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity.

The recoverable amount of a CGU is based on value-in-use calculations. These 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. Non-financial assets other than goodwill have been identified as the following separately identifiable intangible assets:

- Client lists and relationships (associated with the wealth management segment)
- Distribution rights (associated with the asset management segment)

(i) Client lists and relationships
Client lists and relationships associated with the wealth management segment are attributable to the following CGUs:

- Easton Wealth Australia Limited (EWAL)
- Easton Wealth Protection Pty Ltd (EWP)
- Chesterfields Financial Services Pty Ltd (Chesterfields)

2. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (continued)

(i) Client lists and relationships (continued)

The assumptions used for assessment of impairment of these non-financial assets are the same as those used in the assessment of impairment of goodwill with the exception of EWP which operates in the risk insurance industry. Assumptions used for impairment testing of non-financial assets held by EWP are as follows:

- Pre-tax discount rate 15.0% (2012: n/a)
- Revenue growth rate -3.0% (2012: n/a)
- Expense growth rate 3.0% (2012: n/a)

The value-in-use calculations concluded that the recoverable amount of the CGUs did not exceed the carrying amount of the assets and an impairment charge of the following was recognised as at 30 June 2013:

- EWP – $300,382 (2012: Nil)
- EWAL – $1,020,585 (2012: Nil)

(ii) Distribution rights

Distribution rights associated with the asset management segment is attributable to the following CGU:

- Easton Asset Management Limited (EAM)

The assumptions used for assessment of impairment of these non-financial assets are as follows:

- Pre-tax discount rate 15.0%
- Revenue growth rate year 1 31.0%
- Revenue growth rate year 2 34.0%
- Revenue growth rate year 3 19.0%
- Revenue growth rate year 4 13.0%
- Expense growth rate year 1-4 3.0%

The value-in-use calculations concluded that the recoverable amount of the CGU for EAM did not exceed the carrying amount of the assets and an impairment charge of $583,267 (2012: Nil) was recognised as at 30 June 2013.

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.

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.

2. CRITICAL ACCOUNTING ESTIMATES AND SIGNIFICANT JUDGEMENTS (continued)

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.

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. REVENUE

	2013	2012
	$	$
Revenue from continuing operations		
Wealth management – insurance brokerage	**924,957**	1,814,027
Wealth management – financial planning advice fees	**1,267,395**	655,856
Asset management – distribution fees	**1,087,838**	-
Asset management – portfolio management fees	**133,249**	-
Dividend and distributions income	**-**	93,962
Interest income	**17,639**	17,764
Other income	**74,862**	171,417
	3,505,940	2,753,026

4. PROFIT FROM CONTINUING OPERATIONS

	2013	2012
	$	$
Profit from continuing operations before income tax has been determined after the following specific expenses:		
Employee benefits expense		
Salaries and wages	**1,908,656**	1,771,604
Defined contribution superannuation expense	**137,612**	148,618
Other employee benefits	**136,100**	116,729
	2,182,368	2,036,951
Depreciation of non-current assets		
Office equipment	**20,874**	10,386
Furniture, fittings and leasehold improvements	**16,662**	4,756
	37,536	15,142
Amortisation of non-current assets		
Trademarks and website	**87,940**	9,149
Client lists and relationships	**349,011**	325,864
	436,951	335,012
Finance Costs expensed		
Bank loans and overdrafts	**89,929**	117,800
Impairment losses		
Distribution rights	**583,267**	-
Client lists and relationships	**1,320,968**	-
Other financial assets	**114,043**	-
	2,018,278	-
Other expenses		
Net foreign exchange (gain)	**(14,402)**	-
Net loss on investments held for trading	**219,421**	210,947

5. INCOME TAXES

(a) Components of tax expense/(benefit)	2013 $	2012 $
Current tax	**100,716**	117,603
Deferred tax	**(278,615)**	(66,842)
Under/(over) provision in prior years	**-**	-
Total	**(177,899)**	50,761

(b) Prima facie tax payable

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

	2013 $	2012 $
Loss before tax	**(3,584,975)**	(1,520,270)
Prima facie income tax on the profit/(loss) before income tax at 30% (2012: 30%)	**(1,075,492)**	(456,081)
Tax effect of:		
Non-allowable deductions	**262,484**	126,682
Amortisation of intangible assets	**104,703**	-
Impairment charges	**430,503**	-
Non-assessable income on distribution from trusts	**-**	(15,950)
Tax benefit arising from franked dividend rebate	**-**	(25,895)
DTA recognised on capital losses	**(131,327)**	-
Non-assessable foreign income	**(13,897)**	-
Other non-assessable income	**(86,568)**	-
Deferred tax asset not brought to account	**331,696**	422,005
Income tax expense/(benefit) attributable to profit or loss	**(177,899)**	50,761

(c) Current tax

Current tax relates to the following:

Current tax (liabilities)/assets

	2013 $	2012 $
Opening balance	**(72,431)**	(132,254)
Charged to income	**(100,716)**	(117,603)
Other payments	**121,989**	177,426
Acquisitions/disposals	**(49,558)**	-
Closing balance	**(100,716)**	(72,431)

5. INCOME TAXES (continued)

(d) Deferred tax

Deferred tax relates to the following:	2013 $	2012 $
Deferred tax assets/(liabilities)		
Opening balance	**424,914**	368,126
Charged to income	**278,615**	66,842
Charged to equity	**(66,587)**	(10,054)
Acquisitions/disposals	**(426,683)**	-
Closing balance	**210,259**	424,914

	2013 $	2012 $
Amounts recognised in the consolidated statement of financial position:		
Deferred tax asset	**593,399**	474,777
Deferred tax liability	**(383,140)**	(49,863)
	210,259	424,914

	2013 $	2012 $
Deferred income tax at 30 June relates to the following:		
Deferred tax assets:		
Available-for-sale financial assets	**-**	67,788
Capital raising costs	**67,173**	28,448
Legal costs	**82,415**	79,548
Accruals and provisions	**63,664**	45,289
Investment	**-**	35,133
DTA recognised on capital losses	**131,327**	-
DTA recognised on revenue losses	**248,820**	218,571
	593,399	474,777
Deferred tax liabilities:		
Prepayments	**-**	(963)
Unrealised capital gain	**(383,140)**	(48,900)
	(383,140)	(49,863)
Net deferred tax assets	**210,259**	424,914

5. INCOME TAXES (continued)

(e) Deferred tax assets not brought to account

Tax losses
As at 30 June 2013, the Group had estimated unrecouped operating income tax losses of $4,702,471 (2012: $3,596,818). The benefit of these losses of $1,410,741 (2012: $1,079,045) was not brought to account as realisation was not probable.

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.

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.

Unrecognised temporary differences
As 30 June 2013, 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 (2012: Nil).

(f) Franking credit balance

	Parent	
	2013	2012
	$	$
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% (2012: 30%)	**116,420**	90,803
Franking credits that will arise from the receipt of distributions recognised as receivables at the reporting date	**-**	25,617
	116,420	116,420

6. EARNINGS PER SHARE

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

	2013	2012
	$	$
(a) Earnings used in calculating earnings per share		
For basic earnings per share:		
Net profit/(loss) attributable to ordinary equity holders of the Company	**(3,489,563)**	(1,660,297)
For diluted earnings per share:		
Net profit/(loss) attributable to ordinary equity holders of the Company	**(3,489,563)**	(1,660,297)
(b) Weighted average number of shares		
Weighted average number of ordinary shares for basic earnings per share	**57,640,951**	36,582,837
Effect of dilution:		
Share options	**-**	-
Weighted average number of ordinary shares adjusted for the effect of dilution	**57,640,951**	36,582,837

(c) Information on the classification of securities

Options granted to directors as described in note 27 are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent they are dilutive. These options have not been included in the determination of basic earnings per share.

7. CASH AND CASH EQUIVALENTS

	2013	2012
	$	$
Cash at bank and on hand[1]	**1,464,509**	663,546

1. *The Company undertook a fully underwritten 1 for 3 rights issue prior to year end. As at 30 June 2013, a total of $752,411 in application monies had been received and was held under escrow until the balance of cash from the rights issue was received in full (refer note 10) and the shares issued.*

8. RECEIVABLES

	2013 $	2012 $
Distribution receivable from available-for-sale investment	**-**	36,314
Prepayments	**52,500**	97,734
Other debtors and receivables	**235,403**	156,277
	287,903	290,325

Current receivables are non-interest bearing. A provision for impairment is recognised when there is objective evidence that an individual trade is impaired. No provisions for impairment are required to be recognised since no receivables are past their due date (2012: Nil).

9. ASSETS AND ASSOCIATED LIABILITIES HELD FOR SALE

	2013 $	2012 $
Client book held for sale to associate	**644,415**	-
Employee provisions associated with client book held for sale	**9,928**	-

A financial planning client book acquired from CSCM was held for sale pursuant to incomplete arrangements with Axial, an associate entity of the Group. At 30 June 2013, this disposal had not been completed. An employee, previously employed by CSCM, was transferred to Axial as part of the disposal of the client book and the liability for employee entitlements transferred upon completion, which occurred on 30 July 2013.

The Company also disposed of its 51% interest in Incito on 31 August 2013 (refer to note 30). At 30 June 2013, this investment was not classified as held for sale.

10. OTHER CURRENT ASSETS

	2013 $	2012 $
Share proceeds receivable	**1,398,318**	-

The Company undertook a fully underwritten 1 for 3 rights issue prior to year-end. The balance of cash receivable from the rights issue was received on 3 July 2013.

11. OTHER FINANCIAL ASSETS

	2013 $	2012 $
Non-current		
Held-to-maturity investments carried at amortised cost		
Term deposit[1]	**86,106**	134,739
Convertible notes	**-**	53,871
	86,106	188,610
Available-for-sale investments carried at fair value		
Units in unlisted managed investment scheme[2]	**-**	734,917
Loan receivables – unsecured		
Loan to related parties	**-**	952
	86,106	924,479

1. *The term deposits are pledged as security for bank undertakings in favour of the lessors of the Group's current offices for the lease terms of between four and five years as disclosed in note 28.*
2. *Armytage Strategic Opportunities Fund ("Fund"). The objective of the Fund was to provide investors with a consistent, tax efficient and growing cash dividend yield, and long-term capital growth while minimising the investment risk by targeting below market volatility. Units in the Fund were redeemed in full during the year. The fair value of the investments has been determined directly by reference to published price quotations in an active market, being Australian Securities Exchange.*

12. EQUITY ACCOUNTED INVESTMENTS

Equity accounted associated entities	**-**	-

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

During the year, the Group acquired a 20% interest in Axial Wealth Management Pty Ltd (Axial) with an effective date of 17 February 2013 for consideration of $1. The Group disposed of the CSCM financial planning client book to Axial for $644,415 (refer to note 9). The acquisition of this asset by Axial was funded via a loan facility provided by Easton Wealth Australia Limited. Axial is incorporated in Australia.

(a) Carrying amounts

Interest is held in the following associated company:

Name of Company	Principal activity	Ownership interest 2013 %	Ownership interest 2012 %	Carrying amount 2013 $	Carrying amount 2012 $
Axial Wealth Management Pty Ltd	Wealth management	20.0	-	-	-
				-	-

12. EQUITY ACCOUNTED INVESTMENTS (continued)

(b) Movements in carrying amounts

	2013 $	2012 $
Carrying amount at the beginning of the financial year	**-**	-
Acquisition of ownership interest	**1**	-
Share of profits or losses after income tax – refer (c) below	**(1)**	-
Carrying amount at the end of the financial year	**-**	-

(c) Share of associates' profits or losses

	2013	2012
Profit/(loss) before income tax	**(1)**	-
Income tax expense	**-**	-
Profit/(loss) after income tax	**(1)**	-

(d) Summarised financial information of associates

The Group's share of the results of its principal associates and its aggregated assets and liabilities are as follows:

		Group's share of:			
Name of Company	**Ownership interest %**	**Assets $**	**Liabilities $**	**Net Assets $**	**Profit/ (loss) $**
2013					
Axial Wealth Management Pty Ltd*^	20.0	8,647	12,214	(3,567)	(1)
		8,647	12,214	(3,567)	(1)
2012					
Axial Wealth Management Pty Ltd	-	-	-	-	-
		-	-	-	-

** The Group earns additional revenue in the form of dealer group fees from the services it provides to Axial pursuant to an Authorised Representative Agreement. The Group also charges an arm's length rental fee for the use of the Group's office space and a management fee for additional management services provided by the Group.*

^ Axial is currently trading in an accumulated loss position. The Group has recorded in its consolidated financial statements its share of these accumulated losses to the extent of its investment in Axial.

13. PLANT AND EQUIPMENT

Year ended 30 June 2013	Office equipment $	Furniture & fittings $	Leasehold improvements $	Total $
Net carrying amount as at 1 July 2012	109,032	20,562	3,045	132,639
Additions	5,637	4,954	87	10,678
Disposals	(5,107)	(5,603)	-	(10,710)
Transfers	(28,858)	28,858	-	-
Depreciation charge	(20,874)	(16,422)	(240)	(37,536)
Net carrying amount as at 30 June 2013	**59,830**	**32,349**	**2,892**	**95,071**
At 30 June 2013				
Cost	84,046	69,858	3,446	157,350
Less accumulated depreciation	(24,216)	(37,509)	(554)	(62,279)
Net carrying amount	**59,830**	**32,349**	**2,892**	**95,071**

Year ended 30 June 2012	Office equipment $	Furniture & fittings $	Leasehold improvements $	Total $
Net carrying amount as at 1 July 2011	16,810	19,614	3,206	39,630
Additions	102,608	5,890	-	108,498
Disposals	-	(347)	-	(347)
Depreciation charge	(10,386)	(4,595)	(161)	(15,142)
Net carrying amount as at 30 June 2012	**109,032**	**20,562**	**3,045**	**132,639**
At 30 June 2012				
Cost	123,824	40,040	3,359	167,223
Less accumulated depreciation	(14,792)	(19,478)	(314)	(34,584)
Net carrying amount	**109,032**	**20,562**	**3,045**	**132,639**

14. INTANGIBLE ASSETS

Year ended 30 June 2013	Website & trademarks	Distribution rights $	Client book $	Goodwill $	Total $
Net carrying amount as at 1 July 2012	31,281	-	4,399,159	1,563,855	5,994,295
Additions through business combination	10,795	4,249,267	570,496	-	4,830,558
Additions	45,487	-	3,274,268	109,892	3,429,647
Disposals	-	-	(2,588,386)	(149,650)	(2,738,036)
Transfer to assets held for sale	-	-	(644,415)	-	(644,415)
Amortisation charge	(87,563)	-	(349,388)	-	(436,951)
Impairment charge	-	(583,267)	(1,427,244)	(185,222)	(2,195,733)
Net carrying amount as at 30 June 2013	**-**	**3,666,000**	**3,234,490**	**1,338,875**	**8,239,365**
At 30 June 2013					
Cost or fair value	110,912	3,666,000	3,617,678	1,338,875	8,733,465
Less accumulated amortisation	(110,912)	-	(383,188)	-	(494,100)
Net carrying amount	**-**	**3,666,000**	**3,234,490**	**1,338,875**	**8,239,365**

Year ended 30 June 2012	Website & trademarks	Distribution rights $	Client book $	Goodwill $	Total $
Net carrying amount as at 1 July 2011	30,963	-	4,725,022	1,563,855	6,319,840
Additions	9,467	-	-	-	9,467
Amortisation charge	(9,149)	-	(325,864)	-	(335,012)
Net carrying amount as at 30 June 2012	**31,281**	**-**	**4,399,159**	**1,563,855**	**5,994,295**
At 30 June 2012					
Cost or fair value	49,448	-	4,887,955	1,563,855	6,501,258
Less accumulated amortisation	(18,167)	-	(488,796)	-	(506,963)
Net carrying amount	**31,281**	**-**	**4,399,159**	**1,563,855**	**5,994,295**

14. INTANGIBLE ASSETS (continued)

(a) Impairment tests for goodwill and intangible assets with indefinite useful lives

(i) Goodwill

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:

	2013	2012
	$	$
Wealth management	**1,275,488**	1,563,041
Asset management	**63,388**	-
	1,338,876	1,563,041

(ii) Distribution Rights

Distribution rights are allocated to the asset management segment and have an indefinite useful life. Impairment testing of this asset using the assumptions detailed in note 2 revealed an impairment charge of $583,267 which has been recognised in the statement of comprehensive income.

(b) Key assumptions used for value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budget and forecasts approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates stated below. The growth rates do not exceed the long term average growth rate for the business in which the CGU operates. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future.

The key assumptions used for value-in-use calculations are:

- Discount rate (pre-tax): 15.0% (2012: 15.4%)
- Revenue growth rate: 6.0% (2012: 5.0%)
- Expense growth rate: 3.0% (2012: 3.0%)

The value-in-use calculations concluded that the recoverable amount of the goodwill for each CGU exceeds the carrying amount of goodwill.

No reasonable change in the key assumptions would result in any additional material impairment.

15. INVESTMENTS

	2013 $	2012 $
Shares in unlisted entities at fair value	**1,124,155**	-
Comprising:		
Shares in AAM Advisory Pte Ltd	**1,065,575**	-
Shares in API Capital Pty Ltd[1]	**58,580**	-
	1,124,155	-

1. *Subsequent to year end, the Company disposed of its 19.9% interest in API Capital pursuant to an Options Cancellation Deed (refer note 30).*

16. TRADE AND OTHER PAYABLES

	2013 $	2012 $
Current		
Trade payables	**386,894**	185,987
Other payables and accruals	**472,339**	329,101
Related party payables	**-**	415
Carrying amount of trade and other payables	**859,233**	515,503

Trade and other payables are normally settled on 30 day terms. Interest rates are disclosed in note 32(c). Due to the short-term nature of these payables, their carrying value is assumed to approximate to their fair value.

17. PROVISIONS AND EMPLOYEE BENEFITS

	2013 $	2012 $
Current		
Provision for annual leave	**44,509**	66,554
Provision for fringe benefits tax	**1,500**	-
	46,009	66,554
Non-current		
Provision for long service leave	**-**	6,963

18. BORROWINGS

	2013	2012
	$	$
Current		
Bank loans (secured)	**891,318**	1,036,247

As disclosed in the 2012 annual report, certain subsidiaries of Easton Wealth Australia Limited were in technical breach of bank loan agreements. The Group obtained a written waiver for these breaches conditional upon the restructure in the Australian Wealth Management division. The restructure was successfully completed during the 2013 year and the Group mitigated the risk of further technical breaches of its bank loan agreements to ensure their ongoing availability. Consequently, the Group refinanced its loan facility held with NAB by entering into a new loan facility with Westpac Bank for $850,000. These funds were used to acquire the insurance client book from Altitude Private Wealth Pty Ltd.

The Westpac loan facility is secured by a limited guarantee and indemnity provided by Easton Wealth Protection Pty Ltd (EWP) supported by a general security agreement over all existing assets and future assets and undertakings of EWP. The total fair value of existing assets held by EWP at 30 June 2013 is $1,321,762.

The Group is not in breach of any bank covenants under the new loan facility with Westpac Bank.

19. OTHER LIABILITIES

	2013	2012
	$	$
Share placement advanced	**2,150,729**	-

The Company raised $2,150,729 (before costs) under a rights offer to acquire 1 new ordinary share at $0.10 for every 3 existing fully paid ordinary shares as announced on 30 May 2013 (including a shortfall, which was fully underwritten). The balance of cash receivable from the rights issue was received on 3 July 2013 (refer note 10) and 21,507,294 new fully paid ordinary shares were allotted to shareholders on 3 July 2013 and the above amount transferred to equity on that date.

20. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	2013	2012
	$	$
Ordinary shares fully paid	**14,991,285**	8,887,884

(b) Movements in ordinary share capital

		Notes	Number of Shares	$
Year ended 30 June 2012				
1 July 2011	Opening balance		36,369,722	8,587,884
26 April 2012	Ordinary share placement	(i)	1,200,000	300,000
30 June 2012	Balance		37,569,722	8,887,884
Year ended 30 June 2013				
1 July 2012	Opening balance		37,569,722	8,887,884
30 August 2012	Ordinary share placement	(ii)	17,080,000	4,270,000
3 September 2012	Ordinary share placement	(iii)	4,090,908	900,000
23 January 2013	Ordinary share placement	(iv)	5,000,000	1,000,000
1 February 2013	Ordinary share placement	(v)	781,250	132,812
				15,190,696
	Less: Transaction costs arising on share issue			(200,612)
	Add: Current tax credit recognised directly in equity			1,201
30 June 2013	Balance		64,521,880	14,991,285

(i) On 26 April 2012, 1,200,000 ordinary shares of $0.25 per share were acquired by Mr Rodney Green, who was subsequently appointed to the Company's Board of Directors. It is a requirement of directors to own shares in the Company before being appointed.

(ii) On 30 August 2012, 17,080,000 ordinary shares of $0.25 per share were issued in relation to the acquisition of Easton Asset Management Limited.

(iii) On 3 September 2012, 4,090,908 ordinary shares of $0.22 per share were issued to sophisticated and professional investors to fund working capital requirements and future acquisitions.

(iv) On 23 January 2013, 5,000,000 ordinary shares of $0.20 per share were issued to sophisticated and professional investors to fund working capital requirements and future acquisitions.

(v) On 1 February 2013, 781,250 ordinary shares of $0.30 per share were issued in relation to the acquisition of a 19.9% interest in AAM Advisory Pte Ltd. The market price of shares issued on that date was $0.17.

20. CONTRIBUTED EQUITY (continued)

(c) 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.

(d) Employee share scheme

There have been no ordinary shares issues under the Easton Investments Employee Share Ownership Plan during the year.

(e) 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 27.

(f) 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 27.

(g) Capital risk management

When managing capital, it is management's objective 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 is currently not in a position to pay dividends to shareholders.

Management monitors capital through the gearing ratio. This ration 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 2013 and 30 June 2012 were as follows:

	Notes	**2013** **$**	2012 $
Total borrowings	18	**891,318**	1,036,247
Less: cash and cash equivalents	7	**(1,464,509)**	(663,546)
Net debt		**(573,191)**	372,701
Total equity		**9,492,168**	6,732,500
Total capital		**8,918,977**	7,105,201
Gearing ratio		**(6.43%)**	5.25%

21. RESERVES

	Net unrealised gains/(losses) reserve $	Options reserve $	Other reserve	Total $
Year ended 30 June 2013				
At 1 July 2012	(158,173)	75,000	-	(83,173)
Options expired during the year	-	(75,000)	-	(75,000)
Net gain on available-for-sale investments	158,173	-	-	158,173
Issue of options on acquisition of investment	-	58,580	-	58,580
Acquisition of remaining interest in subsidiary	-	-	(14,014)	(14,014)
Disposal of non-controlling interest in subsidiary	-	-	39,352	39,352
At 30 June 2013	-	58,580	25,338	83,918
Year ended 30 June 2012				
At 1 July 2011	(181,630)	75,000	-	(106,630)
Net gain on available-for-sale investments	23,457	-	-	23,457
At 30 June 2012	(158,173)	75,000	-	(83,173)

Net unrealised gains/(losses) reserve
This reserve records movement in the fair value of available-for-sale financial assets.

Share based payments
The employee equity benefits reserve relates to share options granted to the key management personnel under the employee share option plan. Further information about share-based payments to key management personnel is set out in note 25.

Options reserve
The options reserve relates to share options granted to the shareholders of API Capital as consideration for the Group's 19.9% interest in API Capital. Subsequent to financial year end the options granted were cancelled pursuant to an Option Cancellation Deed.

22. ACCUMULATED LOSSES

	2013 **$**	2012 $
Balance 1 July	**(2,536,759)**	(876,462)
Loss attributable to owners of the Company	**(3,489,563)**	(1,660,297)
Equity transfer for expired options	**75,000**	-
Balance 30 June	**(5,951,322)**	(2,536,759)

23. NON-CONTROLLING INTERESTS

	2013	2012
	$	$
Contributed equity	**285,800**	375,282
Retained profits	**82,487**	89,266
	368,287	464,548

24. CASH FLOW STATEMENT RECONCILIATION

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

Net loss after income tax	**(3,407,076)**	(1,571,031)
Adjustments for non-cash items:		
Gain on disposal of client book	**(24,129)**	-
Gain on disposal of subsidiary	**(22,129)**	-
Depreciation	**37,536**	15,142
Amortisation	**436,951**	335,012
Impairment of separately identifiable intangible assets	**1,719,013**	-
Impairment of goodwill	**185,222**	-
Impairment of loan to related party	**58,003**	-
Impairment of convertible notes	**56,040**	-
Transfers from reserve on realisation of 'available for sale' financial instruments	**158,173**	239,122
Share of associates' net losses	**1**	-
Changes in assets and liabilities		
Decrease in trade and other receivables	**117,049**	132,320
Increase in deferred tax assets	**(92,179)**	(66,843)
Increase/(decrease) in trade and other payables	**160,056**	(81,770)
Decrease in provisions and employee benefits	**(28,664)**	(4,163)
Increase/(decrease) in current tax liability	**28,285**	(59,823)
Net cash flows used in operating activities	**(617,848)**	(1,062,034)

24. CASH FLOW STATEMENT RECONCILIATION (continued)

(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:

	2013	2012
	$	$
Cash at bank	**1,464,509**	663,546
Closing cash balance (note 7)	**1,464,509**	663,546

(c) Loan facilities

	2013	2012
Loan facilities	891,318	1,036,247
Amount utilised	891,318	1,036,247
Unused loan facility	-	-

(d) Non-cash financing and investing activities

The Company has a margin loan facility in place from a subsidiary of a major bank which was repayable under certain circumstances of default. The loan attracted interest at a current variable rate of 8.83%, payable monthly in arrears on average draw balances. The facility has a credit limit of $600,000. During the financial year, the Company did not draw any funds from the facility and subsequent to year end the facility has been closed.

25. DIRECTORS' AND EXECUTIVES' COMPENSATION

	2013	2012
	$	$
Short-term employment benefits	**997,233**	916,813
Post-employment benefits	**64,339**	64,980
Termination benefits	**-**	-
Share-based payments	**2,653**	-
Total remuneration	**1,064,225**	981,793

(a) Option holdings of key management personnel

The numbers of options 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:

30 June 2013	**Balance at beginning of year 1 July 12**	**Options granted**	**Options exercised**	**Options cancelled**	**Balance at end of year 30 June 13**	**Vested at 30 June 2013 Exercisable**	**Not exercisable**
Directors							
R. Green	-	-	-	-	-	-	-
J.W. Sweeney	750,000	-	-	(750,000)	-	-	-
K.W. White	-	-	-	-	-	-	-
C.G. McComb[1]	1,250,000	-	-	(1,250,000)	-	-	-
L.D.P. IaFrate[1]	1,250,000	-	-	(1,250,000)	-	-	-
A.P. Hodges[1]	-	-	-	-	-	-	-
Executives							
M. Licciardo	-	-	-	-	-	-	-
G.J. Robinson	-	-	-	-	-	-	-
A.G. McKay	-	-	-	-	-	-	-
S.A. Bransby	-	-	-	-	-	-	-
T.P. Almond[1]	-	-	-	-	-	-	-
V.F. Vozzo[1]	-	-	-	-	-	-	-
Total	3,250,000	-	-	(3,250,000)	-	-	-

1. *Resigned during the year*

25. DIRECTORS' AND EXECUTIVES' COMPENSATION (continued)

(a) Option holdings of key management personnel (continued)

30 June 2012	Balance at beginning of year 1 July 11	Options granted	Options exercised	Options cancelled	Balance at end of year 30 June 12	Vested at 30 June 2012 Exercisable	Not exercisable
Directors							
L.D.P. IaFrate	1,250,000	-	-	-	1,250,000	1,250,000	-
C.G. McComb	1,250,000	-	-	-	1,250,000	1,250,000	-
J.W. Sweeney	750,000	-	-	-	750,000	750,000	-
A.P. Hodges	-	-	-	-	-	-	-
R. Green	-	-	-	-	-	-	-
Executives							
H. Lam[1]	-	-	-	-	-	-	-
T.P. Almond	-	-	-	-	-	-	-
V.F. Vozzo	-	-	-	-	-	-	-
S.A. Bransby	-	-	-	-	-	-	-
A.J. Cochrane	-	-	-	-	-	-	-
Total	3,250,000	-	-	-	3,250,000	3,250,000	-

1. *Mr Ho Lam resigned during the year*

(b) Performance rights holdings of key management personnel

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:

30 June 2013	Balance at beginning of year 1 July 12	Performance rights granted	Performance rights vested	Performance rights cancelled	Balance at end of year 30 June 13	Vested at 30 June 2013 Vested	Unvested
Directors							
R. Green	-	-	-	-	-	-	-
J.W. Sweeney	-	-	-	-	-	-	-
K.W. White[1]	-	5,000,000	-	-	-	-	5,000,000
Executives							
S.A. Bransby	-	-	-	-	-	-	-
G.J. Robinson	-	-	-	-	-	-	-
A.G. McKay	-	-	-	-	-	-	-
Total	-	5,000,000	-	-	-	-	5,000,000

1. *Refer to the Remuneration Report on page 24 for further information on the terms and conditions of Mr White's grant of performance rights.*

25. DIRECTORS' AND EXECUTIVES' COMPENSATION (continued)

(c) Shareholdings of key management personnel

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:

30 June 2013	Balance at beginning of year 1 July 12	Business acquisition[1]	Net change – other[2]	Balance at end of year 30 June 13
Directors				
R. Green	1,200,000	-	-	1,200,000
J.W. Sweeney	400,000	-	-	400,000
K.W. White	-	-	-	-
L.D.P. IaFrate[3]	5,863,953	-	-	5,863,953
C.G. McComb[3]	2,912,000	-	-	2,912,000
A.P. Hodges[3]	544,607	-	151,000	695,607
Executives				
M. Licciardo	-	-	-	-
G.J. Robinson	-	-	-	-
A.G. McKay	-	6,812,825	(681,282)	6,131,543
S.A. Bransby	3,303,107	-	-	3,303,107
T.P. Almond[3]	-	-	-	-
V.F. Vozzo[3]	850,000	-	-	850,000
A.J. Cochrane[3]	857,848	-	-	857,848
Total	15,931,515	6,812,825	(530,282)	22,214,058

25. DIRECTORS' AND EXECUTIVES' COMPENSATION (continued)

(c) Shareholdings of key management personnel (continued)

30 June 2012	Balance at beginning of year 1 July 11	Business acquisition[1]	Net change – other[2]	Balance at end of year 30 June 12
Directors				
L.D.P. IaFrate	5,222,253	-	641,700	5,863,953
C.G. McComb	2,912,000	-	-	2,912,000
J.W. Sweeney	400,000	-	-	400,000
A.P. Hodges	544,607	-	-	544,607
R Green	-	-	1,200,000	1,200,000
Executives				
H. Lam[3]	-	-	-	-
T.P. Almond	-	-	-	-
V.F. Vozzo	850,000	-	-	850,000
S.A. Bransby	3,303,107	-	-	3,303,107
A.J. Cochrane	857,848	-	-	857,848
Total	14,089,815	-	1,841,700	15,931,515

All equity transactions have been entered into under terms and conditions no more favourable that those the Company would have adopted if dealings at arm's length.

Notes:

1 *Business acquisition refers to ordinary shares acquired on 31 August 2012 as the consideration for the sale of shares in Easton Asset Management Ltd to the Group (note 35).*

2 *Net change – other refers to shares purchased or sold during the year.*

3 *Resigned during the year. Balance of shareholding is shown as at the date of resignation.*

(d) Other transactions and balances with key management personnel and their related parties

Investments

During the year the Company has redeemed $741,606 (2012: Redeemed $1,100,000) in Armytage Strategic Opportunities Funds ("ASOF"), an unlisted managed investment scheme managed by Armytage Private Limited ("Armytage"). Mr IaFrate is a director and shareholder of Armytage. The Company no longer holds units in ASOF.

Management fee charged and paid to Armytage in 2012 was $48,142 in relation to management services provided by Mr McComb whilst he was the director of Armytage. There were no management fees paid to Armytage in 2013. Dealings were made at arm's length on normal commercial terms and conditions.

25. DIRECTORS' AND EXECUTIVES' COMPENSATION (continued)

(d) Other transactions and balances with key management personnel and their related parties (continued)

Sub-let of operating lease
During 2012, the property under operating lease was sub-let to Armytage on commercial terms and conditions and the total proceeds were $62,874. There was no sub-let arrangements with Armytage during 2013.

Expenses reimbursement
During the year, the Company paid:

- $3,915 to Folkstone Ltd, a related party of Mr J Sweeney (2012: $12,233).

During the previous year, the Company paid:

- $5,509 to Equity Real Estate Partners, a related party of Mr J Sweeney; and
- $26,829 to Armytage Private Ltd, a related party of Mr L IaFrate.

These represented the reimbursement of travel costs and office amenities incurred by the directors of the Group and are reimbursed at cost.

In addition to the above, the Group also paid:

- $52,235 to Mertons Corporate Services Pty Ltd, a related party of Mr M Licciardo for company secretarial and corporate governance consulting services (2012: $37,441).

26. RELATED PARTY DISCLOSURES

(a) Parent entity

The parent entity within the Group is Easton Investments Limited (refer to note 33 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 (%) 2013	2012
Easton Wealth Australia Limited	Australia	**100.0**	100.0
Easton Wealth Protection Pty Ltd[1]	Australia	**100.0**	75.0
Incito Wealth Pty. Ltd.[2]	Australia	**51.0**	-
Chesterfields Financial Services Pty Ltd	Australia	**58.0**	58.0
Easton Wealth Asia Pty Ltd	Australia	**100.0**	100.0
Easton Asset Management Limited[3]	Australia	**100.0**	-
Absolute Asset Management Limited[3]	Cayman Islands	**100.0**	-
Cochrane Shaw Capital Management Pty Ltd[4]	Australia	**-**	75.0
Altitude Private Wealth Pty Ltd[5]	Australia	**-**	60.1

1. *Formerly Incito Wealth Pty Ltd.*
2. *Incito Wealth (new ACN) was incorporated on 30 October 2012.*
3. *The Group acquired its interest in Easton Asset Management and Absolute Asset Management on 28 August 2012.*
4. *The Group disposed of its interest in Cochrane Shaw Capital Management on 27 July 2012.*
5. *The Group disposed of its interest in Altitude Private Wealth on 8 February 2013.*

(c) Key management personnel

Disclosures relating to key management personnel are set out in note 25.

(d) Callable Capital

During the year, 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 was payable to Easton Asset Management Ltd. The transfer was made as part consideration for the purchase of EAML and as at 30 June 2013 the capital had not been called upon and was forgiven. This forgiveness was known to the Group upon entering into the purchase agreement for EAML and was considered in the calculation of its fair value.

(e) Underwriting Agreement

As detailed on page 14 of the Directors' Report, the Company undertook a 1 for 3 rights issue in June 2013 to raise $2,150,729. Mr K White was the lead underwriter of the rights issue and did not receive any fees in that capacity.

26. RELATED PARTY DISCLOSURES (continued)

(f) Transactions with related parties

The following transactions occurred with related parties:

(i) Transactions with associates

	2013 **$**	2012 $
Fees received from associates		
Management fees received	**6,250**	-
Dealer group fees received	**41,905**	-
Expense recoveries received	**21,132**	-
Interest charged on loans to associates	**503**	-
Payments made to associates		
Financial planning revenue paid under an Authorised Representative Agreement	**249,180**	-
Loans to associates	**40,000**	-
Expenses incurred on behalf of associates	**17,500**	-
(ii) Transactions with other related parties		
Superannuation contributions		
Contributions to superannuation funds on behalf of employees	**127,504**	148,618
Other transactions		
Remuneration paid to non-executive directors of the ultimate parent entity	**139,782**	134,152

(g) Loans to related parties

	2013	2012
Loans to other related parties		
Loan balance at the beginning of the year	**952**	862
Interest charged	**74**	90
Impairment of loan to other related parties	**(1,026)**	-
Loan balance at the end of the year	**-**	952
Loans to associates		
Loan balance at the beginning of the year	**-**	-
Loans advanced to associates	**40,000**	-
Legal fees incurred on behalf of associates	**17,500**	-
Interest charged	**503**	-
Impairment of loan to associate[1]	**(58,003)**	-
Loan balance at the end of the year	**-**	-

1. *A loan provided to API Capital pursuant to a subordinated limited recourse loan facility agreement dated 20 March 2013 was impaired in full after management concluded after review of actual financial performance and budget data, it was unlikely API Capital would be able to repay the interest or principal in accordance with the agreement.*

27. SHARE-BASED PAYMENTS

(a) Employee share ownership plan

The Company has put in place the Easton Investments Employee Share Option Plan (ESOP) which was approved by shareholders at a general meeting held on 28 October 2011. The ESOP entitles directors, executives and senior employees to purchase shares in the Company. The ESOP is designed to align participants' interests with those of shareholders by increasing the value of the Company's shares.

(i) Options

Each employee share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The exercise price of share options is set on the date of grant. When a participant ceases employment prior to the vesting of their share options, the share options are forfeited unless cessation of employment is due to termination initiated by the Company or death.

The contractual life of each option granted is three years. There are no cash settlement alternatives.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options issued during the 2013 financial year:

	2013 No.	**2013 WAEP**	2012 No.	2012 WAEP
Outstanding at 1 July	3,250,000	0.35	3,250,000	0.35
Expired during the year	(3,250,000)	-	-	-
Outstanding at 30 June	-	-	3,250,000	0.35
Exercisable at the end of the year	-	-	3,250,000	0.35

No options were granted during the year ended 30 June 2013 or the year ended 30 June 2012. There are no share options outstanding as at 30 June 2013. The weighted average remaining contractual life for the share options outstanding as at 30 June 2012 was 0.5 years.

(ii) Performance Rights

A performance right is a right to acquire one ordinary share for nil exercise price upon the satisfaction of certain vesting conditions. On 29 May 2013, 5,000,000 performance rights were issued to the Managing Director under an executive contract of employment. This grant of performance rights is subject to shareholder approval at the 2013 Annual General Meeting and if approved, the effective date of the grant will be 29 May 2013.

The weighted average assessed fair value at grant date of the performance rights granted during the year ended 30 June 2013 is $0.0191 per performance right. The fair value at grant date is determined using a modified Black-Scholes model that takes into account the grant date, fair market price of the underlying share at the allocation date and 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.

27. SHARE-BASED PAYMENTS (continued)

(a) Employee share ownership plan (continued)

(ii) Performance Rights (continued)

The vesting of the performance rights will occur in tranches and is subject to the performance conditions. The performance conditions are that the Managing Director must serve the full 3 year term of the employment contract and the Company's volume weighted average share price must exceed, for a minimum period of 30 consecutive days, at any time, during the three year period from the effective grant date the following threshold prices:

Tranche	No. of Performance Rights	Threshold Price per share	Fair value per Performance Right
A	1,000,000	0.20	$0.0285
B	3,000,000	0.25	$0.0183
C	1,000,000	0.30	$0.0121
Total	5,000,000		

(b) Recognised share-based payment expenses

Share-based payment expense of $2,653 was recognised for employee services received during the year (2012: Nil).

28. COMMITMENTS

(a) Lease commitments – the Group as lessee

Operating leases relate to non-cancellable lease of offices with lease terms of between 5 months and 5 years. All office leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The Group does not have an option to purchase the leased offices at the expiry of the lease periods.

(i) Payments recognised as an expense

	2013	2012
	$	$
Minimum lease payments	**309,792**	352,917
Sub-lease payments received	**(49,572)**	(148,078)
	260,220	204,839

(ii) Non-cancellable operating lease commitments

	2013	2012
Not later than 1 year	**317,685**	387,104
Later than 1 year and not later than 5 years	**210,888**	731,850
Later than 5 years	**-**	-
	528,573	1,118,954

28. COMMITMENTS (continued)

(a) Lease commitments – the Group as lessee (continued)

The Group does not recognise any liabilities in respect of non-cancellable operating leases. One of the leased offices has been sub-let to third and related parties by the Group. The total of future minimum lease payments expected to be received from these entities at the reporting date is $92,312 (2012: $493,776).

(b) Capital commitments

The Group has no outstanding capital commitments as at 30 June 2013 (2012: Nil) other than those disclosed in the subsequent events after the balance date.

(c) Loan commitments

As at the reporting date, the Company no longer has a loan commitment to advance funds to Easton Wealth Australia Ltd, a subsidiary of the Company (2012: $278,150). The Company does not recognise any liabilities in respect of loan commitments.

29. CONTINGENCIES

There were no contingent liabilities as at 30 June 2013 (2012: Nil).

30. EVENTS AFTER THE BALANCE SHEET DATE

As detailed on page 14 of the Directors' Report, the Company undertook a 1 for 3 rights issue in June 2013 to raise $2,150,729. Prior to year end, proceeds totalling $752,411 had been received (refer note 7). Subsequent to year end, the balance of funds raised from the rights issue of $1,398,318 was received and 21,507,294 new fully paid ordinary shares were issued to shareholders on 3 July 2013.

On 30 July 2013, the Company completed the disposal of the CSCM financial planning client book to Axial for $644,415 in exchange for a 20% equity interest in Axial and a vendor loan from the Company to Axial. Liabilities associated with this asset totalling $9,928 were deducted from the sale proceeds resulting in a loan receivable from Axial of $697,936 (including GST).

On 2 August 2013, the Company announced it was seeking to raise up to $1,500,000 for future acquisitions and other growth opportunities via the issue of up to 10 million fully paid ordinary shares to sophisticated and other professional investors at an issue price of $0.15 each. The funds raised from this placement were received in full on 2 August 2013.

On 31 August 2013, the Group disposed of its 51% interest in Incito Wealth Pty. Ltd. for consideration of $100,000 in cash. The proceeds from this transaction were received on 2 September 2013.

On 11 September 2013, the Group disposed of its 19.9% investment in API Capital Pty Ltd which involved the cancellation of 2,000,000 Easton options that were issued as part of the original acquisition arrangements entered into with API Capital and its directors. The disposal of this interest included a payment to API Capital of $35,000 as consideration for the unconditional release from all obligations.

31. AUDITORS' REMUNERATION

The auditor of Easton Investments Limited is Pitcher Partners.

	2013	2012
	$	$
Amounts received or due and receivable by Pitcher Partners (Melbourne) for:		
Audit and review of the financial report of the Company and any other entity in the consolidated group	**118,535**	94,712
Other services in relation to the Company and any other entity in the consolidated group:		
Tax compliance	**20,199**	15,375
Other services	**14,982**	7,356
	153,716	117,443

32. 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 overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Audit and Risk Committee, under policies approved by the board of directors.

The Group holds the following financial instruments:

	2013 $	2012 $
Financial assets		
Cash and cash equivalents	**1,464,509**	663,546
Trade and other receivables	**287,903**	290,325
Available-for-sale investments	**644,415**	734,917
Held-to-maturity investments	**86,106**	188,610
Other financial assets	**1,398,318**	952
Total financial assets	**3,881,251**	1,878,350
Financial liabilities		
Trade and other payables	**780,733**	515,503
Borrowings	**891,318**	1,036,247
Total financial liabilities	**1,672,051**	1,551,750

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
- Fair values

(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 management segment. The Group also earns portfolio management 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.

32. FINANCIAL INSTRUMENTS (continued)

(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.

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

	2013 AUD$	2012 AUD$
Cash and cash equivalents in functional currency		
US dollar cash balances	**112,002**	-
UK pound sterling cash balances	**14,509**	-
Total cash and cash equivalents in functional currency	**126,511**	-

(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 from margin lender and commercial banks which exposes the Group to variable interest rates, and therefore, cash flow risks.

In its current form, 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.

32. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

The following tables summarise interest rate risk of the Group, together with effective interest rates at balance date.

30 June 2013	Weighted average interest rate %	Fair value level	Fixed interest rate $	Floating interest rate $	Non interest bearing $	Total $
Financial assets:						
Cash and cash equivalents	1.61	1	-	858,344	606,165	1,464,509
Trade and other receivables	-	3	-	-	287,903	287,903
Available-for-sale investment	-	2	-	-	1,768,570	1,768,570
Held-to-maturity investment	3.85	1	86,106	-	-	86,106
Other current assets	-	1	-	-	1,398,318	1,398,318
Financial liabilities:						
Trade and other payables	-		-	-	(780,733)	(780,733)
Borrowings	6.24		-	(891,318)	-	(891,318)
Net financial assets/(liabilities)			86,106	(32,974)	3,280,223	3,333,355

30 June 2012	Weighted average interest rate %	Fair value level	Fixed interest rate $	Floating interest rate $	Non interest bearing $	Total $
Financial assets:						
Cash and cash equivalents	1.76	1	-	335,662	327,884	663,546
Trade and other receivables	-	3	-	-	290,325	290,325
Held-for-trading investment	-		-	-	-	-
Available-for-sale investment	-	2	-	-	734,917	734,917
Held-to-maturity investment	4.98	1	134,739	53,871	-	188,610
Loan receivables	10.0	3	-	952	-	952
Financial liabilities:						
Trade and other payables	-		-	-	(515,503)	(515,503)
Borrowings	9.43		-	(1,036,247)	-	(1,036,247)
Net financial assets/(liabilities)			134,739	(645,762)	837,623	326,600

For the year ended 30 June 2013, if average interest rates had changed by +/- 1% (100 basis points), assuming all other variables held constant, the pre-tax loss for the year would have been approximately $28,143 lower/higher (2012: $6,986 lower/higher).

32. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk (continued)

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 balance. The capital structure of the Group consists of debt, as disclosed in note 18, and equity of the Group that predominantly comprises issued capital as disclosed in note 20.

As a smaller corporation, the Group has limited ability to manage its overall cost of capital, since equity capital may not always be accessible, and if so, only at significant theoretical cost. These costs may result in significant dilution to existing shareholders' percentage interest in the Group.

In addition, the supply of debt capital is also not always assured as a result of the Group's requirements to use major commercial banks and specialist margin lenders.

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.

(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.

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 statement of financial position and notes to the financial statements.

32. FINANCIAL INSTRUMENTS (continued)

(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 what they are worth; 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 form of cash and access to bank financing. All financial liabilities have maturity of less than 12 months.

(f) Net fair values of financial assets and liabilities

Financial asset 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 32(c) above for allocation of financial assets by level.

The net fair values of the investments are shown in note 11 to the financial statements. For other assets and liabilities, the net fair value approximates their carrying value.

(g) Reconciliation of net financial assets to net assets

	2013	2012
	$	$
Net financial assets as above	**3,333,355**	326,600
Non financial assets and liabilities	**6,158,813**	6,405,900
Net assets per statement of financial position	**9,492,168**	6,732,500

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

As at, and throughout, the financial year ended 30 June 2013 the parent entity of the Group was 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

	2013	2012
	$	$
Current assets	**2,271,094**	611,610
Non-current assets	**12,466,182**	6,912,712
Total assets	**14,737,276**	7,524,322
Current liabilities	**2,517,021**	232,016
Total liabilities	**2,517,021**	232,016
Net Assets	**12,220,255**	7,292,306
Contributed equity	**14,991,285**	8,887,883
Share option reserve	**58,580**	75,000
Net unrealised gains/(losses) reserve	**-**	(158,173)
Accumulated losses	**(2,829,610)**	(1,512,404)
Total equity	**12,220,255**	7,292,306

(b) Summarised statement of comprehensive income

Loss of the parent entity	**(1,392,205)**	(939,665)
Total comprehensive loss of the parent entity	**(1,392,205)**	(916,208)

(c) Parent entity guarantees

The parent has not provided any guarantees in relation to debts of its subsidiaries. A guarantee provided in the financial year ended 30 June 2012 in relation to a bank loan has been cancelled when the debt was repaid.

(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.

34. SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on the management reports used by the Board of Directors and executive management team to make strategic decisions.

Business Segments

The consolidated entity has two reportable segments as described below:

- Wealth management and advice (comprising the Chesterfields Financial Services, Easton Wealth Protection, Incito Wealth and Axial Wealth Management businesses) which provides financial planning and risk insurance advice to high net worth individuals, self-managed superannuation funds and corporate clients; and
- Asset management (comprising the Easton Asset Management business) which provides a distribution platform for managed funds in Asia as well as portfolio management services for individual clients.
- Other – comprises the parent entity (Easton Investments Limited) and includes revenue from its treasury function and corporate costs.

The Asset Management reporting segment is a new reporting segment in the current reporting period as a result of the acquisition of Easton Asset Management Limited on 28 August 2012.

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 Board of Directors, being the chief operating decision makers 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.

(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

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(iv) Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the year ended 30 June 2013

34. SEGMENT INFORMATION

(c) Segment information

The segment information provided to the Board of Directors and executive management team for the reportable segments for the year ended 30 June 2013 is as follows:

Consolidated 2013	Wealth Management	Asset Management	Other	Total
	$	$	$	$
Total segment revenue	2,255,214	1,221,087	12,000	3,488,301
Interest income	20	377	17,242	17,639
Total revenue from continuing operations	2,255,234	1,221,464	29,242	3,505,940
Total segment EBITA	(237,764)	87,172	(889,224)	(1,039,817)
Salaries and employee benefits	1,045,848	407,103	729,417	2,182,368
Premises and equipment	198,965	19,405	102,958	321,328
Legal and business services	258,758	407,651	256,970	923,379
General administration	46,145	227,029	41,834	315,009
Amortisation expense	19,896	16,713	400,342	436,951
Impairment charges	1,320,967	583,267	114,044	2,018,278
Interest expense	36,764	-	53,165	89,929
Income tax expense/(benefit)	55,772	22,967	(256,638)	(177,899)
Total loss for the year	(1,671,163)	47,492	(1,783,405)	(3,407,076)
Total segment assets	5,221,940	5,947,228	2,380,933	13,550,101
Total segment assets include:				
Additions to non-current assets other than financial instruments and deferred tax assets – at fair value	54,816	4,311,115	36,623	4,402,554
Total segment liabilities	1,246,607	302,714	2,508,612	4,057,933

34. SEGMENT INFORMATION (continued)

(c) Segment information (continued)

The segment information provided to the Board of Directors and executive management team for the reportable segments for the year ended 30 June 2012 is as follows:

Consolidated 2012	Wealth Management	Asset Management	Other	Total
	$	$	$	$
Total segment revenue	2,641,300	-	93,962	2,735,262
Interest income	6,699	-	11,065	17,764
Total revenue from continuing operations	2,647,999	-	105,027	2,753,026
Total segment EBITA	50,336	-	(1,142,875)	(1,092,539)
Salaries and employee benefits	1,637,851	-	399,101	2,036,951
Premises and equipment	253,670	-	58,061	311,731
Legal and business services	184,187	-	568,007	752,194
General administration	84,566	-	25,276	109,843
Amortisation expense	4,015	-	329,625	333,640
Impairment charges	-	-	-	-
Interest expense	93,972	-	119	94,091
Income tax expense/(benefit)	100,465	-	(49,704)	50,761
Total loss for the year	(148,116)	-	(1,422,915)	(1,571,031)
Total segment assets	6,867,421	-	1,562,777	8,430,198
Total segment assets include:				
Additions to non-current assets other than financial instruments and deferred tax assets – at fair value	117,965	-	-	117,965
Total segment liabilities	1,453,192	-	244,507	1,697,698

35. BUSINESS COMBINATION

(a) Summary of acquisitions

Current year acquisitions

Effective 28 August 2012, the Group acquired 100% of the issued capital in Armytage Asset Management Ltd (renamed Easton Asset Management Ltd (EAM) following the acquisition), a funds management and distribution business. The Group has 100% voting equity interest in EAM.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	$
Cash paid	610,000
Equity issued (17,080,000 shares issued at $0.25 per share)	4,270,000
Contingent consideration[1]	1,220,000
Total purchase consideration per sale agreement	6,100,000
Reversal of contingent consideration – performance hurdles not achieved[1]	(1,220,000)
Total purchase consideration	4,880,000

1. *Contingent consideration (Earn Out Amount) was payable under the Share Sale Agreement should EAM exceed EBITDA of $750,000 for the period 1 July 2012 to 30 June 2013. EAM did not achieve the required EBITDA target and the contingent consideration was not payable as at 30 June 2013.*

Net assets acquired	**Fair Value $**
Cash acquired	346,099
Trade receivables	71,832
Prepayments	41,374
Plant and equipment	2,251
Intangible assets – website and software	12,603
Intangible assets – distribution rights	4,249,267
Intangible assets – customer lists	570,496
Deferred tax liability	(308,035)
Trade payables and provisions	(169,275)
Fair value of identifiable net assets acquired	4,816,612
Add: Goodwill arising on acquisition	63,388
Net assets acquired	4,880,000

The goodwill on acquisition arises as a result of operational synergies gained through EAM's increased exposure to the Asian financial services market for its investment products and portfolio management solutions.

Goodwill is not deductible for tax purposes.

The acquired business contributed net revenues of $1,221,000 and operating EBITA of $252,000 to the Group for the period 29 August 2012 to 30 June 2013. Had the combination occurred from the beginning of the year, net revenue for the consolidated entity would have been $1,310,000 and operating EBITA would have been $237,000.

35. BUSINESS COMBINATION (continued)

(b) Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired is as follows:

	$
Cash consideration	610,000
Less: Cash balances acquired	(346,099)
Outflow of cash – investing activities (Consolidated Statement of Cash flows)	263,901

Acquisition related costs

Acquisition related costs of $62,376 were incurred in relation to the acquisition of the subsidiary. These costs are included with professional fee expenses in the consolidated statement of comprehensive income. Direct costs relating to the acquisition include legal fees, corporate advisory fees and other transaction related costs.

Prior year acquisitions

There were no acquisitions completed in the prior year constituting a business combination.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 38 to 102 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 2013 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 2013.

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

On behalf of the board.

Rodney Green
Chairman
Melbourne, 24 September 2013

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 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the 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.

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 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 2013 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 19 to 25 of the directors' report for the year ended 30 June 2013. 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 2013 complies with section 300A of the *Corporations Act 2001*.

N R BULL
Partner

PITCHER PARTNERS
Melbourne

24 September 2013

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 31 August 2013.

(a) Distribution of equity securities

Ordinary share capital
As at 31 August 2013 there were 96,029,174 shares held by 367 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	61,340	138
1,001 - 5,000	136,085	55
5,001 - 10,000	85,844	10
10,001 - 100,000	3,752,570	74
100,001 - over	91,993,335	90
TOTAL	**96,029,174**	**367**

There were 176 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			
KEVIN WHITE + MARGARET WHITE <WHITE FAMILY SUPER FUND A/C>	5/07/2013	7,524,112	7.84
ANDREW MCKAY	14/08/2013	7,239,043	7.54
ADCOCK PRIVATE EQUITY PTY LTD <ADCOCK PRIVATE EQUITY A/C>	10/09/2013	6,352,920	6.62
TOP POCKET PTY LTD	17/09/2013	5,863,953	6.11
		26,980,028	28.10

ADDITIONAL AUSTRALIAN SECURITIES EXCHANGE INFORMATION
(continued)

(c) Twenty largest holders of quoted equity securities

	Fully Paid	
	Number of shares	Held %
Ordinary shareholders		
KEVIN WHITE + MARGARET WHITE <WHITE FAMILY SUPER FUND A/C>	7,524,112	7.84
ANDREW MCKAY	6,631,543	6.91
ADCOCK PRIVATE EQUITY PTY LTD <ADCOCK PRIVATE EQUITY A/C>	6,352,920	6.62
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,755,552	4.95
CITICORP NOMINEES PTY LIMITED	4,032,491	4.20
HP CAPITAL PTY LTD <SUPERANNUATION FUND A/C>	3,333,334	3.47
BADSTONE PTY LTD	3,333,333	3.47
MR PETER GEOFFREY HOLLICK	3,231,884	3.37
MR VICTOR JOHN PLUMMER	2,666,667	2.78
TOP POCKET PTY LTD <TOP POCKET SUPERFUND A/C>	2,666,667	2.78
TOP POCKET PTY LTD	2,652,000	2.76
SANDHURST TRUSTEES LTD <LMA A/C>	2,476,667	2.58
SHANE ANTHONY BRANSBY	2,179,058	2.27
SHANE ANTHONY BRANSBY <COTE D’AZURE A/C>	1,958,419	2.04
MR SIMON MARRIOTT	1,675,303	1.74
MINI INVESTMENTS PTY LTD <MINI A/C>	1,600,000	1.67
MR ANTHONY WHITE + MRS DANA WHITE <T & D SUPER FUND A/C>	1,506,510	1.57
MR SEAN CYRIL PATRICK KELEHER	1,337,708	1.39
MARGARET BRADY	1,212,122	1.26
SIXTH ERRA PTY LTD <STAFF SUPER FUND A/C>	1,200,000	1.25
Top 20 Total	62,326,290	64.90

(d) Restricted securities
As at 31 August 2013, 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 stapled securities in the Company shall have one vote and upon a poll each stapled security shall have one vote.

(f) Audit & Risk Committee
As at the date of the Directors’ Report, the economic entity had established an Audit & Risk Committee of the Board of Directors (refer Corporate Governance Statement).