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Via ASX Online

ASX ANNOUNCEMENT – 24 February 2015

ASX Market Announcements Office
ASX Limited

ASX Code: EAS

2014/15 First Half Results and Announcement of Important Changes

Easton Investments Limited (**Easton** or **the Company**) releases its results for the half-year ended 31 December 2014.

Excellent 1st Half Result

Profitability continued to increase strongly on the back of prior period restructuring, further improvement from continuing operations and with the benefit of a full contribution from acquisitions completed in the 2nd half of the previous year.

Operating Revenue and Underlying Profit have both risen strongly over the last 18 months, but particularly in the last 6 months as the scale of operations has broadened. Underlying Profit is a non-IFRS measure that the Company uses to assess performance as it excludes non-cash amortisation charges and one-off or non-operational items.

Earnings Performance	1H15	1H14	Increase	1H13
	($'000)	*($'000)*	*(%)*	*($'000)*
Operating Revenue	8,804	4,060	*117%*	2,494
Net Profit after Tax	717	(820)	*188%*	(1,287)
Underlying Profit	**1,011**	**34**	***2,873%***	**(470)**

Underlying Profit of $1.01 million for the half-year ended 31 December 2014 represents a sharp increase over the previous corresponding period and equates to 7.4 cents per share on an annualised basis.

Sound Financial Position

At balance date, the Company is in a sound financial position with cash of $2.98 million and borrowings of $0.68 million.

The Company also has access to additional funding to support its growth plans through an undrawn bank facility from Westpac of $2.7 million.

Subsequent Events

Subsequent to balance date, the deferred consideration of $0.75 million relating to the acquisition of the Knowledge Shop business became due and payable as the earnings target of $0.9 million in the preceding 12-month period ended 31 January 2015 was exceeded.

The first tranche of deferred consideration of $0.5 million relating to the acquisition of Hayes Knight Referral Services was forfeited as the prescribed performance hurdle in the preceding 12-month period ended 31 January 2015 was not achieved. Two further annual tranches of deferred consideration of $0.5 million each remain in place.

Important Changes

Directors continue to actively seek to improve the Company's performance and as a consequence have made a number of important decisions which are expected to further streamline operations, reduce overhead costs and provide greater clarity in terms of roles and responsibilities.

Major changes announced today and which are either to take immediate effect or to be implemented in the 2nd half of the current financial year include:

- The discontinuation of the joint managing director function with the appointment of Greg Hayes as the Company's Group Managing Director with effect from 1 March 2015
- In tandem with this management change, Kevin White will be appointed to the role of Executive Chairman of Easton and in accordance with the recommendations of the ASX Corporate Governance Council's Principles and Recommendations, Independent Director, Rodney Green will become Deputy Chairman
- The finance function has been relocated from Melbourne to Sydney to allow the Chief Financial Officer (**CFO**) to be closely aligned with the Group Managing Director
- A new CFO has been appointed to replace the current CFO who has declined the offer to relocate to Sydney
- With the relocation of the finance function to Sydney, the Melbourne office will be closed from 15 March 2015, coinciding with the expiry of the tenancy
- The Company's registered head office will be relocated to Sydney during March 2015 and corporate staff will be accommodated within the existing Sydney operations.

The one-off cost of the relocation and related expenses are expected to be of the order of $200,000, including non-cash charges of approximately $50k associated with the write-off of office equipment. Annual cost savings are expected to be realised post 30 June 2015, although the main benefit of the announced changes relates to improved operating efficiency from clearer and more aligned functionality.

Outlook

Directors expect further improvement in underlying performance in the 2nd half.

Directors are of the view that the Company is on track to achieve full year Underlying Profit guidance in excess of $2.5 million.

Directors have formed this view based on expected further improvement in all of the Company's operating businesses, particularly with Knowledge Shop and Hayes Knight Referral Services.

The expected result is subject to normal trading conditions prevailing over the remainder of the current financial year.

In addition, Easton will continue to investigate new business acquisitions, consistent with the Company's strategic direction and intent to build a scale distribution capability in the Australian financial services sector.

In this regard, the Company currently has a pipeline of opportunities which it is presently reviewing and assessing.

Carried forward tax losses at 31 December 2014 of $2.57 million will provide income tax payment relief over coming years and therefore augment cash flow.

Attached Information

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

1. Appendix 4D - Easton's Half Year Report for the period ended 31 December 2014
2. Chairman's Letter to Shareholders dated 24 February 2015
3. 2014/15 First Half Results Presentation dated 24 February 2015.

Mark Licciardo
Company Secretary

Please direct all enquiries to:

Greg Hayes
Joint Managing Director

Email: greg.hayes@eastoninvestments.com.au

Rule 4.2A.3

Appendix 4D

Half-year Report
For the period ended 31 December 2014

Name of entity

EASTON INVESTMENTS LIMITED

ABN

48 111 695 357

1. Details of the reporting period and the previous corresponding period

Current reporting period	The half-year ended 31 December 2014
Previous corresponding reporting period	The half-year ended 31 December 2013

2. Results for announcement to the market

a) Amount and percentage change compared to the previous corresponding period

	2014 $	**2013 $**	**% Change**	**Up/ (Down)**
Revenue from ordinary activities	8,804,309	4,060,389	117%	Up
Profit/(loss) from ordinary activities after tax attributable to members	687,991	(846,314)	181%	Up
Profit/(loss) for the period attributable to members	687,991	(846,314)	181%	Up

b) The amount per security and franked amount per security of final and interim dividends

No dividends were paid, declared or recommended since the start of the current reporting period.

c) The record date for determining entitlements to dividends (if any)

Not applicable.

d) A brief explanation of any of the figures reported above necessary to enable the figures to be understood

Commentary on the results for the half-year ended 31 December 2014 is provided in the 'Review of operations' section in the attached Interim Report.

In this Appendix 4D, the consolidated entity ("the Group") consists of Easton Investments Limited ("Easton" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014.

3. Net tangible assets per security with the comparative figure for the previous corresponding period

	Current Period	Previous Period
Net tangible asset backing per ordinary security	12.45 cents	22.24 cents

The decrease in net tangible asset backing per ordinary security, compared to the prior corresponding period, reflects the increase in the number of shares on issue at 31 December 2014 as a result of the Group's acquisition of the HKNSW Businesses completed in March 2014 as disclosed in the Company's 2014 annual report. The assets acquired in a single business combination were primarily goodwill and separately identifiable intangible assets which are excluded from the calculation of net tangible assets per ordinary security.

4. Details of entities over which control has been gained or lost during the period

a) Control gained over entities

Not applicable.

b) Control lost over entities

Not applicable.

5. Details of individual and total dividends or distributions and dividend or distribution payments

Not applicable.

6. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan

Not applicable.

7. Details of associates and joint venture entities

a) Details of associates

(i) Hayes Knight (NSW) Pty Ltd and Hayes Knight Services (NSW) Pty Ltd

Name of Entity	Percentage Held		Share of Net Profit/(Loss)	
	Current Period	Previous Period	Current Period	Previous Period
Hayes Knight (NSW) Pty Ltd and Hayes Knight Services (NSW) Pty Ltd (together, **HKNSW**)	30.6%	-	108,068	-

HKNSW was acquired by the Group on 19 March 2014 (with an effective date of 1 February 2014). It is an established, full service accounting firm based in Sydney supported by professional accounting services encompassing Business Services, Specialist Tax, Superannuation, Financial Planning and Corporate Finance. Pursuant to a service agreement the group pays fees to HKNSW for the following services:

- Professional fees relating to taxation compliance, accounting and consulting services
- Financial planning fees and insurance commissions
- Help desk and technical training support services

- Occupancy and infrastructure services.

(ii) Axial Wealth Management Pty Ltd

Name of Entity	Percentage Held		Share of Net Profit/(Loss)	
	Current Period	Previous Period	Current Period	Previous Period
Axial Wealth Management Pty Ltd (**Axial**)	-	20%	-	-

The Group disposed of its interest in Axial with an effective date of 30 April 2014 for consideration of $65,513. The Group has previously recorded in its consolidated financial statements its share of accumulated losses to the extent of its investment in Axial in the prior reporting periods.

b) Details of joint venture entities

Not applicable.

8. For foreign entities, which set of accounting standards is used in compiling the report (e.g. International Accounting Standards)

Not applicable.

9. If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification

Not applicable.

Rodney Green
Chairman

Sydney
24 February 2015

Easton Investments Limited ABN 48 111 395 357
Interim Report – 31 December 2014

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Easton Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Your directors present their report together with the interim financial report on the consolidated entity ("the Group") consisting of Easton Investments Limited ("Easton" or "the Company") and the entities it controlled at the end of, or during, the half-year ended 31 December 2014 and independent review report thereon. The interim financial report has been prepared in accordance with AASB134 Interim Financial Reporting.

Directors

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

Rodney Green (appointed 26 April 2012)
Carl F. Scarcella (appointed 15 May 2014)
Kevin W. White (appointed 29 May 2013)
John G. Hayes (appointed 19 March 2014)

Results and dividends

The net profit after tax of the Group for the half-year ended 31 December 2014 was $717,469 (2013: a loss of $819,688).

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

Review of operations

The Group performed strongly during the half-year ended 31 December 2014 on the back of prior period restructuring, together with a full contribution from acquisitions completed in the 2nd half of the previous financial year.

Operating revenue lifted to $8.80 million, up from $4.06 million in the previous corresponding period, an increase of 117% and in line with increased scale of operations.

Underlying Profit, which is best measured in terms of normalised earnings before interest, tax and amortisation (Normalised EBITA), continued to improve and increased to $1.01 million, up from $34,017 in the previous corresponding period. The trend improvement in Underlying Profit is presented in the following table:

Earnings Performance	1H15	1H14	Increase	1H13
	($'000)	*($'000)*	*(%)*	*($'000)*
Operating Revenue	8,804	4,060	*117%*	2,494
Net Profit/(Loss) After Tax [1]	717	(820)	*188%*	(1,287)
Underlying Profit [2]	**1,011**	**34**	***2,873%***	**(470)**

1. *Net Profit After Tax includes profit attributable to Non-controlling Interests. Profit attributable to members is $687,991 (2013: loss of $846,314).*
2. *Underlying Profit is a non-IFRS measure that the Company uses to assess performance as it excludes non-cash amortisation charges and one-off or non-operational items.*

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

	31 Dec 2014 $	31 Dec 2013 $
Revenue from continuing operations	**8,804,309**	4,060,389
Other income	**58,558**	-
Share of associate EBITA	**163,952**	-
Operating costs from continuing operations	**(8,016,020)**	(4,026,372)
Normalised EBITA for the half-year	**1,010,799**	34,017
Add/(deduct) normalisation adjustments:		
Write-back of contingent consideration not paid	**494,408**	-
Corporate office relocation costs	**(28,405)**	-
Equity accounting adjustments for interest and tax	**(55,884)**	-
Unrealised gain on fair value of investments	**-**	84,425
Gain on disposal of subsidiaries	**-**	93,796
Net refund of overpaid goods and services tax	**-**	101,936
Loss on disposal of client list	**-**	(522,764)
Redundancy and discontinued staff costs	**-**	(376,331)
Restructuring and acquisition-related costs	**-**	(209,495)
Costs associated with tax consolidation	**-**	(24,725)
Profit/(loss) from operations for the half-year	**1,420,918**	(819,141)
Deduct:		
Impairment losses	**-**	(98,388)
Reported EBITA for the half-year	**1,420,918**	(917,529)
Add/(deduct):		
Net interest (expense)/income	**(16,517)**	25,447
Notional interest on contingent consideration	**(145,123)**	-
Amortisation of separately identifiable intangible assets	**(173,794)**	(117,420)
Statutory operating profit/(loss) before tax for the half-year	**1,085,483**	(1,009,502)
Income tax (expense)/benefit	**(368,014)**	189,814
Statutory profit/(loss) after tax for the half-year	**717,469**	(819,688)
NPAT Attributable to Non-controlling Interest	**29,478**	26,626
NPAT Attributable to Members	**687,991**	(846,314)

All operating divisions generally performed in line with expectations in the half-year to 31 December 2014, although at an individual business level, the referral model operated by Hayes Knight Referral Services progressed slower than expected with 8 referral Rights Agreements in place at balance date, an increase of one over the period.

The Company's two key businesses, namely Knowledge Shop and Easton Asset Management, both performed satisfactorily and contributed strongly to the earnings result.

In the case of Knowledge Shop, subscription members continue to rise and web-based training exceeded expectations.

In the case of Easton Asset Management, funds under contract distribution continued to increase strongly, rising to $441 million at balance date (30 June 2014: $330 million), an increase of 34% in the half-year period.

Further improvement in the underlying performance of all businesses is expected in the 2nd half of the current financial year, subject to normal trading conditions prevailing over this period.

Net cash inflow from operating activities of $0.52 million (2013: $0.78 million outflow) contributed to a further strengthening of the Company's financial position with cash reserves rising to $2.98 million (30 June 2014: $2.59 million) and borrowings falling to $0.68 million (30 June 2014: $0.78 million).

During the current period, the Company continued to investigate new business acquisitions, consistent with its strategic direction and intent to build a scale distribution capability in the Australian financial services sector. In this regard, the Company currently has a pipeline of opportunities which it is presently reviewing and assessing.

Outlook

As noted above, the Directors expect further improvement in the underlying performance of all businesses in the 2nd half of the current financial year subject to normal trading conditions, particularly with Knowledge Shop and Hayes Knight Referral Services.

As a result, the Directors remain of the view that the Company is on track to achieve full year Underlying Profit guidance in excess of $2.5 million.

In addition, the Company will seek to augment organic growth with acquired growth by continuing to assess acquisition prospects and new opportunities which are consistent with the Company's strategic direction and are capable of helping deliver future earnings growth on a sustained basis.

The intention is to acquire meaningful interests in quality accounting and financial planning businesses under the Company's differentiated business model which involves partial, not full ownership of member firms.

The Company plans to remain extremely selective and only invest in businesses with like-minded people that are aligned with Easton's strategic direction and that will provide acceptable returns on capital employed, thereby increasing the underlying value of Easton and its shares.

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

Significant events after the balance date

Major Changes Announced

On 24 February 2015, the Company announced the following major changes which are aimed at further streamlining operations, lowering overhead costs and improving role and functional clarity:

- Following the integration of the HKNSW Businesses, the discontinuation of the joint managing director function with the appointment of Greg Hayes as the Company's Group Managing Director with effect from 1 March 2015
- In tandem with this management change, Kevin White will become the Executive Chairman of Easton and in accordance with the recommendations of the ASX Corporate Governance Council's Principles and Recommendations, Independent Director, Rodney Green will become Deputy Chairman
- The finance function is to be relocated from Melbourne to Sydney to allow the Chief Financial Officer (**CFO**) to be closely aligned with the Group Managing Director
- A new CFO has been appointed to replace the current CFO who has declined the offer to relocate to Sydney for personal reasons
- With the relocation of the finance function to Sydney, the Melbourne registered office will be closed from 14 March 2015, coinciding with the expiry of the tenancy
- The Company's registered head office is to be relocated to Sydney and corporate staff will be accommodated within the existing operations in Sydney.

The one-off cost of the relocation and related expenses are expected to be in the order of $200,000, including non-cash charges of approximately $50k associated with the write-off of office furniture and equipment. Annual cost savings are expected to be realised post 30 June 2015, although the main benefit of the announced changes relate to improved operating efficiency from clearer and more aligned functionality.

Deferred Consideration

Deferred consideration of $0.75 million relating to the acquisition of the Knowledge Shop business has become due and payable as the earnings target of $0.9 million in the 12-month period ended 31 January 2015 has been achieved.

The first tranche of deferred consideration of $0.5 million relating to the acquisition of the Hayes Knight Referral Services business has been forfeited as the prescribed performance hurdle in the 12-month period ended 31 January 2015 was not achieved. Two further annual tranches of deferred consideration of $0.5 million each remain in place.

Auditors' independence declaration

A copy of the auditors' Independence Declaration as required under section 307C of the *Corporations Act 2001* in relation to the review for the half year is set out on page 9.

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

Rodney Green
Chairman

Sydney
24 February 2015

EASTON INVESTMENTS LIMITED

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

In relation to the independent review for the half-year ended 31 December 2014, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

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

N R BULL
Partner

24 February 2015

PITCHER PARTNERS
Melbourne

	Half-year	
	2014	2013
	$	$
Revenue from continuing operations		
Services	**8,804,309**	4,060,389
Other income	**574,919**	234,049
	9,379,228	4,294,438
Share of net profit of associates accounted for using the equity method	**108,068**	-
Expenses from ordinary activities		
Fees and commissions	**(4,907,541)**	(2,027,782)
Salaries and employee benefits expense	**(1,759,517)**	(1,402,239)
Occupancy expenses	**(233,438)**	(154,521)
Professional fees	**(512,684)**	(539,740)
Administration expense	**(240,976)**	(140,000)
Other expenses	**(349,686)**	(257,042)
Finance costs	**(183,594)**	(30,381)
Depreciation and amortisation	**(214,377)**	(131,084)
Impairment losses	**-**	(98,388)
Net loss on disposal of client lists	**-**	(522,763)
Profit/(loss) before income tax	**1,085,483**	(1,009,502)
Income tax (expense)/benefit	**(368,014)**	189,814
Profit/(loss) for the half-year	**717,469**	(819,688)
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss:		
Net fair value gain on available-for-sale financial assets	**-**	-
Income tax on items of other comprehensive income	**-**	-
Other comprehensive income for the half-year, net of tax	**-**	-
Total comprehensive income/(loss) for the half-year	**717,469**	(819,688)
Profit/(loss) for the half-year is attributable to:		
Non-controlling interests	**29,478**	26,626
Owners of the Company	**687,991**	(846,314)
	717,469	(819,688)
Total comprehensive income/(loss) for the half-year is attributable to:		
Non-controlling interests	**29,478**	26,626
Owners of the Company	**687,991**	(846,314)
	717,469	(819,688)
	Cents	Cents
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the Company:		
Basic earnings per share	**2.51**	(4.52)
Diluted earnings per share	**2.51**	(4.52)

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

	31 December 2014 $	30 June 2014 $
ASSETS		
Current assets		
Cash and cash equivalents	**2,978,638**	2,590,651
Receivables	**1,512,425**	1,002,368
Other financial assets	**86,106**	-
Other current assets	**154,831**	90,496
Total current assets	**4,732,000**	3,683,515
Non-current assets		
Other financial assets	**-**	86,106
Equity accounted investments	**3,056,175**	3,034,903
Plant and equipment	**91,063**	84,656
Intangible assets	**15,497,049**	15,646,047
Deferred tax assets	**1,166,141**	1,501,571
Total non-current assets	**19,810,428**	20,353,283
Total assets	**24,542,428**	24,036,798
LIABILITIES		
Current liabilities		
Trade and other payables	**1,518,046**	1,288,505
Borrowings	**685,314**	777,121
Current tax liabilities	**115,621**	82,194
Provisions and employee benefits	**214,071**	190,096
Provision for contingent consideration	**741,611**	1,194,518
Other liabilities	**351,200**	383,545
Total current liabilities	**3,625,863**	3,915,979
Non-current liabilities		
Provisions and employee benefits	**30,849**	19,728
Provision for contingent consideration	**810,452**	706,830
Deferred tax liabilities	**420,250**	421,092
Total non-current liabilities	**1,261,551**	1,147,650
Total liabilities	**4,887,414**	5,063,629
Net assets	**19,655,014**	18,973,169
EQUITY		
Contributed equity	**25,986,300**	25,986,300
Reserves	**114,756**	83,471
Accumulated losses	**(6,972,338)**	(7,660,329)
Equity attributable to owners of the Company	**19,128,718**	18,409,442
Non-controlling interests	**526,296**	563,727
Total equity	**19,655,014**	18,973,169

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

Consolidated	**Ordinary shares $**	**Accumul-ated losses $**	**Reserves $**	**Owners of the parent $**	**Non-controlling interest $**	**Total $**
Balance at 1 July 2014	**25,986,300**	**(7,660,329)**	**83,471**	**18,409,442**	**563,727**	**18,973,169**
Profit for the half-year	-	687,991	-	687,991	29,478	717,469
Other comprehensive income	-	-	-		-	-
Total comprehensive profit for the half-year	-	687,991	-	687,991	29,478	717,469
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	-	(66,909)	(66,909)
Employee incentive plan	-	-	31,285	31,285	-	31,285
Balance at 31 December 2014	**25,986,300**	**(6,972,338)**	**114,756**	**19,128,718**	**526,296**	**19,655,014**
Balance at 1 July 2013	**14,991,285**	**(5,951,322)**	**83,918**	**9,123,881**	**368,287**	**9,492,168**
Profit/(loss) for the half-year	-	(846,314)	-	(846,314)	26,626	(819,688)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive profit/(loss) for the half-year	-	(846,314)	-	(846,314)	26,626	(819,688)
Transactions with owners in their capacity as owners:						
Issue of new equity	3,650,729	-	-	3,650,729	-	3,650,729
Costs associated with the issue of new equity	(14,249)	-	-	(14,249)	-	(14,249)
Costs associated with share consolidation	(4,693)	-	-	(4,693)	-	(4,693)
Dividends paid	-	-	-	-	(46,189)	(46,189)
Options cancelled on disposal of investment	-	-	(58,580)	(58,580)	-	(58,580)
Employee incentive plan	-	-	19,224	19,224	-	19,224
Disposal of non-controlling interest in subsidiary	-	-	-	-	4,080	4,080
Balance at 31 December 2013	**18,623,072**	**(6,797,636)**	**44,562**	**11,869,998**	**352,804**	**12,222,802**

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

	Half-year	
	2014	2013
	$	$
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	**9,378,616**	4,271,289
Payments to suppliers and employees (inclusive of goods and services tax)	**(8,839,985)**	(4,992,024)
	538,631	(720,735)
Interest received	**21,953**	55,828
Interest paid	**(38,471)**	(29,625)
Income taxes paid	**-**	(82,076)
Net cash inflow/(outflow) from operating activities	**522,113**	(776,608)
Cash flows from investing activities		
Proceeds from disposal of subsidiary	**-**	100,000
Payments for property, plant and equipment	**(46,990)**	(1,113)
Dividends received	**72,000**	-
Net cash inflow from investing activities	**25,010**	98,887
Cash flows from financing activities		
Proceeds from issues of shares (net of listing fees)	**-**	2,883,676
Loans to associates	**-**	(35,000)
Repayments of borrowings	**(92,227)**	(89,733)
Dividends paid to non-controlling interest in subsidiaries	**(66,909)**	(46,189)
Net cash (outflow)/inflow from financing activities	**(159,136)**	2,712,754
Net increase in cash and cash equivalents	**387,987**	2,035,033
Cash at the beginning of the half-year	**2,590,651**	1,464,509
Cash at the end of the half-year	**2,978,638**	3,499,542

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

1. Basis of preparation of half-year report

This financial report for the interim half-year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Easton Investments Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period with the exception of the following:

Revenue Disclosure
During the period ended 31 December 2014, the Group adopted a change in accounting policy with respect to the disclosure of commission and distribution fee income and associated direct costs. Previously the Group disclosed these items on a net basis. On review the Directors believe it is more appropriate to disclose this on a gross basis as it gives a more accurate representation of the underlying commercial substance and associated risk exposure to the Group.

Had this change in policy not occurred, for the period ending 31 December 2014, in the consolidated statement of comprehensive income, there would be a reduction in Services revenue offset by a corresponding reduction in Fees and Commissions expense of $4,083,512, (December 2013: $2,025,047).

2. Accounting standards issued but not yet effective

AASB15 introduces a five step process for revenue recognition with the core principle of the new Standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

AASB15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

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

3. Segment information

(a) Description of segments

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

Business Segments
The consolidated entity has four reportable segments as described below:

- Wealth management and asset management (comprising the Chesterfields Financial Services, Easton Wealth Protection and Easton Asset Management businesses) which provides financial planning and risk insurance advice to high net worth individuals, self-managed superannuation funds and corporate clients and a distribution platform for managed funds in Asia and the Middle East;
- Distribution Services (comprising the Knowledge Shop, Merit Wealth and Hayes Knight Referral Services businesses) which provides professional support services and dealer group services primarily to the accounting profession;
- Accounting and tax (comprising the Hayes Knight (NSW) business) which is a traditional accounting practice; and

- Corporate – comprises the parent entity (Easton Investments Limited) and includes revenue from its treasury function and corporate costs.

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

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

The basis of accounting used for reporting by operating segments is consistent with that disclosed in the Company's 2014 Annual Report.

(c) Segment results

The segment information provided to the Board of Directors and executive management team for the reportable segments for the half-year ended 31 December 2014 is as follows:

Consolidated Half-year 2014	**Wealth and asset management**	**Distribution services**	**Accounting and tax**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
Total segment revenue	4,911,440	4,418,128	108,068	49,660	9,487,296
Fees and commissions	3,737,580	1,169,961	-	-	4,907,541
Salaries and employee benefits	406,526	1,035,603	-	317,388	1,759,517
Occupancy expenses	57,472	76,911	-	99,055	233,438
Professional fees	310,241	119,036	-	83,407	512,684
General administration expenses	121,794	100,491	602	18,089	240,976
Amortisation expense	111,573	47,424	14,797	-	173,794
Impairment charges	-	-	-	-	-
Interest expense	24,165	159,429	-	-	183,594
Income tax expense/(benefit)	296,280	102,874	9,076	(40,216)	368,014
Total profit/(loss) for the half-year	606,905	610,987	83,593	(584,016)	717,469
Total segment assets	7,252,856	11,179,331	3,057,621	2,962,620	24,452,428
Total segment assets include:					
Additions to non-current assets other than financial instruments and deferred tax assets – at fair value	-	46,990	-	-	46,990
Total segment liabilities	1,476,382	3,303,022	243	122,767	4,902,414

(c) Segment results (continued)

The segment information provided to the Board of Directors and executive management team for the reportable segments for the half-year ended 31 December 2013 is as follows:

Consolidated Half-year 2013	**Wealth and asset management**	**Distribution services**	**Accounting and tax**	**Corporate**	**Total**
	$	**$**	**$**	**$**	**$**
Total segment revenue	4,110,259	-	-	184,179	4,294,438
Fees and commissions	2,027,782	-	-	-	2,027,782
Salaries and employee benefits	922,400	-	-	479,839	1,402,239
Occupancy expenses	60,255	-	-	94,266	154,521
Professional fees	216,766	-	-	322,974	539,740
General administration expenses	122,118	-	-	17,882	140,000
Amortisation expense	-	-	-	117,420	117,420
Impairment charges	63,388	-	-	35,000	98,388
Interest expense	30,378	-	-	3	30,381
Income tax benefit	(8,348)	-	-	(181,465)	(189,814)
Total loss for the year	(63,057)	-	-	(756,630)	(819,688)
Total segment assets	10,567,363	-	-	3,228,651	13,796,014
Total segment assets include:					
Additions to non-current assets other than financial instruments and deferred tax assets – at fair value	481	-	-	632	1,113
Total segment liabilities	1,372,963	-	-	200,249	1,573,212

4. Dividends

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

5. Equity securities issued

	Half-year		**Half-year**	
	2014 shares	2013 shares	**2014 $**	2013 $
Issues of ordinary shares during the half-year				
Ordinary share placement under a 1 for 3 Rights Issue to eligible shareholders on 3 July 2013 (Note 1)	**-**	4,301,459	**-**	2,150,729
Ordinary share placement to sophisticated and professional investors on 6 August 2013 (Note 1)	**-**	2,000,000	**-**	1,500,000
	-	6,301,459	**-**	3,650,729

Note 1 – the shares were issued prior to a 1 for 5 share consolidation completed on 13 December 2013. The number of shares disclosed herewith has been consolidated for consistency with current shares on issue.

No equity securities were issued during the half-year ended 31 December 2014.

6. Business combinations

The Group did not acquire a business during the current reporting period or the prior corresponding reporting period.

7. Contingencies

There were no contingent liabilities as at 31 December 2014 (2013: Nil).

8. Significant events occurring after balance date

On 24 February 2015, the Company announced the following major changes which are aimed at further streamlining operations, lowering overhead costs and improving role and functional clarity:

- Following the integration of the HKNSW Businesses, the discontinuation of the joint managing director function with the appointment of Greg Hayes as the Company's Group Managing Director with effect from 1 March 2015
- In tandem with this management change, Kevin White will become the Executive Chairman of Easton and in accordance with the recommendations of the ASX Corporate Governance Council's Principles and Recommendations, Independent Director, Rodney Green will become Deputy Chairman
- The finance function is to be relocated from Melbourne to Sydney to allow the Chief Financial Officer (**CFO**) to be closely aligned with the Group Managing Director
- A new CFO has been appointed to replace the current CFO who has declined the offer to relocate to Sydney for personal reasons
- With the relocation of the finance function to Sydney, the Melbourne registered office will be closed from 15 March 2015, coinciding with the expiry of the tenancy
- The Company's registered head office is to be relocated to Sydney and corporate staff will be accommodated within the existing operations in Sydney
- Deferred consideration of $0.75 million relating to the acquisition of the Knowledge Shop business has become due and payable as the earnings target of $0.9 million in the 12-month period ended 31 January 2015 has been achieved
- The first tranche of deferred consideration of $0.5 million relating to the acquisition of the Hayes Knight Referral Services business has been forfeited as the prescribed performance hurdle in the 12-month period ended 31 January 2015 was not achieved.

9. Fair value of investments

The consolidated entity has recorded contingent consideration on the purchase of the HKNSW Businesses at fair value. This contingent consideration is a level 3 financial liability within the fair value hierarchy.

The valuation technique used to fair value the provision for contingent consideration is discounted cash flow and the significant unobservable input is a discount rate of 15%. If the discount rate changed by +/- 1% (100 basis points), assuming all other variables held constant the effect on pre-tax profit would not be material.

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

	2014	2013
	$	$
At 1 July	**1,901,348**	-
Fair value adjustments during the period	**144,925**	-
Forfeiture of deferred consideration payable	**(494,210)**	-
At 31 December	**1,552,063**	-

The directors declare that the financial statements and notes of the consolidated entity set out on pages 10 to 17 in accordance with the *Corporations Act 2001*:

(i) comply with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001,* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position of the consolidated entity as at 31 December 2014 and of its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Easton Investments Limited will be able to pay its debts as and when they become due and payable.

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

Rodney Green
Chairman

Sydney
24 February 2015

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
EASTON INVESTMENTS LIMITED

We have reviewed the accompanying half-year financial report of Easton Investments Limited and controlled entities, which comprises the condensed consolidated statement of financial position as at 31 December 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Easton Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

EASTON INVESTMENTS LIMITED
ABN 48 111 695 357
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
EASTON INVESTMENTS LIMITED

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

N R BULL
Partner

24 February 2015

PITCHER PARTNERS
Melbourne

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eastoninvest.com

24 February 2015

Dear Shareholder

ASX Code: EAS

2014/15 First Half Results and Important Changes

I am pleased to advise that Easton Investments Limited (**Easton** or **the Company**) has reported an excellent result for the half-year ended 31 December 2014.

The first half results were released to the market on 24 February 2015 and a full copy of the results can be accessed through the Company's website, **eastoninvestments.com.au/investors**.

In summary, profitability continued to increase strongly on the back of prior period restructuring, further improvement from continuing operations and with the benefit of a full contribution from acquisitions completed in the 2nd half of the previous financial year.

Operating Revenue and Underlying Profit have both risen strongly over the last 18 months, but particularly in the last 6 months as the scale of operations has broadened. Underlying Profit is a non-IRFS measure that the Company uses to assess performance as it excludes non-cash amortisation charges and one-off or non-operational items.

Earnings Performance	1H15	1H14	Increase	1H13
	($'000)	*($'000)*	*(%)*	*($'000)*
Operating Revenue	8,804	4,060	*117%*	2,494
Net Profit after Tax	717	(820)	*188%*	(1,287)
Underlying Profit	**1,011**	**34**	***2,873%***	**(470)**

Underlying Profit of $1.01 million for the half-year ended 31 December 2014 represents a sharp increase over the previous corresponding period.

Important Changes

Directors continue to actively seek to improve the Company's performance and as a consequence have made a number of important decisions which are expected to further streamline operations, reduce overhead costs and provide greater clarity in terms of roles and responsibilities.

Major changes announced on 24 February 2015 include:

- The discontinuation of the joint managing director function with the appointment of Greg Hayes as the Company's Group Managing Director with effect from 1 March 2015
- In tandem with this management change, Kevin White will be appointed to the role of Executive Chairman of Easton and in accordance with the recommendations of the ASX Corporate Governance Council's Principles and Recommendations, Independent Director, Rodney Green will become Deputy Chairman
- The finance function has been relocated from Melbourne to Sydney to allow the Chief Financial Officer (**CFO**) to be closely aligned with the Group Managing Director
- A new CFO has been appointed to replace the current CFO who declined the offer to relocate
- With the relocation of the finance function to Sydney, the Melbourne office will be closed from 14 March 2015 to coincide with the expiry of the tenancy and the Company's registered head office will be relocated to Sydney.

The one-off cost of the relocation and related expenses are expected to be of the order of $200,000, including non-cash charges of approximately $50k associated with the write-off of office equipment. Annual cost savings are expected to be realised post 30 June 2015, although the main benefit of the announced changes relates to improved operating efficiency from clearer and more aligned functionality.

Outlook

Directors expect further improvement in underlying performance in the 2nd half and advise that the Company is on track to achieve full year Underlying Profit guidance in excess of $2.5 million.

The expected result is subject to normal trading conditions prevailing over the remainder of the current financial year.

In addition, Easton will continue to investigate new business acquisitions, consistent with the Company's strategic direction and intent to build a scale distribution capability in the Australian financial services sector.

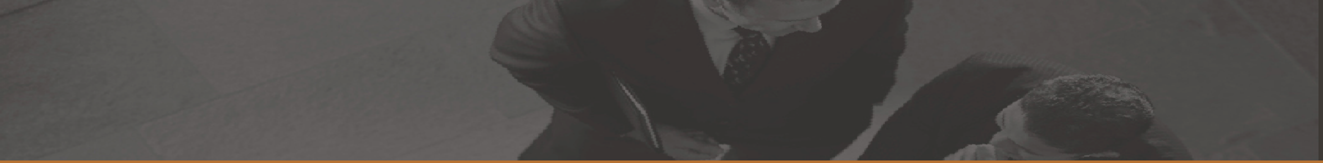
In this regard, the Company currently has a pipeline of opportunities which it is presently reviewing and assessing.

Easton now has in place a clear strategic direction, its businesses are operating profitably and the Company continues to assess acquisition prospects which are capable of delivering future earnings growth on a sustained basis.

As a result, Directors believe that the Company has strong growth prospects and potential as it seeks to build a scale distribution capability in the Australian financial services sector.

I thank you for your interest in and support for Easton and I confirm that your Board is genuinely committed to the Company's future growth and prosperity.

Rodney Green
Chairman



EASTON INVESTMENTS LIMITED

2014/15 First Half Results

24 February 2015

Greg Hayes
Managing Director

Overview – Excellent First half

- Reported NPAT up strongly to $0.72m (2014: Loss of $0.82m)
- Underlying Profit (defined as Normalised EBITA) jumped to $1.01m (2014: $34k)
  - Clean result with nominal expense adjustments of $28k
  - Underlying profit = 7.4 cents per share (annualised)
- Improved profitability emanating from prior period restructuring, together with full contribution from new business acquisitions
  - Revenue from Operations jumped to $8.80m (2014: $4.06m)
  - Scale of Operations becoming more substantial
- The Company's balance sheet continues to strengthen and is soundly positioned at balance date –
  - Cash of $2.98m, borrowings of $0.68m at balance date
  - Undrawn bank facility of $2.7m provides access to additional funding to support future growth

Operating Performance

Continued Profit Improvement :

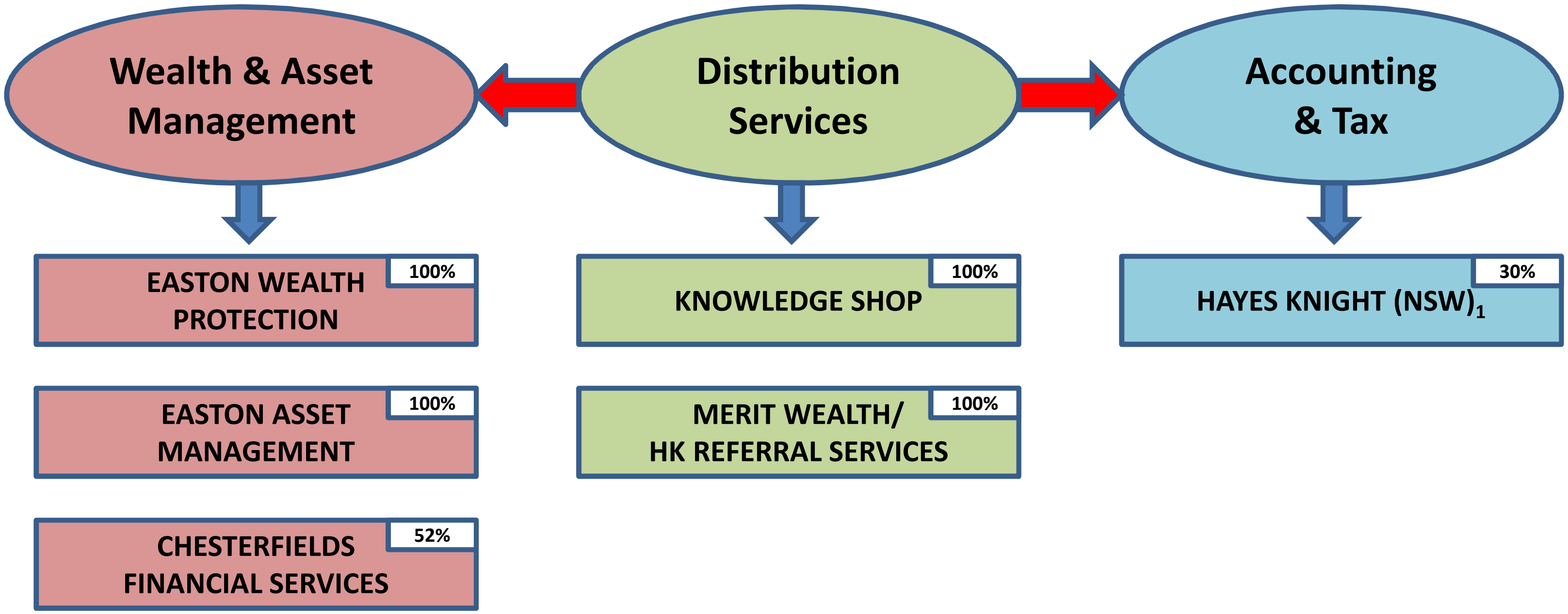
- Upward trend in profitability remains strong as earnings continue to rise
- The benefit of prior period restructuring
- Full 6-month contribution from the Hayes Knight NSW businesses

Underlying Profit	1H15	1H14	1H13
	($'000)	*($'000)*	*($'000)*
Reported EBITA	**1,421**	**(918)**	**(1,051)**
Normalised EBITA	**1,011**	**34**	**(470)**

- All operating divisions generally performed in line with expectations in the 1st half
- Referral model progressing slower than expected – 8 Referral Rights Agreements (RRA's) at balance date (increase of 1)

easton

Easton Investments
Operating Divisions



1. Incorporates Hayes Knight Services (NSW) Pty Ltd

Divisional (Segment) Performance

Normalised Segment Result	1H15	1H14	Change
	($'000)	*($'000)*	*(%)*
Wealth & Asset Management			
• Revenue	4,911	3,914	25%
• Contribution	1,017	594	71%
Distribution Services			
• Revenue	3,893	-	n/a
• Contribution	437	-	n/a
Accounting & Tax			
• Revenue & Contribution	164	-	n/a
Total Segment Result			
• Revenue	8,804	3,914	126%
• **Contribution - Normalised**	**1,618**	**594**	**172%**
• *less* Corporate Overheads	(607)	(560)	8%
• **Normalised EBITA**	**1,011**	**34**	**2,873%**

Wealth & Asset Management

Easton Asset Management (100%)

Business

Distribution of Harmony investment products under contract in Asia and the Middle East

Performance (6 months)

- Continued strong growth in funds and contribution
- Funds under contract distribution up from $330m to $441m, a rise of 34%
- Stronger 2nd half result expected on the back of increased funds

Easton Wealth Protection (100%)

Business

Risk insurance broking business

Performance (6 months)

- Transitioned licensing to Merit Wealth
- Entered into revenue sharing arrangement to improve performance
- On track, but up-lift expected in 2nd half

Chesterfields Financial Services (52%)

Business

Financial planning & risk insurance broking business

Performance (6 months)

- Solid result
- Further up-side potential from RRA with Hayes Knight Referral Services

Distribution Services

Integrated Business Model

Knowledge Shop

100%

Business

Professional support services and training to Accounting Firms

Performance (6 months)

- **25** net new subscriber firms
- Web-based training exceeding expectations
- Contribution = $520k
- Stronger 2nd half anticipated
- Earn-out ($0.75m) achieved and to be settled out reserves

Merit Wealth / HKRS

100%

Business

Referral model to provide Wealth Management soluti clients of Accounting Firms

Performance (6 months)

- **8** RRA's at balance date (increase of 1)
- **21** licensed advisers
- **44** accounting firms engaged
- Contribution = loss of $81k
- Looking to break-even in 2nd half
- First Earn-out ($0.5m) forfeited (2 years remaining)

Provides introductions to Accounting Firms

Accounting & Tax

30%

Hayes Knight (NSW)

Business

Accounting & Tax practice

Performance (6 months)

- "Tuck-in" successfully integrated
- Strong pipeline of work
- Contribution = $164k
- Higher contribution expected in the 2^{nd} half

Provides professional and technical support to Knowledge Shop

Important Changes

- Directors focussed on continued improvement in earnings performance
- Major changes announced to provide further streamlining of operations, lowering overhead costs and improving role and functional clarity
  - Joint Managing Director roles discontinued and Greg Hayes appointed Group Managing Director effective 1 March 2015
  - Kevin White to be appointed Executive Chairman and Rodney Green to become Deputy Chairman
  - The finance function relocated from Melbourne to Sydney to bring together the CFO and the Group Managing Director
  - The appointment of a new CFO – existing CFO declined offer to relocate
  - Closure of the Melbourne office from 14 March 2015 (to co-incide with the expiry of the tenancy)
  - Head office to be moved to Sydney and the corporate team relocated along side Easton's existing Sydney operations
- One-off relocation and associated costs of the order of $200k, including non-cash costs of approximately $50k, are expected to be incurred in the 2nd half, with future annual cost savings expected going forward
- Improved operating efficiency expected from discontinuation of joint managing director role and closer alignment of the CFO and the Group Managing Director

Strategic Intent & Business Model

- Key focus on building a meaningful distribution capability in financial services in Australia
  - Seek to acquire interests in quality and aligned accounting and financial planning businesses
    - Accountants are the “gate keepers” with key client relationships in the high net worth (HNW) and small to medium enterprises (SME) sectors
    - A network achieves scale, where scaled distribution has strategic value
    - Provides access to the high growth SMSF sector
  - Apply a different (superior) business model to others in the sector
    - Prefer “meaningful” interests, not 100% ownership
    - Alleviates many of the issues others in the sector are faced with, such as remuneration and retention
    - Provides benefits of listed company involvement and broad network of firms with similar businesses, aspirations and cultures
- Leverage Knowledge Shop’s unique distribution capability
- Develop Merit Wealth’s adviser and accounting referral network
- Continue to grow funds under contract distribution

Outlook

- Further improvement in underlying performance is expected in the 2nd half of 2015
- For the full year, Underlying Profit is expected to exceed $2.5m on the back of continued earnings improvement from the Company's main businesses
- The expected result is subject to normal trading conditions prevailing over the next 12 months
- Clear strategic intent to become a leading distribution company in the financial services sector
  - Focus on quality acquisitions
  - Very selective and must be earnings accretive
  - Good pipeline of opportunities being assessed

Looking to attract firms with the right culture

- Carried forward tax losses of $2.57 million as at 31 December 2014 will provide income tax payment relief over coming years and augment cash flow

Disclaimer

The information contained in this presentation is not intended to be exhaustive and must be considered in conjunction with all other publicly available information disclosed by Easton to the Australia Securities Exchange from time to time.

This presentation does not take into consideration the investment objectives, financial situation or circumstances of any particular investor.

Certain statements in the presentation relate to the future. Such statements involve known and unknown risks and uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from expected future results, performance or achievements expressed or implied by those statements. Easton does not give any representation, assurance or guarantee that the events expressed or implied in any forward looking statements in this presentation will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

This presentation has not been subject to auditor review.