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Acquisition of Equity Interest in First Financial

The Directors of Easton Investments Limited (**Easton** or **the Company**) advise that agreements have been executed today for the purchase by Easton of a 25% equity interest in First Financial Pty Limited (**First Financial** or **the Business**).

The transaction has immediate effect and involves a cash consideration of \$2.376 million, which has been sourced from existing surplus cash reserves.

First Financial is a pre-eminent, Melbourne based, wealth management and financial services business, offering a range of services including:

- Financial planning and investment advice
- Finance broking
- Income protection and life (risk) insurance broking services
- Self-managed super fund (SMSF) administration.

The Business has a large client base with funds under advice of approximately \$1.15 billion and specialises in SMSFs where it advises and administers more than 500 funds. First Financial also has a substantial finance broking book with loans under advice of approximately \$420 million.

Based on 10-months year-to-date trading, First Financial is expected to turnover approximately \$12.5 million in 2014/15.

First Financial has virtually no debt and typically delivers strong pre-tax operating cash flow. As a result, First Financial is expected to make a strong contribution to Easton's earnings and cash flow through dividend payments, while the transaction is expected to be particularly accretive to earnings per share given the use of surplus cash to fund the purchase.

Consistent with Easton's position with respect to minority interests, the parties have agreed to execute a shareholders' agreement which will incorporate, amongst other things, a put and call option to facilitate an orderly exit where the parties deem this to be in their respective best interests.

The acquisition of a minority interest in First Financial is consistent with Easton's business model to build a major distribution platform in the financial services sector through the partial ownership of a network of accounting and financial planning businesses.

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First Financial will benefit from Easton's ability and willingness to invest in network firms and, more generally, support their further growth and development, including through strategic partner arrangements.

Network firms are also expected to benefit from knowledge sharing and leveraging special capabilities.

This transaction significantly broadens Easton's scale of operations and enhances its geographic spread of network (**business to client**) businesses, as follows:

Location	Financial Planning	Accounting	Easton's Interest (%)
Sydney	Financial Planning division of Hayes Knight (NSW)	Hayes Knight (NSW)	31%
Melbourne	First Financial Easton Wealth Protection		25% 100%
Perth	Chesterfields Financial Services		52%

These businesses in total service clients with funds under advice of approximately \$1.4 billion and administer or service approximately 1,000 SMSFs.

In addition, Easton has 2 wholly owned businesses in the distribution services (**business to business**) sector, namely Knowledge Shop and Merit Wealth, both of which strongly contribute to Easton's expanding distribution capability.

Easton also owns 100% of Easton Asset Management which distributes investment products (in the form of managed funds) under contract in Asia and the Middle East.

The Directors are pleased with progress as the Company continues to increase earnings and earnings per share, but more generally as it emerges as a significant financial services company with an expanding distribution capability.

The Directors re-affirm that they continue to assess a pipeline of acquisition opportunities and expect to continue to grow strongly by acquisition and organically over coming years.

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