



APPENDIX 4E - FINAL REPORT

Lodged with the ASX under listing rule 4.3A

**OAKTON LIMITED ABN 50 007 028 711
AND ITS CONTROLLED ENTITIES**

Report for the financial year ended 30 June 2014

Previous corresponding period is the financial year ended 30 June 2013

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$000s
Revenues from ordinary activities	up	1.3%	to	\$164,465
Profit from ordinary activities after tax attributable to members	down	9.1%	to	\$8,323
Net profit for the period attributable to members	down	9.1%	to	\$8,323

Dividends	Amount	Franked amount
	per security	per security
Final dividend	4.00 cents	4.00 cents
Interim dividend – paid 6 May 2014	4.00 cents	4.00 cents
Record date for determining entitlements to the final dividend		29 August 2014
Payment date of final dividend		16 September 2014

Statement of Comprehensive Income Refer to the attached statement and relevant notes

Statement of Financial Position Refer to the attached statement and relevant notes

Statement of Changes in Equity Refer to the attached statement and relevant notes

Statement of Cash Flows Refer to the attached statement and relevant notes

Dividends paid or payable in the current year			
	Date of payment	Amount per share	Total amount of dividend \$'000
Final dividend			
Year ended 30 June 2013	16 September 2013	4.75 cents	\$4,271
Interim dividend			
Year ended 30 June 2014	6 May 2014	4.00 cents	<u>\$3,599</u>
Total paid			<u>\$7,870</u>
Final dividend			
Year ended 30 June 2014	16 September 2014	4.00 cents	\$3,600
Total dividends per share paid or payable in respect of the year ended 30 June 2014 – 8.0 cents (prior period - 9.5 cents)			
There are no dividend reinvestment plans in operation. All dividends paid and proposed are on ordinary shares, are fully franked at 30% tax rate and do not comprise any foreign sourced dividend.			

Net tangible assets per security		
	Current period	Prior period
Net tangible asset backing per ordinary share	24.1 cents	23.6 cents

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

None

Details of associates and joint venture entities

None

Commentary on the results for the period.

Market conditions during FY2014 again remained challenging across all industry sectors. In particular, there continues to be a large number of project deferrals and delays by customers in all sectors. Despite this an improved performance in the second half of FY2014 across most key metrics was achieved.

It is pleasing to note that, outside of NSW and ACT (which again have been impacted by reduced Federal Government spending), operating performance has shown solid organic sales and revenue growth which has resulted in overall revenue growth in FY2014 over the pcg. Once again production effort has grown year on year and was 11% over the pcg, reflecting an overall increase in market share.

The long term investment in the off shore facility in Hyderabad, India is again making a significant contribution to the Company's performance and strategic positioning, with that facility's share of total production being over 26% (pcg 20%). The Company's ability to meet reduced price expectations from customers has enabled the maintenance and improvement of market share in a number of sectors.

Investment in the generation of Non-Person based Revenue (NPR), including Oakton Applications as a service and other "cloud" related service integration models has enabled a significant increase in revenue from these sources.

The Company's strategic positioning is now generating larger engagements with longer term annuity revenue streams and has resulted in a record sales year of \$200m (up 20% on the pcg) which comprise revenue relating to both the current and future years. Reflecting this, the level of booked and committed revenue into the next financial year is well ahead of last year's level. Backlog into the following financial years is also significantly up on the pcg. Cash flow improved in the second half with first half cash flow impacted by timing of milestone payments on some engagements.

The Company continues to invest in the business to ensure the service offering remains relevant to rapidly changing industry directions and customers' evolving requirements. The mature off shore capability, deep specialisation and project/managed service engagement approach is now enabling a shift to a service integration and application delivery 'as a service' business model. This is becoming increasingly important as many cloud based business and technology services emerge and require careful integration and operation.

Audit

The financial report is in the process of being audited.

The financial report is not likely to contain an independent audit report that is subject to a modified opinion, emphasis of matter or other matter paragraph.

Consolidated Statement of Comprehensive Income

Oakton Limited and its controlled entities

For the year ended 30 June 2014

<i>Consolidated Entity</i>			
	<i>Notes</i>	2014 \$'000	2013 \$'000
Revenue			
Revenue from services	1	161,785	160,219
Other revenue	1	2,680	2,209
		164,465	162,428
Less: Expenses			
Administration		(3,787)	(3,817)
Business development		(375)	(381)
Cost of third party software and disbursements		(6,329)	(3,515)
Finance costs	2	(373)	(271)
Human resources	2	(134,729)	(134,636)
Occupancy		(3,462)	(3,248)
Depreciation	2	(3,051)	(2,714)
Technology		(1,585)	(1,874)
		(153,691)	(150,456)
Profit before income tax		10,774	11,972
Income tax expense		(2,451)	(2,816)
Profit from continuing operations		8,323	9,156
Profit for the year		8,323	9,156
Other comprehensive income		–	–
Total comprehensive income for the year		8,323	9,156
Profit attributable to members of the parent		8,323	9,156
Total comprehensive income attributable to the members of the parent		8,323	9,156
Basic earnings per share for continuing operations (cents per share)		9.3	10.1
Diluted earnings per share for continuing operations (cents per share)		9.2	10.0

This statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

Oakton Limited and its controlled entities

As at 30 June 2014

Consolidated Entity

	2014 \$'000	2013 \$'000
Current assets		
Cash and cash equivalents	2,354	6,947
Receivables	41,036	35,875
Total current assets	43,390	42,822
Non current assets		
Deferred tax assets	2,460	1,997
Property, plant and equipment	10,765	8,283
Intangible assets	80,019	80,019
Total non current assets	93,244	90,299
Total assets	136,634	133,121
Current liabilities		
Payables	20,129	19,078
Current tax payable	631	41
Provisions	10,663	10,101
Total current liabilities	31,423	29,220
Non current liabilities		
Provisions	1,061	706
Total non current liabilities	1,061	706
Total liabilities	32,484	29,926
Net assets	104,150	103,195
Equity		
Contributed capital	49,052	48,858
Reserves	348	237
Retained earnings	54,750	54,100
Total equity	104,150	103,195

This statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Oakton Limited and its controlled entities

For the year ended 30 June 2014

<i>Consolidated Entity</i> <i>Year ended 30 June 2014</i>	<i>Contributed capital \$'000</i>	<i>Reserves \$'000</i>	<i>Retained earnings \$'000</i>	<i>Total \$'000</i>
Balance at the beginning of the year	48,858	237	54,100	103,195
Profit for the year	–	–	8,323	8,323
Total comprehensive income for the year	–	–	8,323	8,323
Transactions with equity holders in their capacity as equity holders:				
Contributions	119	–	–	119
Share buy-back	–	–	–	–
Employee share scheme	75	169	197	441
Foreign currency translation	–	(58)	–	(58)
Dividends paid	–	–	(7,870)	(7,870)
Total transactions with owners in their capacity as owners:	194	111	(7,673)	(7,368)
Balance at the end of the year	49,052	348	54,750	104,150

<i>Consolidated Entity</i> <i>Year ended 30 June 2013</i>	<i>Contributed capital \$'000</i>	<i>Reserves \$'000</i>	<i>Retained earnings \$'000</i>	<i>Total \$'000</i>
Balance at the beginning of the year	52,439	578	53,903	106,920
Profit for the year	–	–	9,156	9,156
Total comprehensive income for the year	–	–	9,156	9,156
Transactions with equity holders in their capacity as equity holders:				
Contributions	65	–	–	65
Share buy-back	(3,669)	–	–	(3,669)
Employee share scheme	23	(306)	362	79
Foreign currency translation	–	(35)	–	(35)
Dividends paid	–	–	(9,321)	(9,321)
Total transactions with owners in their capacity as owners:	(3,581)	(341)	(8,959)	(12,881)
Balance at the end of the year	48,858	237	54,100	103,195

This statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

Oakton Limited and its controlled entities

For the year ended 30 June 2014

	2014 \$'000	2013 \$'000
Cash flow from operating activities		
Receipts from customers	174,481	176,141
Payments to suppliers and employees	(163,265)	(158,864)
Interest received	135	432
Finance costs	(373)	(271)
Income tax paid	(2,287)	(4,729)
Net cash provided by operating activities	8,691	12,709
Cash flow from investing activities		
Payment for property, plant and equipment	(5,533)	(1,630)
Net cash used in investing activities	(5,533)	(1,630)
Cash flow from financing activities		
Proceeds from share issue	119	65
Share Buy-back costs	–	(4,194)
Repayment of debt	–	–
Dividends paid	(7,870)	(9,321)
Net cash used by financing activities	(7,751)	(13,450)
Net decrease in cash and cash equivalents	(4,593)	(2,371)
Cash and cash equivalents at beginning of year	6,947	9,318
Cash and cash equivalents at end of the year	2,354	6,947

This statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

Oakton Limited and its controlled entities

For the year ended 30 June 2014

	<i>Consolidated Entity</i>	
	2014 \$'000	2013 \$'000
1. Revenue		
Revenues from continuing operations		
Revenue from services	161,785	160,219
Other revenue		
Interest, other persons	135	432
Research and development concession	2,545	1,777
	164,565	162,428
2. Profit from continuing operations		
Profit from continuing operations before income tax has been determined after the following specific expenses:		
Depreciation of non current assets		
Leasehold improvements	607	298
Software developed	1,246	1,391
Plant and equipment	1,198	1,025
Total depreciation of non current assets	3,051	2,714
Human Resources expense		
Employee benefits	107,799	105,854
Expense of share-based payments	441	79
Other	26,489	28,703
Total Human Resources expense	134,729	134,636
Finance costs		
Bank bill facility	373	271
Total finance costs expense	373	271
Other		
Operating lease rentals (included in Occupancy costs)	2,854	2,692
Total other expense	2,854	2,692

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

3. Subsequent events

As outlined in the market release of 12 August 2014, the Company announced a recommended cash offer from Dimension Data Australia Pty Limited of \$1.90 per share for 100% of Oakton. Key aspects of this are:

- Scheme Implementation Deed entered into with Dimension Data Australia.
- Oakton shareholders to receive \$1.90 cash per share subject to Oakton shareholder approval, court approval and all other conditions being satisfied or waived.
- The offer price represents an attractive premium of:
 - 29.7% to last close on 11 August 2014;
 - 35.5% to 1 month volume weighted average price ("VWAP"); and
 - 42.6% to 3 month VWAP
- The Board of Oakton unanimously recommends that all Oakton shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to an Independent Expert opining that the Scheme is in the best interests of Oakton shareholders.
- Subject to the same qualifications, the Executive Chairman and CEO, representing 11.3% of the total shares outstanding, intend to vote all of their Oakton shares in favour of the Scheme.
- The FY2014 final dividend of \$0.04 per share will be paid irrespective of the outcome of the Scheme.
- If the Scheme is approved and implemented, the \$1.90 cash amount per share will not be reduced as a result of the declaration and payment of the FY2014 final dividend of \$0.04 per share.
- The Scheme process is now underway and is expected to be implemented in November 2014.