

29 September 2014

The Manager
Company Announcements Office
Australian Stock Exchange Limited
(online lodgement)

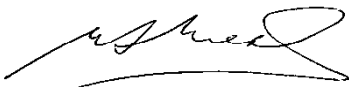
Dear Sir

RE: Annual Report & Statutory Accounts for the year ended 30 June 2014

Please find attached the 2014 Annual Report which will be distributed to shareholders by 17 October 2014

The report is currently available electronically from the Oakton Limited website,
<http://www.oakton.com.au/investors/financial-reports>

Yours faithfully

A handwritten signature in black ink, appearing to read "Michael Miers", with a long horizontal flourish extending to the right.

Michael Miers
Company Secretary

**Annual Report
2014**



Oakton Annual Report 2014

We're an Australian consulting and technology firm founded in 1988.

Our business is collaborating with customers to create tangible value, bringing together business insight and technology solutions to give them a distinct advantage in today's rapidly changing world.

How you think about a problem is more important than the problem itself.

Oakton Limited ABN 50 007 028 711

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Corporate Governance Statement 2014

Oakton Limited and its controlled entities

Listing rule 4.10.3 requires that Oakton discloses the extent to which it has followed the recommendations of the ASX Corporate Governance Council ('Council') during the 2014 financial year. There are 8 principles reported on below. Each principle includes one or more recommendations as well as a guide to reporting.

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.

The Oakton Board retains responsibility for the following items:

- ▶ setting and monitoring of objectives, goals and strategic direction for management with a view to increasing shareholder wealth;
- ▶ approving an annual budget and the monitoring of financial performance;
- ▶ approving debt facilities and corporate guarantees;
- ▶ ensuring adequate internal controls exist and are appropriately monitored for compliance;
- ▶ ensuring significant business risks are identified and appropriately managed;
- ▶ approving acquisitions;
- ▶ ensuring compliance with statutory requirements;
- ▶ selecting and appointing new Directors and the Chief Executive Officer; and
- ▶ maintaining the highest business standards and ethical behaviour.

The Company has adopted a Board Charter which clearly states the functions of the Board and those functions delegated to senior executives. A copy of the charter is available on the Company's website.

During the year Neil Wilson was Chief Executive Officer. The Board has delegated authority within the following areas to him:

- ▶ managing performance of the business and its constituent units and managers;
- ▶ implementing the strategies, business plans and budgets adopted by the Board;
- ▶ ensuring that the business processes in relation to risk management and assurance are met;
- ▶ ensuring compliance with applicable laws and regulations; and
- ▶ approving capital expenditure (except material acquisitions).

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

In the 2014 financial year, executives including executive directors who have operational responsibilities within their area of control were evaluated against the approved budgets and key performance indicators which were approved by the Board in the annual budget and planning process. The Remuneration Report provides details on the performance evaluation process of senior executives. These reviews, for each senior executive, are performed annually.

Principle 2 – Structure of the board to add value

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

During the year and currently, the Board comprises three non-executive directors and two executive directors. All the non-executive directors are considered independent by the Board under the definitions provided in the Council's recommendations. This recommendation has been complied with for the entire 2014 financial year.

Recommendation 2.2 The chair should be an independent director.

During the 2014 financial year, the chairman of the Board of Directors was Paul Holyoake. He is not considered to be independent under the Council's definition as he held an executive position within the three prior financial years and continues to do so. He is also a substantial shareholder. This recommendation has not been complied with during the 2014 financial year. The Board considers that the departure from this recommendation is in the best interests of Oakton. As the founder of the Company, Paul Holyoake is an integral part of the success and growth of Oakton.

Recommendation 2.3 The roles of the chairperson and chief executive officer should not be exercised by the same individual.

Paul Holyoake (Executive Chairman) and Neil Wilson (Managing Director and Chief Executive Officer) have distinct roles.

Recommendation 2.4 The Board should establish a nomination committee.

The Remuneration and Nomination Committee holds the delegated authority to nominate and assess candidates for the Board. Refer to recommendation 8.2 on page 4 for more information on the Remuneration and Nomination Committee.

Recommendation 2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

During the 2012 financial year, the Board commissioned an independent review covering composition, subcommittee structure, meeting frequency, Board paper composition and other related matters. Recommendations from this independent review have been implemented. In addition, the Board undertakes an annual self assessment process, the results of which are reviewed by the Chairman and presented to the Board for consideration.

Corporate Governance Statement 2014 continued

Oakton Limited and its controlled entities

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 practice.

The Oakton Human Resources manual and procedures ensure that:

- ▶ company assets are used appropriately for business purposes;
- ▶ confidential information is maintained confidential; and
- ▶ all parties act so as not to conflict with Oakton's interests.

Additionally, terms and conditions of employment provide detailed instructions as to the acceptable standards of behaviour.

The Company has established a Code of Conduct. The Code established the personal responsibility of managers and encourages the reporting of unlawful and unethical behaviour, and protects "whistle-blowers" who report violations in good faith.

Oakton has a Securities Trading Policy setting out procedures that apply to the Company's key management personnel when seeking to deal in the Company's securities.

A copy of the Oakton Securities Trading Policy and the Code of Conduct is available on the Oakton website at www.oakton.com.au/investors/governance.

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 and for the Board to assess annually both the objectives and progress in achieving them.

The Oakton Board adopted a policy on diversity in July 2011. Oakton is committed to:

- ▶ attracting, developing and retaining our employees to ensure business growth and performance;
- ▶ ensuring that every employee is treated fairly and with respect;
- ▶ valuing differences and the contribution of all employees to business success;
- ▶ creating an environment where people can excel without encountering bias or being hampered by race, age, gender, lifestyle choices, religion, culture or disability; and
- ▶ ensuring all employees and applicants are treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes only.

The Oakton Diversity Statement can be found on our website at www.oakton.com.au/investors/governance.

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.

The Executive Team, under the direction of the Chief Executive Officer, drives diversity and inclusivity within our business. We are proud of our culturally and ethnically diverse workforce. We will continue to focus on all aspects of diversity with our initial focus to improve our gender diversity. To demonstrate our commitment in this area the Board has adopted the following diversity measures for the 2014 financial year:

- ▶ Maintain current proportion of women on the Oakton Board – Achieved;
- ▶ Increase the number of female managers from 17% to a minimum 20%. Women account for 17.5% of management positions; and
- ▶ Formalise FAB (Females Achieving Business) as a proactive network to assist women to develop skills to deal with a "mostly male" environment and championed by one of the female board members – The FAB Network is well established across our operating locations.

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.

As at 30 June 2014 the proportion of women employees is 22.6% of the total workforce, 12.5% of senior executive positions and 20% of the Board.

The Company has received a notice of compliance from the Workplace Gender Equality Agency for the period 2013 to 2014. The full report can be found on Oakton's website at www.oakton.com.au/investors/governance

Principle 4 – Safeguard integrity of financial reporting

Recommendation 4.1 The Board should establish an audit committee.

The Audit Committee was established in June 2000 when the company became a listed company. Within Oakton, the committee is called the Audit and Risk Committee.

The main objectives of the Audit and Risk Committee are:

- a. to assist the Board achieve its objectives in relation to:
 - ▶ the integrity and reliability of the consolidated entity's financial reporting;
 - ▶ the application of accounting principles, policies, controls and procedures;
 - ▶ the adequacy of practices and procedures in respect of achieving legal and regulatory compliance; and
 - ▶ the effectiveness of internal control and risk management systems.
- b. maintain and improve the quality, credibility and objectivity of the financial reporting process;
- c. promote a culture of compliance;
- d. maintain effective communication between the Board and the Committee;
- e. oversee the relationship with the external auditor and assess the auditor's independence; and
- f. monitor compliance strategies and the effectiveness of the compliance function.

The responsibilities of the Audit and Risk Committee are in the areas of external financial reporting, external audit, risk management and internal control and other items as noted in its charter.

Additionally, the Audit and Risk Committee is responsible for:

- ▶ assessing and recommending to the Board the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime and special accident;
- ▶ if it considers appropriate, investigating any complaint or allegation made to it;
- ▶ reviewing and monitoring any transaction between the Oakton group and the key management personnel and their personally-related entities, and making recommendations to the Board on their approval or otherwise; and
- ▶ monitoring that the audit, risk management and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

The Committee has adopted a program of work which enables it to discharge its responsibilities under the Charter. The full charter is available on the Oakton website at www.oakton.com.au/investors/governance.

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.**

During the 2014 financial year, the members of the Audit and Risk Committee were:

- ▶ Anthony Larkin (an independent, non-executive director), Chairman of the Committee;
- ▶ Chris Gillies (an independent, non-executive director); and
- ▶ Martin Adams (an independent, non-executive director)

The Company Secretary acts as the Committee Secretary assisting members. The Company's external auditors are invited to attend the Committee's meetings and provide closed briefings to the Committee without management present. In addition, the Committee is able to seek and obtain input from external consultants as required.

Recommendation 4.3 The audit committee should have a formal operating charter.

The Audit and Risk Committee has a formal operating charter. A copy of the charter is available on the Oakton website at www.oakton.com.au/investors/governance. In addition to the Charter, the Committee has adopted a program of work for each year.

Principle 5 – Make timely and balanced disclosure

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

The Company Secretary is the Disclosing Officer responsible for all communications with the ASX. The procedures ensure that all matters which may affect the price of securities are monitored by the Board and at each board meeting the Board confirms whether or not there are any further matters to be disclosed. All communications are reviewed by the directors, together with the Disclosing Officer to ensure that they are factually correct and complete. Should matters arise between scheduled Directors' Meetings, the executive directors and the Disclosing Officer will consider them, prepare recommendations and then circulate them to all directors for review and resolution. Should the matter(s) require disclosure, then an announcement will be made via the Disclosing Officer.

The Managing Director and Chief Financial Officer are responsible for the communications with the broader investor community. The Managing Director and Chief Financial Officer comply with the continuous disclosure regime at all times, seeking Board approval to release price sensitive information prior to its communication to the investment community.

Principle 6 – Respect the rights of shareholders

Recommendation 6.1 Companies should design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.

The Board has developed an annual investor relations communications plan:

- ▶ The annual report is published electronically on the Oakton website. A printed copy of the annual report is distributed to shareholders or other stakeholders upon request. The Board ensures that the annual report includes relevant information about the operation of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is the primary source of publicly available information on Oakton;
- ▶ The half-year report contains summarised financial information and a review of the operations of the Company during the period. The half-year financial report is prepared in accordance with the Corporations Act, and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange (ASX); and
- ▶ The Company's website at www.oakton.com.au is regularly updated and provides details of recent material announcements by the Company to the ASX, annual reports, and general information on the Company and its business.

The Board encourages participation of shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as distinct resolutions.

The Board reviews the investor relations communication plan in April each year.

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.

In relation to identifying areas of significant business risk and putting in place arrangements to manage such risk the Board relies on the advice and expertise of senior management acting in consultation with the Company's external advisers. Where appropriate the Board obtains advice directly from external advisers.

Responsibility for developing and monitoring corporate governance policies and practices in areas outside the scope of the functions of the Audit and Risk Committee is retained and exercised directly at Board level.

Risk management is part of the business as usual process at Oakton comprising a system of risk oversight, management and internal controls operating at all levels of the organisation.

Oakton's policy in relation to risk management outlines:

- ▶ definition of risk;
- ▶ identification of material business risk; and
- ▶ reporting on the status of mitigating actions.

Corporate Governance Statement 2014 continued

Oakton Limited and its controlled entities

Oakton's risk management policy defines risk as any adverse exposure to events that could affect Oakton's ability to discharge its responsibilities to its stakeholders and/or meet its objectives.

Risks are rated on two scales reflecting the probability of occurrence and the impact which are then rated on a scale of impact to Oakton's reputation and/or financial performance to provide a matrix of the material business risks that Oakton manages.

In response to changing conditions, the ranking of certain risks may change and additional risk mitigation activities may be undertaken.

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.

A process exists to report risk at different operational levels from business unit through to the Board. Material operational and strategic risks are reported monthly to the Board. Risks are aligned to Oakton business plan domains enabling direct linking of risk mitigation action plans with the business plan initiatives and/or existing operational functions. This focuses risk ownership at the executive level.

The effectiveness of the risk management process is assessed periodically and continually improved.

In addition, as part of Oakton's delivery of risk mitigation, the Company is ISO 9001 certified and externally audited bi-annually to maintain this certification.

The Board of Directors has overall responsibility for establishing and maintaining an effective system of internal control. The day-to-day work of maintaining an effective internal control environment and continuous risk assessment in respect of financial reporting has been delegated to the Managing Director and Chief Executive Officer, who in turn has delegated function-specific responsibility to managers at appropriate levels within the company. Management regularly reports on the effectiveness of the Company's risk management to both the Board and the Audit and Risk Committee.

The company's processes and systems for ensuring effective internal controls have been designed with the intention of managing and limiting the risks of material errors in the reporting of financial information, and, consequently, lead to both operational and strategic decisions being based on accurate financial information. The Internal Control system is governed by a clearly defined set of roles and responsibilities, supported by approved Delegations of Authority, appropriate segregation of duties and management review and supervision.

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.

This recommendation was complied with during the 2014 financial year.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 The Board should establish a remuneration committee.

The Remuneration Committee was established in June 2000 when the company became a listed company. Within Oakton, the committee is called the Remuneration and Nomination Committee.

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
- ▶ has at least three members.

During the 2014 financial year, the members of the Remuneration and Nomination Committee were:

- ▶ Chris Gillies (an independent, non-executive director), Chairperson of the Committee;
- ▶ Anthony Larkin (an independent non-executive director);
- ▶ Martin Adams (an independent non-executive director), appointed 21st November 2012; and

The Remuneration and Nomination Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities; and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Remuneration and Nomination Committee has authority for nomination of candidates to the Board and management of the Oakton Limited Equity Incentive Plan.

The Remuneration and Nomination Committee Charter was formally adopted in May 2006 and is reviewed annually.

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

The terms and conditions of the appointment of each of the non-executive directors are set out in a letter of appointment which prescribes:

- ▶ remuneration;
- ▶ the term of appointment, subject to shareholder approval;
- ▶ the expectations of the Board in relation to attending and preparing for all Board Meetings;
- ▶ procedures for dealing with conflicts of interest; and
- ▶ the availability of independent professional advice.

Non-executive directors are remunerated for their services from the maximum aggregate amount approved by shareholders for that purpose. Their compensation is reviewed by the Board. There are no termination benefits for non-executive directors.

Non-executive directors do not receive at risk remuneration.

The executive directors and senior executives are employed under individual contracts detailing their remuneration, service period and non-competition clauses. The contracts may be terminated for cause and the executive directors and senior executives may be entitled to termination benefits in accordance with relevant state and federal laws governing long service leave and superannuation. All executives including executive directors have an element of their remuneration at risk. The key performance indicators which will entitle them to access the at risk portion of their remuneration are set through the annual business planning and budget process.

Specific details of remuneration paid and incentive arrangements are detailed in the Remuneration Report set out on pages 11 to 21.

Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of Oakton Limited ABN 50 007 028 711 and the entities it controlled (Oakton), for the financial year ended 30 June 2014 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names of directors in office at any time during or since the end of the financial year are:

- ▶ Paul Holyoake (Executive Chairman);
- ▶ Neil Wilson (Managing Director & Chief Executive Officer);
- ▶ Chris Gillies;
- ▶ Anthony Larkin; and
- ▶ Martin Adams

Directors have been in office since the start of the financial year to the date of this report.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

- ▶ Michael Miers

Principal activities

As a consulting and technology company, Oakton collaborates with its customers to deliver a broad range of consulting and technology-based services for them. Oakton delivers its services to a customer base that is diverse and spread across a range of government and commercial industry sectors and geographies. Oakton assists its customers with planning, implementing and operating the specific features of the consulting and technology services they require.

The principal activities of the consolidated entity during the financial year consisted of:

- ▶ supporting customers' core business functions; for example, their back office administration functions and their front office customer engagement functions;
- ▶ delivering online services for customers; for example, developing or supporting customers' website presence and providing ongoing support such as resolving any hardware or software performance issues and assisting with developing an internal help desk function; and
- ▶ assisting customers with their information management and analysis requirements; for example assisting customers with accessing broad sets of data to enable or improve analysis of their own customers, products and revenue-generating sources.

There has been no significant change in the nature of these activities during the financial year.

Results

The consolidated profit after income tax attributable to the members of Oakton Limited was \$8,322,807 (2013: \$9,156,130).

Review of operations

Market conditions during FY2014 again remained challenging across all industry sectors. In particular, there continued 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.

The movement of key performance metrics over the previous corresponding period were:

	2014	2013
Revenue	\$164.3m	\$162.0m
Earnings before Interest, tax & depreciation (EBITDA)	\$14.1m	\$14.5m
Net profit after tax	\$8.3m	\$9.2m
Gross margin	20.39%	20.43%
Overhead margin	11.84%	11.46%
EBITDA margin	8.56%	8.97%
NPAT margin	5.06%	5.65%
Cash & cash equivalents	\$2.35m	\$6.95m
Receivables	\$41.03m	\$35.87m
Total assets	\$136.63m	\$133.12m
Total liabilities	\$32.48m	\$29.93m

The earnings performance of the Company was impacted by the following items

- ▶ Increased interest costs as a result of funding of increased WIP levels on larger projects, managed service engagements and days debtors increasing due to the timing of some milestone payments.
- ▶ Increased depreciation charge relating to new office fitouts in NSW, WA, Victorian Managed Service centre, further office expansion in India and increased investment in Oakton Applications.
- ▶ Gross margin impacted by higher than expected Non Person Based Revenue (NPR) but at lower margin in order to create market share.
- ▶ Improved utilisation across the group was offset by pricing rate pressure.
- ▶ Overhead expenses include \$1m of investment in Oakton Applications and Oakton Cloud enablement.
- ▶ Revenue per average FTE impacted by changing mix of consulting, implementation and managed services revenue, increased use of offshore and growth in NPR.
- ▶ Operating cash flow impacted by increased WIP levels based on larger projects and managed services.

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

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 pcp) 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 pcp. Cash flow improved in the second half with first half cash flow impacted by the timing of milestone payments on some engagements.

Directors' Report continued

Since its formation in 1988, Oakton has evolved from being a traditional installer and integrator of IT hardware and software into customers' business environments to also be a provider of a broader range of IT services that customers access and pay for on an on-going 'consumption' basis rather than on an 'installed' basis. This evolution in Oakton's business model is continuing and to date has included:

- ▶ Oakton developing its own intellectual property which it then integrates with third party providers of cloud-based services, to deliver a combined Oakton-branded service to its customers. This integration process is effected through strategic partnerships between Oakton and cloud based service providers, directed towards joint selling and delivery of integrated services to customers; and
- ▶ Oakton investing in its offshore business in India, further details of which are provided below.

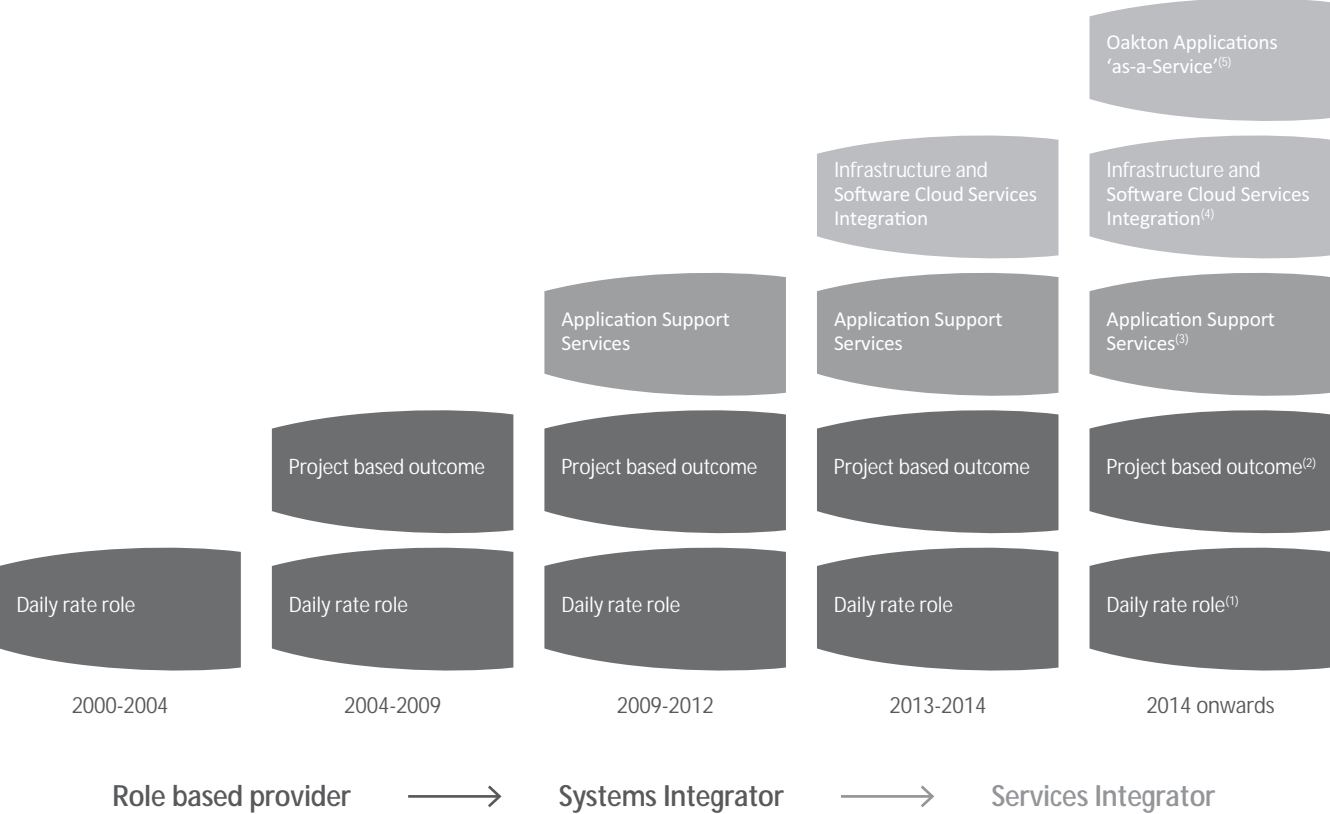
The step chart below depicts the continuing evolution of Oakton's business model since 2000. This evolution has been driven by the rapid pace of changes in the IT industry and the corresponding need to ensure that Oakton's services remain relevant to its customers' changing technology requirements, in terms of what they need and how they want their services delivered.

- 1. Daily rate role:** this involves the provision of a skilled person to provide their services as directed by the customer, with their time normally charged to the customer on an hourly or daily rate.
- 2. Project based outcome:** this service involves the delivery of a customer's desired technology outcome on a project basis where the scope of the technology deliverable is agreed and the team works to a project budget and timeframe to deliver the expected outcome.
- 3. Application Managed Services:** this service seeks to ensure that a customer's technology continues to operate on a day to day basis as planned. If and when any service level problems arise, there is a comprehensive process to identify and manage the rectification of the problem to ensure the environment returns to an 'as expected' service level.

4. Infrastructure and Software Cloud Services Integration: this service combines a set of cloud based software and hardware services with traditional in-house systems to provide an integrated service offer to the customer. For example, a customer may have an existing in-house customer billing system and may be seeking to take advantage of a cloud based sales system to manage its new and prospective customers. This service would integrate the customer's existing billing system with a cloud based sales system so that any new customers created in the sales system can seamlessly integrate into the billing system and all of the software and hardware connection points are managed as an integrated service offer.

5. Oakton Applications 'as-a-Service': this service provides customers with access to applications provided 'out of the box' that support specific industry and/or functional requirements. The applications are provided as an integrated set of cloud based services that, coupled with Oakton's configuration and tailoring intellectual property, provides a service that is paid for on a usage basis rather than as a capital investment. For example, a banking industry, customer matching application would be tailored to access typical banking data that can be matched in an industry standard manner without significant software or hardware installation requirements. This would be achieved in a timeframe that is much shorter than traditional software installation approaches and in a commercial model that does not require the customer to make a significant upfront capital investment.

Oakton's traditional services (as described in notes 1, 2 and 3 above) continue to represent a key part of its business model, with the intellectual property gained from these services considered to be an integral driver of Oakton's new service offerings (as described in notes 4 and 5 above). Those new services offerings are founded on Oakton's expertise across Industry coverage, Domain services and Technology enablement (IDT).



As a result of Oakton adding these new service offerings to its business model and currently positioning itself as a Services Integrator, Oakton is beginning to see the flow of new revenue streams that are driven by the fees charged by Oakton for providing on-going year-on-year contracted services (with the quantum of fees charged being based on the level of 'consumption' of those services by Oakton's customers). These new revenue streams are less reliant on daily or hourly charge rates. The addition of these new services offerings allows Oakton to generate additional revenue without increasing the number of its employees and contractors.

Oakton has also implemented an offshore resourcing model which involved Oakton establishing a purpose-built, wholly owned operation in Hyderabad, India in 2006. This facility employs a local skilled workforce to deliver Oakton's technology services to Australian customers.

Oakton's operations in India have expanded significantly since 2006 and as at 30 June 2014, approximately 26% of Oakton's total headcount was based in India. For FY2014, the offshore operation contributed approximately 26% of Oakton's total hours of services provided to customers.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

After balance date 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 through a Scheme of Arrangement.

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 a premium of:
 - 29.7% to last close on ASX on 11 August 2014;
 - 35.5% to 1 month volume weighted average price ("VWAP"); and
 - 42.6% to 3 month VWAP
- ▶ The Scheme process is now underway and is expected to be completed in November 2014.

Likely developments

If the Scheme does not proceed, Oakton intends to continue to implement its strategy as outlined in its announcement to ASX on 19 August 2014 enclosing the FY2014 Full Year Results and Outlook .

In particular, Oakton intends to seek to increase its market share by continuing to build on its service integration capabilities and to grow its on-going year-on-year contracted revenue. This is expected to involve an increasing focus by Oakton on more cloud-based services revenue that is not reliant on hourly rates (i.e. an increasing focus on non-person based revenue). Oakton's expected increased focus on cloud-based services revenue is in response to an expected increase in customer demand for digital, cloud, mobility, information management and business system services, with these individually or in combination increasingly operating 'as a service'. Oakton also intends to increase its use of offshore and cloud service models to address the increase in focus by customers on costs and value for money. This will involve Oakton continuing to develop its strategic partnerships with third party technology service providers, as well as continuing to focus on people development and learning programs to increase retention and employee engagement.

Subject to successfully implementing these initiatives and subject also to the impact of current market conditions and demand from the Federal Government improving in FY2015, Oakton currently expects to achieve revenue growth and improved margins in FY2015.

However, the continuing transformation of Oakton carries execution risks, some of which may be outside the control of Oakton. For example, Oakton notes that market conditions remained challenging in FY2014 across all industry sectors and in particular, that there continues to be a large number of project deferrals and delays by customers in all sectors and that Oakton's revenue has been impacted by reduced Federal Government spending in New South Wales and the Australian Capital Territory.

Although it is not possible to predict future market conditions with any certainty, Oakton is not seeing any indications that suggest that market conditions will materially improve in the short to medium term or that the specific risks to which Oakton's business are subject, some of which are described below, will materially diminish in the short to medium term.

In particular, Oakton notes the following specific risks:

Revenue from government agencies

Approximately 31% of Oakton's revenue in FY2014 was derived from services rendered to Federal, State and local governments. Of this amount, approximately 18% of total revenue in FY2014 was from the Federal Government. A material decrease in demand for services from government agencies driven by restricted government spending or change in government (similar to that highlighted by Oakton in its announcement to ASX on 19 August 2014 enclosing the FY2014 Full Year Results and Outlook) may have a significant adverse impact on Oakton's revenue.

Services (i.e. non person) based revenue

Since 2013, Oakton's business model has expanded to include new service offerings whose revenue is less reliant on hourly or daily rates and more reliant on the fees associated with the provision of IT hardware infrastructure and software as a customised service (e.g. Oakton's Applications as a Service and other cloud related service models). This model is designed to enable Oakton to grow its revenue without necessarily increasing employee and contractor head count and to enable greater scale and more recurring business. If the ongoing execution of this transition plan is materially delayed or is unsuccessful, this may adversely affect Oakton's financial performance and growth prospects.

Cash flow

As part of Oakton's strategic positioning to secure engagements on larger and longer projects, there is a risk that Oakton's cash flow may be impacted by reliance on the achievement of milestones or deferred timing of milestone payments on some engagements. Oakton's cash flow may also be impacted by project deferrals and delays by clients across industry sectors.

Section 5.10 of the Explanatory Booklet for the Scheme contains a non inclusive list of the further risks relating to Oakton's business.

Environmental regulation

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

Directors' Report continued

Dividends paid, recommended and declared

The dividends paid or declared by Oakton Limited since the start of the financial year are as follows:

	2014 \$'000	2013 \$'000
(a) Dividends paid during the year		
<i>Previous year final</i>		
A fully franked dividend of 4.75 cents per share was paid on 16 September 2013 (2013: 5.5 cents paid on 16 September 2012)	4,271	5,045
<i>Current year interim</i>		
A fully franked dividend of 4.00 cents per share was paid on 6 May 2014 (2013: 4.75 cents paid on 22 March 2013)	3,599	4,276
	7,870	9,321
(b) Dividends declared and not paid		
After the end of the financial year, the Directors declared a fully franked dividend of 4.00 cents per share to be paid on 16 September 2014. This dividend, calculated on the number of shares on issue at the date of this report, is not provided for in the financial report.	3,600	4,265

Share Buy-back

On 26 March 2013 the Company announced a further on-market share buy-back of up to a maximum of 10% of the market capitalisation in the period 9 April 2013 to 8 April 2014 (inclusive). During that period no shares were bought back and the share buy-back was finalised.

Share options

Options issued by Oakton Limited during or since the end of the financial year are detailed in Notes 14(d) and 21 in the attached financial report. Unissued shares under option issued during the year are detailed in Note 14(d). All options are over ordinary shares in the company. No option holder has any right under the options to participate in any other share issue of the company.

Performance Rights

Performance rights issued by Oakton Limited during or since the end of the financial year are detailed in Notes 14(d) and 21 in the attached financial report. The details of rights granted to Directors and executives are detailed in the Remuneration Report on pages 11 to 21. All rights are over ordinary shares in the company. No rights holder has any right under the rights to participate in any other share issue of the company.

Indemnification and insurance of Directors and Officers

The company has during the financial year, in respect of any person who has or has been an officer of the company or a related body corporate, paid a premium in respect of Directors and Officers Liability insurance which indemnifies Directors, Officers and the Company of any claims made against the Directors, Officers of the Company and the Company, subject to conditions contained in the insurance policy. Further disclosure required under section 300(9) of the Corporations Act 2001 is prohibited under the terms of the contract.

Proceedings on behalf of the Consolidated Entity

No person has applied for leave of a Court to bring proceedings on behalf of the consolidated entity.

Information on Directors and Company Secretary

The qualifications, experience and special responsibilities of each person who has been a Director of Oakton Limited at any time during or since the end of the financial year is provided below, together with details of the Company Secretary as at the year end.

Paul Holyoake BEngMech(Hons), MEngSci, Grad Dip CompSci (Melb)	Executive Chairman Appointed as a director on 12 July 1988. Last re-elected at the 2011 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2014.
Neil Wilson BBus (Accounting) (MIS), CPA	Managing Director and Chief Executive Officer Appointed as a director on 17 November 2000. Formerly a member of the Remuneration and Nomination Committee (until September 2010). Last re-elected at 2003 AGM. As Managing Director, he is not subject to rotation and re-election. No other directorships of listed companies were held at any time during the three years prior to 30 June 2014.
Chris Gillies FAICD	Independent Director Appointed as a director on 11 June 2003. Chairperson of the Remuneration and Nomination Committee. Member of the Audit and Risk Committee. Last re-elected at 2013 AGM. Previous directorships in listed companies in the prior 3 years: Corporate Express Australia Ltd (July 2005 to July 2010) and Rabinov Property Trust (from December 2010 to November 2011).
Anthony Larkin FCPA, FAICD	Independent Director Appointed as a director on 2 September 2009. Chairman of the Audit and Risk Committee since his appointment. Member of the Remuneration and Nomination Committee. Last re-elected at the 2012 AGM. Other listed company directorships: Incitec Pivot Ltd (since May 2003) and MMG Limited (formerly Minmetal Resources Ltd) (since December 2011 – listed on Hong Kong Stock Exchange). Previous directorships in listed companies in the prior 3 years: Corporate Express Australia Ltd (July 2004 to July 2010).
Martin Adams BEngMech(Hons), FAICD	Independent Director Appointed as a director on 4 September 2012. Member of the Audit and Risk Committee and Remuneration and Nomination Committee since his appointment. Last elected at the 2012 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2014.
Michael Miers BEc, FCPA	Company Secretary Appointed Company Secretary in March 2003.

Experience of continuing directors:

Paul Holyoake *BEngMech (Hons), MEngSci, GradDipCompSci (Melb) Executive Chairman*

Paul, as a founder of Oakton, delivered the drive and business pragmatism to grow a start-up company into a profitable enterprise. Paul was appointed Executive Chairman in July 2005 and at that time stepped away from the day-to-day activities of Oakton to focus on strategic initiatives. Paul has been an integral part of the success and growth of Oakton since listing. Paul has a proven ability to detect the direction of technology and to align the business focus accordingly. Paul has been involved in the information technology sector since 1980, and worked for a robotics company and CRA (now Rio Tinto) prior to founding Oakton in 1988.

Neil Wilson *BBus (Accounting) (MIS), CPA Managing Director and Chief Executive Officer*

Neil was appointed Managing Director and Chief Executive Officer of Oakton in July 2005. From October 2002 until June 2005, Neil was the Chief Operating Officer of Oakton. Neil became a Director of Oakton in October 2000, when Charter Wilson and Associates Pty Ltd (a company he had founded in 1997) was acquired by Oakton. Prior to this Neil held a number of senior IT positions with Coles Myer. In his role as Oakton's Chief Executive Officer, Neil plays a key role in communicating with the investment community and regularly presents on behalf of Oakton at industry forums and investment seminars. He drives the business planning process and is key to the setting of strategy for the company.

Chris Gillies *Non-executive Director*

Chris has more than 30 years experience in the Information Technology industry. She is a full time Non-Executive Director focusing on IT governance. Her background includes executive appointments with St George Bank, as Group Executive Integration and Group Executive Group Services, Chief Information Officer for the Bank of Melbourne and Director of DMR Victoria. Chris chairs board IT committees for Centrelink and UCMS and is an advisor to the Bendigo Bank board IT committee. In addition, Chris has a wide range of consulting experience in mergers and acquisitions and in designing and implementing major change programs.

Anthony Larkin *F CPA, FAICD Non-executive Director*

Tony had a successful career with BHP spanning 39 years, during which he held various senior finance executive roles including General Manager Accounting, General Manager Finance BHP Minerals, and Corporate Treasurer. While employed by BHP, he was seconded to the role of Chief Finance Officer with Fosters Brewing Group for 4 years. In 1998 Tony was appointed to the position of Executive Director Finance with Orica Limited from which he retired in 2002.

Martin Adams *BEngMech(Hons), FAICD*

Martin was a founder of Lochard, an Australian headquartered company operating globally, which under his leadership as Chairman and CEO grew to become the world leader in environmental monitoring systems and services for the aviation industry.

In 2009, Martin sold Lochard to the UK listed company Spectris and continues to work with the new organisation. Martin holds a number of directorships and chairs several technology companies in Australia and North America.

Martin is Chairman of the Australian American Leadership Dialogue, a bilateral bipartisan NGO which brings together leaders from the public and private sector from Australia and USA, and Chairman of the University of Melbourne's Accelerator Program (MAP) Advisory board.

Martin has a degree in Mechanical Engineering (Hons) from the University of Melbourne. He was awarded the E&Y National Entrepreneur of the Year for Technology, Communications, E-commerce and Life Sciences in 2002.

Prior to founding Lochard, Martin worked as geophysical engineer for Schlumberger in offshore oil exploration in the North Sea and for Honeywell Bull.

Apart from the Managing Director, one-third of directors are subject to rotation each year and may offer themselves for re-election at the Annual General Meeting.

The Board has a policy of enabling Directors to seek independent professional advice at the company's expense, subject to estimated costs being approved by the Chairman in advance as being reasonable. It is the practice of the Directors that when a potential conflict of interest may arise, the Director concerned does not receive a copy of the relevant Board paper and withdraws from the Board Meeting whilst such a matter is being considered.

Directors' Report continued

Directors' meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each director were:

	<i>Board of Directors</i>		<i>Audit and Risk Committee</i>		<i>Remuneration and Nomination Committee</i>	
	<i>Eligible to attend</i>	<i>Attended</i>	<i>Eligible to attend</i>	<i>Attended</i>	<i>Eligible to attend</i>	<i>Attended</i>
Paul Holyoake	13	13	0	0	0	0
Neil Wilson	13	13	0	0	0	0
Chris Gillies	13	13	4	4	4	4
Anthony Larkin	13	13	4	4	4	4
Martin Adams	13	12	4	4	4	4

Directors' Interests in Shares, Options or Rights

Directors' relevant interests in shares of Oakton Limited or options and rights over shares in the company as at the date of this report are detailed below.

	<i>Ordinary shares of Oakton Limited held directly</i>	<i>Ordinary shares of Oakton Limited held indirectly</i>	<i>Rights over shares in Oakton Limited held directly</i>
Paul Holyoake	—	8,000,000	—
Neil Wilson	2,195,000	5,000	686,916
Chris Gillies	—	26,000	—
Anthony Larkin	—	—	—
Martin Adams	—	74,757	—

Directors' interests in contracts

Directors' interests in contracts are disclosed in Note 23(b) to the financial statements.

Transactions with Directors are at arms-length and in the ordinary course of business on normal trading terms. The consolidated entity leases premises owned by Davkat Pty Ltd (entity related to Paul Holyoake). During FY2014 the Company paid \$215,589 (FY2013 \$207,941) in respect of lease rental for premises.

There were no other transactions with Directors or their personally related entities during FY2014.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Non-audit services

Non-audit services are approved by resolution of the Audit and Risk Committee. Non-audit services provided by the auditors of the consolidated entity during the year, Pitcher Partners, are detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor by any entity that is part of the consolidated entity for:

	<i>2014 \$'000</i>	<i>2013 \$'000</i>
Corporate secretarial services	7	8
Other non-audit services	8	—
	15	8

Rounding of amounts

The amounts contained in the report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the consolidated entity under ASIC Class Order 98/0100. The consolidated entity is an entity to which the Class Order applies.

Remuneration Report (forming part of the Directors' Report)

This remuneration report sets out remuneration information for Oakton's non-executive directors, executive directors and other key management personnel ("KMP").

The report is comprised of the following key sections:

- a) Who this report covers
- b) Remuneration governance
- c) Executive remuneration policy and framework
- d) Use of remuneration consultants
- e) Link between performance and remuneration outcomes
- f) Non-executive director remuneration
- g) Details of remuneration
- h) Service agreements
- i) Details of share-based compensation and bonuses
- j) Voting and comments made at Oakton's 2013 Annual General Meeting
- k) Other KMP Disclosures

a) Who this report covers

The names and positions of each person who held the position of director at any time during the financial year are:

<i>Directors</i>	<i>Position</i>
Paul Holyoake	Executive Chairman
Neil Wilson	Managing Director and Chief Executive Officer
Chris Gillies	Independent, Non-executive Director
Anthony Larkin	Independent, Non-executive Director
Martin Adams	Independent, Non-executive Director

The key management personnel of the consolidated entity for the financial year are:

<i>Key management personnel</i>	<i>Position</i>
John Phillips	Chief Financial Officer
Karen Lowe ¹	Executive General Manager, Organisational Capability

¹ Karen Lowe resigned on 1 August 2013

Changes since the end of the reporting period

There were no changes to directors disclosed in this report since 30 June 2014.

b) Remuneration governance

The Remuneration and Nomination Committee is a committee of the Board. It is responsible for making recommendations to the Board on remuneration policies and remuneration packages applicable to Board members.

Subject to review by the Remuneration and Nomination Committee, the Managing Director and Chief Executive Officer (MD/CEO) determines the remuneration of the KMP.

c) Executive remuneration policy and framework

Oakton aims to provide market competitive and equitable remuneration to attract, motivate and retain highly skilled people who will drive the successful execution of our business strategy and deliver positive outcomes to our stakeholders.

The executive remuneration structure aims to deliver a significant portion of remuneration that is dependent on annual business performance and long-term shareholder value, ensuring alignment between the business' success and an individual's reward. It provides incentives to encourage employee commitment, innovation and creativity in their contribution to the business.

Oakton uses an industry-based remuneration benchmarking process which aims to position executive fixed remuneration at a level that reflects the market for a comparable role. In addition to fixed remuneration, incentive remuneration is offered and provides the opportunity to increase total remuneration payable if targets are met. Comparable roles for benchmarking purposes are identified within the Australian Information Industry Association survey and/or other relevant salary surveys.

It is the Company's policy to position fixed remuneration for the MD/CEO at the median of a comparator group comprising 20 companies of a similar size based on market capitalisation. Fixed remuneration for other executives is determined with reference to industry specific salary

Directors' Report continued

surveys to enable like-for-like comparison. The Company aims to provide total remuneration (fixed remuneration (FR), short term incentive (STI) and long term incentive (LTI)) for executives at the 75th percentile of the relevant comparator group and at the 50th percentile for fixed remuneration. Fixed remuneration may range between 85%-115% of market rates for comparable roles, depending on the employee's competence and sustained performance in their role. Employees in new roles will typically be positioned around the lower end of the band. As employees develop the capabilities required for their role, fixed remuneration should move towards the upper end of the range. However, these are merely guidelines and the Company acknowledges that fixed remuneration levels for individual executives may be positioned outside these bands, depending on the experience of the incumbent, market pressures and business needs.

A significant portion of remuneration is performance-based and closely aligned with annual and longer-term objectives. The desired target remuneration mix for the MD/CEO of 50:20:30 (FR:STI:LTI), and 50:30:20 for other executives.

The MD/CEO and executives' fixed remuneration has been frozen, for the past three years, to enable a transition to the desired remuneration mix. The rate of transition has been impacted by continued low wages growth and the current state of the economy, in particular the information technology services sector. In light of these circumstances it has been decided to continue the freeze on executives' fixed remuneration.

Remuneration mixes

In 2011 the Chairman of the Remuneration and Nomination Committee commissioned Ernst & Young to provide a report which specifically covered the MD/CEO's total remuneration (comprised of FR, STI and LTI) and to benchmark it against current market remuneration levels. Two comparator groups were used in the benchmarking review, those being 20 companies with market capitalisations ranking above and below Oakton, and an industry group of 6 specifically selected peer companies from the ASX 300 Information Technology Index that are most similar to Oakton's business and operations.

Ernst & Young's report noted that the MD/CEO's total remuneration was between the median and 75th percentile of the market capitalization comparator group, but that the LTI component of the MD/CEO's existing remuneration was low when compared to the market, and that the FR component was high. The remuneration mix (FR:STI:LTI) of the market capitalization comparator group was 47:19:34. The Board has determined that the target remuneration mix for the MD/CEO should be 50:20:30, with fixed remuneration positioned at the market median, and total remuneration at the 75th percentile in order to encourage out-performance.

The Remuneration and Nomination Committee formulated a transition plan to migrate the MD/CEO's remuneration arrangements to the desired target remuneration level and mix. For the first year of the transition, commencing on 1 July 2011, the MD/CEO's remuneration mix was set at 60:16:24 and for the second year 57:15:28 as part of this plan. In August 2013, mindful of the Directors' desire to have an improvement in the Company's performance in the short term the MD/CEO's remuneration was set at 58:20:22, in order to encourage short term performance improvement. The fixed remuneration for the MD/CEO of \$750,000 had been frozen for the past three years. The Remuneration and Nomination Committee determined that the current market conditions are delaying the transition to the target remuneration mix.

In accordance with the Company's objective to ensure that executive remuneration is aligned to company performance, a significant portion of executives' target remuneration is "at risk". The relative proportion of target FY2014 total remuneration packages split between fixed remuneration, target STI opportunity and target LTI opportunity is shown below:



* Average target remuneration mix of Other Executives

Fixed remuneration

The remuneration packages for executives contain a fixed component that is not dependent on performance. Fixed remuneration pays staff for their agreed base performance, job competencies and expectations within a role, and generally consists of base salary, benefits, and superannuation. The company pays superannuation at the required superannuation guarantee rate. Salary sacrificed contributions are paid into an accumulated benefit type fund and therefore there are no future liabilities in respect of these payments.

Apart from retirement benefits which accrue under statute (such as unpaid annual leave, long service leave and superannuation benefits), there are no retirement benefits for executive directors and key management personnel. If required by law, or to protect commercial or competitive rights, amounts may be paid on termination.

There are no guaranteed fixed remuneration increases included in any executives' contracts and the fixed remuneration of executives have been frozen for the past three years.

Short-term incentives ("STI")

STIs are offered to motivate staff to achieve a common set of short-term organisational goals, and provide additional incentives where pre-determined objectives ("metrics") are achieved. The metrics are derived from the business plan and budget (which are approved by the Board) and are cascaded throughout the Company. The metrics for the financial year related to key initiatives in the areas of delivering financial performance, increasing employee engagement, increased client satisfaction and delivery of increased returns to shareholders (through quality of earnings and revenue growth).

The target STI opportunity for each employee is expressed as a fixed percentage of fixed remuneration. The MD/CEO had a target STI opportunity of 35% of fixed remuneration for the 2014 financial year. Other members of the executive team had an STI opportunity of 11% of fixed remuneration. STI targets are reviewed annually as part of the annual remuneration benchmarking process. The total quantum of the STI Pool is determined by the aggregation of the individual participants' STI opportunity.

The Board is responsible for assessing whether the key performance objectives are met. Assessment of financial performance is based on figures contained within the audited financial statements. Achievement of non-financial metrics is determined by the Board. Additionally, the Board has the discretion to adjust STIs downwards in light of unexpected or unintended circumstances.

Before any STIs are paid out, a base level of financial performance must be achieved. That is, the Company assesses its ability to pay out incentives before considering employees' performance against personal key performance indicators (KPIs). For FY2014, no STI was payable unless the company met at least 90% of the annual financial objective (for FY2014, this was earnings before interest, taxation, depreciation and amortisation (EBITDA)) and where over-achievement occurred, STI would have increased on a linear basis until 125% of the EBITDA target, up to a maximum of 125% of target STI (see table below).

KPIs are weighted 50% towards the financial metric and 50% towards non-financial metrics to ensure that the STI plan is mainly self-funded.

STI Pool Value

% of Financial Target achieved	85.0%	90.0%	95.0%	100.0%	110.0%	125.0%	130.0%
FY2014: % of STI Pool made available for distribution	0.0%	50.0%	75.0%	100.0%	110.0%	125.0%	125.0%

Executives are also assessed on the achievement of individual performance objectives, which are weighted on specific key areas depending on the employee's role and the Company's business plan for the year. An individual's performance objectives are aligned with the strategic plan of the business and cascade down from the objectives of the MD/CEO. They include:

- Business Plan Implementation (70%) – Gross Margin, new business, revenue mix;
- Customer engagement (10%);
- Employee engagement (10%) – Staff satisfaction, attrition rates; and
- Company engagement (10%) – Contribution and support to strategy.

The metrics and STI outcomes in relation to FY2014 were as follows:

	<i>Metric</i>	<i>Performance achieved¹</i>	<i>Target short term incentive</i>	<i>STI Paid or payable for FY2014</i>
Neil Wilson (MD/CEO)	Business Plan Objectives	Non-financial objectives achieved	\$260,000 (35% of fixed remuneration)	Nil
Karen Lowe (Executive GM, Organisational Capability)	Business Plan Objectives	Non-financial objectives achieved	\$38,889 (11% of fixed remuneration)	Nil
John Phillips (CFO)	Business Plan Objectives	Non-financial objectives achieved	\$36,667 (11% of fixed remuneration)	Nil

¹ For FY2014, the Company's financial performance was less than the level required to generate a short term incentive pool. Individuals may have achieved their individual objectives however no STI will be paid.

Long-term incentives ("LTI")

Carefully designed, performance-linked, equity plans are widely considered to be very effective in providing long-term incentives to staff while aligning incentive outcomes with the interests of shareholders. They are also recognised as being an effective means of attracting and retaining staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the company on a performance tensioned 'at risk' basis.

The LTI plan gives the Company the flexibility to grant Options, Performance Rights and/or Share Appreciation Rights (Awards), and the Shareholders' approved the implementation of this LTI plan at the annual general meeting held on 5 October 2011.

Directors' Report continued

The Board believes that the grant of Awards under the Plan to eligible participants will underpin the Company's employment strategy, and will:

- ▶ maximise the retention of members of the management team and other key operational staff;
- ▶ enable the Company to attract quality staff in the future;
- ▶ link the reward of key staff with the achievements of strategic goals and the long term performance objectives of the Company; and
- ▶ provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

During the financial year, LTI grants were made to the MD/CEO and other executives. Performance Rights were determined to be the most appropriate vehicle as it is one of the most prevalent equity instruments currently used by companies in the market. Performance Rights are also simple in nature and are easily understood by employees as well as by Shareholders. By issuing Performance Rights, employees are better able to perceive the value obtained from Performance Rights (i.e. conversion of one right equates to one share in the Company), resulting in better alignment with shareholders' interests.

Relative Total Shareholder Return ('TSR') and absolute Diluted Earnings per Share ('EPS') have been chosen as appropriate performance measures and are both commonly used by companies in the ASX100. Further, the use of both a relative and absolute measure ensures that the Company focuses on external and internal performance.

The grant of Performance Rights will vest 50% based on relative TSR performance, and 50% based on absolute EPS performance.

Relative TSR measures the return received by Shareholders from holding shares in the company over the three-year performance period and rewards rights holders where the Company outperforms its peers. For the FY2014 grant, performance was assessed against the performance of companies in the ASX300 (excluding financial services, infrastructure funds and mining/property/manufacturing companies).

Absolute EPS measures the portion of a company's profit allocated to each outstanding ordinary share and serves as an indicator of a company's profitability. It is a well-accepted measure of financial performance, is highly visible in the financial statements and its measurement is prescribed by the Accounting Standards. An absolute EPS measure (as opposed to a relative EPS measure) takes into account factors that are unique to a company that other comparator companies may not share.

The details of the performance rights issued during the year are:

<i>Percentage of value of grant subject to each vesting criteria</i>	<i>Performance period¹</i>	<i>Vesting criteria</i>	<i>Performance outcome</i>	<i>Vesting outcome</i>
50%	3 years	Relative Total Shareholder Return Performance	<ul style="list-style-type: none"> ▶ <50th percentile ▶ 50th percentile ▶ 50th to 75th percentiles ▶ >75th percentile 	<ul style="list-style-type: none"> ▶ Nil ▶ 50% ▶ 50% to 100% (linear) ▶ 100%
50%	3 years	Compound Annual Diluted Earnings per Share growth	<ul style="list-style-type: none"> ▶ <10% ▶ 10% ▶ 10% to 15% ▶ >15% 	<ul style="list-style-type: none"> ▶ Nil ▶ 50% ▶ 50% to 100% (linear) ▶ 100%

1 Performance will be tested over a period of 3 years to ensure that sustainable shareholder value growth has been created and is in line with current market practice.

Note that irrespective of relative TSR and absolute EPS performance achieved for the performance period, no Performance Rights will vest if the employee does not remain employed with the group at the third anniversary of the grant date.

d) Use of remuneration consultants

No remuneration consultants were engaged during FY2014.

e) Link between performance and remuneration outcomes

The remuneration framework detailed above has been tailored with the objective of attracting and retaining the highest calibre staff who contribute to the success of Oakton, while maintaining alignment between Company performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders (clients, shareholders and staff) and competitive market remuneration levels.

<i>Performance measure</i>	<i>2014</i>	<i>2013</i>	<i>2012</i>	<i>2011</i>	<i>2010</i>
Net profit (change from prior year) (%)	(9.1)	(22.6)	(9.7)	(35.2)	41.9
Dividends paid per share (fully franked) (cents)	8.75	10.25	10.5	7.5	4.0
Diluted earnings per share (cents)	9.2	10.0	12.6	14.0	21.8
Total Shareholder return	22.4%	13.2%	(44.7%)	(9.8%)	14.0%
STI paid to KMP	\$—	\$—	\$—	\$—	\$315,000

Total Shareholder return (TSR) is defined as the return received by shareholders from holding shares in a company over a twelve month period ending on 30 June. TSR is calculated by taking into account the growth in a company's share price over the year as well as the dividends received during that year. Note that no STI will be paid to executives in FY2014. The redesigned LTI plan has been operating for three years, and no vesting has occurred under the new plan as yet.

f) Non-executive director remuneration framework

The aggregate remuneration paid to non-executive directors is capped at \$300,000 and was approved by shareholders in 2000. The Remuneration and Nomination Committee is responsible for making recommendations to the Board on the remuneration applicable to non-executive directors. Non-executive directors' remuneration may reflect the additional tasks that they may undertake from time to time. There are no termination benefits for non-executive directors.

Non-executive directors do not receive any performance-based remuneration.

Committee fees are paid to Non Executive Directors who chair a committee in recognition of the additional time and commitment required in undertaking such a role. Committee fees of \$10,000 per annum were paid to the chairs of the Audit & Risk Committee and the Remuneration & Nomination Committee during the current financial year. The Chairman is not eligible for committee fees.

Superannuation contributions made by the Company meet the minimum level of superannuation contributions required under applicable legislation to avoid any penalty, charge, tax or impost.

The following fees have applied in FY2014:

Base fees

Chair	\$nil
Other non-executive directors	\$65,000

Additional fees

Audit & Risk Committee Chair	\$10,000
Remuneration & Nomination Committee Chair	\$10,000

g) Details of remuneration

Directors' remuneration

The following tables show details of the remuneration received by the directors of the Board for the current and previous financial year:

	Short term				Post-employment	Long-term employee benefits			Total
	Salary fees	Cash bonus	Non-monetary	Other short-term benefits ¹	Super	Termination benefits	Performance rights ²	Other long-term employee benefits ³	
2014	\$	\$	\$	\$	\$	\$	\$	\$	\$
Paul Holyoake	500,000	–	–	6,071	25,000	–	–	8,715	539,786
Neil Wilson	839,135	–	–	(104,831)	25,000	–	188,108	12,450	959,862
Chris Gillies	68,650	–	–	–	6,350	–	–	–	75,000
Anthony Larkin	68,650	–	–	–	6,350	–	–	–	75,000
Martin Adams	65,000	–	–	–	–	–	–	–	65,000
	1,541,435	–	–	(98,760)	62,700	–	188,108	21,165	1,714,648
2013									
Paul Holyoake	500,000	–	–	22,165	25,000	–	–	8,715	555,880
Neil Wilson	725,000	–	–	15,139	25,000	–	70,639	12,450	848,228
Chris Gillies	68,807	–	–	–	6,193	–	–	–	75,000
Gordon Hughes ⁵	25,000	–	–	–	–	–	–	–	25,000
Anthony Larkin	68,807	–	–	–	6,193	–	–	–	75,000
Martin Adams ⁴	54,166	–	–	–	–	–	–	–	54,166
	1,441,780	–	–	37,304	62,386	–	70,639	21,165	1,633,274

1 The economic entity provides salary continuance insurance for all staff including executive directors. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person. Other short-term benefits is the increase/(decrease) in annual leave accrual from the prior year.

2 In accordance with the remuneration policy described above, options and performance rights granted as remuneration are subject to performance based and service vesting criteria. The percentage value of each person's remuneration that consists of options is shown on page 19. Options and performance rights granted as remuneration are valued in accordance with AASB 2 *Share-based payments*. The inputs to the valuation model are detailed at Note 21. No options previously granted as remuneration have lapsed during the year.

3 Other long-term benefits relate to long service leave accrued during the year.

4 Martin Adams was appointed as a Non-executive Director on 4 September 2012

5 Gordon Hughes resigned as a Non-executive Director on 21 November 2012

Directors' Report continued

KMP remuneration

The following tables show details of the remuneration received by KMP for the current and previous financial year.

	Short term				Post-employment	Long-term employee benefits			Total
	Salary fees	Cash bonus	Non-monetary	Other short-term benefits ¹	Super	Termination benefits	Share based payments ²	Other long-term employee benefits ³	
2014	\$	\$	\$	\$	\$	\$	\$	\$	\$
John Phillips	311,025	–	–	12,067	18,975	–	27,338	5,483	374,888
Karen Lowe ⁴	9,020	–	–	(4,032)	834	–	–	(16,029)	(10,207)
	320,045	–	–	8,035	19,809	–	27,338	(10,619)	364,681
2013									
John Phillips	333,158	–	–	2,704	17,670	–	25,493	5,483	384,508
Karen Lowe	280,123	–	–	(4,155)	30,216	–	8,597	5,810	320,591
	613,282	–	–	(1,451)	47,886	–	34,090	11,293	705,099

1 The economic entity provides salary continuance insurance for all staff including executive directors. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person. Other short-term benefits is the increase/(decrease) in annual leave accrual from the prior year.

2 In accordance with the remuneration policy described above, options and performance rights granted as remuneration are subject to continuing service with the company. The percentage value of each person's remuneration that consists of options and performance rights is shown on page 19. Options and performance rights granted as remuneration are valued in accordance with AASB 2 *Share-based payments*. The inputs to the valuation models are detailed at Note 21. Options and performance rights are equity-settled share based transactions.

3 Other long-term benefits relate to long service leave accrued during the year.

4 Karen Lowe resigned on 1 August 2013.

Commentary on bonuses and share-based payments

No short term incentives will be paid in relation to the 2014 financial year as the threshold Company financial targets were not met.

h) Service agreements

The executive directors and key management personnel are employed under a contract detailing their remuneration, service period and non-competition clauses. All executive directors and key management personnel are employed on a continuing basis, the terms of which are not expected to change in the immediate future.

The contracts have notice periods which range up to six months to allow appropriate transition.

Contracts can be terminated by Oakton at will in cases of severe misconduct or breach of contract.

Contract Terms	Duration	Notice Period	Termination Payments
Paul Holyoake (Executive Chairman)	Ongoing	6 months	Payment in lieu if notice period not worked
Neil Wilson (MD/CEO)	Ongoing	6 months	Payment in lieu if notice period not worked
John Phillips (CFO)	Ongoing	3 months	Payment in lieu if notice period not worked

i) Details of share-based compensation and bonuses

Details of performance rights issued to Directors and KMP are disclosed below. No options were granted to any Director or KMP during the financial year.

Additionally, as approved by shareholders at the 2013 Annual General Meeting, 278,921 performance rights were issued to Neil Wilson, MD/CEO. These performance rights are subject to the performance vesting conditions which are set out on page 13.

Share Based Compensation: Granted and vested during the year

<i>Terms and conditions for each grant</i>									
2014	Type	Vested number	Granted Number	Grant date	Value per unit at grant date	Exercise Price	Expiry date	First exercise date	Last Exercise date
Directors									
Paul Holyoake	—	—	—	—	—	—	—	—	—
Neil Wilson	Performance Rights	Nil	278,921	03/10/2013	\$1.04	Nil	03/10/2017	30/06/2016	03/10/2017
Chris Gillies	—	—	—	—	—	—	—	—	—
Anthony Larkin	—	—	—	—	—	—	—	—	—
Martin Adams	—	—	—	—	—	—	—	—	—
Key Management Personnel									
John Phillips	Performance Rights	Nil	55,536	01/07/2013	\$0.73	Nil	01/07/2017	30/06/2016	01/07/2017
Karen Lowe ¹	—	—	—	—	—	—	—	—	—
		—	334,457						

1 Karen Lowe resigned on 1 August 2013

<i>Terms and conditions for each grant</i>									
2013	Type	Vested number	Granted Number	Grant date	Value per unit at grant date	Exercise Price	Expiry date	First exercise date	Last Exercise date
Directors									
Paul Holyoake	—	—	—	—	—	—	—	—	—
Neil Wilson	Performance Rights	Nil	407,995	21/11/2012	\$0.86	Nil	21/11/2016	30/06/2015	21/11/2016
Martin Adams ¹	—	—	—	—	—	—	—	—	—
Chris Gillies	—	—	—	—	—	—	—	—	—
Gordon Hughes ²	—	—	—	—	—	—	—	—	—
Anthony Larkin	—	—	—	—	—	—	—	—	—
Key Management Personnel									
John Phillips	Performance Rights	Nil	42,118	01/07/2012	\$0.74	Nil	01/07/2016	30/06/2015	01/07/2016
Karen Lowe	—	—	—	—	—	—	—	—	—
		—	450,113						

1 Martin Adams was appointed as a Non-executive Director on 4 September 2012

2 Gordon Hughes resigned as a Non-executive Director on 21 November 2012

Directors' Report continued

Share based instruments granted as remuneration that have been granted, exercised or lapsed during the financial year

2014	Type	1 July 2013 \$	Value Granted \$	Value Exercised \$	Value Lapsed \$	30 June 2014 \$
Directors						
Paul Holyoake	—	—	—	—	—	—
Neil Wilson	Performance Rights	500,000	290,000	—	150,000¹	640,000
Chris Gillies	—	—	—	—	—	—
Anthony Larkin	—	—	—	—	—	—
Martin Adams	—	—	—	—	—	—
Key Management Personnel						
Karen Lowe	Performance Rights	34,388	—	—	34,388³	—
John Phillips	Options	29,788	—	—	—	29,788
	Performance Rights	60,305	40,741	—	—	101,046
		624,481	330,741	—	184,388	770,834

2013	Type	1 July 2012 \$	Value Granted \$	Value Exercised \$	Value Lapsed \$	30 June 2013 \$
Directors						
Paul Holyoake	—	—	—	—	—	—
Neil Wilson	Performance Rights	300,000	350,000	—	150,000 ²	500,000
Chris Gillies	—	—	—	—	—	—
Gordon Hughes	—	—	—	—	—	—
Anthony Larkin	—	—	—	—	—	—
Key Management Personnel						
Karen Lowe	Performance Rights	34,388	—	—	—	34,388
John Phillips	Options	29,788	—	—	—	29,788
	Performance Rights	29,138	31,167	—	—	60,305
		393,314	381,167	—	150,000	624,481

1 Performance Rights lapsed due to TSR vesting condition not achieved

2 Performance Rights lapsed due to EPS vesting condition not achieved

3 Performance Rights lapsed on resignation

Remuneration as share based instruments and share based instruments with no performance criteria

The percentage of each key management personnel's (including directors') remuneration which comprises share based instruments is shown in the table below. Where key management personnel have been granted instruments which do not relate to a performance criteria (other than continuity of service), this is also detailed below.

<i>2014</i>	<i>% of remuneration related to performance criteria</i>	<i>% of remuneration from share based instruments</i>	<i>Share based instruments not related to performance</i>
Directors			
Paul Holyoake	–	–	–
Neil Wilson	19.60%	19.60%	–
Chris Gillies	–	–	–
Anthony Larkin	–	–	–
Martin Adams	–	–	–
Key Management Personnel			
John Phillips	7.29%	7.29%	27,750 Performance rights
<i>2013</i>	<i>% of remuneration related to performance criteria</i>	<i>% of remuneration from share based instruments</i>	<i>Share based instruments not related to performance</i>
Directors			
Paul Holyoake	–	–	–
Neil Wilson	8.33%	8.33%	–
Chris Gillies	–	–	–
Gordon Hughes	–	–	–
Anthony Larkin	–	–	–
Martin Adams	–	–	–
Key Management Personnel			
John Phillips	3.52%	6.63%	27,750 Performance rights
Karen Lowe	–	2.68%	32,750 Performance rights

j) Voting and comments made at the Oakton's 2013 Annual General Meeting

Oakton received 96% of "yes" votes on its remuneration report for the 2013 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Directors' Report continued

k) Other KMP Disclosures

Number of share based instruments held by KMP

2014	Type	Balance 01/07/2013	Granted as remun- eration	Exercised	Net change other	Balance 30/06/2014	Total vested 30/06/2014	Total exercisable 30/06/2014	Total un- exercisable 30/06/2014
Directors									
Paul Holyoake	—	—	—	—	—	—	—	—	—
Neil Wilson	Performance rights	557,995	278,921	—	(150,000) ¹	686,916	—	—	686,916
Chris Gillies	—	—	—	—	—	—	—	—	—
Anthony Larkin	—	—	—	—	—	—	—	—	—
Martin Adams	—	—	—	—	—	—	—	—	—
Key Management Personnel									
John Phillips	Performance rights	69,868	55,536	—	—	125,404	—	—	125,404
	Options	25,000	—	—	—	25,000	25,000	18,750	6,250
Karen Lowe	Performance rights	32,750	—	—	(32,750) ⁽³⁾	—	—	—	—
		685,613	334,458	—	(150,000)	837,320	25,000	18,750	818,750
<hr/>									
2013	Type	Balance 01/07/2012	Granted as remun- eration	Exercised	Net change other	Balance 30/06/2013	Total vested 30/06/2013	Total exercisable 30/06/2013	Total un- exercisable 30/06/2013
Directors									
Paul Holyoake	—	—	—	—	—	—	—	—	—
Neil Wilson	Performance rights	300,000	407,995	—	(150,000) ⁽²⁾	557,995	—	—	557,995
Chris Gillies	—	—	—	—	—	—	—	—	—
Gordon Hughes	—	—	—	—	—	—	—	—	—
Anthony Larkin	—	—	—	—	—	—	—	—	—
Martin Adams	—	—	—	—	—	—	—	—	—
Key Management Personnel									
John Phillips	Performance rights	27,750	42,118	—	—	69,868	—	—	69,868
	Options	25,000	—	—	—	25,000	25,000	12,500	12,500
Karen Lowe	Performance rights	32,750	—	—	—	32,750	—	—	32,750
		385,500	450,113	—	(150,000)	685,613	25,000	12,500	673,113

1 Performance Rights lapsed due to TSR vesting condition not achieved

2 Performance Rights lapsed due to EPS vesting condition not achieved

3 Performance Rights lapsed due to resignation

Number of shares held by KMP:

<i>2014</i>	<i>Balance 01/07/2013</i>	<i>Granted as remuneration</i>	<i>Option Exercised</i>	<i>Net change other</i>	<i>Balance 30/06/2014</i>	<i>Indirectly held shares included in balance</i>
Directors						
Paul Holyoake	8,000,000	—	—	—	8,000,000	8,000,000
Neil Wilson	2,200,000	—	—	—	2,200,000	5,000
Chris Gillies	26,000	—	—	—	26,000	26,000
Anthony Larkin	—	—	—	—	—	—
Martin Adams	74,757	—	—	—	74,757	74,757
Key Management Personnel						
John Phillips	662,587	—	—	—	662,587	551,914
Karen Lowe	—	—	—	—	—	—
	10,963,344	—	—	—	10,963,344	8,657,671

<i>2013</i>	<i>Balance 01/07/2012</i>	<i>Granted as remuneration</i>	<i>Option Exercised</i>	<i>Net change other</i>	<i>Balance 30/06/2013</i>	<i>Indirectly held shares included in balance</i>
Directors						
Paul Holyoake	8,000,000	—	—	—	8,000,000	8,000,000
Neil Wilson	2,200,000	—	—	—	2,200,000	5,000
Chris Gillies	26,000	—	—	—	26,000	26,000
Gordon Hughes	—	—	—	—	—	—
Anthony Larkin	—	—	—	—	—	—
Martin Adams ¹	—	—	—	74,757 ²	74,757	74,757
Key Management Personnel						
John Phillips	662,587	—	—	—	662,587	551,914
Karen Lowe	—	—	—	—	—	—
	10,888,587	—	—	74,757	10,963,344	8,657,671

1 Martin Adams was appointed as a director on 4 September 2012

2 Martin Adams held 15,000 shares at the time of his appointment as a director. Since his appointment he acquired a further 59,757 shares in the normal course of trading on the Australian Stock Exchange

This is the end of the audited remuneration report.

Signed in accordance with a resolution of the directors.



Paul Holyoake
Executive Chairman



Neil Wilson
Managing Director

Melbourne, 29 September 2014

Auditor's Independence Declaration

OAKTON LIMITED

ACN 007 028 711

AND CONTROLLED ENTITIES

**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OAKTON LIMITED**



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

S SCHONBERG
Partner

29 September 2014

PITCHER PARTNERS
Melbourne

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>	<i>2014 \$'000</i>	<i>2013 \$'000</i>
Revenue			
Revenue from services	4	161,785	160,219
Other revenue	4	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	5	(373)	(271)
Human resources	5	(134,729)	(134,636)
Occupancy		(3,462)	(3,248)
Depreciation	5	(3,051)	(2,714)
Technology		(1,585)	(1,874)
		(153,691)	(150,456)
Profit before income tax		10,774	11,972
Income tax expense	6	(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)	18	9.3	10.1
Diluted earnings per share for continuing operations (cents per share)	18	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

		<i>Consolidated Entity</i>	
	<i>Notes</i>	<i>2014 \$'000</i>	<i>2013 \$'000</i>
Current assets			
Cash and cash equivalents	16(b)	2,354	6,947
Receivables	8	41,036	35,875
Total current assets		43,390	42,822
Non current assets			
Deferred tax assets	6	2,460	1,997
Property, plant and equipment	9	10,765	8,283
Intangible assets	10	80,019	80,019
Total non current assets		93,244	90,299
Total assets		136,634	133,121
Current liabilities			
Payables	11	20,129	19,078
Current tax payable		631	41
Provisions	13	10,663	10,101
Total current liabilities		31,423	29,220
Non current liabilities			
Provisions	13	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	14	49,052	48,858
Reserves	15	348	237
Retained earnings	15	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>Notes</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	14(b)	119	–	–	119
Share buy-back	14(b)	–	–	–	–
Employee share scheme	15(a)	75	169	197	441
Foreign currency translation	15(b)	–	(58)	–	(58)
Dividends paid	7	–	–	(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>Notes</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	14(b)	65	–	–	65
Share buy-back	14(b)	(3,669)	–	–	(3,669)
Employee share scheme	15(a)	23	(306)	362	79
Foreign currency translation		–	(35)	–	(35)
Dividends paid	7	–	–	(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

	<i>Notes</i>	<i>2014 \$'000</i>	<i>2013 \$'000</i>
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	16(a)	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	(7,870)	(9,321)
Net cash used by financing activities		(7,751)	(13,450)
Net (decrease)/increase in cash and cash equivalents		(4,592)	(2,371)
Cash and cash equivalents at beginning of year	16(b)	6,947	9,318
Cash and cash equivalents at end of the year	16(b)	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

1. Statement of significant accounting policies

The following is a summary of material 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 that 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 Oakton Limited and controlled entities as a consolidated entity. Oakton Limited is a company limited by shares, incorporated and domiciled in Australia.

Oakton Limited is a for profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the directors on 29 September 2014.

Compliance with IFRS

The consolidated financial statements of Oakton Limited also comply 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 consolidated entity's accounting policies. These estimates and judgements significant to the financial report are disclosed at Note 2.

b. Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Oakton Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. Details of the controlled entities are contained in Note 23(a).

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established. They are de-consolidated from the date that control ceases.

c. Revenue recognition

Revenue from the provision of services to a customer is recognised upon performance of the service. Accrued revenue arising from recognised revenue is transferred to trade receivables when tax invoices are raised. Certain customers may be invoiced in advance of provision of services and this amount is recognised as a liability until the service is performed. Revenue from the sale of products is recognised when the product is delivered.

Revenue from fixed price contracts is recognised by reference to the stage of completion. The stage of completion is determined using inputs from Oakton's professional project management methodology, including effort expended and cost to complete.

Revenue from annuity service engagements is recognised on contract value amortised over the length of the contract.

Interest revenue is recognised when it becomes receivable on a pro-rata basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint ventures are accounted for in accordance with the equity method.

Other revenue includes Research and Development ("R&D") concessions received or receivable in respect of eligible R&D as registered with AusIndustry. The R&D concession is brought to account when the eligible R&D has been quantified.

All revenue is stated net of the amount of goods and services tax (GST).

d. Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

e. Plant and equipment

Cost and valuation

Plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Software developed is capitalised and depreciated when it can be demonstrated that the asset is available for use. The cost of this asset comprises all directly attributable costs.

The carrying amount of plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the income statement.

Depreciation

The depreciable amounts of plant and equipment are depreciated on a straight-line basis or reducing balance method over their estimated useful lives commencing from the time the asset is held ready for use. 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 assets are:

	2014	2013
Leasehold improvements	Up to 6 years	Up to 6 years
Software developed	Up to 5 years	Up to 5 years
Plant and equipment	2 to 6 years	2 to 6 years

f. 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.

Operating leases

Lease payments for operating leases, are recognised as expenses on a straight line basis over the term of the lease.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

g. Intangibles

Goodwill

Goodwill on consolidation represents the excess of the cost of an acquisition over the fair value of the consolidated entity's share of net identifiable assets of the acquired entities at the date of acquisition.

Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses.

h. Impairment of assets

Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

i. Income tax

Current income tax expense or revenue is the tax payable or receivable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

The parent entity and its Australian controlled entities have formed an income tax consolidated group under the tax consolidation legislation. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses for the consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

j. Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities 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. Provision for long service leave is classified as current where the employee is expected to be compensated for the leave within 12 months of them rendering the service and there is no unconditional right of deferral.

Defined contribution superannuation fund

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 as the employee services are received.

Share-based payments

The consolidated entity operates an employee equity incentive plan. The value of equity rights (Options, Performance Rights and Share Appreciation Rights) is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the equity rights at grant date. The fair value of options at grant date is determined using a Black-Scholes option pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the equity rights.

l. Research and development

Research expenditure is recognised as an expense. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. Refer also Note 1(c).

m. Borrowing costs

Borrowing cost can include interest, amortisation of discounts relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs are expensed as incurred.

n. Financial instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of trade and other receivables, cash, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any). After initial recognition, non-derivative financial instruments are measured as described below.

Loans and receivables

Loans and receivables are measured at fair value at inception. Outstanding balances are tested for impairment when overdue.

Financial liabilities

Financial liabilities include trade payables, other creditors and loans from third parties including inter-company balances. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative financial instruments

The consolidated entity holds derivative financial instruments to hedge its risk exposures from foreign currency rate movements.

Derivatives are initially recognised at fair value and applicable transaction costs are recognised in profit or loss as they are incurred. After initial recognition, derivatives that are not designated in a qualifying hedge relationship are measured at fair value and changes in value are recognised immediately in profit or loss.

o. Foreign currencies

Functional and presentation currency

The financial statements of each entity in the consolidated entity are measured using its functional currency, which is the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, as this is the parent entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated entity 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.

Resulting exchange differences arising on settlement or restatement are recognised as revenues and expenses for the financial year.

p. Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q. Comparatives

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

r. Rounding amounts

The consolidated entity is of a kind referred to in ASIC Class Order CO 98/0100 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

s. New accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have assessed the impact of those standards or interpretations and are satisfied that there will be no material impact on the financial statements.

2. Critical accounting estimates and 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 value of the assets and liabilities discussed below:

a. Impairment of goodwill

Goodwill is allocated to cash generating units (CGUs) according to applicable business operations. In the 2014 and 2013 financial years, Oakton had one CGU. 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 not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 15.00% (2013: 12.75%) and an EBITDA growth rate of 5.0% (2013: 2.5%) per annum to determine value-in-use.

b. Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

c. Employee benefits

Calculation of long-term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. The estimates are based on historical trends.

d. Share based payments

Calculation of share based payments requires estimation of the timing of the exercise of the underlying equity instrument. The estimates are based on historical trends.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

3. Financial risk management

The consolidated entity's financial instruments consist mainly of deposits and borrowings with banks and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for group operations.

The key financial risks that the consolidated entity is exposed to are interest rate risk, liquidity risk and credit risk. The consolidated entity has no material exposure to currency risk or market price risk.

The consolidated entity manages its financial risk exposure in addition to the business risks managed and described in the Corporate Governance Statement detailed on pages 1 to 4. Financial risk is managed by the Chief Executive Officer and the Chief Financial Officer and routinely reported to the Board of Directors. The objective of the financial risk management policy is to support the delivery of the consolidated entity's financial and business targets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The consolidated entity's exposure to market interest rates relates primarily to its cash balances and debt obligations. The balance of cash is disclosed in note 16 and the level of debt is disclosed in note 12.

The group maintains a \$20 million (2013: \$20 million) facility comprising bank bill debt which is at a variable interest rate. The rate at year end was 3.67% (2013: 3.8%).

Cash on deposit attracts a variable interest rate which was 2.75% (2013: 2.75%) at year end.

The Group constantly monitors its interest rate exposure with consideration given to hedging positions if considered necessary.

Based on debt drawn during the year, if interest rates had changed by +/- one percentage point from the year end rates of 3.67% (2013: 3.80%) (with all other variables held constant) after-tax profits would have been \$24,585 lower/higher (2013: \$4,944).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity. The concentration of revenue with Australian Governments noted in Note 24(b) does not create material credit risk exposure. The percentage of receivables relating to Australian Government is 34.6% (2013: 34.7%) at balance date and the counterparty has a low risk of default.

The consolidated entity trades only with recognised, creditworthy third parties across a range of industries. All potential customers who trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis and close relationships are maintained with customers. The result is that the exposure to bad debts is immaterial.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Forward exchange contracts are entered into in order to buy and sell specified amounts of foreign currency in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect against unfavourable exchange rates movements for both the contracted and anticipated transactions undertaken in foreign currencies. The accounting policy for forward exchange contracts is detailed in Note 1(n).

<i>Sell Australian Dollars</i>	<i>2014 INR '000</i>	<i>Buy Indian Rupee 2013 INR '000</i>	<i>Average Exchange rate 2014 INR</i>	<i>2013 INR</i>
Settlement				
Less than 6 months	100,000	—	56.11	—
6 months to 1 year	100,000	—	55.54	—
1 year to 2 years	—	—	—	—
2 years to 5 years	—	—	—	—
	200,000	—	55.88	—

Sensitivity

If foreign exchange rates were to increase/decrease by 10% from rates used to determine fair values of all financial instruments as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

<i>+ / - 10%</i>	<i>2014 '000</i>	<i>2013 '000</i>
Impact on profit after tax	136	—
Impact on equity	136	—

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The consolidated entity manages liquidity risk by forecasting and monitoring cash flows on a continuing basis. Its interest bearing facilities (refer note 16 (c)) of \$20 million will be subject to review in July 2017. The facility is not subject to amortisation.

Refer note 16(c) for details of unused finance facilities at balance date.

Fair value

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

Consolidated Entity

	Notes	2014 \$'000	2013 \$'000
4. Revenue			
Revenues from continuing operations			
Revenue from services		161,786	160,219
Other revenue			
Interest, other persons		135	432
Research and development concession		2,544	1,777
		164,465	162,428
5. 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	15	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

	Consolidated Entity	
	2014 \$'000	2013 \$'000
6. Income tax		
a. The components of tax expense:		
Current tax	2,783	2,707
Deferred tax	(513)	84
Under provision in prior years	181	25
Total Income tax expense	2,451	2,816
b. The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:		
Profit before tax from continuing operations	10,774	11,972
At the statutory income tax rate of 30% (2013: 30%)	3,232	3,592
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income		
Under provision in prior years	181	25
Research and development concession	(1,146)	(760)
Share based payment	132	23
Tax rate variation (India)	22	(44)
Other	30	(20)
Income tax expense attributable to profit	2,451	2,816
c. Deferred tax relates to the following:		
Deferred tax assets		
Employee benefits	3,529	3,200
	3,529	3,200
Deferred tax liabilities		
Accrued revenue	(40)	(40)
Property, plant and equipment	(1,029)	(1,163)
	(1,069)	(1,203)
Net deferred tax assets	2,460	1,997
d. Deferred tax assets not brought to account		
The benefits of deferred tax assets not brought to account will only be realised if the conditions met in Note 1(i) occur.		
Capital losses	338	338
7. Dividends on ordinary shares		
a. Dividends paid during the year		
<i>(i) Current year interim</i>		
Franked dividends (4.00 cents per share) (2013: 4.75 cents per share)	3,599	4,276
<i>(ii) Previous year final</i>		
Franked dividends (4.75 cents per share) (2013: 5.5 cents per share)	4,271	5,045
	7,870	9,321
b. Dividends proposed and not recognised as a liability		
Franked dividends (4.00 cents per share) (2013: 4.75 cents per share)	4,500	4,265
c. Franking credit balance		
Balance of franking account on a tax paid basis at year end adjusted for franking credits arising from payment of provision for income tax and after franking debits arising from payment of proposed dividends:	14,491	15,690

Consolidated Entity

	<i>Notes</i>	<i>2014 \$'000</i>	<i>2013 \$'000</i>
8. Receivables			
Current			
Trade receivables		25,137	25,398
Less allowance for impairment loss	8(a)	–	–
		25,137	25,398
Accrued revenue		8,537	5,514
Other debtors and security deposits		6,315	3,500
Prepayments		1,047	1,463
		41,036	35,875
a. Impaired trade receivables			
Trade receivables are non-interest bearing and generally on 30 to 60 day terms. As at 30 June 2014, current trade receivables with a nominal value of \$nil (2013: \$nil) are considered impaired.			
As at 30 June 2014, the following trade receivables were past due but not impaired. These amounts relate to a number of customers for which there is no history of default and with whom the business continues to work. The ageing analysis of these trade receivables is as follows:			
31 to 60 days		5,870	7,495
61 to 90 days		650	1,201
91 to 180 days		513	683
		7,033	9,379

b. Impaired receivables – other classes of receivables

The other classes of assets within receivables do not contain impaired assets and are not past due. These items are expected to be received when due.

c. Other financial risks

There is no material exposure to foreign exchange risk in respect of receivables.

The carrying value of receivables is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

Consolidated Entity			
	Notes	2014 \$'000	2013 \$'000
9. Property, plant and equipment			
Leasehold improvements			
At cost		7,073	4,783
Accumulated depreciation		(3,962)	(3,355)
	9(a)	3,111	1,428
Software developed			
At cost		10,771	9,051
Accumulated depreciation		(5,576)	(4,330)
	9(a)	5,195	4,721
Plant and equipment			
At cost		11,689	10,223
Accumulated depreciation		(9,230)	(8,089)
	9(a)	2,459	2,134
Total property, plant and equipment			
Total cost		29,533	24,057
Total accumulated depreciation		(18,768)	(15,774)
Total property, plant and equipment	9(a)	10,765	8,283
a. Reconciliations			
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.			
Leasehold improvements			
Carrying amount at beginning		1,428	1,689
Additions		2,290	37
Depreciation expense		(607)	(298)
		3,111	1,428
Software developed			
Carrying amount at beginning		4,721	5,104
Capitalised effort		1,720	1,008
Depreciation expense		(1,246)	(1,391)
		5,195	4,721
Plant and equipment			
Carrying amount at beginning		2,134	2,574
Additions		1,523	585
Depreciation expense		(1,198)	(1,025)
		2,459	2,134
Total property, plant and equipment			
Carrying amount at beginning		8,283	9,367
Additions/Capitalised effort		5,533	1,630
Depreciation expense		(3,051)	(2,714)
		10,765	8,283

Consolidated Entity		
Notes	2014 \$'000	2013 \$'000
10. Intangible Assets		
Goodwill		
At cost	80,019	80,019
Accumulated impairment loss	—	—
Net carrying amount	80,019	80,019
a. Reconciliations		
Reconciliations of the carrying amounts of intangible assets at the beginning and end of the current financial year.		
Goodwill		
Carrying amount at beginning	80,019	80,019
Closing net book value	80,019	80,019

Impairment disclosures

There are no impairment losses in the current or prior period. Goodwill is allocated to cash generating units. In the 2013 and 2014 financial years Oakton had one cash generating unit. The recoverable value of goodwill is based on value in use. Value in use is based on the present value of projected cashflows over a five year period and discounted using a rate which reflects the current market assessment of the time value of money and risks specific to the cash generating unit.

No reasonable change in the key assumptions of the value in use calculations as disclosed in Note 2(a) would result in an impairment.

Consolidated Entity		
	<div>2014</div> <div>\$'000</div>	<div>2013</div> <div>\$'000</div>
11. Payables		
Current		
Trade payables	6,043	7,600
GST payable	2,135	2,117
Payroll related	2,812	2,548
Sundry creditors and accruals	1,684	1,972
Income in advance	7,455	4,841
	20,129	19,078
12. Borrowings		
Current		
Secured		
Bank bills	—	—
Non-current		
Secured		
Bank bills	—	—

a. Bank Bill Facility

The bank bills are secured by a fixed and floating charge over the assets of the consolidated entity. Refer to note 16(c) for details of the facility available at year end.

b. Interest rate risks

Information about interest rate risks is detailed in Note 3. Details of the review date of the facility are also detailed in Note 3.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

	<i>Consolidated Entity</i>	
	<i>2014 \$'000</i>	<i>2013 \$'000</i>
13. Provisions		
Current		
Employee benefits	10,663	10,101
Non-current		
Employee benefits	1,061	706
Aggregate employee benefits liability	11,724	10,807
14. Contributed capital		
a. Issued and paid up capital		
89,990,235 (2013: 89,777,735) Ordinary shares fully paid	49,052	48,858
Fully paid ordinary shares carry one vote per share and carry the right to dividends.		
b. Movements in ordinary share capital		
Balance at beginning of year	48,858	52,439
Contributions	119	65
Employee share scheme	75	23
Share buy-back – cancellation of shares	–	(3,669)
End of the financial year	49,052	48,858
	<i>Number</i>	<i>Number</i>
c. Movements in number of shares		
Balance at beginning of year	89,777,735	92,721,874
Options exercised	212,500	125,000
Share buy-back – cancellation of shares	–	(3,069,139)
End of the financial year	89,990,235	89,777,735

d. Share rights and options

Employee Equity Incentive Plan

The Oakton Limited Equity Incentive Plan, approved by shareholders on 5 October 2011, was established to:

- ▶ maximise the retention of members of the management team and other key operational staff;
- ▶ enable the Company to attract quality staff in the future;
- ▶ link the reward of key staff with the achievements of strategic goals and the long term performance objectives of the Company; and
- ▶ provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

The Employee Equity Incentive Plan replaced the pre-existing plan, the Employee Share Option Plan (ESOP), as that plan was deemed to be ineffective in meeting the Company's long term objectives. All employees, including executive directors, may be issued options, performance rights and/or share appreciation rights. The rights or options will be issued for \$nil consideration. The options may be exercised at a maximum of one quarter in each year commencing 12 months after the date of issue and expire 5 years after issue. The rights may be exercised, subject to vesting conditions, 3 years after the date of issue and expire 4 years after issue. The options and rights issued, if converted to shares and the shares issued pursuant to such options during the 5 previous years, cannot exceed 5% of share capital.

Options and rights are personal to the employee. The options and rights are not listed on the ASX.

Summary of options and performance rights on issue:

<i>Issue date</i>	<i>Expiry date</i>	<i>Exercise price</i>	<i>Opening 01/07/2013</i>	<i>Issued</i>	<i>Exercised</i>	<i>Lapsed</i>	<i>Closing 30/06/2014</i>
ESOP various	Various	0.50 to 2.82	887,000	200,000	(212,500)	(152,000)	722,500
Performance rights	Various	nil	1,205,169	957,638	–	(150,000)	2,012,807

e. Capital risk management

The consolidated entity's objectives when managing capital are to safeguard the ability to continue as a going concern and to maintain a conservative capital structure to allow management to focus on the core business results and providing returns to shareholders.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the level of dividends paid to shareholders. For details of dividends, refer to Note 7. Further share buy-backs or share issues may also be considered.

Historically, the consolidated entity has used a mixture of debt and equity to fund acquisitions. Funding of future acquisitions will be evaluated at the time in order to optimise the capital structure.

Consolidated Entity			
	Notes	2014 \$'000	2013 \$'000
15. Reserves and retained earnings			
Share-based payment reserve	15(a)	846	677
Foreign Currency Translation Reserve	15(b)	(498)	(440)
Retained earnings	15(c)	54,750	54,100
a. Share-based payment reserve			
<i>(i) Nature and purpose of reserve</i>			
This reserve is used to record the value of equity benefit provided to employees and executive directors as part of their remuneration.			
<i>(ii) Movements in reserve</i>			
Balance at the beginning of year		677	983
Amount expensed during the year		441	79
Amount transferred to retained earnings		(197)	(362)
Amount transferred to issued capital		(75)	(23)
Balance at end of year		846	677
b. Foreign Currency Translation Reserve			
<i>(i) Nature and purpose of reserve</i>			
This reserve is used to record the value of balance sheet fluctuations caused by movements in exchange rates and translations of a foreign subsidiary's financial statements into functional currency.			
<i>(ii) Movements in reserve</i>			
Balance at the beginning of year		(440)	(405)
Amount recognised during the year		(58)	(35)
Balance at end of year		(498)	(440)
c. Retained earnings			
Balance at the beginning of year		54,100	53,903
Net profit attributable to members of Oakton Limited		8,323	9,156
Total available for appropriation		62,423	63,059
Amount transferred from share-based payment reserve		197	362
Dividends paid		(7,870)	(9,321)
Balance at end of year		54,750	54,100

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

	Consolidated Entity	
	2014 \$'000	2013 \$'000
16. Cash flow information		
a. Reconciliation of the net profit after tax to the net cash flows from operations:		
Net profit from ordinary activities after income tax	8,323	9,156
Non Cash Items		
Depreciation	3,051	2,714
Share based payments	441	79
Share buy-back payable reclassified as financing activity	–	525
Changes in assets and liabilities		
Increase in receivables	(5,161)	(741)
Increase in payables	1,051	3,554
Increase/(Decrease) in income tax payable	590	(2,003)
(Increase)/Decrease in deferred income tax asset	(463)	85
Increase/(Decrease) in provisions	917	(625)
Decrease in Foreign Currency Translation Reserve	(58)	(35)
Net cash provided by operating activities	8,691	12,709
b. Reconciliation of cash		
Cash balance comprises:		
Cash	2,354	6,947
c. Credit standby arrangement and loan facilities		
Bank bill facility		
The consolidated entity has a bank bill facility of \$20 million (2013: \$20 million).		
The facility expires in July 2017 and is not subject to an amortisation schedule. Refer also to Note 3.		
Facility available at year end	20,000	20,000
17. Commitments and contingencies		
a. Lease expenditure commitments		
<i>(i) Operating leases (non cancellable):</i>		
Minimum lease payments		
Not later than one year	2,788	2,769
Later than one year and not later than five years	9,212	11,328
Later than five years	1,772	5,147
Aggregate lease expenditure contracted for at reporting date	13,772	19,244
The economic entity leases a number of properties in Victoria, New South Wales, Australian Capital Territory, Queensland, Western Australia and Hyderabad, India. The property leases usually contain increases in lease payments based on market movements or CPI increases. The property leases usually contain an option for further periods.		
b. Contingent liabilities		
<i>(i) Bank guarantee and indemnity in relation to rental premises</i>		
Maximum amount the bank may call	961	1,209

	2014 no of shares	2013 no of shares
18. Earnings per share		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share are the same as net profit.		
Weighted average number of ordinary shares used in calculating basic earnings per share	89,943,040	91,086,685
Effect of dilutive securities:		
Share options	132,720	150,995
Performance Rights	879,186	728,763
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	90,954,946	91,966,443
The number of potential ordinary shares which are not dilutive and are not included in the calculation of diluted EPS	1,470,328	1,002,367

Subsequent to balance date and to the date of this report, no further shares were issued as a result of the exercise of ESOP options or performance rights.

19. Directors' and KMP's equity holdings

Details of Directors' and KMP's equity holdings are detailed in the Remuneration Report on pages 11 to 21.

20. Loans to key management personnel (consolidated)

There were no loans to key management personnel at any time during the current or prior financial year.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

21. Share based payments

Rights and Options are granted to executive directors, other key management personnel and other staff under the Oakton Limited Equity Incentive Plan or as approved by the Shareholders in a General Meeting, as detailed in Note 14(d).

a. Performance Rights

Performance Rights issued during the year were valued using the Black-Scholes pricing model using the following inputs.

<i>Performance Rights – Executive</i>	<i>2014</i>	<i>2013</i>
Share price of Oakton	\$1.12	\$1.05
Expected life of the rights	3 years	3 years
Expected share price volatility	40.0%	40.0%
Risk free interest rate	2.81%	3.04%
Expected dividends	6.5% yield per annum	5.5% yield per annum
Correlations and volatilities of peer group companies	Ranking at grant date	Ranking at grant date

<i>Performance Rights – CEO/MD</i>	<i>2014</i>	<i>2013</i>
Share price of Oakton	\$1.63	\$1.22
Expected life of the rights	3 years	3 years
Expected share price volatility	40.0%	40.0%
Risk free interest rate	2.92%	2.63%
Expected dividends	6.5% yield per annum	6.5% yield per annum
Correlations and volatilities of peer group companies	Ranking at grant date	Ranking at grant date

The volatility is determined based on the standard deviation of volume weighted prices over 36 months prior to the grant date.

b. Options

Options issued during this year were valued using the Black-Scholes pricing model using the following inputs.

<i>Options</i>	<i>2014</i>	<i>2013</i>
Share price of Oakton	\$1.38	–
Grant date	1 October 2012	–
Exercise price	\$0.50	–
Expected life	5 years	–
Expected share price volatility	40%	–
Risk free interest rate	3.04%	–
Expected dividends	6.5% yield per annum	–

Consolidated Entity

	<i>2014 \$'000</i>	<i>2013 \$'000</i>
22. Auditor's remuneration		
Amounts received or due and receivable by Pitcher Partners for:		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	217	223
Other non-audit services		
Corporate secretarial services	7	8
Other non-audit services	8	–
	232	231

23. Related party disclosures

a. Entities in the consolidated entity

The consolidated financial statements include the financial statements of Oakton Limited and its controlled entities listed below:

	<i>Country of incorporation</i>	<i>Percentage owned</i>	
		<i>2014</i>	<i>2013</i>
Parent Entity:			
Oakton Limited Australia	Australia		
Subsidiaries of Oakton Limited:			
Oakton Services Pty Ltd	Australia	100	100
Charter Wilson and Associates Pty Ltd	Australia	100	100
Oakton Solutions Pty Ltd	Australia	100	100
mPower Systems Pty Ltd	Australia	100	100
Oakton IT Pty Ltd	Australia	100	100
Oakton Contracting and Recruitment Pty Ltd	Australia	100	100
Oakton Computing (NSW) Pty Ltd	Australia	100	100
Oakton Solutions MBS Pty Ltd	Australia	100	100
Subsidiaries of Oakton Services Pty Ltd:			
Oakton Global Technology Services Centre (India) Pvt Ltd	India	100	100
Oakton AA Services Pty Ltd	Australia	100	100
<i>Consolidated Entity</i>			
		<i>2014</i> <i>\$'000</i>	<i>2013</i> <i>\$'000</i>
b. Transactions with related parties			
The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:			
Transactions with key management personnel of Oakton and their personally-related entities			
Transactions with key management personnel are at arms-length and in the ordinary course of business on normal trading terms.			
The economic entity pays superannuation contributions to entities related to directors.			
There is no additional cost to the company.			
The economic entity leases premises owned by Davkat Holdings Pty Ltd (entity related to Paul Holyoake).			
Rent expense		216	208

No loans were advanced to or repaid by key management personnel and their personally-related entities.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2014

24. Segment information

The consolidated entity's operations are predominantly in consulting services in the information technology industry. The consolidated entity operates predominantly within Australia.

a. Entity wide disclosures

		<i>Consolidated Entity</i>	
	<i>Notes</i>	<i>2014 \$'000</i>	<i>2013 \$'000</i>
Allocation of revenue to similar services groups			
Consulting services		24,916	26,632
Delivery services		82,713	84,139
Operational services		54,156	49,448
Total services revenue	4	161,785	160,219
Allocation of revenue to geographic areas			
Australia		161,332	159,594
Rest of the world		453	625
Total services revenue	4	161,785	160,219

There are no material holdings of non-current assets outside Australia.

b. Major customers

The economic entity earned 31.5% of its revenue from services (2013: 28%) from all forms of Government. Of this amount, more than 10% of total revenue was from Federal Government. During the 2014 financial year, one other customer (2013: one) contributed more than 10% of revenue.

25. Economic dependency

As noted above, the economic entity earned 31.5% (2013: 28%) of revenue from Australian Government customers. The economic entity does not consider that this creates material economic dependency as individual operational and administrative areas of federal and state departments and agencies make independent assessments of requirements and selection of IT and business consultants.

The economic entity has no material dependency on any single supplier or employee.

26. 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 Scheme process is now underway and is expected to be completed in November 2014.

The FY2014 final dividend of \$0.04 per share was paid on 16 September 2014.

27. Cross guarantee

Oakton Limited, ("the Company") and Oakton Services Pty Ltd, Oakton Contracting and Recruitment Pty Ltd and Oakton AA Services Pty Ltd (The Parties) are bound by a deed of cross guarantee which commits the Company and its named subsidiaries to make payments in relation to debts owing to the group's bankers on behalf of each other. The consolidated financial statements of the Parties are materially the same as the financial statements of the consolidated entity of Oakton Limited.

28. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2014, the parent company of the economic entity was Oakton Limited.

a. Parent entity abridged financial statements

	<i>Parent Entity</i>	
	<i>2014 \$'000</i>	<i>2013 \$'000</i>
Summarised statement of comprehensive income		
Result of the parent entity		
Profit for the year after tax	8,053	8,544
Other comprehensive income	–	–
Total comprehensive income for the year	8,053	8,544
Summarised statement of financial position of the parent entity at year end		
Current assets	65,300	65,753
Non current assets	219	228
Total assets	65,519	65,981
Current liabilities	959	2,164
Total liabilities	959	2,164
Net assets	64,560	63,817
Total equity of the parent entity comprising:		
Share capital	49,052	48,858
Reserves	846	677
Retained earnings	14,662	14,282
Total equity	64,560	63,817

b. Parent entity guarantees

Oakton Limited together with its controlled entities have provided bank guarantees and indemnities in relation to rental premises. Refer to note 17(b) for details of the maximum amounts the bank may call.

c. Parent entity contractual commitments

Oakton Limited together with its controlled entities have entered into non-cancellable operating leases for a number of properties. Refer to note 17(a) for details of the commitments at year end.

Directors' Declaration

Oakton Limited

ABN 50 007 028 711

1. The directors of the company declare that the financial statements and notes, as set out on pages 23 to 43 are 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 Reporting Standards; and
 - c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Oakton Limited will be able to pay its debts as and when they become due and payable.

The company and its wholly owned subsidiaries Oakton Services Pty Ltd, Oakton Contracting and Recruitment Pty Ltd and Oakton AA Services Pty Ltd, have entered into a deed of cross guarantee under which the company and its named subsidiaries guarantee the bank debts of each other. At the date of this declaration, there are reasonable grounds to believe the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become subject to, by virtue of the deed.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2014.

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



Paul Holyoake
Executive Chairman



Neil Wilson
Chief Executive Officer and Managing Director

Melbourne, 29 September 2014

Independent Auditor's Report

to the members of Oakton Limited

OAKTON LIMITED
ACN 007 028 711
AND CONTROLLED ENTITIES



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKTON LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Oakton Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and 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.

Independent Auditor's Report continued

to the members of Oakton Limited

For the year ended 30 June 2014

OAKTON LIMITED
ABN 007 028 711
AND CONTROLLED ENTITIES



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKTON 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 Oakton 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 2014 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 11 to 21 of the directors' report for the year ended 30 June 2014. 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 Oakton Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "S Schonberg".

S SCHONBERG
Partner

29 September 2014

A handwritten signature in black ink, appearing to be a stylized "P.P." or similar initials.

PITCHER PARTNERS
Melbourne

Shareholding Information

As at 19 August 2014

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following shareholding information which was applicable as at 19 August 2014.

Shareholding analysis

a. Distribution of shareholding

<i>Size of shareholding</i>	<i>Number of shareholders</i>	<i>%</i>
1 – 1,000	850	0.53
1,001 – 5,000	1,110	3.71
5,001 – 10,000	485	4.22
10,001 – 100,000	510	14.59
100,000 and over	39	76.95
Total	2,994	100.00

b. Substantial shareholders

The following are registered by the Company as substantial shareholders, having declared a relevant interest in the number of voting shares shown adjacent as at the date of giving the notice.

<i>Shareholder</i>	<i>Number</i>	<i>%</i>
National Australia Bank	10,047,969	11.17
Paul Holyoake	8,000,000	8.88
Challenger Limited	6,408,540	7.12
Celeste Funds Management Limited	6,299,062	7.02
First Samuel	5,449,498	6.06
Australian Ethical Smaller Companies Trust	5,443,105	6.05
Renaissance Smaller Companies	4,703,951	5.23
Australian Super Pty Ltd	4,690,012	5.06

c. Twenty largest shareholders

The names of the twenty largest shareholders are:

<i>Shareholder</i>	<i>Number of shares held</i>	<i>Percentage of issued shares</i>
National Nominees Limited	20,474,420	22.75
J P Morgan Nominees Australia Limited	19,630,942	21.81
Invia Custodian Pty Limited <Oakdon Holdings Pty Ltd A/C>	7,000,000	7.78
Citicorp Nominees Pty Limited	4,465,165	4.96
HSBC Custody Nominees (Australia) Limited	4,084,167	4.54
Mr Neil Maxwell Wilson	2,195,000	2.44
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,976,000	2.2
BNP Paribas Noms Pty Ltd <DRP>	1,470,817	1.63
Invia Custodian Pty Limited <Holyoake Super Fund A/C>	915,000	1.02
Mr Mark Gregory Kerr + Mrs Linda Marie Kerr <Lindmark Inv Staff S/F A/C>	875,713	0.97
RBC Investor Services Australia Nominees Pty Limited <PiSelect>	758,426	0.84
Mr John Joseph Lewis <Lewis Family A/C>	400,679	0.45
Equitas Nominees Pty Limited <3021524 A/C>	388,643	0.43
Bishop Phillips Consulting Pty Ltd <Bishop Phillips Unit A/C>	385,867	0.43
De Bruin Securities Pty Ltd	350,000	0.39
Gray Family Company Pty Ltd <Gray Family A/C>	343,559	0.38
Mr Robert Ormond Bowyer + Mrs Janise Mary Bowyer	270,000	0.3
Lavender Craft Pty Ltd	247,842	0.28
Miss Susan Maria Hillman	235,000	0.26
Mr Paul Anthony Smith <Bell Smith Family A/C>	209,130	0.23
	66,676,370	74.09

The twenty members holding the largest number of shares together held a total of 74.09% of the issued capital.

d. Issued Capital

The fully paid issued capital of the company consisted of 89,990,235, shares held by 2,994 shareholders. Each share entitles the holder to one vote.

f. Company Secretary

The company secretary is Michael Miers.

g. Registered office

The registered office of Oakton Limited is Level 8, 271 Collins Street, Melbourne VIC 3000

Shareholding Information continued

For the year ended 30 June 2014

h. Other offices

Head Office

Level 8
271 Collins Street
Melbourne VIC 3000
Telephone + 61 3 9617 0200

Sydney

Level 19
45 Clarence Street
Sydney NSW 2000
Telephone + 61 2 9923 9800

Canberra

45 Wentworth Avenue
Kingston ACT 2604
Telephone + 61 2 6230 1997

Brisbane

Level 5
200 Mary Street
Brisbane QLD 4001
Telephone + 61 7 3136 2900

Perth

Level 2
160 St Georges Terrace
Perth WA 6000
Telephone + 61 8 9222 8300

Hyderabad

Krishe-e 8-2-293 Plot 499,
Road 36
Jubilee Hills, 500033
Andhra Pradesh
Hyderabad, India
Telephone + 90 40 3100 1362

Other information for shareholders

In accordance with Listing Rule 4.10 Australian Securities Exchange Limited (ASX), the Directors provide the following information not elsewhere disclosed in this report.

Internet access to information

Oakton maintains a comprehensive Investor Relations section on its website at www.oakton.com.au/corporate/investors/

Our website is the best place to find the latest investor information about Oakton and its high-value services.

You can also access comprehensive information about your security holdings at the Computershare Investor Centre at www.investorcentre.com

By registering with Computershare's free Investor Centre service you can enjoy direct access to a range of functions to manage your personal investment details. You can create and manage your own portfolio of investments, check your security holding details, display the current value of your holdings and amend your details online.

Changes to your shareholder details, such as a change of name or address, notification of your tax file number or payment instructions can be made by printing out the forms you need, completing them and sending the completed forms back to Computershare.

Share registry enquiries

Shareholders who wish to approach the Company on any matter related to their shareholding should contact the Computershare Investor Centre in Melbourne:

The Registrar
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne Victoria 3001 Australia

Telephone +61 3 9415 4000 or 1300 850 505
Facsimile +61 3 9473 2500 or 1800 783 447

Electronic mail web.queries@computershare.com.au
Website www.investorcentre.com

ASX listing

Oakton Limited shares are listed on the Australian Securities Exchange (ASX:OKN). The home exchange is Melbourne.

All shares are recorded on the principal share register of Oakton Limited, held by Computershare Investor Services Pty Limited at the following street address:

Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067 Australia



Consulting Technology

www.oakton.com.au