

27 August 2014

PRELIMINARY FINAL REPORT YEAR ENDED 30 JUNE 2014



- **Group revenue \$113 million**
- **Underlying EBITDA \$12.8 million**
- **Underlying EBIT \$9.1 million, up 19%**
- **Statutory Net profit after tax \$5.5 million, up 5%**

OTOC Limited (ASX code: OTC) is pleased to report record group underlying EBIT of \$9.1 million for the year ended 30 June 2014. OTOC's diversification strategy and growth of its key business divisions during this period have been the contributing factors in the increase in the EBIT margin from 6.7% in FY2013 to 8.1% in FY2014, resulting in this record result.

OTOC reported a decrease in operating cash flow in FY2014 (FY2014: \$5.9 million, FY2013: \$7.9 million), due to timing of receipts from major projects. Following receipt of a major project receivable, OTOC will be in a strong working capital position with over \$15 million of cash on the balance sheet post the end of the financial year which will assist in supporting OTOC's core operational activities and the expansion of OTOC's geographical reach in the surveying, town planning and mapping market.

OTOC's CEO, Mr Simon Thomas said: "OTOC is pleased to report another year of strong profit growth despite a challenging market. This result reflects OTOC's efforts to diversify our revenue base, resulting in higher quality earnings and greater profit margins."

About OTOC

OTOC Limited is a leading provider of infrastructure services through its wholly owned operations OTOC Australia and Whelans Australia.

OTOC Australia specialises in the installation of infrastructure for government, mining and oil and gas projects. OTOC Australia has a successful track record of delivering turnkey infrastructure solutions for blue-chip clients including Rio Tinto, BHP Billiton, Roy Hill and FMG.

Whelans operates throughout Australia and is a leading consultancy in the provision of surveying, aerial surveys and town planning.

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PRELIMINARY FINAL REPORT

YEAR ENDED 30 JUNE 2014

Results for announcement to the market

A summary of the overall results for the year ended 30 June 2014.

OTOC Limited

				\$000
Revenue from ordinary activities	down	0.7%	to	113,132
Underlying EBIT ¹	up	19%	to	9,147
Statutory Profit from ordinary activities after tax attributable to members	up	5%	to	5,460
Statutory Net profit for the period attributable to members	up	5%	to	5,460
Earnings per share (basic)	up	12%	to	2.8 cents
NTA Backing		30 June 2014	30 June 2013	
Net tangible asset backing per ordinary security		\$0.14	\$0.11	

Dividends declared

No dividends were declared or paid during the period by OTOC Limited.

Dividends or distribution reinvestment plan

OTOC Limited does not currently operate a dividend reinvestment plan.

Preliminary financial report

This report is based on figures from current internal management accounts and subject to finalisation of the full year accounts and external audit which is underway. This preliminary final report is based on accounts that are not audited.

Net Assets and Cash Position

OTOC has \$6.8 million in cash at 30 June 2014 and following receipt of a client-approved project receivable, will further strengthen its working capital position with \$15 million of cash on the balance sheet post 30 June 2014. OTOC repaid in full \$1.4 million in shareholder loans and \$2.5 million in borrowings and lease liability payments during the year.

Control gained or lost over entities in the financial period

On 4 April 2014, OTOC incorporated a 100% owned subsidiary, Victoria Survey Pty Ltd, this wholly owned subsidiary has not contributed to OTOC's reported financial result and has remained dormant.

On 3 July 2013, OTOC received confirmation of the deregistration of 100% owned subsidiary, Xemi Pty Ltd.

Note 1:

Underlying EBIT or EBITDA are non-IFRS measures that in the opinion of OTOC provide useful information to assess the financial performance of the Group. A reconciliation between statutory results and underlying results is provided below. These non-IFRS measure are unaudited:

	30 June 2014 \$000	30 June 2013 \$000
Statutory profit after tax	5,460	4,572
<u>Add back:</u>		
Tax expense	1,753	1,369
Net finance income/expense	990	1,120
Loss from discontinued operation	-	636
Restructuring costs	944	-
Underlying EBIT	9,147	7,697
Depreciation and amortisation	3,618	3,249
Underlying EBITDA	12,765	10,946

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$000	\$000
Revenue	113,132	113,934
Expenses	(103,985)	(106,237)
Results from operating activities	9,147	7,697
Restructuring Costs	(944)	-
Profit before interest and tax	8,203	7,697
Finance income	39	-
Finance costs	(1,029)	(1,120)
Net finance income/(costs)	(990)	(1,120)
Profit before income tax	7,213	6,577
Income tax expense	(1,753)	(1,369)
Net profit after tax	5,460	5,208
Loss from discontinued operation	-	(636)
Other comprehensive income for the year, net of income tax	-	-
Total comprehensive income for the year	5,460	4,572
Earnings per share		
Basic earnings per share - cents per share	2.8	2.5
Diluted earnings per share - cents per share	2.8	2.4

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	2014	2013
	\$000	\$000
Cash and cash equivalents	6,803	3,926
Investments	-	402
Trade and other receivables	8,015	17,808
Work in progress	20,208	17,091
Other current assets	595	1,382
Total current assets	35,621	40,609
Non-current assets		
Plant and equipment	14,039	14,604
Investments	80	80
Intangible assets	826	933
Total non-current assets	14,945	15,617
Total assets	50,566	56,226
Current liabilities		
Trade and other payables	6,686	19,766
Loans and borrowings	2,780	3,618
Employee benefits	1,689	2,304
Total current liabilities	11,155	25,688
Non-current liabilities		
Loans and borrowings	6,820	5,106
Deferred tax liability	4,991	3,238
Employee benefits	133	187
Total non-current liabilities	11,944	8,531
Total liabilities	23,099	34,219
Net assets	27,467	22,007
Equity		
Share capital	9,188	9,188
Retained earnings	18,279	12,819
Total equity	27,467	22,007

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2014

	Attributable to equity holders of the Group			
	Share Capital	Retained Earnings	Other Reserves	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2013	9,188	12,819	-	22,007
Total comprehensive income for the year				
Profit after tax	-	5,460	-	5,460
Total comprehensive income for the year	-	5,460	-	5,460
Balance at 30 June 2014	9,188	18,279	-	27,467

	Attributable to equity holders of the Group			
	Share Capital	Retained Earnings	Other Reserves	Total Equity
	\$000	\$000	\$000	\$000
Balance at 1 July 2012	4,588	8,247	-	12,835
Total comprehensive income for the year				
Profit after tax	-	4,572	-	4,572
Total comprehensive income for the year	-	4,572	-	4,572
Transactions with owners, recorded directly in equity				
Contributions by and distributions to owners				
Performance share issue	4,600	-	-	4,600
Total contributions by and distributions to owners	4,600	-	-	4,600
Total transactions with owners	4,600	-	-	4,600
Balance at 30 June 2013	9,188	12,819	-	22,007

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

	2014	2013
	\$000	\$000
Cash flow from operating activities		
Receipts from customers	131,128	127,952
Payments to suppliers and employees	(124,192)	(119,017)
Income tax refund	-	58
Interest paid	(1,029)	(1,120)
Interest received	39	-
Net cash from operating activities	5,946	7,873
Cash Flows from investing activities		
Proceeds from sale of property, plant and equipment	327	323
Purchase of property, plant and equipment	(1,806)	(7,573)
Discontinued operation	-	970
Proceeds/(Purchase) of Investment	402	(402)
Net cash used in investing activities	(1,077)	(6,682)
Cash flow from financing activities		
Loans from related parties	(1,358)	(1,381)
Repayment of borrowings and lease liabilities	(2,449)	(1,686)
Proceeds from borrowings	1,815	1,840
Net cash used in financing activities	(1,992)	(1,227)
Net (decrease)/increase in cash and cash equivalents	2,877	(36)
Cash and cash equivalents at beginning of year	3,926	3,962
Cash and cash equivalents at end of year	6,803	3,926

The accompanying notes form an integral part of these consolidated financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1: Statement of significant accounting policies

This preliminary financial report has been prepared in accordance with Australian Securities Exchange Listing rules as they relate to Appendix 4E and in accordance with the measurement requirements of Australian Accounting Standards and Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. As such, this preliminary financial report does not include all the notes of the type included in the annual financial report and accordingly, should be read in conjunction with the Interim Financial Report for the six months ended 31 December 2013, and with any public announcements made by OTOC Limited during the reporting period in accordance with the disclosure requirements of the Corporations Act 2001.

The Company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investment Commission, relating to the "rounding off" of amounts in the Directors' Report and financial statements. Amounts have been rounded off to the nearest thousand dollars in accordance with that Class Order.

The accounting policies have been consistently applied to all years presented.

This preliminary final report is based on accounts that are not audited.

Note 2: Earnings per share

	2014	2013
Earnings used to calculate basic EPS - \$000	5,460	4,572
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	193,062,512	183,199,948
Basic earnings per share - cents per share	2.8	2.5
Weighted average number of ordinary shares outstanding during the period used in calculating Diluted EPS	193,062,512	193,062,512
Diluted earnings per share - cents per share	2.8	2.4

Note 3: Segment Note

The Group has three reportable segments being managed separately by the service provided. Internal management reports on the performance of these reportable segments are reviewed monthly by the Chief Executive Officer. The following summary describes the operations in each of the Group's reportable segments:

OTOC Australia ("OTOC") – provides infrastructure and facilities to the Resources, Government and Oil and Gas sectors.

Whelans Australia ("Whelans") – provides surveying, mapping and town planning services throughout Western Australian.

Information regarding the results of each reportable segment is detailed below. Comparative segment information has been presented in conformity with the requirement of AASB 8 Operating Segments.

	OTOC		Whelans		Corporate		Discontinued Operations		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Total Revenues	88,132	84,755	26,460	30,001	-	-	-	1,070	114,592	115,826
Inter-segment revenues	(73)	-	(1,387)	(822)	-	-	-	-	(1,460)	(822)
External revenues	88,059	84,755	25,073	29,179	-	-	-	1,070	113,132	115,004
Depreciation and amortisation	2,156	1,913	1,421	1,336	41	-	-	-	3,618	3,249
Reportable segment profit before restructuring, finance costs and income taxes	9,895	6,519	1,516	2,894	(2,264)	(1,716)	-	(578)	9,147	7,119
Reportable segment assets	31,763	38,368	18,566	17,589	237	269	-	-	50,566	56,226
Reportable segment liabilities	13,681	23,529	5,995	9,678	3,423	1,012	-	-	23,099	34,219