OTOC LIMITED

30 JUNE 2014

ANNUAL FINANCIAL REPORT

ACN 122 958 178

www.otoclimited.com.au

DIRECTORS' REPORT

Your Directors present their report together with the consolidated financial statements of OTOC Limited ABN 80 122 958 178 ("the Company" or "OTOC") and the entities it controlled (together referred to as ''the Group'') at the end of, or during, the year ended 30 June 2014.

1. INFORMATION ON DIRECTORS

Directors of the Company during the whole of the financial year ended 30 June 2014 and up to the date of this report are as follows:

- Derek La Ferla (Non-Executive Chairman)
- Adam Lamond (Executive Director)
- Tom Lawrence (Non-Executive Director)

Derek La Ferla
Independent Non-Executive Chairman
Appointed 28 October 2011

Mr La Ferla has been a corporate lawyer for nearly 30 years and is a partner with international law firm, Norton Rose Fulbright. He is national team leader of the firm's Corporate Advisory Group and national leader of the firm's Infrastructure, Mining and Commodities Industry Group. Mr La Ferla has considerable experience as a company director and is also the chairman of Sandfire Resources NL and Cashmere Iron Limited. He has previously served on the Norton Rose Fulbright Australia national board (while the firm was Deacons) and listed investment company, Katana Capital Limited. He is a fellow of the Australian Institute of Company Directors.

Special Responsibilities
Mr La Ferla is the Chairman of the Nomination and Remuneration Committee and a member of the Audit Committee.

Former directorships in last 3 years
Sandfire Resources Limited (May 2010 – Current)

Interests in Shares
562,500 fully paid ordinary shares

Adam Lamond
Executive Director
Appointed 13 October 2011

Mr Lamond is a qualified electrician and electrical contractor with over 20 years of experience in the mining industry. Mr Lamond has particular expertise in the electrical trade and camp installations in remote Western Australia.

Mr Lamond began his career in the mining industry in 1995, working for a private electrical contractor and subsequently as a sub-contractor.

He founded his own electrical contracting business in 2003 before merging it with several other private contracting businesses to form Ocean to Outback Contracting Pty Ltd (OTOC), and held the position of Chief Executive Officer. Mr Lamond was Chief Executive Officer of the Company from 13 October 2011 to 31 January 2014.

Special Responsibilities
Member of the Nomination and Remuneration Committee

Former directorships in last 3 years
None.

Interests in Shares
55,115,500 fully paid ordinary shares

diverse range of businesses. He now works as a consultant for Capital Legal advising clients on a broad range of business related transactions. Mr Lawrence has been an advisor to OTOC from its inception.

1. INFORMATION ON DIRECTORS (Continued)

Tom Lawrence
Non-Executive Director
Appointed 13 October 2011
Mr Lawrence is a qualified accountant with a Bachelor of Laws and a Masters Degree in taxation. Mr Lawrence was the principal of Lawrence Business Management for over 15 years, providing tax and management advice to a

Special Responsibilities
Mr Lawrence is the Chairman of the Audit committee and a member of the Nomination and Remuneration Committee.

Former directorships in last 3 years
None.

Interests in Shares
2,089,998 fully paid ordinary shares

2. INFORMATION ON COMPANY SECRETARY

Ms Wynne is a Chartered Accountant and Chartered Secretary with significant experience in the administration of ASX and TSX listed companies, corporate governance and financial accounting. Ms Wynne is Company Secretary of a number of public companies and the principle of corporate advisory firm Sila Consulting Pty Ltd, specialising in the provision of corporate services to public companies.

3. DIRECTORS MEETINGS

The number of directors meetings and number of meetings attended by each of the directors of the Group during the financial year are:

Director	Board Meetings		Audit Committee		Remuneration & Nomination Committee **		Occupational Health & Safety Committee	
	A	B	A	B	A	B	A	B
Derek La Ferla	12	13	3	3	4	4	3	3
Adam Lamond	12	13	*	*	1	3	2	3
Tom Lawrence	13	13	3	3	4	4	3	3

A = Number of Meetings attended
B = Number of meetings held during the time the director held office during the year
* = Not a member of the relevant committee
** = Matters considered were passed via a circular resolution

4. DIVIDENDS

No dividends were paid to members during this financial year or the preceding financial year.

5. PRINCIPAL ACTIVITIES

OTOC through its wholly owned subsidiaries OTOC Australia Pty Ltd and Whelans Australia Pty Ltd ("Whelans") is a leading provider of resources and infrastructure services. OTOC Australia specializes in the installation of mine site and remote area infrastructure, for government, mining and oil and gas projects. Whelans is a leading consultancy in the provision of surveying, aerial surveys and town planning, with a focus on the resources sector. The following significant changes in the nature of the activities of the Group occurred during the year:

(i) Whelans was awarded $4.3 million in survey services and aerial acquisition works within the oil and gas and civil construction sectors.
(ii) OTOC Australia was awarded $16.2 million in additional work at the Nauru processing center. The additional work included a $10.5 million variation to the existing contract for labour and material and $5.7 million of communications and fire and security systems installation for OTOC Australia's newly formed Remote Communications Division.
(iii) The Group enhanced its financial capacity to undertake new and larger projects and fund potential growth opportunities via the $8.2 million in new finance facilities from the Commonwealth Bank of Australia.

6. REVIEW OF OPERATIONS

For the year ended 30 June 2014 the Group achieved net profit after tax from continuing operations of $5.5 million (2013: $5.2 million, $4.6 million after discontinued operations) and profit from operating activities (EBIT) of $9.1 million (2013: $7.7 million).

This result was a reflection of the benefits of the Company's strategy of targeting a more diversified operating and revenue base, resulting in higher quality earnings and greater profit margins achieved despite the reduction in mining capital expenditure in Western Australia and generally subdued trading conditions in the resources services sector.

A key focus for the Group has been the growth of OTOC's government infrastructure, communications and facilities divisions. The growth of these divisions and Whelans' surveying, town and urban planning and mapping capabilities and geographic scale are strategic priorities for OTOC.

During the period, the Group made several key management appointments to assist the Company in delivering it's strategy, including the appointment of Mr Simon Thomas as Chief Executive Officer and Mr Brett Goodridge as General Manager of Whelans.

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, and resulted in this record result.

OTOC reported a decrease in operating cashflow in FY2014 (FY2014: $5.9 million, FY2013: $7.9 million), due to timing of receipts from major projects.

6.1 Operations

6.1.1 Overview

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 Australian and is a leading consultancy in the provision of surveying, aerial surveys and town planning.

OTOC Group is focussed on remote area solutions in the following key areas:

- Resources infrastructure
- Government infrastructure
- Communications infrastructure
- Facilities rental
- Surveying
- Town Planning
- Aerial Mapping

- **OTOC Limited** is the Group's holding company that is listed on the ASX under the code OTC.

- **OTOC Australia** provides infrastructure solutions in remote areas to Government, mining and oil and gas sectors, including construction, communication, power generation and electrical and facilities services. OTOC Australia has a history of delivering quality projects on time and on budget. Projects range in size from $2.0 million through to $50.0 million. The level of experience within the Company and the close collaboration with its customers ensures OTOC Australia has a clear understanding of its customers' requirements as well as the ultimate end user, the customer's employees. From concept to completion, OTOC Australia's services include: Infrastructure Design and Construction Services, Infrastructure Operation and Maintenance Services, Keystone/Asset Management (Testing and Verification), Power Generation and Electrical Services, Communication and Satellite Technologies and Water Hydraulics and Plumbing Services.

- **Whelans Australia** specialises in surveying, town planning, aerial mapping and specialist geospatial products and services and offers comprehensive solutions to mining and infrastructure projects, construction, land subdivision, laser scanning and spatial services and all aspects of development. Whelans Australia has an outstanding reputation with its customers, from developers and resource companies, through to Government departments. With forty years' experience, Whelans is an established part of the Western Australian professional landscape. Whelans Australia's skilled staff are well-informed on current Government policy and trained in the latest technologies, ensuring customers receive professional advice and service on every Whelans project.

i. **Business Model**

OTOC group generates most of its income from the provision of remote area infrastructure solutions. Revenue is generated from Government, resources and communications infrastructure, surveying, town planning and aerial mapping. This combination of annuity stream income plus large infrastructure projects offers a balanced portfolio. The Group's earnings are currently driven by its two wholly-owned businesses, OTOC Australia and Whelans Australia.

ii. **Review of Operations**

Key points to assist in understanding OTOC's results are as below:

Key Item	FY2014 $000	FY2013 $000	Comments
Revenue	113,132	113,934	No significant change.
Expenses	103,985	106,237	No significant change.
Earnings before interest and tax (EBIT) from continuing operations	9,147	7,697	EBIT growth is a result of a stable performance from core business and a concerted strategy to grow earnings ahead of revenue.
Restructuring Costs	944	-	During the period the Group undertook a review of Whelans and implemented a number of restructuring measures aimed at lifting growth and profitability of the business going forward.
Net Assets	27,503	22,007	Net Assets increased by 25% compared with the previous year, which is consistent with and largely attributable to the current year's profit after tax.
Working Capital	24,466	14,921	Decrease in trade payables and cash flow management also continue to support overall strength in working capital.

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

	FY2014 $000	FY2013 $000
Statutory profit after tax	5,496	4,572
Add back:		
Tax expense	1,717	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

6.2 Financial Position, Performance and Cash flow

6.2.1 Dividends

No dividends were declared and paid by the Company during the financial period.

6.3 Business Strategy, Outlook and Risks

6.3.1 Business Strategy

The Group's strategy is to grow and expand its existing resources, Government and surveying operations and create new opportunities and service offerings to establish OTOC as a preeminent infrastructure services company and maximize and increase stakeholder value and returns. Whelans currently contracts to numerous WA State Government departments and local councils and is focussed on pursuing organic growth opportunities to expand its surveying, town planning and mapping capabilities into new geographic markets and products.

6.3.2 Outlook

A highly experienced Board of Directors and management team are focussed on sustainable organic growth. With existing contracts in Government, mining, oil and gas sectors, the OTOC group foresees opportunities for further expansion and diversification, which will provide the Group with increased earnings and long-term sustainability.

OTOC Australia was recently awarded a $3m contract for Mine Process Plan (Civil Works) in-ground services in connection with the Roy Hill iron ore project in the Pilbara.

OTOC Australia's incumbent position at Nauru and proven execution capability with the construction of the Nauru processing centre has provided a strong baseline of revenue for the group. OTOC continues to provide infrastructure work on Nauru and expects further opportunities to deliver additional government infrastructure works.

Following the recent restructuring, Whelans Australia, is positioned to generate consistent revenue and earnings and expects to continue to benefit from investment in organic growth opportunities and acquisitions. The Company announced the acquisition of premium Victorian surveying business, Bosco Jonson on 28 August 2014 as part of its strategy to create a premium national surveying business.

6.3.3 Risks

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Company and the Directors. The most significant risks identified that may have a material impact on the future financial performance of the Company and the market price of the Group's shares are:

6.3.3.1 Project Delivery Risk

Execution of projects involves professional judgment regarding scheduling, development and construction. Failure to meet scheduled milestones could result in professional product liability, warranty or other claims against the Company. The Company maintains a range of insurance policies and risk mitigation programs designed to closely monitor progress or works.

6.3.3.2 Legal and Contractual Risk

Errors, omissions or incorrect rates and quantities mean OTOC may not achieve full benefits of project deliverables and may lead to a negative impact on financial performance. Additionally, failure to understand the contract terms can lead to disputes with third parties and litigation over contractual terms. The Company seeks to mitigate these risks by following a tendering process and estimation programme and using the knowledge and experience of staff to conduct pricing appropriately and contract review and screening.

6.3.3.3 Competition Risk

Competitive markets can place downward pressure on margins and can lead to a risk of decreased market share. OTOC seeks to mitigate this risk by seeking to target projects where we have expertise and competitive advantage while also effectively managing costs and margins.

6.3 Business Strategy, Outlook and Risks (continued)

6.3.1.1 Partner Risk

OTOC occasionally operates through a joint venture style partnering arrangement. The success of these arrangements depends on the satisfactory performance by our partners of their obligations. The failure of our partners to meet obligations could impose additional financial and / or performance obligations on OTOC which could have an impact on our reputation or financial results. OTOC seeks to mitigate this risk by conducting due diligence in relation to potential partners and by undertaking compliance reviews and regularly monitoring the performance of joint venture operations.

7 SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

8 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2014, the Group agreed to acquire Bosco Jonson, a leading Victorian surveying, town planning and urban design business. The up-front purchase consideration for the Acquisition was $14.0 million including $1.0 million of shares, with an additional $3.0 million in performance consideration subject to the achievement of financial hurdles. Completion of the acquisition is expected in late September 2014.

Other than the matter discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

9 LIKELY DEVELOPMENTS

OTOC intends to focus on the growth of its two core businesses, OTOC Australia and Whelans. OTOC is focussed on a two-fold growth strategy to further expand and diversity OTOC's revenue base, including the expansion of the Communications and Facilities divisions and a targeted acquisition strategy.

10 REMUNERATION REPORT – Audited

The directors are pleased to present your Company's 2014 remuneration report which sets out the remuneration information for OTOC Limited's non-executive directors, executive directors and other key management personnel. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001. This Remuneration Report forms part of the Directors' Report. For the purposes of this report 'Key Management Personnel' (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

The report contains the following sections:

a) Directors and key management personnel disclosed in this report
b) Remuneration Policy
c) Relationship between remuneration and the Company's performance
d) Voting and comments made at the Company's 2013 Annual General Meeting
e) Contractual Arrangements
f) Details of remuneration
g) Analysis of bonuses included in remuneration – audited
h) Details of share-based compensation and bonuses
i) Equity Instrument Disclosure Relating to Key Management Personnel

10 REMUNERATION REPORT – Audited (continued)

Director and Executive Disclosures

a) Details of directors and key management personnel disclosed in this report

Director	Position	Appointed on	Resigned on
Derek La Ferla	Non-Executive Chairman	2 November 2011	-
Adam Lamond	Executive Director	13 October 2011	-
Tom Lawrence	Non-Executive Director	13 October 2011	-
Key Management Personnel			
Simon Thomas	Chief Executive Officer	30 January 2014	-
Brian Mangano	Chief Financial Officer	9 July 2012	-
David Russell	General Manager, OTOC Australia	13 August 2012	-
Brett Goodridge	General Manager, Whelans	2 September 2013	-
Brian Hill	Managing Director, Whelans	28 February 2010	1 November 2013

b) Remuneration policy

The Group has high expectations of its personnel and its executive leadership team. The Group aligns the performance outcomes of its executives with its own corporate outcomes and as such remuneration will be based on merit, performance and responsibilities assigned and undertaken. The Group has established a Remuneration and Nomination Committee, which is responsible for:

- Assessing appropriate remuneration policies, levels and packages for Board Members, the CEO, and (in consultation with the CEO) other senior executive officers;
- Monitoring the implementation by the Group of such remuneration policies; and
- Recommending the Group's remuneration policy so as to:
  - motivate directors and management to pursue the long-term growth and success of the Group within an appropriate control framework; and
  - Demonstrate a clear relationship between key executive performance and remuneration.

Non-executive director remuneration policy

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time-to-time by a general meeting. The Constitution was amended by special resolution of the members on 30 November 2011 with the aggregate remuneration increasing from $250,000 to $300,000 per annum, which is to be apportioned amongst Non-Executive Directors.

The Company has entered into service agreements with its current Non-Executive Directors; refer details of the contractual arrangements on page 7 to 13 of this remuneration report. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Directors retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

Executive remuneration policy

The Company's broad remuneration policy is to ensure the remuneration package appropriately reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to attract and retain executives of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. If required, the Board may engage an external remuneration consultant to provide independent advice in the form of a written report detailing market levels of remuneration for comparable executive roles. The Board did not use external remuneration consultants in the current year.

10 REMUNERATION REPORT – Audited (continued)

The executive remuneration framework has three components:

- Base pay and benefits, including superannuation
- Short-term incentives
- Long-term incentives through participation in Company's Performance Rights Plan

The table below represents the target remuneration mix for group executives in the current year. The short-term incentive is provided at target levels, and the long-term incentive amount is provided based on the value granted in the current year.

		At Risk	
	Fixed Remuneration	Short-term Incentive	Long-Term Incentive
CEO's	100%	-	-
CFO [A]	68%	32%	-
General Managers	69%	31%	-

[A] This does not include $50,000 paid to the CFO linked to personal performance measures for FY2013 for which the performance review was conducted in FY2014.

Base pay
The Base Salary is a monetary recognition for the undertaking of task and assumption of responsibilities in line with an individual's role in the organisation. It is set against industry and regional benchmarking for role, market conditions and complexity of task. Where appropriate independent remuneration advice is obtained.

There are no guaranteed base pay increases included in any executive contracts.

Superannuation
Statutory superannuation is payable in addition to the base pay.

Short-term incentives
Executives have the opportunity to earn an additional annual short-term incentive (STI) if predefined targets are achieved (KPIs). The Group's STIs are paid in the form of cash and are calculated as a percentage of base pay, based on achievement of set financial, safety and personal based KPI's that provide a measured return to the organisation set by the Remuneration and Nomination Committee from time to time, and is dependent on the executive achieving various key performance indicators for their relevant business line. Further, the behaviours of our employees against the Values of the Company are also assessed through a performance evaluation process.

For the financial year ended 30 June 2014 neither the former CEO nor existing CEO were entitled to any STI. Other executives had target STIs (of between $60,000 and $150,000) linked to EBIT and personal performance for their individual divisions. Executives are set a minimum EBIT for the group or their respective division to achieve before an STI is payable.

The Remuneration and Nomination Committee is responsible for determining the STI to be paid based on an assessment of whether the KPIs are met. The performance evaluation in respect of the year ended 30 June 2014 has not yet taken place.

Long-term incentives
The Group bases its Long Term Incentive Benefit ("LTIB") on a combination of continued valued service of the particular executive and overall corporate performance of the Group as a whole so as to align each of the executives' incentives with the total performance of the Group.

During the financial year the Group adopted a Long Term Incentive Plan ("Plan") as an equity based incentive has been lacking in OTOC's senior executive remuneration arrangements to date and the Board viewed a Plan as an essential part of retaining senior executives in an increasingly competitive market. The Plan provides the long term incentive component of the remuneration for executives and KMP's to be identified by the Board. The purpose of the Plan is to issue a performance based bonus in the form of performance rights based on KPI's and performance hurdles to encourage alignment of personal and shareholder interest and:

- Foster a long term perspective within the employees necessary to increase shareholder return;
- Drive sustainable, long term performance of the Company;
- Retain key senior executives;
- Provide an opportunity for employees to participate in the Company's share price performance; and

10 REMUNERATION REPORT – Audited (continued)

- Ensure that the Company has a remuneration model that makes it an attractive employment option for talented personnel

LTI Performance measures and hurdles (including tenure provisions) are determined by the Board and linked to financial measures which may include but not limited to:

- Total Shareholder Return relative to an established peer group
- Growth in earnings per share
- Return of capital employed
- EBIT/NPAT above budget and growth
- Revenue growth and margin improvement

Performance rights will convert to ordinary shares of the Company on a one-for-one basis at the end of the vesting period depending on the extent to which the performance hurdles are achieved. No performance rights were granted during the financial period.

In prior years, shareholders approved the ESW Employee Share Plan ('the Plan'). The purpose of the Plan was to attract, motivate and retain key employees. Persons eligible to participate in the Plan are all employees of the Company and its subsidiaries specifically excluding directors ('Participants'). Shares are provided to Participants through a trust arrangement, either by issuing new Shares, or by acquiring existing Shares on market or off-market. No shares have been issued under the Plan during this or the preceding financial year.

c) Performance Linked Compensation

The following table shows key performance indicators for the Group over the last five years.

	Financial Year Ended 30 June	2014	2013	2012	2011	2010
LTI	Closing Share Price ($)	0.14	0.12	0.12	0.17	0.34
	EPS (cents)	2.8	2.5	4.2	(0.8)	(0.0008)
STI	Profit/(Loss) from Continuing Operations ($'000)	5,496	5,208	6,213	(796)	(1,706)
	Average % of Maximum STI awarded to Executives(i) (%)	59%	-	-	-	-
	Dividends paid ($'000)	-	-	950	1,170	369

(i) Represents FY 2014 STI payable/paid as a percentage of the maximum STI payable.

d) Voting and comments made at the Company's 2014 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2013 was put to the shareholders of the Company at the Annual General Meeting held 29 November 2013. The Company received more than 96% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2013 financial year. The resolution was passed without amendment on a show of hands. The Company did not receive any specific feedback at the AGM on its remuneration practices.

e) Contractual Arrangements

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Remuneration and other terms of employment for the managing director, chief financial officer and other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

10 REMUNERATION REPORT – Audited (continued)

Name	Term of agreement	Base salary including superannuation	Termination
Derek La Ferla	Mr La Ferla will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$80,000	In accordance with the the company's constitution and the Corporations Act 2001 (Cth).
Adam Lamond [(B)]	Until validly terminated in accordance with the terms of the Agreement.	$131,100	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Tom Lawrence	Mr Lawrence will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$50,000	In accordance with the the company's constitution and the Corporations Act 2001 (Cth).
Simon Thomas [(A), (C) & (F)]	Until validly terminated in accordance with the terms of the Agreement.	$464,312	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Brian Mangano [(A) & (F)]	Until validly terminated in accordance with the terms of the Agreement.	$316,825	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
David Russell[(A) & (F)]	Until validly terminated in accordance with the terms of the Agreement.	$349,600	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Brett Goodridge [(D) & (F)]	Until validly terminated in accordance with the terms of the Agreement or completed on 30 June 2016.	$260,000	Termination by Company with reason – 1 months' notice Termination by Company without reason – 6 months' notice (or payment of the equivalent of 6 months' salary to dispense of the notice period)
Brian Hill [(E)]	Until validly terminated in accordance with the terms of the Agreement.	$228,021	6 months notice

10 REMUNERATION REPORT – Audited (continued)

(A) The key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

(B) Adam Lamond held the position of Managing Director from his appointment on 13 October 2011 until 31 January 2014 at which time he was appointed to the role of Executive Director – Corporate Strategy. Mr Lamond's base salary including superannuation as Managing Director was $486,162. The notice period under the contract for his role as Managing Director was terminated on 31 January 2014 and replaced with the service agreement outlined above. Mr Lamond's service contract allows for participation in the Company's Long-Term Incentive Plan (subject to Board and Shareholder approval).

(C) Simon Thomas was appointed to the role of Chief Executive Officer on 30 January 2014. Mr Thomas' contract provides for the provision of short-term incentives by way of a cash bonus of up to 40% of his base salary subject to key performance indicators to be determined by the Board and participation in the Company's Long-Term Incentive Plan in future years but not for FY 2014. Mr Thomas is also entitled to a cash payment of $100,000 on the first anniversary of his commencement date.

(D) Mr Goodridge was appointed General Manager of Whelans on 2 September 2013 and engaged as a contractor.

(E) Mr Hill resigned as Managing Director of Whelans on 1 November 2013. Mr Hill's agreement provided for the provision of long-term incentives through the issue of shares under the Company's Employee Share Plan in previous financial years. No long-term incentives were issued to Mr Hill during the period.

(F) Key Management personnel's contracts provide for the provision of short-term incentives by way of a cash bonus subject to the achievement of EBIT targets and personal performance for his individual division to be determined by the Remuneration & Nomination Committee annually.

f) Remuneration of directors and key management personnel of the group for the current and previous financial year

		Short-term employee benefits			Post-employment benefits		
		Salary & fees $	STI Cash bonus (B) $	Non-monetary $	Superannuation $	Total $	Proportion of remuneration performance related
Executive Director							
Adam Lamond (A)	**2014**	**308,211**	-	-	**29,511**	**337,722**	-
	2013	416,792	-	-	35,217	452,009	-
Non-Executive Chairman							
Derek La Ferla	**2014**	**73,395**	-	-	**6,789**	**80,184**	-
	2013	73,395	-	-	6,605	80,000	-
Non-Executive Directors							
Tom Lawrence	**2014**	**50,000**	-	-	-	**50,000**	-
	2013	52,545	-	-	-	52,545	-
Dario Amara (resigned 30 November 2012) (E)	**2014**	-	-	-	-	-	-
	2013	19,113	-	-	1,720	20,833	-
Other Key Management							
Brian Hill resigned 1 November 2013)(E)	**2014**	**43,413**	-	-	**8,853**	**52,266**	-
	2013	201,381	-	-	17,025	218,406	-

10 REMUNERATION REPORT – Audited (continued)

		Short-term employee benefits			Post-employment benefits		
		Salary & fees[D] $	STI Cash bonus [B] $	Non-monetary $	Superannuation $	Total $	Proportion of remuneration performance related
Brian Mangano [C]	**2014**	**291,028**	**112,940**	**-**	**31,450**	**435,418**	**26%**
	2013	267,017	-	-	7,009	274,026	-
David Russell	**2014**	**341,125**	**115,890**	**-**	**29,600**	**486,615**	**24%**
	2013	295,975	-	-	25,478	321,453	-
Brett Goodridge (appointed 2 September 2013)	**2014**	**231,000**	**35,000**	**-**	**-**	**266,000**	**13%**
	2013	-	-	-	-	-	-
Simon Thomas (appointed 30 January 2014)	**2014**	**185,649**	**-**	**-**	**15,876**	**201,525**	**-**
	2013	-	-	-	-	-	-
Total	**2014**	**1,523,821**	**263,830**	**-**	**122,079**	**1,909,730**	**14%**
	2013	1,326,218	-	-	93,054	1,419,272	-

Notes in relation to the table of directors' and executive officers' remuneration

(A) Adam Lamond held the position of Managing Director from his appointment on 13 October 2011 until 31 January 2014 at which time he was appointed to the role of Executive Director – Corporate Strategy.

(B) Short-term incentive bonus is for the achievement of target EBIT for the financial year ended 30 June 2014. The performance evaluation in respect of the year ended 30 June 2014 has not yet taken place however the short-term incentive bonuses have been accrued but not yet paid.

(C) Mr Mangano' short-term incentive bonus includes $50,000 for the achievement of personal and performance based KPI's during the financial year ended 30 June 2013, The amount was finally determined on 30 July 2013 after performance reviews were completed and approved by the remuneration and nominations committee.

(D) Salary and Fees includes annual leave, long service leave and living away from home allowance.

(E) No termination benefits were paid to resigning executives and directors.

g) Analysis of bonuses included in remuneration – audited

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, and other key management personnel are detailed below.

	Short-term incentive bonus		
	Included in remuneration $[A]	% vested in year	% forfeited in year [B]
Executive Director			
Adam Lamond	-	-	-
Non-Executive Chairman			
Derek La Ferla	-	-	-
Tom Lawrence	-	-	-
Key Management Personnel			
Brian Hill	-	-	-
Brian Mangano [C]	112,940	56%	44%
David Russell	115,890	77%	23%
Brett Goodridge	35,000	23%	77%
Simon Thomas	-	-	-

(A) Amounts included in remuneration for the financial year is for the achievement of target EBIT for the financial year ended 30 June 2014. The performance evaluation in respect of the year ended 30 June 2014 has not yet taken place however the short-term incentive bonuses have been accrued but not yet paid.

(B) The amounts forfeited are due to the performance or service criteria not being met in relation to the financial year.

(C) $50,000 has been included in remuneration for the financial year for CFO, Brian Mangano. This amount related to the 30 June 2013 financial year based on achievement of personal goals and satisfaction of specified performance criteria. The remuneration committee approved these amounts on 31 July 2013.

h) Details of share-based compensation and bonuses

(i) Options and Rights issued, held and transacted by directors and key management personnel

There were no options or rights over ordinary shares granted to directors and key management personnel since the end of the reporting period.

i) Equity Instrument Disclosure Relating to Key Management Personnel

Shares issued, held and transacted by directors and key management personnel

The number of ordinary shares in the Company held during the reporting period by each director and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted as compensation during the reporting period.

	Balance at 30/06/2013	Movement	Balance at 30/06/2014
Directors			
Derek La Ferla	562,500	-	562,500
Adam Lamond	57,915,500	(2,800,000)	55,115,500
Tom Lawrence(A)	2,089,998	-	2,089,998
KMP's			
Simon Thomas	-	23,840	23,840
Brian Mangano	100,000	639,729	739,729
David Russell	367,754	(367,754)	-
Brett Goodridge	-	-	-
Brian Hill(B)	915,714	-	915,714
Total	61,951,466	(2,504,185)	59,447,281

(A) Includes 439,998 shares held by OTC ESP Pty Ltd as trustee of the OTOC Employee Share Plan of which Tom Lawrence is a Director but in which shares Tom Lawrence has no beneficial interest.

(B) Held at the date of his resignation of 1 November 2013.

THIS CONCLUDES THE AUDITED REMUNERATION REPORT

11 SHARES UNDER OPTION

As at 30 June 2014 there are no shares under option.

12 INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year the Group paid insurance premiums of $31,300 (2013: $46,200) to insure the directors, secretaries and executive officers of the Group and its subsidiary companies.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of OTOC Limited and its subsidiary companies, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

13 NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to its statutory duties.
The board has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and the non-audit services provided do not undermine the general principals relating to the auditor independence as set out in APES110 *Code of Ethics for the Professional Accountants*, as they did not involve reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details for the amounts paid to KPMG, the Group's auditor, and its related practices for audit and non-audit services to the Group provided during the year are set out below.

	Consolidated	
	2014	**2013**
	$000	**$000**
Audit services:		
Audit and review of the financial reports	148	160
Services other than audit services:		
Other assurance services	20	26
	168	186

14 ENVIRONMENTAL REGULATIONS AND PERFORMANCE

It is the Group's policy to comply with all environmental regulations applicable to it. The Company confirms, for the purposes of section 299(1)(f) of the Corporations Act 2001 that it is not aware of any breaches by the Group of any environmental regulations under the laws of the Commonwealth of Australia, or of a State of Territory of Australia.

In the majority of the OTOC's business situations, OTOC is not the owner or operator of plant and equipment requiring environmental licences. OTOC typically assists its clients with the management of their environmental responsibilities, rather than holding those responsibilities directly.

The Group is not aware of any breaches by OTOC of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory.

15 PROCEEDINGS ON BEHALF OF THE GROUP

There are no proceedings on behalf of the Group under Section 237 of the Corporations Act 2001 in the financial year or at the date of the report.

16 LEAD AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 53 and forms part of the directors' report for the year ended 30 June 2014.

17 ROUNDING

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

18 CORPORATE GOVERNANCE STATEMENT

OTOC is committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Group has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (2nd Edition) ("ASX Recommendations").

This corporate governance statement outlines the key principles and practices of the Company which in the terms of the Group's Corporate Governance Charter, define the Group's system of governance.

A copy of the Group's Corporate Governance Charter ("Charter") has been placed on the Group's website in the corporate governance section, www.otoclimited.com.au/investors.

Board Responsibilities

The Board is responsible for the overall management and strategic direction of the Company and for delivering accountable corporate performance in accordance with the Company's goals and objectives. To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines for the nomination and selection of directors and for the operation of the Board as well as separate committees of the board including a Nomination and Remuneration Committee and an Audit Committee.

Composition of the Board

The skills experience and expertise relevant to the position held by each director in office at the date of this report are included in the Directors Report forming part of this Annual Report. Members of the Board are appointed in the terms of the Company's Constitution and under the guidance of the Nomination and Remuneration Committee. Although the election of Board members is substantially the province of the Shareholders in general meeting, the Company commits to the following principles:

- The Board comprise of Directors with a blend of skills, experience and attributes appropriate for the Group and its businesses; and
- The principal criterion for the appointment of new Directors is their ability to add value to the Group and its businesses.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in Office
Derek La Ferla	Appointed 2 November 2011
Adam Lamond	Appointed 13 October 2011
Tom Lawrence	Appointed 13 October 2011

Remuneration

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group was as follows:

- Executives receive a base salary (based on factors such as skills, experience, value to the Group and length of service), superannuation and, as appropriate, performance incentives, including by way of longer term equity incentives and shorter term cash bonus entitlements. The Nomination and Remuneration Committee (on reference from, and in consultation with, the CEO) reviews executive packages from time to time by reference to the Group's performance, executive performance and comparable information from industry standards.
- The maximum remuneration of non-executive directors is the subject of Shareholder resolution in accordance with the Group's Constitution, the Corporations Act and the ASX Listing rules, as applicable. The apportionment of non-executive director remuneration within that maximum is made by the Board having regard to the inputs and value to the Group of the respective contributions by each non-executive director. The Board may also award additional remuneration to non-executive directors called upon to perform extra services or make special exertions on behalf of the Group.

Greater details of the remuneration arrangements for Directors and key management personnel are contained in the Remuneration Report comprised in the Directors' Report forming part of this Annual Report.

Performance

The performance of all directors is to be reviewed annually by the Nomination and Remuneration Committee. Directors whose performance is unsatisfactory are asked to retire. No performance evaluation for the board, its committees and directors has taken place in the reporting period.

18 CORPORATE GOVERNANCE STATEMENT (continued)

Independence

The Board has considered the guidance to Principle 2 of the ASX Recommendations and in particular the relationships affecting the independent status of directors. In its assessment of independence, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when evaluating independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The assessment of whether a Board member is independent is a matter of judgement for the Board as a whole and includes concepts of materiality. In the context of independence, materiality is considered from both a quantitative and qualitative perspective. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of an appropriate base amount. Qualitative factors considered include the nature of the relationship or contractual arrangement and factors that could materially interfere with the independent exercise of the director's judgement. In accordance with the definition of independence above and the materiality thresholds, the following directors of OTOC are considered to be independent:

Name	Position
Derek La Ferla	Chairman
Tom Lawrence	Non-Executive Director

The Board recognises the ASX Recommendations that the majority of the Board should be comprised of independent directors and the Company complies with this recommendation. Furthermore, the Board intends to appoint additional independent non-executive directors, as appropriate, with relevant corporate and industry experience to further strengthen its Board and guide its corporate and development strategy.

Nomination and Remuneration Committee

The Board has appointed a Nomination and Remuneration Committee comprised of the following members throughout the year, with further details of their experience and qualifications and number of meetings attended contained in the Directors Report.

Name	Position
Derek La Ferla	Chairman, appointed 2 November 2011
Tom Lawrence	Non-Executive Director, appointed 13 October 2011
Adam Lamond	Executive Director, appointed 6 February 2014

A summary of the Group's Nomination and Remuneration Committee charter is publicly available on the Group's website www.otoclimited.com.au.

Audit Committee

While the Board has overall responsibility for the establishment and oversight of the risk management framework, the Board has established the Audit Committee, which is responsible for approving and monitoring risk management policies. The Committee reports regularly to the Board on its activities.

The chief executive officer and the chief financial officer have provided assurance, in writing to the board, that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating effectively.

A summary of the Group's Audit Committee charter is publicly available on the Group's website www.otoclimited.com.au.

The members of the Audit Committee throughout the year were as follows. Full details of the member's qualifications and experience are in the Directors' Report.

18 CORPORATE GOVERNANCE STATEMENT (continued)

Name	Position
Tom Lawrence	Chairman of Committee and Non-Executive Director of Company, appointed 13 October 2011
Derek La Ferla	Chairman of Company, appointed 2 November 2011

Ethical standards

All directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment.

Conflict of interest

Directors must keep the board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The board has developed procedures to assist directors to disclose potential conflicts of interest.

Where the board believes that a significant conflict exists for a director on a board matter, the director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered. Each director is required by the Company to declare on an annual basis the details of any financial or other relevant interest they may have in the Company. There are procedures in place, to enable directors in furtherance of their duties to seek independent professional advice at the Company's expense. Details of director related entity transactions with the Group are set out in note 24 to the consolidated financial statements.

Code of conduct

The Group has developed a code of conduct which states the Group's and its employees' commitment to the conduct of its business with employees, customers, funders, retailers and other external parties.

The code is directed at maintaining high ethical standards and integrity. Employees are expected to adhere to the Group's policies, perform their duties diligently, properly use Group resources, protect confidential information and avoid conflicts of interest.

The Code is acknowledged by all employees and is publicly available on the Group's website www.otoclimited.com.au.

Communication with shareholders

The board provides shareholders with information using a comprehensive Release of Price Sensitive Information Policy which includes identifying matters that may have a material effect on the price of the Group's securities, notifying them to the ASX, posting them on the Group's website, and issuing media releases. More details of the policy are available on the Group's website www.otoclimited.com.au.

Diversity

The Company is committed to diversity and recognises the benefits arising from employee and board diversity and the importance of benefiting from all available talent. Accordingly, the Company has developed a diversity policy adopted by the board in September 2012 which is available on the company's website www.otoclimited.com.au. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The diversity policy outlines requirements for the Board to develop measurable objectives for achieving diversity, and annually assess both the objectives and the progress in achieving those objectives over time as director and senior management positions become vacant and appropriately qualified candidates become available.

Trading in securities by directors and employees

The Group's Policy on Trading of Company's Shares explains and reinforces the Corporations Act 2001 requirements relating to insider trading.

The policy applies to all directors, officers, key management personnel and employees of the Group, and their associates and closely related parties ("Relevant Persons").

The policy is compliant with the ASX Listing Rules and expressly prohibits Relevant Persons buying or selling OTOC securities where the Relevant Person or OTOC is in possession of price sensitive or 'inside' information and in any event without the prior approval of the Chairman or CEO. More details of the policy are available on the Group's website www.otoclimited.com.au.

18 CORPORATE GOVERNANCE STATEMENT (continued)

The table below summarises the Company's compliance with the ASX Recommendations:

	PRINCIPLES AND RECOMMENDATIONS	COMPLY	COMMENT
1.	*Lay solid foundations for management and oversight*		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	The functions and responsibilities of the Board compared with those delegated to management are reflective of the ASX Recommendations. The roles and responsibilities of the board are formalised in the Company's Board Charter available on the Company's website at www.otoclimited.com.au.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	The Nomination and Remuneration Committee is charged in the terms of the Charter with periodic review of the job description and performance of the CEO according to agreed performance parameters. The Nomination and Remuneration Committee conducts periodic reviews of the performance of the CEO with oversight reviews of the senior executives reporting directly to the CEO. No performance evaluation of senior executives has taken place during the period.
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1.*	Yes	The information is included within this Corporate Governance Statement.
2.	*Structure the board to add value*		
2.1	A majority of the board should be independent directors.	Yes	The Board respects independence of thought and decision making as critical to effective governance, and at the date of this report, the majority of the board are independent.
2.2	The chair should be an independent director.	Yes	Chairman, Derek La Ferla, is independent.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	The roles of the Chairperson and the Chief Executive Officer are not exercised by the same individual.
2.4	The board should establish a nomination committee which: • consists only of majority independent directors • is chaired by an independent chair • has at least three members	Partly	Following the appointment of Adam Lamond to the Nomination and Remuneration Committee on 6 February 2014, the committee now comprises of three members, the majority of whom are independent directors and chaired by independent director, Derek La Ferla.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	The Nomination and Remuneration Committee is charged in the terms of the Charter with board and board committee membership, succession planning and performance evaluation, as well as board member induction, education and development. The Group has adopted policies and procedures in the Charter concerning the evaluation and development of its directors, executives and Board committee. Procedures include an induction protocol and a performance management system for the Board and its directors. Each Board committee also formally reports to the Board annually on its operations in the context of its remit.

	PRINCIPLES AND RECOMMENDATIONS	COMPLY	COMMENT
2.6	Companies should provide the information indicated in the *Guide to reporting on Principle 2.*	Yes	The information is included within this Corporate Governance Statement.
3.	***Promote ethical and responsible decision-making***		
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	Yes	The Company has adopted a Group Code of Conduct, which can be accessed at the Company's website. The Board understands the obligations for ethical and responsible decision
	• the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		making. All Directors and Officers are expected to: a) comply with the law; b) act in the best interests of the Company; c) be responsible and accountable for their actions; and d) observe the ethical principles of honesty and fairness, including prompt disclosure of potential conflicts.
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 measureable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Yes	OTOC is an equal opportunity employer and welcomes people from different backgrounds. Full details of the Company's Diversity Policy can be found on the Company website.
3.3	Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress in achieving them.	No	The Company is currently not of a size that justifies the establishment of measurable diversity objectives. The Board will seek to develop a reporting framework in the future to report the Company's progress against the objectives and strategies for achieving a diverse workplace which can be used as a guide to be used by the Company to identify new directors, senior executives and employees.
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.	Yes	The proportion of women employees in the whole organisation is 21%. An executive office holding below the Board level, this being the position of Company Secretary; is held by a female.
3.5	Companies should provide the information indicated in the *Guide to reporting on Principle 3.*	Yes	The information is included within this Corporate Governance Statement and the Code of Conduct and Diversity Policy can be found at the Company's website.
4.	***Safeguard integrity in financial reporting***		
4.1	The board should establish an audit committee.	Yes	The Board has established a combined Audit and Risk Management Committee.
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 • has at least three members.	Partly	The Board consists of a total of three directors, one of whom is an Executive Director, therefore the committee is comprised of only two non-executive directors, both of whom are independent and is chaired by independent director, Tom Lawrence who is not chair of the board.
4.3	The audit committee should have a formal charter.	Yes	The charter is available on the Company's website.

18 CORPORATE GOVERNANCE STATEMENT (continued)

	PRINCIPLES AND RECOMMENDATIONS	COMPLY	COMMENT
4.4	Companies should provide the information indicated in the *Guide to reporting on Principle 4.*	Yes	The information is included within this Corporate Governance Statement and in the Directors' Report contained in this Annual Report.
5.	***Make timely and balanced disclosure***		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	The Group has established a Release of Price Sensitive Information Policy designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at senior executive level for the compliance.
5.2	Companies should provide the information indicated in *Guide to Reporting on Principle 5.*	Yes	The information is included within this Corporate Governance Statement.
6.	***Respect the rights of shareholders***		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes	Pursuant to ASX Recommendation Principle 6, the Company's objective is to ensure effective communication with its shareholders at all times. The Company has adopted a Release of Price Sensitive Information Policy which can be accessed at the Company's website.
6.2	Companies should provide the information indicated in the *Guide to reporting on Principle 6.*	Yes	The Company's website has a dedicated ASX Announcements section which publishes all important Company information and relevant announcements made to the market. The Company has provided all further information in section 6.1 above.
7.	***Recognise and manage risk***		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Details of the Group's policy on these matters is set out in the Risk Management Policy in the Charter which is publicly available on the Group's website.
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.	No	The Board has requested reports from management as to the effectiveness of the Company's management of its material business risks. As at the date of this report, these reports have not yet been received.
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.	Yes	The Board has received assurance from the Chief Financial Officer (or equivalent) in accordance with section 295A of the Corporations Act.
7.4	Companies should provide the information indicated in *Guide to Reporting on Principle 7.*	Yes	The information is included within this Corporate Governance Statement.
8.	***Remunerate fairly and responsibly***		
8.1	The board should establish a remuneration committee.	Yes	The Board has established a Nomination and Remuneration Committee.

18 CORPORATE GOVERNANCE STATEMENT (continued)

	PRINCIPLES AND RECOMMENDATIONS	COMPLY	COMMENT
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent director • has at least three members	Yes	The Nomination and Remuneration Committee comprises a total of three members, two of which are non-executive directors, both of whom are independent directors. The Chair is Mr La Ferla, an independent director.
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes	The structure of non-executive remuneration is clearly distinguishable from that of executive directors and senior executives.
8.4	Companies should provide the information indicated in the *Guide to reporting on Principle 8*.	Yes	The information is included within this Corporate Governance Statement and in the Directors Report contained in this Annual Report.

THIS CONCLUDES THE CORPORATE GOVERNANCE STATEMENT

Signed in accordance with a resolution of the directors.

Derek La Ferla
Chairman
Perth, 5 September 2014

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

	Note	2014	2013
		$000	$000
Revenue	8	113,132	113,934
Expenses	9	(103,985)	(106,237)
Restructuring costs		(944)	-
Results from operating activities		**8,203**	**7,697**
Financial income	10	39	-
Finance costs	10	(1,029)	(1,120)
Net finance (costs)/income		(990)	(1,120)
Profit before income tax		7,213	6,577
Income tax expense	11	(1,717)	(1,369)
Profit from continuing operations		5,496	5,208
Discontinued operation			
Loss from discontinued operation	7	-	(636)
Profit for the year		5,496	4,572
Total comprehensive income for the year		5,496	4,572
Earnings per share			
Basic earnings per share (cents per share)	22	2.8	2.5
Diluted earnings per share (cents per share)	22	2.8	2.4
Earnings per share – continuing operations			
Basic earnings per share (cents per share)	22	2.8	2.8
Diluted earnings per share (cents per share)	22	2.8	2.7

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	2014	2013
		$000	$000
Assets			
Current assets			
Cash and cash equivalents	12	6,803	3,926
Investments		-	402
Trade and other receivables	13	8,015	17,808
Work in progress	14	20,208	17,091
Other current assets		595	1,382
Total current assets		35,621	40,609
Non-current assets			
Plant and equipment	15	14,039	14,604
Investments		80	80
Intangible assets	16	826	933
Total non-current assets		14,945	15,617
Total assets		50,566	56,226
Liabilities			
Current liabilities			
Trade and other payables	17	6,686	19,766
Loans and borrowings	18	2,780	3,618
Employee benefits	19	1,689	2,304
Total current liabilities		11,155	25,688
Non-current liabilities			
Loans and borrowings	18	6,820	5,106
Deferred tax liability	11	4,955	3,238
Employee benefits	19	133	187
Total non-current liabilities		11,908	8,531
Total liabilities		23,063	34,219
Net assets		27,503	22,007
Equity			
Share capital	20	9,188	9,188
Retained earnings		18,315	12,819
Total equity		27,503	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

	Note	Share capital	Retained earnings	Total equity
		$000	$000	$000
Balance at 1 July 2013		9,188	12,819	22,007
Total comprehensive income for the year				
Profit for the year		-	5,496	5,496
Total comprehensive income for the year		-	5,496	5,496
Transactions with owners, recorded directly in equity				
Total transactions with owners		-	-	-
Balance at 30 June 2014		9,188	18,315	27,503

	Note	Share capital	Retained earnings	Total equity
		$000	$000	$000
Balance at 1 July 2012		4,588	8,247	12,835
Total comprehensive income for the year				
Profit for the year		-	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				
Equity issued net of transaction costs	20	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 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2014

	Note	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/(paid)		-	58
Interest paid	10	(1,029)	(1,120)
Interest received	10	39	-
Net cash from operating activities	12	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)
Proceeds from sale of Emerson Stewart business segment	7	-	970
Proceeds/(Purchase) of investment		402	(402)
Net cash (used in) investing activities		(1,077)	(6,682)
Cash flow from financing activities			
Repayment of Loans from related parties		(1,358)	(1,381)
Payments of finance leases		(2,017)	-
Repayment of borrowings		(432)	(1,686)
Proceeds from borrowings		1,815	1,840
Net cash (used in) financing activities		(1,992)	(1,227)
Net increase/(decrease) in cash held		2,877	(36)
Cash and cash equivalents at 1 July		3,926	3,962
Cash and cash equivalents at 30 June	12	6,803	3,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Reporting entity

OTOC Limited (the "Company") is a for-profit company domiciled in Australia. The Company's registered office is at Level 12, 3 Hasler Road, Osborne Park, WA 6017. The consolidated financial report of the Company as at and for the year ended 30 June 2014 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in providing resources and infrastructure services. The Group specialises in the installation of infrastructure for government, mining and oil and gas projects and is a leading consultancy in the provision of surveying, aerial surveys and town planning.

Note 2: Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

This consolidated annual financial report was approved by the Board of Directors on 5 September 2014.

(b) Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.
The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value; and

(d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to contract revenue, contract work in progress and impairment of assets.

Revenue from construction contracts is recognised using the percentage of completion method. Judgement is exercised in determining the stage of completion of the contract and in reliably estimating the total contract revenue and contract costs to completion. The stage of contract completion is generally measured by reference to physical completion. An assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract is used if it is an appropriate proxy for physical completion. Task lists and milestones are also used to calculate or confirm the percentage of completion if appropriate.

The key judgement in determining revenue from construction contracts is estimating the unapproved variations and claims to be included in project forecast revenue and work in progress. The Company uses its best estimate and its expertise to determine the value included supported by qualified external experts where necessary. The outcome of the events which are the subject of these judgements are by nature uncertain such that final positions resolved with clients can differ materially from original estimates which may impact the recoverability of work in progress.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Note 3: Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration
transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Note 3: Significant accounting policies (continued)

(b) Financial instruments

(ii) Non-derivative financial assets (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(iii) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at fair value for performance shares, and amortised cost using the effective interest rate method for all others.

(iv) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

Note 3: Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on either a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The depreciation rates for the current and comparative periods are as follows:

- Plant and equipment 2% - 80%
- Motor vehicles 10% - 25%
- Leasehold Improvements 10% - 50%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Intangible assets and goodwill

(i) Goodwill

Goodwill (negative goodwill) arises on the acquisition of subsidiaries, associates and jointly controlled entities.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses (see note 3(e)(ii)). In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity-accounted investee as a whole.

(ii) Other intangible assets

Other intangible assets including customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships 5 years

Note 3: Significant accounting policies (continued)

(f) Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables and are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Note 3: Significant accounting policies (continued)

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains of losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(g) Employee benefits

(i) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

(h) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Construction contract revenue is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

(j) Work in progress

Work in progress represents the gross unbilled amount expected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Note 3: Significant accounting policies (continued)

(k) Leased assets

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Lease classification

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised on the Group's statement of financial position at its fair value.

(l) Finance income and expense

Finance income comprises interest income on funds invested and fair value gains on remeasurement to fair value of financial liabilities. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit and loss using the effective interest method.

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Tax consolidation

The Group and its wholly-owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is OTOC Limited.

Note 3: Significant accounting policies (continued)

(m) Income Tax (continued)

The Group recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Following the reverse acquisition, earnings per share have been calculated in accordance with the specific guidance provided in AASB 3 *Business Combination*.

(o) Segment reporting

Determination and presentation of operating segments
The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial
Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.
Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(p) Prior year comparatives

Certain comparative information has been re-presented so it is in conformity with the current year classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3: Significant accounting policies (continued)

(q) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these consolidated financial statements. The Group has adopted the following new standard, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

a. AASB 13 Fair Value Measurement

The nature and extent of the changes are explained below.

Fair value measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7.

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

Note 4: New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations which are effective for annual periods beginning after 1 July 2014, have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

The Group has early adopted the amendments to *IAS 36 (2013) Recoverable Amount Disclosures for Non-Financial Assets.* As a result, the Group has expanded its disclosures of recoverable amounts when they are based on fair value less costs of disposals and an impairment is recognised.

Note 5: Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the methods set out below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(iii) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iv) Share-based payment transactions

The fair value of employee stock options is measured using a binomial option pricing model. The fair value of share appreciation rights is measured using the Black-Scholes and Monte Carlo formula.

Note 5: Determination of fair values

(v) Share-based payment transactions (continued)

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Note 6: Operating segments

The Group has two reportable segments that are managed separately by the service provided. Internal management reports on the performance of these reportable segments are reviewed at least monthly by the Chief Executive Officer who is the Chief Operating Decision maker (CODM) of the Group. The operations in each of the Group's reportable segments are:

- OTOC Operations ("OTOC") – provides turnkey camp/village installations to the Western Australian resources and infrastructure sector.
- Whelans Consulting Operations ("Whelans") – provides surveying, mapping and town planning services throughout Western Australian.

Information regarding the results of each reportable segment is detailed below.

Information about reportable segments

	OTOC Operations		Whelans		Discontinued Operations		Total	
	2014 $000	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000	**2014 $000**	2013 $000
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	**-**	-	**113,132**	115,004
Depreciation and amortisation	**2,156**	1,913	**1,580**	1,336	**-**	-	**3,736**	3,249
Reportable segment profit before finance costs and income taxes	**9,895**	6,519	**572**	2,894	**-**	(578)	**10,467**	8,835
Reportable segment assets	**31,763**	38,368	**18,566**	17,589	**-**	-	**50,329**	55,957
Reportable segment liabilities	**13,645**	23,529	**5,995**	9,678	**-**	-	**19,640**	33,207

Revenue from two major customers of the Group (Rio Tinto and Canstruct Pty Ltd), individually representing more than 10% of total Group revenue, represented approximately $81 million during year ended 30 June 2014 (2013: three major customers $76 million).

Note 6: Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2014 $000	2013 $000
Revenues		
Total revenue for reportable segments	114,592	115,826
Elimination of discontinued operations	-	(1,070)
Elimination of inter-segment revenue	(1,460)	(822)
Consolidated revenue	113,132	113,934
Profit or loss		
Total profit or loss for reportable segments before finance costs and taxes	10,467	8,835
Loss from discontinued operations (before finance costs and taxes)	-	578
Unallocated amounts:		
- Other corporate expenses	(2,264)	(1,716)
Net finance (expense)	(990)	(1,120)
Consolidated profit before income taxes	7,213	6,577
Assets		
Total assets for reportable segments	50,329	55,957
Other unallocated amounts	237	269
Consolidated total assets	50,566	56,226
Liabilities		
Total liabilities for reportable segments	19,640	33,207
Other unallocated amounts	3,423	1,012
Consolidated total liabilities	23,063	34,219

Note 7: Discontinued operation

In September 2012 the Group sold the Emerson Stewart Business segment. The segment was classified as held for sale and its results were presented as loss from discontinued operations as at 30 June 2013.

	2014 $000	2013 $000
Results of discontinued operations		
Revenue	-	1,070
Expenses	-	(1,948)
Results from operating activities	-	(878)
Income tax benefit	-	32
Results from operating activities, net of tax	-	(846)
Gain on sale of discontinued operation	-	300
Income tax on gain on sale of discontinued operation	-	(90)
(Loss) for the year	-	(636)
Basic earnings (loss) per share	-	(0.3)
Diluted earnings (loss) per share	-	(0.3)

Note 7: Discontinued operation (continued)

On 3 July 2012, OTOC Limited announced that it had entered into an Asset Sale and Purchase Deed for sale of Emerson Stewart Operations. In the Directors' opinion the division was considered to be non-core to the strategic future of the Group. Proceeds from the transaction were $970,000 which have been used as working capital to support the growth of the Group's core businesses. The sale was completed on 5 September 2012.

Note 8: Revenue

	2014 $000	2013 $000
Whelans rendering of services	25,073	29,179
OTOC rendering of services	88,059	84,755
	113,132	113,934

Note 9: Expenses

	2014 $000	2013 $000
Labour	64,942	58,903
Materials	14,690	20,158
Depreciation and amortisation	3,736	3,249
Administration expenses and other overheads	8,915	14,616
Plant and equipment	6,543	5,759
Other	5,159	3,552
	103,985	106,237

Contributions to defined contribution funds amounted to $2,576,424 during the year ended 30 June 2014 (2013: $1,720,610).

Note 10: Finance income and expense

	2014 $000	2013 $000
Bank interest	39	-
Finance income	39	-
Interest expense – hire purchase	(1,029)	(1,120)
Finance expense	(1,029)	(1,120)
Net financial expense recognised in profit or loss	(990)	(1,120)

Note 11: Income tax expenses

Current tax expense **Tax recognised in profit or loss**	**2014** **$000**	**2013** **$000**
Current tax	-	-
Deferred tax	1,717	1,401
Income tax (benefit)relating to discontinued operation	-	(32)
Income tax expense reported in the income statement	1,717	1,369

The prima facie tax on the result from ordinary activities before income tax is reconciled to the income tax as follows:

Note 11: Income tax expenses (continued)

Reconciliation of effective tax rate	2014	2013
	$000	$000
Profit before income tax	7,213	6,577
Income tax at 30% (2013: 30%)	2,164	1,973
Add (less) tax effect of:		
Other non-allowable/ assessable items	46	(175)
Research and development offset	(375)	(429)
Adjustment for prior periods	(118)	-
Income tax expense attributable to the Group	1,717	1,369

Deferred Tax Assets/Liabilities

(a) Deferred tax liability	Assets		Liabilities		Net	
	2014	2013	2014	2013	2014	2013
	$000	$000	$000	$000	$000	$000
Work in Progress	-	-	(6,264)	(5,127)	(6,264)	(5,127)
Plant & Equipment	-	-	(81)	(84)	(81)	(84)
Employee Benefits	579	846	-	-	579	846
Provisions	327	138	-	-	327	138
Carried forward unused tax losses	-	809	-	-	-	809
Carried forward R&D offset available	513	-	-		513	-
Other	45	180	(74)	-	(29)	180
Tax assets/ (liabilities)	1,464	1,973	(6,419)	(5,211)	(4,955)	(3,238)

(b) Movement in deferred tax balances	2014	2013
	$000	$000
Opening Balance	(3,238)	(1,811)
Charge to profit or loss	(1,717)	(1,427)
Closing deferred tax asset/(liability)	(4,955)	(3,238)

Note 12: Cash and cash equivalents

	2014	2013
	$000	$000
Cash at bank and in hand	6,803	3,926
Cash and cash equivalents in the statement of cash flows	6,803	3,926

The Group's exposure to interest rate risk and a sensitivity analysis for the financial assets and liabilities disclosed in note 27.

Note 12: Cash and cash equivalents (continued)

Reconciliation of cash flow from operations with profit after income tax

	2014 $000	2013 $000
Cash flows from operating activities		
Profit after income tax	5,496	4,572
Non-cash flows in profit:		
Gain on sale of Emerson Stewart business segment	-	(266)
Depreciation (Note 15)	3,618	3,130
Amortisation of intangible assets (Note 16)	118	119
Other	(9)	(66)
Income tax expense (Note 11)	1,717	1,369
	10,940	8,858
Change in trade and other debtors	9,793	(4,379)
Change in other assets	787	(636)
Change in work in progress	(3,117)	8,135
Change in trade creditors	(11,788)	(2,945)
Change in provisions and employee benefits	(669)	(1,218)
Change in tax movement	-	58
Net cash provided by operating activities	5,946	7,873

Significant non-cash investing and financing transactions
Property, plant and equipment of $1.6 million (2013: $5.2 million) was acquired under finance leases.

Note 13: Trade and other receivables

	2014 $000	2013 $000
Trade receivables	7,121	17,683
Other receivables	894	125
	8,015	17,808

At 30 June 2014 trade receivables include retentions of $551,000 (2013: $911,000) related to construction contracts in progress. The Group's exposure to credit and currency risk is disclosed in note 27.

Note 14: Work in progress

	2014 $000	2013 $000
Work in progress	20,208	17,091
	20,208	17,091

Note 15: Plant and equipment

	2014 $000	2013 $000
Leasehold Improvements	659	627
Less: accumulated depreciation	(193)	(76)
	466	551
Plant and equipment	18,862	17,011
Less: accumulated depreciation	(8,913)	(6,360)
	9,949	10,651
Motor vehicles, at cost	5,196	5,459
Less: accumulated depreciation	(2,663)	(2,102)
	2,533	3,357
Leased motor vehicles	-	116
Less: accumulated depreciation	-	(71)
	-	45
Construction in Progress	1,091	-
Total written down value	14,039	14,604

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

2014	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Leased Motor Vehicles $000	Construction in Progress $000	Total $000
Carrying amount at 1 July 2013	551	10,651	3,357	45	-	14,604
Additions at cost	33	2,179	141	-	1,091	3,444
Disposals at carrying value	-	(144)	(247)	-	-	(391)
Depreciation / amortisation	(118)	(2,737)	(763)	-	-	(3,618)
Transfers between classes at carrying value	-	-	45	(45)	-	-
Carrying amount at 30 June 2014	466	9,949	2,533	-	1,091	14,039

Note 15: Plant and equipment (continued)

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the comparative financial year are set out below.

2013	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Leased Motor Vehicles $000	Total $000
Carrying amount at 1 July 2012	-	7,202	3,139	77	10,418
Additions at cost	627	5,565	1,381	-	7,573
Disposals at carrying value	-	(10)	(231)	(16)	(257)
Depreciation / amortisation	(76)	(2,106)	(932)	(16)	(3,130)
Carrying amount at 30 June 2013	551	10,651	3,357	45	14,604

Tha carrying value of leased assets at 30 June 2014 is $8 million (2013: $6 million).

Note 16: Intangible assets

2014	Goodwill $000	Customer Relationships $000	Contribution Assets $000	Total $000
Carrying value 1 July 2012	761	291	-	1,052
Amortisation	-	(119)	-	(119)
Carrying value 1 July 2013	761	172	-	933
Additions	-	-	11	11
Amortisation	-	(118)	-	(118)
Net carrying value at 30 June 2014	761	54	11	826

The $761,000 of goodwill acquired in 2012 was allocated to the Whelans business unit.

Note 17: Trade and other payables

	2014 $000	2013 $000
Trade and other payables	6,686	19,766
	6,686	19,766

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 27.

Note 18: Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings which are measured at amortised cost.

	2014	2013
	$000	$000
Current liabilities		
Hire purchase liabilities (HP)	2,780	1,828
Insurance premium funding loans	-	432
Loans from related parties (note 24)	-	1,358
	2,780	3,618
Non-current liabilities		
Hire purchase liabilities	6,820	5,106
	6,820	5,106

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

			2014		2013	
			$000		$000	
	Nominal interest rate %	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Hire purchase liabilities (HP)	5.5 - 8.5	2013 - 2019	9,600	9,600	5,743	5,743
Insurance premium funding loans	2.76	2013 - 2014	-	-	432	432
Loans from related parties	12.0	2013 - 2014	-	-	1,358	1,358
			9,600	9,600	7,533	7,533

All loans and borrowings are denominated in Australian Dollars. Refer to note 24 for details regarding loans from related parties.

Details of facilities

	Facility Available 2014	Used 2014	Unused 2014	Facility Available 2013	Used 2013	Unused 2013
	$000	$000	$000	$000	$000	$000
Commercial bills (a)	3,000	-	3,000	-	-	-
Insurance Bonds	22,000	(9,846)	12,154	15,000	(10,987)	4,013
Other (b)	5,200	-	5,200	-	-	
Total financing facilities	30,200	(9,846)	20,354	15,000	(10,987)	4,013

(a) The Group has a $3 million commercial bill facility expiring in September 2014. The Bank may consider re-financing the residual balance at the maturity date. The interest rate under this facility is based on a variable rate. The facility will be used for working capital purposes.
(b) Other facilities include a bank overdraft, bank guarantees and credit card facility.

Lease liabilities are effectively secured as the rights to leased assets revert to the lessor in the event of default.

The insurance premium funding loans are repayable in monthly installments and were repaid during the year.

Note 18: Loans and borrowings (continued)

Hire Purchase Liabilities

Hire purchase liabilities of the Group are payable as follows:

	Future minimum HP payments 2014	Interest 2014	Present value of minimum HP payments 2014	Future minimum HP payments 2013	Interest 2013	Present value of minimum HP payments 2013
	$000	$000	$000	$000	$000	$000
Less than 1 year	3,402	(622)	2,780	1,828	(383)	1,445
Between 1 & 5 years	7,680	(860)	6,820	5,106	(808)	4,298
	11,082	(1,482)	9,600	6,934	(1,191)	5,743

Note 19: Employee benefits

	2014 $000	2013 $000
Current		
Annual leave	990	1,409
Long service leave	415	534
Other employee provisions	284	361
	1,689	2,304
Non-current		
Long service leave	133	187
	133	187

Note 20: Capital and reserves

Share capital

	2014 $000	2013 $000	2014 No. Of Shares	2013 No. Of Shares
Balance at the beginning of the year	9,188	4,588	193,062,512	153,062,512
28 September 2012 performance shares	-	4,600	-	40,000,000
Balance at the end of the year	9,188	9,188	193,062,512	193,062,512

The Group does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets.

Note 21: Dividends

No dividends were declared or paid by the Company for the years ended 30 June 2014 and 2013.

Note 21: Dividends (continued)

Franking Credit Balance

	2014	2013
The amount of franking credits available for the subsequent financial year are:		
Franking account balance as at the end of financial year at 30% (2013:30%)	$3,765,518	$3,863,972

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

Note 22: Earnings per share (EPS)

	2014	2013
Earnings used to calculate basic EPS ($000)	5,496	4,572
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS (number of shares)	193,062,512	183,199,498
Basic earnings per share (cents per share)	2.8	2.5

Weighted average number of ordinary shares

	2014 000's	2013 000's
Issued ordinary shares at 1 July	193,062	153,062
Effect of shares issued in September 2012	-	30,137
Weighted average number of ordinary shares 30 June	193,062	183,199

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2014 was based on profit attributable to shareholders of $5,496,000 and a weighted average number of ordinary shares which were outstanding during the year.

	2014	2013
Earnings used to calculate diluted EPS ($000)	5,496	4,572
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS	193,062,512	193,062,512
Diluted earnings per share (cents per share)	2.8	2.4

Note 22: Earnings per share (EPS) (continued)

Diluted weighted average number of ordinary shares

	2014 000's	2013 000's
Issued ordinary shares at 1 July	193,062	153,062
Effect of performance shares issued	-	9,863
Effect of shares issued in September 2012	-	30,137
Weighted average number of ordinary shares 30 June	193,062	193,062

Note 23: Share-based payments

As at 30 June 2014, the Group had the following share-based payment arrangement.

(a) Share Plan

In prior years, shareholders approved the ESW Employee share plan ('the Plan'). The purpose of the Plan was to attract, motivate and retain key employees. Persons eligible to participate in the Plan are all employees of the Company and its subsidiaries specifically excluding directors ('Participants'). Shares are provided to Participants through a trust arrangement, either by issuing new Shares, acquiring existing Shares on market or off-market. No shares were issued during the period (2013: 185,715) under the Employee share plan ('the Share Plan'). At the end of the period, 439,998 shares (2013: 439,998) were on issue and held in trust for Participants of the Plan.

Note 24: Related parties

(a) Key management personnel compensation

The key management personnel compensation included in 'employee benefits' is as follows:

	2014 $	2013 $
Short-term employee benefits	1,787,651	1,326,218
Post-employment benefits	122,079	93,054
	1,909,730	1,419,272

During the period, the Company repaid loans from related parties of $1,358,000.

Individual directors and executives compensation disclosures

Information regarding individual directors and executive's compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report on pages 7 to 13.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Other related party transactions

During the period, the Company repaid their loan to Adam Lamond (Director) under normal commercial terms. The loan was made under normal commercial terms and was repayable on demand. Interest was accrued monthly at the rate of 12% and paid upon maturity. The interest expense on this loan for the year was $54,199 (2013: $182,404).

Note 25: Auditor's remuneration

Audit and review services

	2014	2013
KPMG	$	$
Audit and review of financial reports	148,500	160,000
Other assurance services	20,000	25,960
	168,500	185,960

Note 26: Commitments

(a) Commitments in relation to future minimum lease payments under non-cancellable operating leases:

	2014	2013
	$000	$000
Not later than one year	1,544	2,543
Later than one year but not later than five years	2,329	4,353
Later than five years	-	-
Total commitments not recognised in financial statements	3,873	6,896

The non-cancellable operating leases are for the lease of office and staff accommodation. The leases are generally for a term of between 1 to 5 years.

Note 27: Financial instruments

Overview

The Group has exposure to the following risks from their use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee, which is responsible for overseeing how management monitors risk and reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Note 27: Financial instruments (continued)

The fair values and carrying amounts of various financial instruments recognised at reporting date are noted below:

	Note	2014 Carrying Amount	2014 Fair values	2013 Carrying Amount	2013 Fair values
		$000	$000	$000	$000
Cash and cash equivalents	12	6,803	6,803	3,926	3,926
Trade and other receivables	13	8,015	8,015	17,808	17,808
Trade and other payables	17	(6,686)	(6,686)	(19,766)	(19,766)
Hire purchase liabilities	18	(9,600)	(9,600)	(6,934)	(5,743)
Insurance premium funding loans	18	-	-	(432)	(432)
Loans from related parties	24	-	-	(1,358)	(1,358)

The carrying amounts of the financial instruments are a reasonable approximation of their fair values, on account of their short maturity cycle.

Risk management strategies

The Group is primarily exposed to (i) credit risks; (ii) liquidity risks; and (iii) interest rate risks. The nature and extent of risk exposure, and the Group's risk management strategies are noted below.

Credit risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

As detailed in Note 6, revenue from two major customers of the Group (Rio Tinto and Canstruct Pty Ltd), individually represents more than 10% of total Group revenue, and was approximately $81 million during the year ended 30 June 2014 (2013: three major customers $76 million). The Company is implementing its diversification strategy to mitigate this risk.

Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due.

Credit risk is managed through monitoring and follow-up of accounts receivable on a regular basis, and follow up on overdue customer balances.

Bad debts are written off in the year in which they are identified. Specific provisions are made against identified doubtful debts. An assessment of expected losses is made based on past experience and customer payment history patterns.

There has been no change in the above policy since prior year.

The Group typically trades with counterparts that are considered blue-chip as a means of mitigating credit risk.

The Group's maximum exposure to credit risk is:	2014	2013
	$000	$000
Cash and cash equivalents	6,803	3,926
Trade and other receivables	8,015	17,808
	14,818	21,734

Note 27: Financial instruments (continued)

Credit risks (continued)

The Group does not hold collateral against the credit risks, however, management considers the credit risks to be low on account of the risk management policy noted above. The trading terms generally offer 30 days credit from the date of invoice. As of the reporting date, none of the receivables have been subject to renegotiated terms.

The ageing analysis of past due trade receivables at reporting date are:

	2014	2013
	$000	$000
0 - 30 days not past due	3,414	13,562
Past due 1 - 30 days	1,974	2,133
Past due 31 – 60 days	590	1,153
Past due 61 – 90 days	136	178
Past due 90 days	1,487	829
Provision for impairment	(480)	(47)
Total	7,121	17,808

The Group is also subject to credit risks arising from the failure of financial institutions that hold entity's cash and cash equivalents. However, the management considers this risk to be negligible.

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was $8,015,000 (2013: $17,808,000) for Australia. The allowance for impairment for 2014 amounted to $480,000 (2013: $47,000).

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

The movement in the allowance for impairment in respect trade receivables during the year was as follows:

	2014	2013
	$000	$000
Balance 1 July	47	332
Impairment loss provided	(433)	(285)
Balance at 30 June	480	47

Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements: Liquidity risk is the risk that the Group will encounter difficulties to meet its contractual obligations arising from the financial liabilities.

Liquidity risk is constantly monitored and managed through forecasting short term operating cash requirements and the committed cash outflows on financial liabilities.

Note 27: Financial instruments (continued)

Liquidity risks (continued)

Maturity analysis of contractual undiscounted cash flows on financial liabilities at reporting date. There has been no change in the above policy since prior year.

The following are the contractual maturities of financial liabilities including interest:

2014

Non-derivative financial liabilities	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 yrs	2-5 yrs	> 5 yrs
	$000	$000	$000	$000	$000	$000	$000
Hire purchase liabilities	9,600	11,082	1,694	1,590	2,990	4,807	-
Trade and other payables	6,686	6,686	6,686	-	-	-	-
	16,286	17,768	8,380	1,590	2,990	4,807	-

2013

Non-derivative financial liabilities	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 yrs	2-5 yrs	> 5 yrs
	$000	$000	$000	$000	$000	$000	$000
Hire purchase liabilities	6,934	8,125	1,201	1,052	2,026	3,846	-
Insurance premium funding	432	468	468	-	-	-	-
Loans from related parties	1,358	1,358	708	650	-	-	-
Trade and other payables	19,766	19,766	19,766	-	-	-	-
	28,490	29,717	22,143	1,702	2,026	3,846	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Note 27: Financial instruments (continued)

Interest rate risk

Interest rate risk is the risk that the fair values and cash-flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and cash equivalents are exposed to interest rate risks.

The Group's loans and borrowings are exposed to interest rate risks. The average nominal interest rate is 7.44% for loans and borrowings (2013: 9.3%), for all current facilities in note 18, and sensitivity is calculated for a 1% change.

	2014		2013	
	+1%	-1%	+1%	-1%
	$000	$000	$000	$000
Consolidated Group				
Cash and cash equivalents	68	(68)	39	(39)
Loans and borrowings	96	(96)	87	(87)
	164	(164)	126	(12)

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors has not implemented a formal capital management policy or a dividend policy.

There were no changes in the Group's approach to capital management during the year.

The Group is not subject to externally imposed capital requirements.

Capital comprises share capital and retained earnings.

Currency risk

The Group receivables are all denominated in Australian dollars and accordingly no currency risk exists.

Note 28: Contingent Liabilities

There were no contingent liabilities as at the date of this report.

Note 29: Controlled entities

The following entities are consolidated:

Name of Entity	Country of Incorporation	Ownership Interest 2014	2013
Parent Entity			
OTOC Limited	Australia		
Controlled Entity			
OTOC Australia Pty Ltd	Australia	100	100
Emerson Stewart Pty Ltd	Australia	100	100
Whelans Australia Pty Ltd	Australia	100	100
Whelans International Pty Ltd	Australia	100	100

Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, all the wholly-owned subsidiaries (listed below) of OTOC Limited are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' report.

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee ("the Deed"). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- OTOC Australia Pty Ltd
- Whelans Australia Pty Ltd
- Whelans International Pty Ltd

The Deed was entered into on 26 June 2012. There were no changes in the parties to the Deed during the year ended 30 June 2014.

The consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, as of and for the year ended 30 June 2014 is the same as the consolidated statement of comprehensive income and consolidated statement of financial position of the Group as of and for the year ended 30 June 2014.

Note 30: Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2014 the parent company of the Group was OTOC Limited.

Results for the Period	**2014**	**2013**
	$000	**$000**
Loss for the year	(2,371)	(2,018)
Other comprehensive income	-	-
Total comprehensive loss for the year	(2,371)	(2,018)

Financial position of parent entity at year end		
Current assets	123	345
Total assets	46,279	47,146
Current liabilities	46	1,789
Total liabilities	3,469	1,789

Total equity of the parent entity comprising of:		
Share capital	9,188	9,188
Reserves	40,650	40,650
Accumulated loss	(6,859)	(4,481)
Total equity	42,979	45,357

Parent entity guarantees in respect of Debts of its Subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Group guarantees debts in respect of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in note 29.

Note 31: Subsequent events

Subsequent to 30 June 2014, the Group agreed to acquire Bosco Jonson, a leading Victorian surveying, town planning and urban design business. The up-front purchase consideration for the Acquisition was $14.0 million including $1.0 million of shares with an additional $3.0 million in performance consideration subject to the achievement of financial hurdles. Completion of the acquisition is expected in late September 2014.

KPMG

Independent auditor's report to the members of OTOC Limited

Report on the financial report

We have audited the accompanying financial report of OTOC Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group 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 is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity'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 entity'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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group'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.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the remuneration report

We have audited the Remuneration Report included in section 10 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of OTOC Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

5 September 2014

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of OTOC Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

5 September 2014

DIRECTORS' DECLARATION

1. In the opinion of the directors of OTOC limited ("the Company"):

   (a) the consolidated financial statements and notes set out on pages 22 to 52 and the Remuneration report in section 10 in the Directors' report, are in accordance with the Corporations Act 2001 including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2014.

4. The directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Perth, 5 September 2014.

Derek La Ferla
Chairman

ADDITIONAL INFORMATION

Additional Information per ASX Listing Rules [Unaudited]

Shareholder Information as at 26 August 2014

	Shareholder	Shares	% of Issued Capital
1	OCEAN TO OUTBACK ELECTRICAL <AP & TL LAMOND FAM>	54,603,000	28.28%
2	CONCEPT WEST COMMUNICATIO <T YOUNG FAM A/C>	11,320,000	5.86%
3	AMARA DARIO ANGELO <AMARA FAM A/C>	10,442,858	5.41%
4	J P MORGAN NOM AUST LTD	9,393,304	4.87%
5	INSIDE-OUT CARPENTRY SVCS <MCNEIL FAM A/C>	9,320,000	4.83%
6	NATIONAL NOM LTD	8,536,180	4.42%
7	BERTOLI CONTRACTING PL <BERTOLI FAM A/C >	7,070,000	3.66%
8	HSBC CUSTODY NOM AUST LTD	4,480,702	2.32%
9	STUART JARRAD ROBERT <STUART INV A/C>	4,000,000	2.07%
10	MONTGOMERIE C K + G <MONTGOMERIE FAM A/C>	3,975,000	2.06%
11	WROXBY PL	3,686,049	1.91%
12	APPLE NOM PL <PLEDGE S/F A/C>	2,500,000	1.29%
13	HSBC CUSTODY NOM AUST LTD <NT-COMNWLTH SUPER>	2,083,012	1.08%
14	BERNE NO 132 NOM PL <323723 A/C>	1,780,000	0.92%
15	CITICORP NOM PL <COLONIAL FIRST STA>	1,715,000	0.89%
16	BERNE NO 132 NOM PL <323721 A/C>	1,700,000	0.88%
17	LAWRENCE T B + HUGHES F M <LAWRENCE FAM SUPER>	1,650,000	0.85%
18	ICON HLDGS PL <K J PAGANIN FAM AC>	1,500,000	0.78%
19	KIMBRIKI NOM PL <KIMBRIKI HAMILTON>	1,500,000	0.78%
20	MANDEL PL <MANDEL S/F A/C>	1,300,000	0.67%
		142,555,105	73.83%

ADDITIONAL INFORMATION

Substantial holders of 5% or more of fully paid ordinary shares [Post - Consolidation]

Shareholder	Number	Person's votes	Voting Power
(a) Ordinary Shares			
OCEAN TO OUTBACK ELECTRICAL < AP & TL LAMOND FAM>	54,915,500	54,915,500	28.44%
ACORN CAPITAL LTD	17,805,573	17,805,573	9.22%
CONCEPT WEST COMMUNICATIO < T YOUNG FAM A/C>	11,320,000	11,320,000	5.86%
AMARA DARIO ANGELO <AMARA FAM A/C >	10,442,858	10,442,858	5.41%

Voting rights on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Spread of Holdings	Ordinary Shares
1 – 1,000	21
1,001 – 5,000	41
5,001 – 10,000	60
10,001 – 100,000	296
100,001 –	140
Total on Register	558

Shareholders holding less than a marketable parcel is 43.

Securities Exchange
The Group is listed on the Australian Securities Exchange. The Home exchange is Perth.

Corporate Information
The registered office of the Group is:
OTOC Limited
Level 12, 3 Hasler Road
Osborne Park WA 6017

The principal place of business is:
OTOC Limited
Level 12, 3 Hasler Road
Osborne Park WA 6017
Telephone: (08) 9317 0600

Company Secretary
Lisa Wynne

Share Registry
Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: (08) 9315 2333
Facsimile: (08) 9315 2233