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A N N U A L F I N A N C I A L R E P O R T

ACN 122 958 178

www.otoc.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 2015.

1. INFORMATION ON DIRECTORS

Directors of the Company during the whole of the financial year ended 30 June 2015 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 is an experienced corporate lawyer and company director with more than 30 years' experience. He has held senior positions with some of Australia's leading law firms, and is currently a Partner with Western Australian firm, Lavan Legal, in the firm's Corporate Advisory Group (which includes mining and resources). He is also a member of the firm's Advisory Board and previously served on the Norton Rose Australia National Board (while the firm was called Deacons). Mr La Ferla also serves as the chairman of Sandfire Resources Limited and Cashmere Iron Limited and was previously a Director of the listed 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 & Risk 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.

Former directorships in last 3 years
None.

Interests in Shares
53,766,815 fully paid ordinary shares

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

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

Former directorships in last 3 years
None.

Interests in Shares
3,662,596 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 listed companies, corporate governance and financial accounting. Ms Wynne has held the role of Company Secretary and Chief Financial Officer of a number of ASX listed resources companies and was the owner of a consulting company for 10 years, 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	14	14	2	2	1	1	*	*
Adam Lamond	13	14	*	*	*	*	*	*
Tom Lawrence	14	14	2	2	1	1	1	1

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

4. PRINCIPAL ACTIVITIES

OTOC through its wholly own subsidiaries is a diversified infrastructure and survey solutions company.

OTOC Australia is a leading provider of infrastructure solutions for government, infrastructure and resources projects.

OTOC's surveying businesses Whelans, Bosco Jonson (acquired in September 2014), Geo-Metric Surveying (acquired in December 2014) and Queensland Surveying Pty Ltd trading as THG Resource Strategists (acquired in May 2015) are highly regarded surveying consultants with expertise in land and cadastral, infrastructure and engineering surveying, aerial mapping, town planning and urban design. OTOC has a clear growth strategy to drive the consolidation of the fragmented surveying industry in Australia through strategic acquisitions that enhance the group's offering and geographic exposure.

OTOC has a blue chip client base and services the property, government, resources and construction sectors in Australia and strategic offshore locations.

The following significant changes in the nature of the activities of the Group occurred during the year:

i) The acquisition of Bosco Jonson on 30 September 2014: a leading Victorian surveying, town planning and urban design business with approximately 80 staff. Bosco Jonson provides OTOC with a premium entry to the Victorian market with a blue-chip client base and strong financial track record;
ii) The successful raising of $10m via an institutional equity raising through the issue of 50 million fully paid shares at $0.20 per share;
iii) The Group enhanced its balance sheet further via the approved increase of financing facilities with the Commonwealth Bank of Australia from $8.2 million to $16.3million;
iv) The acquisition of Geo-Metric Surveying Pty Ltd ("Geo-Metric")on 5 December 2014: a specialist provider of surveying solutions for civil infrastructure (railways, tunnels, bridges and roads) and resources projects. Geo-Metric provides OTOC with a new capability in infrastructure and engineering surveying and direct exposure to the substantial infrastructure expenditure underway on the east coast of Australia;
v) The acquisition of Queensland Surveying Pty Ltd (trading as "THG Resource Strategists", "Whitsunday Surveys" and "Charles O'Neill Surveyors and Planners")("THG") on 14 May 2015: THG is a surveying consultancy with over 35 years' experience primarily in land and cadastral surveying, traditionally focussed on Brisbane and the South east Queensland growth corridor;
vi) OTOC Australia was awarded a $10 million contract with the signing of an un-incorporated joint venture with Juwi Renewable Energy Pty Ltd on 15 July 2015 to install a 10.6 MW solar power station at Sandfire Resources NL's DeGrussa Copper-Gold mine in Western Australia;
vii) OTOC Australia has been awarded a $3 million contract with Airservices Australia for equipment supply, installation and commissioning of a fibre optic ring at Perth Airport. Airservices is a corporate Commonwealth entity responsible for services to the aviation industry; and
viii) OTOC Australia has continued to receive opportunities in the Government Sector for construction and infrastructure work. After an initial $29 million contract in May 2013, OTOC Australia has won more than $77 million in additional work to bring the total amount of orders to approximately $106 million.

5. OPERATING AND FINANCIAL REVIEW

For the year ended 30 June 2015 the Group reported net loss after tax from continuing operations of ($8.8 million) (2014: $5.5 million profit) and EBIT loss from operating activities of $1.8 million (2014: EBIT Profit $9.1 million). EBIT loss is defined as earnings before interest, tax, impairment, restructuring and acquisition costs and is an unaudited non-IFRS measure.

This result was a reflection of a year of transition for the Group with reduced construction activity in the resources sector of Western Australia which has impacted both OTOC Australia and Whelans. Conditions in the WA resources sector remain weak and uncertain and hence OTOC Australia has been restructured to focus on delivering government and civil infrastructure work. FY2015 resource project earnings in Whelans' operations in the Pilbara region have also been impacted by the reduction in construction activity.

Strong progress was made toward the national surveying strategy during the year with the acquisition of three leading Eastern Australian surveying companies; Bosco Jonson, Geo-Metric Surveying and THG Resource Strategists.

OTOC reported an increase in operating cash flow in FY2015 (FY2015: $11.6 million, FY2014: $5.9 million), due to receipts from the completion of resource construction projects.

5.1 Operations

5.1.1 Overview

OTOC Limited is a leading provider of infrastructure services through its wholly owned operations OTOC Australia, Whelans, Bosco Jonson, Geo-Metric and THG.

OTOC Australia is a leading provider of infrastructure construction and maintenance services for government, civil infrastructure, resources and 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.

OTOC's surveying division of Whelans, Bosco Jonson, Geo-Metric, and THG are highly regarded surveying consultants with expertise in land and cadastral, infrastructure and engineering surveying, aerial mapping, town planning and urban design.

OTOC has a clear strategy to create a premium multi-disciplinary national surveying business.

OTOC Group is a diversified infrastructure and survey solutions company focussed on solutions in the following key areas:

- Resources infrastructure
- Government infrastructure
- Communications infrastructure
- Surveying
- Town Planning

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

- **OTOC Australia** provides infrastructure solutions 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. From concept to completion, OTOC Australia's services include: Infrastructure Design and Construction Services, Infrastructure Operation and Maintenance Services, Power Generation and Electrical Services, Communication and Satellite Technologies and Water Hydraulics and Plumbing Services.

- **Whelans** offers a strong heritage as a leading provider of comprehensive solutions in land development, surveying, mapping, town planning, laser scanning, aerial surveying, spatial services and specialist geospatial products and services to clients in both Western Australia and the eastern states. With forty years' experience Whelans has an outstanding reputation with its customers, from developers and resource companies, through to government departments.

- **Bosco Jonson is** a leader in Victoria with a deserved reputation as one of Melbourne's most respected providers of surveying, urban design and town planning solutions. It is highly acclaimed in large-scale urban and broad hectare developments, serving some of the largest land and built-form development businesses on some of Australia's largest projects.

- **Geo-Metric Surveying** services the Australian construction industry in all sectors and is at the forefront of some of the largest infrastructure projects across Australia. A recognised leader in engineering surveying, energy industrial mining structural projects, road, rail, port facilities and the specialised areas of monitoring and laser scanning provide clients with comprehensive solutions.

- **THG** is a leading Queensland surveying consultancy with over 35 years' experience primarily in land and cadastral surveying, traditionally focussed on Brisbane and the south-east Queensland growth corridor. Over the past three years, THG has diversified its operations to include North Queensland (Mackay and Proserpine) and far North Queensland (Cairns), providing it with exposure to land, infrastructure, government, communities, agriculture, tourism and resources projects

5.1.2 Business Model

OTOC Group generates most of its income from the surveying services and 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 infrastructure projects offers a balanced portfolio. The Group's earnings are currently driven by its wholly-owned businesses, OTOC Australia, Whelans, Bosco Jonson, Geo-Metric and THG.

5.1.3 Review of Operations

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

Key Item	FY2015 $000	FY2014 $000	Comments
Revenue	68,878	113,132	Decline in resources sector partially offset by revenue from three surveying acquisitions
Expenses	64,596	103,985	In line with reduction in revenue
Earnings before interest and tax (EBIT) from continuing operations	(1,769)	9,147	Decline in resources sector mitigated by the acquisition of three surveying businesses
Restructuring Costs	1,515	944	During the period the Group implemented a number of restructuring measures aimed at lifting growth and profitability of the existing Western Australian businesses going forward.
Acquisition Costs	1,219	-	Incurred to successfully complete the acquisition of three new surveying businesses
Impairment	8,468	-	As a result of an assessment of the Western Australian resources sector and review of OTOC's financial performance for FY2015, a non-cash impairment charge was recognised for property, plant and equipment and goodwill.
Net Assets	32,083	27,503	Net Assets increased by 14% compared with the previous year, which is largely attributable to the three acquisitions and equity capital raising of $10 million offset by the loss for the year.
Working Capital	7,113	24,466	New debt facility with the Commonwealth Bank of Australia for $9m to fund growth plans and three acquisitions.

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:

	FY2015 $000	FY2014 $000
Statutory profit/(loss) after tax	(8,786)	5,496
Add back:		
Tax (benefit)/expense	(4,883)	1,717
Net finance expense	698	990
Restructuring costs	1,515	944
Acquisition costs	1,219	-
Impairment	8,468	-
Underlying EBIT profit (loss)	(1,769)	9,147
Depreciation and amortisation	6,051	3,736
Underlying EBITDA	4,282	12,883

5.2 Financial Position, Performance and Cash flow

5.2.1 Dividends

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

5.3 Business Strategy, Outlook and Risks

5.3.1 Business Strategy

The Group has a clear strategy of creating a multi-disciplinary premium national surveying business with diversified and predictable earnings. OTOC Australia's refreshed strategy is targeting smaller but higher-margin business, with reduced exposure to the resources sector and operational risk. 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 surveying and infrastructure services company and maximize and increase stakeholder value and returns.

5.3.2 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.

The success of the Group's recent survey acquisitions and its national surveying strategy provides confidence into FY2016 and beyond. We are excited by the opportunities presented by our acquired business, including synergistic growth opportunities such as a joint service offering for national land and property developers. We will continue to pursue earnings accretive acquisitions that complement our market presence and growth ambitions, while ensuring a strong balance sheet to fund our growth plans

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 this division. OTOC continues to provide infrastructure work on Nauru and expects further opportunities to deliver additional government infrastructure works. With a foreseeable continuation of approvals for residential status on the island it is anticipated that continued project activity shall be required to expand and improve public infrastructure on the island. OTOC, in conjunction with its client Canstruct, remain confident in a continued pipeline of project activity into the first half of FY2016.

5.3.3 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:

5.3.3.1 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.

5.3.3.2 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.

5.3.3.3 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.

5.3.3.4 Industry Risk

Continued weakness in the resources sector and reduced construction activity in the resources sector of Western Australia. OTOC is responding to this risk through its diversification of earnings via its national surveying acquisition strategy and implemented a number of strategic measures to re-position OTOC Australia to deliver projects that complement its expertise, reduce operational and market risk and result in improved financial performance.

5.3.3.5 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.

6 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 and sections of this report.

7 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2015 the Group's Infrastructure Services Division, OTOC Australia was awarded a $10 million contract with the signing of an un-incorporated joint venture with Juwi Renewable Energy Pty Ltd on 15 July 2015 to install a 10.6 MW solar power station at Sandfire Resources NL's DeGrussa Copper-Gold mine in Western Australia, and approval for $16 million of ongoing civil infrastructure works on Nauru.

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.

8 LIKELY DEVELOPMENTS

FY2015 has been a year of transition for the OTOC Group. OTOC continues to focus on growing sustainable earnings from the surveying division, and delivering improved financial performance at OTOC Australia.

The OTOC Group enters FY2016 with the resources and capabilities to execute upon its strategic goal of creating a significant premium national surveying business offering diversified infrastructure and surveying solutions.

9 REMUNERATION REPORT - Audited

The directors are pleased to present your Company's 2015 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 2014 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

Director and Executive Disclosures

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

Director	**Position**	**Appointed 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

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.

Remuneration & Nomination Committee

The Group has 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.

9 REMUNERATION REPORT - Audited (continued)

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 12 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.

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	51%	25%	24%
CFO	58%	28%	14%

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 total 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.

9 REMUNERATION REPORT - Audited (continued)

For the financial year ended 30 June 2015 the CEO, CFO and other Executives had target STIs (of between $158,000 and $233,000) linked to EBIT, safety and personal performance within their individual roles. Executives are set minimum safety outcomes and EBIT targets for the group 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 2015 has taken place and STI's payable to the CEO and CFO have been accrued and presented in the table outlined in part (f) of this report. Approximately 34% of the target STIs were assessed as achieved and payable.

Long-term incentives

The Group bases its Long Term Incentive ("LTI") 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 previous financial year the Group adopted a Performance Rights 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. Shareholders approved the plan at the Annual General Meeting held 3 November 2014. 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
- 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
- EPS Targets

In November 2014, following approval by shareholders of the Plan, the Company issued 10,517,962 Performance Rights under the plan to various Executives.

The value of the Performance Rights offered as long term incentives ("LTI") represents between 60% and 150% of the Executive's individual Total Fixed Remuneration. The mechanism for converting the LTI dollar value of the rights into the number of Performance Rights that were granted was based on the Company's 30-day volume weighted average price per share prior to 29 August 2014.

The quantum and structure of the grant of Performance Rights reflects the fact that no long term incentive plan has been in place previously for Executives. The Board adopted a transitional vesting approach for the grant of Performance Rights during this financial year as follows:

a) 25% (Tranche 1) will vest in 1 year (based on performance from 1 July 2014 to 30 June 2015);
b) 25% (Tranche 2) will vest in 2 years (based on two year performance from 1 July 2014 to 30 June 2016); and
c) 50 % (Tranche 3) will vest in 3 years (based on three year performance from 1 July 2014 to 30 June 2017).

9 REMUNERATION REPORT - Audited (continued)

Vesting of the Executive Performance Rights is subject to the achievement of the financial performance hurdles outlined in the table below.

	50% rTSR**		50% EPS CAGR	
*Performance Vesting Hurdles:	< 50% percentile	Nil	<6%	Nil
	>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile	>6%-<24%	pro rata vesting between 25%-100%
	75th percentile or more	100%	24%>	100%

*Safety must be maintained at all times and no LTI's will vest in the instance of a major safety breach such as a serious injury or fatality

**Performance of management measured against the total shareholder return relative to the ASX All Ordinaries Index.

The board believes the relative Total Shareholder Return ("rTSR") performance hurdle alongside the use of Compounded Earnings per Share Growth ("EPS CAGR") provides an appropriate balance between relative and absolute company performance. These performance measures are mutually exclusive, meaning, that if one measure is not met, there is still the ability to earn an LTI under the other measure. Subject to the achievement of the performance hurdles, each Key Executive Performance Right may be converted (on a one for one basis) into one Share. No Performance Rights vested during the financial year.

In prior years, shareholders approved the ESW Employee Share Plan ('ESW 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 ESW Plan during this or the preceding two financial years.

c) Performance Linked Compensation

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

	Financial Year Ended 30 June	2015	2014	2013	2012	2011
LTI	Closing Share Price ($)	0.07	0.14	0.12	0.12	0.17
	EPS (cents)	(3.6)	2.8	2.5	4.2	(0.8)
STI	Profit/(Loss) from Continuing Operations ($'000)	(8,786)	5,496	5,208	6,213	(796)
	Average % of Maximum STI awarded to Executives [i] (%)	34%	59%	-	-	-
	Dividends paid ($'000)	-	-	-	950	1,170

[i] Represents FY 2015 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 2014 was put to the shareholders of the Company at the Annual General Meeting held 3 November 2014. The Company received more than 99% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2014 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.

9 REMUNERATION REPORT - Audited (continued)

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.

Name	Term of agreement	Base salary including superannuation	Termination
Derek La Ferla (B)	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.	$125,744	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Adam Lamond (D)	Until validly terminated in accordance with the terms of the Agreement.	$131,400	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 (C)	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.	$77,305	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Simon Thomas (A), (D) & (E)	Until validly terminated in accordance with the terms of the Agreement.	$465,374	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) (D) & (F)	Until validly terminated in accordance with the terms of the Agreement.	$331,538	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)

9 REMUNERATION REPORT - Audited (continued)

(A) 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) Derek La Ferla's base salary including superannuation was $80,000 for the period from his appointment date of 28 October 2011 until 1 December 2014 and was increased to $114,835 from 1 December 2015.

(C) Tom Lawrence's base salary including superannuation was $50,000 for the period from his appointment date of 13 October 2011 until 1 December 2014 and was increased to $77,305 from 1 December 2015.

(D) Key management personnel's contracts allow for participation in the Company's Long-Term Incentive Plan (subject to Board and Shareholder approval, if applicable).

(E) 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 Remuneration & Nomination Committee annually. Mr Thomas was also entitled to a cash payment of $100,000 on 30 January 2015, being the first anniversary of his commencement date.

(F) Mr Mangano's contract provides 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	Share-based Payments		
		Salary & fees $	STI Cash bonus (B) $	Non-monetary $	Super-annuation $	Performance Rights $	Total $	Proportion of remuneration performance related
Executive Director								
Adam Lamond (A)	**2015**	**120,000**	**–**	**–**	**6,649**		**126,649**	**–**
	2014	308,211	–	–	29,511		337,722	–
Non-Executive Chairman								
Derek La Ferla	**2015**	**97,020**	**–**	**–**	**9,217**		**106,237**	**–**
	2014	73,395	–	–	6,789		80,184	–
Non-Executive Directors								
Tom Lawrence	**2015**	**65,928**	**–**	**–**	**–**		**65,928**	**–**
	2014	50,000	–	–	–		50,000	–
Other Key Management								
Simon Thomas (C)	**2015**	**425,000**	**175,599**	**–**	**40,375**	**221,925**	**862,899**	**46%**
	2014	185,649	–	–	15,876		201,525	–
Brian Mangano	**2015**	**300,564**	**57,953**	**–**	**34,533**	**80,763**	**473,813**	**29%**
	2014	291,028	112,940	–	31,450		435,418	26%
Total	**2015**	**1,008,512**	**233,552**	**–**	**90,774**	**302,688**	**1,635,526**	**33%**
	2014	908,283	112,940	–	83,626		1,104,849	26%

9 REMUNERATION REPORT - Audited (continued)

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 safety targets and personal performance within their individual roles for the financial year ended 30 June 2015. The performance evaluation in respect of the year ended 30 June 2015 has taken place and the short-term incentive bonuses have been accrued but not yet paid.

(C) Mr Thomas' short-term incentive bonus includes an additional cash payment to (A) above of $100,000, payable under his contract on the first anniversary of his commencement date, being on 30 January 2015.

(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			
Simon Thomas [(C)]	175,599	32%	68%
Brian Mangano	57,953	37%	63%

(A) Amounts included in remuneration for the financial year is for the achievement of safety targets and personal performance within their individual roles for the financial year ended 30 June 2015. The performance evaluation in respect of the year ended 30 June 2015 has taken place however the short-term incentive bonuses have been accrued but not yet paid.

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

(C) $100,000 has been included in remuneration for the financial year for CEO, Simon Thomas. This amount was payable under his contract on the first anniversary of his commencement date, being on 30 January 2015. This $100,000 anniversary bonus is not included in the 32% STI vested in the year reported in the above table.

h) Details of share-based compensation and bonuses

(i) Options

No options were granted to directors and key management personnel during or since the end of the reporting period.

(ii) Performance Rights issued, held and transacted by directors and key management personnel

The following Performance Rights over ordinary shares were granted to key management personnel during the reporting period:

9 REMUNERATION REPORT - Audited (continued)

Key Management Personnel	Number of Performance Rights granted during 2015	Vesting Condition[(A)]	Vesting Hurdle [(B)]	Grant Date	Fair value at grant date	Expiring date
Simon Thomas	1,195,313	25%Yr1	50% rTSR and 50% EPS CAGR	12 Nov 2014	$0.199	30-Jun-15
	1,195,313	25%Yr2		12 Nov 2014	$0.199	30-Jun-16
	2,390,625	50%Yr3		12 Nov 2014	$0.197	30-Jun-17
	4,781,251					
Brian Mangano	435,000	25%Yr1	50% rTSR and 50% EPS CAGR	12 Nov 2014	$0.199	30-Jun-15
	435,000	25%Yr2		12 Nov 2014	$0.199	30-Jun-16
	870,000	50%Yr3		12 Nov 2014	$0.197	30-Jun-17
	1,740,000					

(A) All Performance Rights granted under the Plan during the reporting period will not vest until the Vesting Conditions imposed by the Board are satisfied.

(B) Vesting is conditional on the Group achieving certain performance hurdles. Details of the performance criteria and vesting are included in the long-term incentives discussion on page 10 and 11 of this report.

An unexercised Performance Right will lapse upon the earlier to occur of:

i. failure to satisfy the applicable vesting conditions;
ii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
iii. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
iv. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
v. the expiry date; or
vi. the seven year anniversary of the date of grant of the Performance Rights.

(iii) Details equity incentives affecting current and future remuneration

Key Management Personnel	Instrument	#	Grant date	% vested in year	% forfeited in year (A)	Financial years in which grant vests
Simon Thomas	Performance Rights	1,195,313	12 Nov 2014	-	100%	2015
		1,195,313	12 Nov 2014	-	-	2016
		2,390,625	12 Nov 2014	-	-	2017
		4,781,251				
Brian Mangano	Performance Rights	435,000	12 Nov 2014	-	100%	2015
		435,000	12 Nov 2014	-	-	2016
		870,000	12 Nov 2014	-	-	2017
		1,740,000				

(A) The percentage forfeited in the year represents the reduction from the maximum number of instruments available to vest due to performance criteria not being achieved.

9 **REMUNERATION REPORT - Audited (continued)**

i) **Equity Instrument Disclosure Relating to Key Management Personnel**

Analysis of movements in Performance Rights issued, held and transacted by directors and key management personnel

Key Management Personnel	Granted in year $ (A)	Value of Performance Rights exercised in Year	Lapsed in Year $ (B)
Simon Thomas	$945,492	-	$118,336
Brian Mangano	$344,085	-	$43,065

(A) The value of the Performance Rights granted in the year is the fair value of the rights calculated at grant date. The total value of the rights granted is included in the table above. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2014 to 30 June 2017).

(B) The value of the Performance Rights that lapsed during the year represents the benefit forgone in the reporting period.

Analysis of movements in 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 30/06/2014	Movement	Balance at 30/06/2015
Directors			
Derek La Ferla	562,500	-	562,500
Adam Lamond	55,115,500	-	55,115,500
Tom Lawrence(A)	2,089,998	-	2,089,998
KMP's			
Simon Thomas	23,840	26,160	50,000
Brian Mangano	739,729	(539,729)	200,000
Total	58,531,567	(513,569)	58,017,998

(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.

THIS CONCLUDES THE AUDITED REMUNERATION REPORT

10 SHARES UNDER OPTION

As at 30 June 2015 there are no shares under option.

11 INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year the Group paid insurance premiums of $22,000 (2014: $31,300) 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.

12 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	
	2015	**2014**
	$000	**$000**
Audit services:		
Audit and review of the financial reports	212	148
Services other than audit services:		
Other services (Due Diligence)	75	20
	287	168

13 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.

14 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.

15 LEAD AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 64 and forms part of the directors' report for the year ended 30 June 2015.

16 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.

17 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 (3rd 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 Statement has been placed on the Group's website under the Investors tab in the corporate governance section www.otoc.com.au.

Signed in accordance with a resolution of the directors.

Derek La Ferla
Chairman
Perth, 28 August 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$000	**$000**
Revenue	2	68,878	113,132
Expenses		(64,596)	(100,249)
		4,282	**12,883**
Depreciation	13	(3,982)	(3,618)
Amortisation	14	(2,069)	(118)
Acquisition costs	3	(1,219)	-
Restructuring costs		(1,515)	(944)
Impairment expense	13	(8,468)	-
Results from operating activities		**(12,971)**	**8,203**
Financial income		88	39
Finance costs		(786)	(1,029)
Net finance costs		(698)	(990)
Profit (loss) before income tax		(13,669)	7,213
Income tax benefit (expense)	15	4,883	(1,717)
Profit (loss) from continuing operations		(8,786)	5,496
Profit (loss) for the year		(8,786)	5,496
Total comprehensive income (loss) for the year		(8,786)	5,496
Earnings per share			
Basic earnings/(loss) per share (cents per share)	4	(3.6)	2.8
Diluted earnings/(loss) per share (cents per share)	4	(3.6)	2.8

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Note	2015	2014
		$000	$000
Assets			
Current assets			
Cash and cash equivalents	17	10,182	6,803
Trade and other receivables	10	15,106	8,015
Work in progress		2,839	20,208
Other current assets		2,065	595
Total current assets		30,192	35,621
Non-current assets			
Plant and equipment	13	7,899	14,039
Investments		–	80
Intangible assets	14	30,358	826
Total non-current assets		38,257	14,945
Total assets		68,449	50,566
Liabilities			
Current liabilities			
Trade and other payables	11	6,910	6,686
Deferred vendor payments	3	5,262	–
Loans and borrowings	19	6,125	2,780
Employee benefits	12	3,061	1,689
Current tax liability		1,721	–
Total current liabilities		23,079	11,155
Non-current liabilities			
Loans and borrowings	19	9,915	6,820
Deferred vendor payments	3	2,038	–
Deferred tax liability	16	926	4,955
Employee benefits	12	408	133
Total non-current liabilities		13,287	11,908
Total liabilities		36,366	23,063
Net assets		32,083	27,503
Equity			
Share capital	20	22,155	9,188
Share based payment reserve		399	–
Retained earnings		9,529	18,315
Total equity		32,083	27,503

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Note	Share capital	Share based payment reserve	Retained earnings	Total equity
		$000	$000	$000	$000
Balance at 1 July 2014		9,188	–	18,315	27,503
Total comprehensive loss for the year					
Loss for the year		–		(8,786)	(8,786)
Total comprehensive loss for the year		–		(8,786)	(8,786)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	20	12,967	–	–	12,967
Share based payment transactions	22	–	399	–	399
Total transactions with owners		–	–	–	–
Balance at 30 June 2015		22,155	399	9,529	32,083

	Share capital	Share based payment reserve	Retained earnings	Total equity
	$000	$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

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015	2014
		$000	$000
Cash flow from operating activities			
Receipts from customers		88,785	131,128
Payments to suppliers and employees		(76,465)	(124,192)
Cash generated from operations		12,320	6,936
Interest paid		(786)	(1,029)
Interest received		88	39
Net cash from operating activities	18	11,622	5,946
Cash Flows from investing activities			
Proceeds from sale of property, plant and equipment		287	327
Purchase of property, plant and equipment		(3,157)	(1,806)
Acquisition of subsidiaries net of cash acquired		(21,665)	-
Proceeds from sale of investment		-	402
Net cash (used in) investing activities		(24,535)	(1,077)
Cash flow from financing activities			
Proceeds from share issues (net of costs)		9,868	-
Repayment of loans from related parties		-	(1,358)
Repayment of borrowings and lease liabilities		(4,217)	(2,449)
Proceeds from borrowings		10,641	1,815
Net cash from (used in) financing activities		16,292	(1,992)
Net increase in cash held		3,379	2,877
Cash and cash equivalents at 1 July		6,803	3,926
Cash and cash equivalents at 30 June	17	10,182	6,803

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PREPARATION

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 2015 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is a diversified infrastructure and survey solutions company.

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 report was approved by the board of directors on 28 August 2015.

NOTE INDEX

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GROUP PERFORMANCE

1. 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:

- Surveying – provides surveying, mapping and town planning services throughout Western Australia, Victoria, Queensland and New South Wales.
- Infrastructure – provides turnkey construction and installation services to the resources and infrastructure sectors.

In the prior year, operating segments were based on subsidiary companies. This has been reviewed in light of the national surveying strategy and is now deemed appropriate to review operations based on the type of business i.e. surveying and infrastructure.

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

Information about reportable segments

	Surveying		Infrastructure		Total	
	2015 $000	**2014 $000**	**2015 $000**	**2014 $000**	**2015 $000**	**2014 $000**
Revenues	**38,939**	26,460	**31,384**	88,132	**70,323**	114,592
Inter-segment revenues	**(819)**	(1,387)	**(626)**	(73)	**(1,445)**	(1,460)
External revenues	**38,120**	25,073	**30,758**	88,059	**68,878**	113,132
Depreciation and amortisation	**3,977**	1,580	**2,028**	2,156	**6,005**	3,736
Impairment	**3,480**	-	**4,926**	-	**8,406**	-
Segment profit (loss) before finance costs and income taxes	**(783)**	572	**(6,809)**	9,895	**(7,592)**	10,467
Segment assets	**48,158**	18,566	**14,455**	31,763	**62,613**	50,329
Segment liabilities	**12,361**	5,995	**13,388**	13,645	**25,749**	19,640

Revenue from two major customers of the Group (NRW Pty Ltd and Canstruct Pty Ltd), individually representing more than 10% of total Group revenue, represented approximately $24 million during the year ended 30 June 2015 (2014: two major customers $81 million).

1. Operating segments (continued)

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

	2015 $000	2014 $000
Revenues		
Total revenue for reportable segments	70,323	114,592
Elimination of inter-segment revenue	(1,455)	(1,460)
Consolidated revenue	68,878	113,132
Profit or loss		
Total profit or loss for reportable segments before finance costs and taxes	(7,592)	10,467
Unallocated amounts:		
- Other corporate expenses	(5,379)	(2,264)
Net finance (expense)	(698)	(990)
Consolidated profit (loss) before income taxes	(13,669)	7,213
Assets		
Total assets for reportable segments	62,613	50,329
Other unallocated amounts	5,836	237
Consolidated total assets	68,449	50,566
Liabilities		
Total liabilities for reportable segments	25,749	19,640
Other unallocated amounts	10,617	3,423
Consolidated total liabilities	36,366	23,063

2. Revenue

	2015 $000	2014 $000
Surveying rendering of services	38,120	25,073
Resources and Infrastructure rendering of services	30,758	88,059
	68,878	113,132

3. Acquisitions

During the period, the Company made three acquisitions as part of its national surveying and strategic plan as detailed below:

Acquisition of business - Bosco Jonson Pty Ltd

On 30 September 2014, the Group acquired the assets of Bosco Jonson Pty Ltd, a leading Victorian surveying, town planning and urban design business. The acquisition was made via a wholly owned subsidiary, Victoria Survey Pty Ltd. Following completion of the acquisition Victoria Survey Pty Ltd changed its name to Bosco Jonson. Consideration paid was $12.67 million cash, issue of $1 million ordinary shares and potential future performance consideration of up to $3 million, subject to the achievement of financial hurdles.

The acquisition of Bosco Jonson will enable the Group to enter the Victorian surveying market and diversifies and enhances the quality of group earnings.

3. Acquisitions (continued)

Acquisition of business - Bosco Jonson Pty Ltd (continued)

In the 9 months following the acquisition to 30 June 2015, Bosco Jonson contributed revenue of $10.4 million and profit before tax of $1.8 million to the Group's results. Management estimates that if the acquisition occurred on 1 July 2014, then Bosco Jonson revenue would have been $13.4 million. In determining these amounts, management has assumed that the provisional fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2014.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2015 $000
Cash	12,670
Equity instruments (5 million ordinary shares)	1,025
Deferred vendor payment	3,000
	16,695

Equity instruments issued

The fair value of the ordinary shares issued was based on the share price of the Company at 30 September 2014 of $0.205 per share.

Deferred vendor payment

As part of the purchase price the Company has agreed to pay the vendors of Bosco Jonson an earn out of $3 million cash in two tranches. Tranche 1 allows for $1.5 million to be paid in Period 1 from 1 October 2014 to 30 September 2015 if the EBITDA of the business during Period 1 is at least $3.5 million. Tranche 2 allows for $1.5 million to be paid in Period 2 from 1 October 2015 to 30 September 2016 if the EBITDA of the business during Period 2 is $3.5 million. A full provision of $3 million has been recognised as deferred consideration at acquisition on the basis that management forecasts targets will be reached. If the targets are not reached, the fair value amount of the deferred consideration will be reduced in accordance with the asset sale agreement.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	2015 $000
Property, plant and equipment	1,233
Work in progress	734
Employee benefits	(1,064)
Customer relationships	5,400
Deferred tax liability	(1,301)
	5,002

The fair values of intangible assets and contingent liabilities have been determined on a provisional basis.

3. Acquisitions (continued)

Acquisition of business - Bosco Jonson Pty Ltd (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2015 $000
Total consideration transferred	16,695
Fair value of identifiable assets and liabilities	(5,002)
Goodwill	11,693

The goodwill is attributable mainly to the skills and technical talent of Bosco Jonson's workforce, and the synergies expected to be achieved from integrating the company into the Group's existing surveying business.

Acquisition-related costs

The Group incurred acquisition related costs of $0.52 million relating to external legal fees, due diligence and travel costs. These amounts have been included in acquisition costs.

Acquisition of subsidiary - Geo-metric Surveying Pty Ltd

On 5 December 2014, the Group acquired 100% of the issued shares of Geo-metric Surveying Pty Ltd, a specialist provider of surveying solutions for civil infrastructure (railways, tunnels, bridges and roads) and resources projects. Consideration paid was $7 million cash and $2.283 million in new fully paid ordinary shares in OTOC.

The acquisition of Geo-metric Surveying Pty Ltd provides the Group with new product capability in transport infrastructure surveying and direct exposure to the substantial civil infrastructure expenditure underway on the east coast of Australia.

In the 7 months from acquisition date to 30 June 2015, Geo-metric Surveying Pty Ltd contributed revenue of $6.2 million and profit before tax of $0.7 million to the Group's results. Management estimates that if the acquisition occurred on 1 July 2014, then Geo-metric revenue would have been $10.7 million. In determining these amounts, management has assumed that the provisional fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2014.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2015 $000
Cash	7,000
Equity instruments (12 million ordinary shares)	2,283
Deferred vendor payment	2,500
	11,783

3. Acquisitions (continued)

Acquisition of subsidiary - Geo-metric Surveying Pty Ltd (continued)

Equity instruments issued

The fair value of the ordinary shares issued was based on the share price of the Company at 5 December 2014 of $0.19 per share.

Deferred vendor payment

As part of the purchase price the Company has agreed to pay Geo-metric a milestone payment of $2.5 million in two payments. Milestone Payment 1 allows for $1.25 million to be paid (50% cash, 50% shares) in Period 1 from February 2015 to January 2016 if EBIT of the business is at least $3 million in Period 1. Milestone Payment 2 allows for $1.25 million to be paid (50% cash, 50% shares) in Period 2 from February 2016 to January 2017 if EBIT of the business is greater than $3 million in Period 2. A full provision of $2.5 million has been recognised as deferred consideration at acquisition on the basis that management forecasts targets will be reached. If the targets are not reached, the fair value amount of the deferred consideration will be reduced in accordance with the share purchase agreement.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	2015 $000
Cash	77
Property, plant and equipment	1,278
Trade and other receivables	1,778
Trade and other payables	(528)
Current tax liability	(33)
Employee benefits liability	(58)
Loans and borrowings	(250)
Customer relationships	3,840
Deferred tax liability	(1,112)
	4,992

The fair values of intangible assets and contingent liabilities have been determined on a provisional basis.

The trade and other receivables balance comprising gross contractual amounts due of $1.778 million (measured at fair value), was collectable at the acquisition date.

3. Acquisitions (continued)

Acquisition of subsidiary - Geo-metric Surveying Pty Ltd (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2015 $000
Total consideration transferred	11,783
Fair value of identifiable assets and liabilities	(4,992)
Goodwill	6,791

The goodwill is attributable mainly to the skills and technical talent of Geo-metric's workforce, and the synergies expected to be achieved from integrating the company into the Group's existing surveying business.

Acquisition-related costs

The Group incurred acquisition related costs of $0.43 million relating to external legal fees, due diligence and travel related costs. These amounts have been included in acquisition costs.

Acquisition of business - THG WSG PTY LTD

On 14 May 2015, the Group acquired the assets and business of THG WSG Pty Ltd (trading as 'THG Resource Strategists', 'Whitsunday Surveys' and 'Charles O'Neill Surveyors and Planners') ('THG'). THG is a leading Queensland surveying and planning consultancy business. The acquisition was made via a wholly owned subsidiary, Queensland Surveying Pty Ltd. Consideration paid was $2.1 million cash, issue of $0.3 million ordinary shares and potential future performance consideration of up to $1.8 million, subject to the achievement of financial hurdles.

The acquisition of THG provides the Group with a leading position in the Queensland surveying market, benefiting from Queensland Surveying's premium brand, proven local management team, offices in key geographic centres and longstanding relationships with key property developers and government agencies to enter the Queensland surveying market and diversifies and enhances the quality of group earnings.

In the 1.5 months following the acquisition to 30 June 2015, THG contributed revenue of $1.1 million and profit before tax of $0.1 million to the Group's results. Management estimates that if the acquisition occurred on 1 July 2014, then THG revenue would have been $8.8 million. In determining these amounts, management has assumed that the provisional fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2014.

3. Acquisitions (continued)

Acquisition of subsidiary - THG WSG PTY LTD (continued)

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2015 $000
Cash	2,071
Equity instruments (4.2 million ordinary shares)	292
Deferred vendor payment	1,800
	4,163

The fair value of the ordinary shares issued was based on the share price of the Company at 14 May 2015 of $0.07c per share.

Deferred vendor payment

As part of the purchase price the Company has agreed to pay the vendors of THG performance payments of up to $1.8 million cash in two tranches payable over 2 years subject to meeting certain EBIT hurdles of at least $0.8 million in a performance period. A full provision of $1.8 million has been recognised as deferred consideration at acquisition on the basis that management forecasts targets will be reached. If the targets are not reached, the fair value amount of the deferred consideration will be reduced in accordance with the asset sale agreement.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	2015 $000
Property, plant and equipment	273
Work in progress	281
Prepayments	62
Accruals	(128)
Employee benefits	(548)
Customer relationships	1,200
Deferred tax liability	(196)
	944

The fair values of intangible assets and contingent liabilities have been determined on a provisional basis.

3. Acquisitions (continued)

Acquisition of subsidiary - THG WSG PTY LTD (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2015 $000
Total consideration transferred	4,163
Fair value of identifiable assets	(944)
Goodwill	3,219

The goodwill is attributable mainly to the skills and technical talent of THG's workforce, and the synergies expected to be achieved from integrating the company into the Group's existing surveying business.

Acquisition-related costs

The Group incurred acquisition related costs of $0.27 million relating to external legal fees, due diligence and travel costs. These amounts have been included in acquisition costs.

4. Earnings per share (EPS)

	2015	2014
Earnings used to calculate basic EPS ($000)	(8,786)	5,496
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS (number of shares)	241,305,965	193,062,512
Basic earnings per share (cents per share)	(3.6)	2.8

Weighted average number of ordinary shares

	2015 000's	2014 000's
Issued ordinary shares at 1 July	41,786,133	193,062,512
Effect of shares issued in September 2014	7,662,329	-
Effect of shares issued in September 2014 related to an acquisition	24,132,364	-
Effect of shares issued in November 2014	21,747,946	-
Effect of shares issued in November 2014 related to an acquisition	106,882,908	-
Effect of shares issued in May 2015 related to an acquisition	39,094,285	-
Weighted average number of ordinary shares 30 June	241,305,965	193,062,512

Diluted Earnings per share

Basic earnings per share and diluted earnings per share are the same at 30 June 2015 and 30 June 2014 as there are no dilutive potential shares at those dates.

5. Subsequent events

Subsequent to 30 June 2015 the Group's Infrastructure Services Division, OTOC Australia was awarded a $10 million contract with the signing of an un-incorporated joint venture with Juwi Renewable Energy Pty Ltd on 15 July 2015 to install a 10.6 MW solar power station at Sandfire Resources NL's DeGrussa Copper-Gold mine in Western Australia, and approval for $16 million of ongoing civil infrastructure works on Nauru.

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.

RISK MANAGEMENT

6. Critical accounting 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, impairment of assets and deferred vendor payments. 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.

Contract revenue and work in progress
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.

Impairment of assets
Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which an assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Deferred vendor payments
As part of the purchase price of the three acquisitions during the year, the Group agreed to pay the vendors performance payments subject to the acquisitions reaching certain targeted earn out values based on EBIT and EBITDA measures. The value for deferred vendor payment is estimated based on actual results to date plus forecasts. Actual results may differ from these estimates. This information is set out under Note 3.

7. Financial instruments

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 manage 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.

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

		2015		2014	
	Note	Carrying Amount	Fair values	Carrying Amount	Fair values
		$000	$000	$000	$000
Cash and cash equivalents	17	10,182	10,182	6,803	6,803
Trade and other receivables	10	15,106	15,106	8,015	8,015
Trade and other payables	11	(6,910)	(6,910)	(6,686)	(6,686)
Hire purchase liabilities	19	(8,540)	(8,540)	(9,600)	(9,600)
Commercial bills (drawn)	19	(7,500)	(7,500)	-	-
Deferred vendor payments – Bosco Jonson	3	(3,000)	(3,000)	-	-
Deferred vendor payments – Geo-metric	3	(2,500)	(2,500)	-	-
Deferred vendor payments – THG	3	(1,800)	(1,800)	-	-

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

Measurement at fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 3 fair values at 30 June 2015, as well as the significant unobservable inputs used.

7. Financial instruments (continued)

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Deferred vendor payments	Management have forecasted that all acquisitions will reach their targeted earn out values and therefore have recognised the maximum amount payable under the contract for contingent consideration. Given that payments are due within two years of acquisition the amount recognised approximates to fair value.	For Bosco Jonson Forecast EBITDA target \$4.25m per earn-out period, for Geo-metric forecast EBIT target \$4m per earn-out period and for THG forecast EBIT target of \$1.2m per earn-out period.	The estimated fair value of the deferred vendor payments would decrease if EBITDA for Bosco Jonson and EBIT for Geo-metric and THG were lower. Generally, a change in the annual revenue is accompanied by a directionally similar change in EBITDA margin for Bosco Jonson and EBIT margin for Geo-metric and THG.

ii. Level 3 fair values

Sensitivity analysis

For the fair values of deferred vendor payments, reasonably possible changes at 30 June 2015 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Deferred vendor payment

		Bosco Jonson			Geo-metric	
	EBITDA Target	Tranche 1 Period 1 Payout 1/10/14-30/9/15	Tranche 2 Period 2 Payout 1/10/15-30/9/16	EBIT Target	Tranche 1 Period 1 Payout 1/02/15-31/01/16	Tranche 2 Period 2 Payout 1/02/16-31/01/17
In thousands of dollars						
Target equals	3,500	750	750	3,000	750	750
Target between*	3,500-4,250	750	750	3,000-4,000	500	500
Target greater than	4,250	-	-	4,000	-	-
Total		1,500	1,500		1,250	1,250

7. Financial instruments (continued)

	EBIT Target	THG Tranche 1 Period 1 Payout 1/10/14–30/9/15	THG Tranche 2 Period 2 Payout 1/10/15–30/9/16
In thousands of dollars			
Target equals	800	800	800
Target between*	800-1,200	100	100
Target greater than	1,200	-	-
Total		900	900

*In this range the deferred vendor payment will be earned on a dollar for dollar basis up to a maximum of $0.75 million for Bosco Jonson, $0.5 million for Geo-metric and $0.1 million for Queensland Surveying. If the minimum targets are not met, then no vendor payment is made.

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 1, revenue from two major customers of the Group (NRW Pty Ltd and Canstruct Pty Ltd), individually represents more than 10% of total Group revenue, and was approximately $24 million during the year ended 30 June 2015 (2014: three major customers $81 million). The Company is implementing its diversification strategy to mitigate this risk, through its acquisition surveying businesses.

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

7. **Financial instruments (continued)**

The Group's maximum exposure to credit risk is:	2015	2014
	$000	$000
Cash and cash equivalents	10,182	6,803
Trade and other receivables	15,106	8,015
	25,288	14,818

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:

	2015	2014
	$000	$000
0 - 30 days not past due	9,543	3,414
Past due 1 - 30 days	3,344	1,974
Past due 31 – 60 days	690	590
Past due 61 – 90 days	377	136
Past due 90 days	1,064	1,487
Provision for impairment	(64)	(480)
Total	14,954	7,121

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 $15,106,000 (2014: $8,015,000) for Australia. The allowance for impairment for 2015 amounted to $64,000 (2014: $480,000).

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:

	2015	2014
	$000	$000
Balance 1 July	480	47
Impairment loss provided/(reversed)	(416)	433
Balance at 30 June	64	480

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.

7. Financial instruments (continued)

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.

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:

2015

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	8,540	9,514	1,875	1,781	3,108	2,750	-
Trade and other payables	6,910	6,910	6,910	-	-	-	-
Commercial Bill	7,500	7,864	1,573	1,573	4,718	-	-
	22,950	24,288	10,358	3,354	7,826	2,750	-

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	-

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.

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, and loans and borrowings are exposed to interest rate risks. The average nominal interest rate is 4.24% for loans and borrowings (2014: 7.44%), for all current facilities in note 19, and sensitivity is calculated for a 1% change.

7. Financial instruments (continued)

	2015		2014	
	+1%	-1%	+1%	-1%
	$000	$000	$000	$000
Consolidated Group				
Cash and cash equivalents	101	(101)	68	(68)
Loans and borrowings	160	(160)	96	(96)
	261	(261)	164	(164)

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.

8. Commitments

(a) Operating leases

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

	2015	2014
	$000	$000
Not later than one year	2,527	1,544
Later than one year but not later than five years	2,674	2,329
Later than five years	-	-
Total commitments not recognised in financial statements	5,201	3,873

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

9. Contingent Liabilities

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

WORKING CAPITAL

10. Trade and other receivables

	2015 $000	2014 $000
Trade receivables	14,954	7,121
Other receivables	152	894
	15,106	8,015

At 30 June 2015 trade receivables included $19,000 retentions (2014: $551,000) related to construction contracts in progress. The Group's exposure to credit and currency risk is disclosed in note 7.

11. Trade and other payables

	2015 $000	2014 $000
Trade and other payables	6,910	6,686
	6,910	6,686

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 7.

CAPITAL EMPLOYED

12. Employee benefits

	2015 $000	2014 $000
Current		
Annual leave	1,540	990
Long service leave	992	415
Other employee provisions	529	284
	3,061	1,689
Non-current		
Long service leave	408	133
	408	133

13. Plant and equipment

	2015 $000	2014 $000
Leasehold Improvements	88	659
Less: accumulated depreciation	(14)	(193)
	74	466
Plant and equipment	14,302	18,862
Less: accumulated depreciation	(9,254)	(8,913)
	5,048	9,949
Motor vehicles, at cost	5,767	5,196
Less: accumulated depreciation	(2,990)	(2,663)
	2,777	2,533
Construction in Progress	–	1,091
Total written down value	7,899	14,039

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.

2015	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Construction in Progress $000	Total $000
Carrying amount at 1 July 2014	466	9,949	2,533	1,091	14,039
Acquired through business acquisition (note 3)	81	1,674	1,029	–	2,784
Additions at cost	7	2,266	884	–	3,157
Disposals at carrying value	–	(79)	(94)	–	(173)
Depreciation	(110)	(3,164)	(708)	–	(3,982)
Impairment	(370)	(6,689)	(867)	–	(7,926)
Transfers between classes at carrying value	–	1,091	–	(1,091)	–
Carrying amount at 30 June 2015	74	5,048	2,777	–	7,899

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.

13. Plant and equipment (continued)

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	(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

The carrying value of finance leased assets at 30 June 2015 is $5.1 million (2014: $8 million).

Impairment Loss

The Group assesses whether there are indicators that assets, or groups of assets, may be impaired at each reporting date (goodwill is assessed annually regardless of indicators). The following impairment indicators were identified during the year ended 30 June 2015:

- The downturn in mining industry related construction and declined investment in the mining industry

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. OTOC has made an assessment of the recoverable amount of its assets as at 30 June 2015. Impairment losses recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015 were comprised as follows:

	2015 $000	2014 $000
Property Plant and Equipment	7,926	-
Goodwill	542	-
	8,468	-

Following is a breakdown of the impairment loss by CGU:

	2015 $000	2014 $000
OTOC Australia	4,926	-
Whelans	3,480	-
Other	62	-
	8,468	-

Management has assessed its CGU's to be the company's business operations i.e. OTOC Australia, Whelan, Bosco Jonson, Geo-Metric and Queensland Surveying.

13. Plant and equipment (continued)

In 2015 management reviewed these CGU's and identified impairment indicators for the business of OTOC Australia and Whelans. The indicators were applied to both these business and are noted as being the downturn in mining industry and the reduced activity that stemmed from this. Consequently OTOC Australia and Whelans conducted a full review of its balance sheet and identified property plant and equipment and goodwill as categories that would be impacted by these indicators.

Both businesses examined its property plant and equipment. As a result of this it was noted that there were numerous items including low value items and aged items on the listing which would not be used for generating income in future years. It is mainly these assets that have contributed to the $4.9 million impairment (recoverable amount is $3.0 million) in OTOC Australia and the $2.9 million impairment of assets (recoverable amount is $1.2 million) in Whelans.

The recoverable amount of property plant and equipment in OTOC Australia and Whelans were determined using fair value less cost of disposal. Management undertook external valuations and an internal assessment to support the recoverable amount of OTOC Australia and Whelans cash generating unit as at 30 June 2015. This is considered to be a level three valuation technique within the fair value hierarchy.

Total assets impaired in Whelans were $3.4 million with $2.9 million being the aforementioned impairment on property plant and equipment, the balance of $0.5 million related to an impairment of Goodwill. The Goodwill arose on Whelans operations in the regional areas of Australia, primarily Port Hedland and Karratha. These areas were significantly impacted by the downturn in the mining industry. Consequently it was necessary to fully impair the Goodwill.

14. Intangible assets

2015	**Goodwill**	**Customer Relationships**	**Contribution Assets**	**Total**
	$000	**$000**	**$000**	**$000**
Carrying value 1 July 2013	761	172	-	933
Additions	-	-	11	11
Amortisation	-	(118)	-	(118)
Carrying value 1 July 2014	761	54	11	826
Addition through business acquisitions (see Note 3)	21,703	10,440	-	32,143
Amortisation	-	(2,058)	(11)	(2,069)
Impairment	(542)	-	-	(542)
Net carrying value at 30 June 2015	21,922	8,436	-	30,358

Goodwill has arisen on businesses purchased during the course of the year and an impairment review will be carried out on their twelve month anniversary. At present there are no indicators to suggest an impairment is necessary.

TAXATION

15. Income tax expenses

Current tax expense **Tax recognised in profit or loss**	**2015** **$000**	**2014** **$000**
Current tax	1,752	–
Deferred tax	(5,382)	1,717
Adjustment for prior periods	(1,253)	–
Income tax (benefit)/expense relating to opening subsidiary balances	–	–
Income tax (benefit)/expense reported in the income statement	(4,883)	1,717

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

Reconciliation of effective tax rate		
(Loss)/Profit before income tax	(13,669)	7,213
Income tax at 30% (2014: 30%)	(4,101)	2,164
Add (less) tax effect of:		
Other non-allowable/ assessable items	471	46
Research and development offset	–	(375)
Subsidiaries opening balances	–	–
Adjustment for prior periods	(1,253)	(118)
Income tax expense attributable to the Group	(4,883)	1,717

16. Deferred Tax Assets/Liabilities

(a) Deferred tax liability	**Assets**		**Liabilities**		**Net**	
	2015 **$000**	**2014** **$000**	**2015** **$000**	**2014** **$000**	**2015** **$000**	**2014** **$000**
Work in Progress	–	–	(791)	(6,264)	(791)	(6,264)
Plant & Equipment	1,125	–	–	(81)	1,125	(81)
Employee Benefits	999	579	–	–	999	579
Provisions	171	327	–	–	171	327
Intangibles	–	–	(2,520)	–	(2,520)	–
Carried forward R&D offset available	–	513	–	–	–	513
Other	172	45	(82)	(74)	90	(29)
Tax assets/ (liabilities)	2,467	1,464	(3,393)	(6,419)	(926)	(4,955)

(b) Movement in deferred tax balances		
Opening Balance	(4,955)	(3,238)
Raising deferred tax liability on intangibles	(3,130)	–
Subsidiaries opening balances	524	–
Prior year adjustments	1,253	(199)
Charge to profit or loss	5,382	(1,717)
Closing deferred tax asset/(liability)	(926)	(4,955)

NET DEBT

17. Cash and cash equivalents

	2015 $000	2014 $000
Cash at bank and in hand	10,182	6,803
Cash and cash equivalents in the statement of cash flows	10,182	6,803

The Group's exposure to interest rate risk and a sensitivity analysis for the financial assets and liabilities disclosed in note 7.

18. Reconciliation of cash flow from operations with profit after income tax

	2015 $000	2014 $000
Cash flows from operating activities		
Profit/(loss) after income tax	(8,786)	5,496
Non-cash flows in profit:		
Depreciation (Note 13)	3,981	3,618
Amortisation of intangible assets (Note 14)	2,069	118
Impairment expense (Note 13)	8,468	-
Other	(47)	(9)
Share based payment	399	-
Income tax expense/(benefit)	(4,883)	1,717
	1,201	10,940
Change in trade and other debtors	(5,315)	9,793
Change in other assets	(1,408)	787
Change in work in progress	18,384	(3,117)
Change in trade creditors	(1,263)	(11,788)
Change in provisions and employee benefits	23	(669)
Change in tax movement	-	-
Net cash provided by operating activities	11,622	5,946

Significant non-cash investing and financing transactions
Property, plant and equipment of $1.1 million (2014: $1.6 million) was acquired under finance leases.

19. 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.

	2015 $000	2014 $000
Current liabilities		
Hire purchase liabilities (HP)	3,125	2,780
Commercial Bill	3,000	-
	6,125	2,780
Non-current liabilities		
Hire purchase liabilities	5,415	6,820
Commercial Bill	4,500	-
	9,915	6,820

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

			2015 $000		2014 $000	
	Nominal interest rate %	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Hire purchase liabilities (HP)	4.0-8.12	2016 - 2019	8,540	8,540	9,600	9,600
Commercial bill	4.84%	2016-2017	7,500	7,500	-	-
			16,040	16,040	9,600	9,600

All loans and borrowings are denominated in Australian Dollars.

Details of facilities

	Facility Available 2015 $000	Used 2015 $000	Unused 2015 $000	Facility Available 2014 $000	Used 2014 $000	Unused 2014 $000
Commercial bills (a)	7,500	(7,500)	-	3,000	-	3,000
Insurance Bonds	22,000	(2,689)	19,311	22,000	(9,846)	12,154
Other (b)	5,200	-	5,200	5,200	-	5,200
Total financing facilities	34,700	(10,189)	24,511	30,200	(9,846)	20,354

a) The Group has a secured bank loan with carrying amount of $7.5 million as at 30 June 2015 (2013: nil). This loan is repayable in tranches over the next year. The loan contains covenants stating that at the end of each quarter the Group is to maintain cash and debtors (less than 90 days excluding related party transactions) of no less than $15 million, the Group's Leverage Ratio (defined in the covenant as the Group's Total Debt plus 50% of drawn Bank Guarantees and Insurance Bonds) is to be less than 4.5 times EBITDA and the Group will maintain an Interest Coverage Ratio of not less than 4 times. The Group is in compliance with the covenants at 30 June 2015.

b) Other facilities include a $5 million bank overdraft expiring in October 2015, bank guarantees and credit card facility.

19. Loans and borrowings (continued)

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

Hire Purchase Liabilities

Hire purchase liabilities of the Group are payable as follows:

	Future minimum HP payments 2015	Interest 2015	Present value of minimum HP payments 2015	Future minimum HP payments 2014	Interest 2014	Present value of minimum HP payments 2014
	$000	$000	$000	$000	$000	$000
Less than 1 year	3,650	(525)	3,125	3,402	(622)	2,780
Between 1 & 5 years	5,849	(434)	5,415	7,680	(860)	6,820
	9,499	(959)	8,540	11,082	(1,482)	9,600

EQUITY

20. Capital and reserves

Share capital

	2015 $000	2014 $000	2015 No. Of Shares	2014 No. Of Shares
Balance at the beginning of the year	9,188	9,188	193,062,512	193,062,512
Issued for cash (net of costs)	9,359	-	50,000,000	-
Issued as consideration for business combinations	3,608		21,185,896	-
Balance at the end of the year	22,155	9,188	264,248,408	193,062,512

Issues of ordinary shares

In September 2014, the Company received $8 million in cash and issued 40 million new shares at $0.20 per ordinary share as the first Tranche ("Tranche 1 Placement") of a $10 million placement to professional and sophisticated investors.

In September 2014, 5 million fully paid ordinary shares were issued at $0.205 per share as purchase consideration for the acquisition of Bosco Jonson (see note 3).

In November 2014, the Company received $2 million in cash and issued 10 million new shares at $0.20 per ordinary share as the second Tranche ("Tranche 2 Placement") of a $10 million placement to professional and sophisticated investors.

In December 2014, 12 million ordinary shares were issued at $0.19 per share as purchase consideration for the acquisition of Geo-metric (see note 3).

In May 2015, 4 million ordinary shares were issued at $0.07 per share as purchase consideration for the acquisition of THG (see note 3).

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.

21. Dividends

No dividends were declared or paid by the Company for the years ended 30 June 2015 and 2014.

Franking Credit Balance

The amount of franking credits available for the subsequent financial year are:	**2015**	**2014**
Franking account balance as at the end of financial year at 30% (2014:30%)	$4,811,725	$3,765,518

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.

22. Share-based payments

(a) Share-Based Payment Arrangements

As at 30 June 2015, the Group had the following share-based payment arrangement.

On 12 November 2014, the Group granted Performance Rights to eligible employees under the Group's Long Term Incentive Plan approved by shareholders on 3 November 2014 to motivate and reward their performance in achieving specified performance milestones in respect of the financial years ended 30 June 2015 to 30 June 2017. Subject to continued employment and achievement of financial performance hurdles (relative total shareholder return and compounded earnings per share growth), the Performance Rights will vest as follows:

Grant Date	Number of Performance Rights granted during 2015	Vesting Date[A]	Vesting Hurdles [C]			
			50% rTSR**		**50% EPS CAGR**	
12 Nov 2014	2,629,491	30 June 2015	< 50% percentile	Nil	<6%	Nil
12 Nov 2014	2,629,491	30 June 2016	>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile	>6%-<24%	pro rata vesting between 25%-100%
12 Nov 2014	5,258,981	30 June 2017	75th percentile or more	100%	24%>	100%
	10,517,963					

22. Share-based payments (continued)

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. The Board adopted a transitional vesting approach for the grant of Performance Rights during this financial year as follows:

- 25% (Tranche 1) will vest in 1 year (based on performance from 1 July 2014 to 30 June 2015);
- 25% (Tranche 2) will vest in 2 years (based on two year performance from 1 July 2014 to 30 June 2016); and
- 50 % (Tranche 3) will vest in 3 years (based on three year performance from 1 July 2014 to 30 June 2017).

An unvested Performance Right will lapse upon the earlier to occur of:

vii. failure to satisfy the applicable vesting conditions;
viii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
ix. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
x. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
xi. the expiry date; or
xii. the seven year anniversary of the date of grant of the Performance Rights.

On 19 December 2014, 1,920,000 unvested Performance Rights lapsed on the termination of an employee's employment.

(b) Measurement of Fair Values of Share-Based Payments

The fair value of the Performance Rights issued under the Group's Long Term Incentives Plan during 2015 has been measured using Monte Carlo simulation model incorporating the probability of the relative TSR vesting condition being met. Nil Share-Based Payments were issued during 2014. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments plans were as follows:

	Tranche 1		**Tranche 2**		**Tranche 3**	
Performance Measure	**rTSR**	**EPSCAGR**	**rTSR**	**EPSCAGR**	**rTSR**	**EPSCAGR**
Share price at grant date	$0.20	$0.20	$0.20	$0.20	$0.20	$0.20
Exercise price	N/A	N/A	N/A	N/A	N/A	N/A
Volatility	85%	85%	85%	85%	85%	85%
Performance Period	1 Jul 2014 – 30 Jun 2015		1 Jul 2014 – 30 Jun 2016		1 Jul 2014 – 30 Jun 2017	
Risk Free Rate	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Remaining Life	Nil	Nil	1 year	1 year	2 years	2 years
Fair value at grant date	**$0.198**	**$0.200**	**$0.198**	**$0.200**	**$0.193**	**$0.20**

The measure of expected volatility used is the annualised standard deviation of the historical TSR for OTOC and each constituent of the ASX All Ords for the length of time equal to the corresponding vesting period prior to the grant date.

(c) Unvested Unlisted Performance Rights

Of the 10,517,963 Performance Rights issued during 2015, 1,920,000 lapsed during 2015 due termination of employment. 8,597,963 remain unvested at 30 June 2015. No Performance Rights will vest until the Board notifies the employee and provides a vesting notification advising them that the Performance Rights have vested.

OTHER INFORMATION

23. Related parties

(d) Key management personnel compensation

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

	2015 $	2014 $
Short-term employee benefits	1,242,064	1,787,651
Post-employment benefits	90,774	122,079
Share-based payment	302,688	-
	1,635,526	1,909,730

During the period, the Company did not repay any loans from related parties (2014: $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 8 to 16.

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.

24. Auditor's remuneration

Audit and review services

	2015	2014
KPMG	$	$
Audit and review of financial reports	211,600	148,500
Due diligence services	75,044	20,000
	286,644	168,500

GROUP STRUCTURE

25. Subsidiaries

The following entities are consolidated:

Name of Entity	Country of Incorporation	Ownership Interest 2015 %	Ownership Interest 2014 %
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
Bosco Jonson Pty Ltd	Australia	100	-
Geo-metric Surveying Pty Ltd	Australia	100	-
Queensland Surveying Pty Ltd	Australia	100	-
Southern Hemisphere Investments Pty Ltd	Australia	100	-
A Perfect Day Elise Pty Ltd	Australia	100	-
TBBK Pty Ltd	Australia	100	-

26. 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.

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

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.

There were no changes in the parties to the Deed during the year ended 30 June 2015. Subsequent to year end, on 21 August 2015, the following entities became parties to the Deed by virtue of a Deed of Assumption:

- Bosco Jonson Pty Ltd
- Southern Hemisphere Investments Pty Ltd
- A Perfect Day Elise Pty Ltd
- TBBK Pty Ltd
- Geo-Metric Pty Ltd
- Queensland Surveying Pty Ltd

26. Deed of cross guarantee (continued)

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 as at 30 June 2015, after eliminating all transactions between parties to the Deed of Cross Guarantees set out as follows:

Statement of profit and loss and other comprehensive income and retained earnings

	2015	2014
	$000	**$000**
Revenue	51,097	113,132
Expenses	(51,838)	(100,249)
	(741)	**12,883**
Depreciation	(3,465)	(3,618)
Amortisation	(129)	(118)
Acquisition costs	(1,219)	-
Restructuring costs	(1,515)	(944)
Impairment expense	(8,468)	-
Results from operating activities	**(15,537)**	**8,203**
Financial income	78	39
Finance costs	(770)	(1,029)
Net finance costs	(692)	(990)
Profit (loss) before income tax	(16,229)	7,213
Income tax benefit (expense)	5,142	(1,717)
Profit (loss) from continuing operations	(11,087)	5,496
Profit (loss) for the year	(11,087)	5,496
Total comprehensive income (loss) for the year	(11,087)	5,496

26. Deed of cross guarantee (continued)

Statement of financial position

	2015 $000	2014 $000
Assets		
Current assets		
Cash and cash equivalents	9,103	6,803
Trade and other receivables	9,249	8,015
Work in progress	1,954	20,208
Other current assets	671	595
Total current assets	20,977	35,621
Non-current assets		
Plant and equipment	4,238	14,039
Investments	11,784	80
Intangible assets	155	826
Deferred tax asset	2,466	–
Loans to related parties	16,646	–
Total non-current assets	35,289	14,945
Total assets	56,266	50,566
Liabilities		
Current liabilities		
Trade and other payables	5,013	6,686
Deferred vendor payments	1,771	–
Loans and borrowings	5,731	2,780
Employee benefits	1,465	1,689
Current tax liability	1,406	–
Total current liabilities	15,386	11,155
Non-current liabilities		
Loans and borrowings	9,371	6,820
Deferred vendor payments	729	–
Deferred tax liability	873	4,955
Employee benefits	125	133
Total non-current liabilities	11,098	11,908
Total liabilities	26,484	23,063
Net assets	29,782	27,503
Equity		
Share capital	22,155	9,188
Share based payment reserve	399	–
Retained earnings	7,228	18,315
Total equity	29,782	27,503

27. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2015 the parent company of the Group was OTOC Limited.

Results for the Period	**2015**	**2014**
	$000	**$000**
Loss for the year	(26,814)	(2,371)
Other comprehensive income	–	–
Total comprehensive loss for the year	(26,814)	(2,371)
Financial position of parent entity at year end		
Current assets	5,717	123
Total assets	42,654	46,279
Current liabilities	9,888	46
Total liabilities	13,124	3,469
Total equity of the parent entity comprising of:		
Share capital	22,155	9,188
Reserves	41,049	40,650
Accumulated loss	(33,673)	(6,859)
Total equity	29,531	42,979

28. Basis of preparation

(a) 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.

(b) 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

29: Summary of 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.

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.

29: Summary of Significant accounting policies (continued)

(b) Financial instruments

(i) Non-derivative financial assets

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.

(ii) 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.

(iii) 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.

29: Summary of Significant accounting policies (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 25%
- Motor vehicles 20%
- Leasehold Improvements 20%

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

(d) Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill acquired in a business combination is not amortised. Instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to individual cash generating units for the purpose of impairment testing.

(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 3-5 years

29: Summary of Significant accounting policies (continued)

(e) 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.

29: Summary of Significant accounting policies (continued)

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.

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.

(f) 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.

(f) 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.

(g) 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.

29: Summary of Significant accounting policies (continued)

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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

29: Summary of Significant accounting policies (continued)

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.

(l) 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.

29: Summary of Significant accounting policies (continued)

(m) 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*.

(n) Segment reporting

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.

(n) Segment reporting (continued)

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(o) Prior year comparatives

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

(p) Changes in accounting policies

OTOC has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of OTOC and effective for reporting periods beginning on or after 1 July 2014. The Group applied for the first time *AASB 2013-3 Recoverable amount disclosures for non-financial assets*, *AASB 1031 Materiality and AASB 2014-1 Annual improvements to IFRS's 2010-2012 Cycle*. Several other amendments apply for the first time in 2015 however they do not impact the annual consolidated financial statements of the Group.

The nature and the impact of certain new standards and amendments are described below:

(i) *AASB 2013-3 Recoverable amount disclosures for non-financial assets:* adopted on 1 July 2014. *AASB 2013-3 Recoverable amount disclosures for non-financial assets* make amendments to the disclosures required by AASB 136 Impairment of assets which:

- Remove the requirement to disclose the recoverable amount of all cash generating units (CGU) that contain goodwill or identifiable assets with indefinite lives if there has been no impairment. This disclosure was introduced with AASB 13 Fair Value Measurement;
- Require disclosure of the recoverable amount of an asset or CGU when an impairment loss has been recognised or reversed;
- Requires detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed.

29: Summary of Significant accounting policies (continued)

As a result of adopting AASB 2013-3 Recoverable amount disclosures for non-financial assets, the Group has amended its impairment disclosures in Note 3 to reflect the updated disclosure requirements.

(ii) *AASB 1031 Materiality:* adopted on 1 July 2014. The revised *AASB 1031 Materiality* is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality. *AASB 1031 Materiality* will be withdrawn when references to *AASB 1031 Materiality* in all Standards and Interpretations have been removed. AASB 2014-1 Part C issued in June 2014 makes amendments to eight Australian Accounting Standards to delete their references to *AASB 1031 Materiality.* Application of *AASB 1031 Materiality* has not impacted the financial statements of the Group.

(iii) *AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial instruments* contains three main parts which make amendments to a number of standards and interpretations of which OTOC have adopted Part A and Part B below which have not materially impacted the financial statements of the Group:

- Part A of the amendment makes consequential amendments arising from the issuance of AASB CF 2013-1, which was adopted in the previous reporting period.
- • Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also minor editorial amendments to various other standards adopted on 1 July 2014.

(iv) *AASB 2014-1 Annual improvements to IFRS's 2010-2012 Cycle*: adopted on 1 July 2014. This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) Annual Improvements process

30. 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 2015, 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.

31. 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.

31. Determination of fair values (continued)

(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.

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.

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 2015 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

28 August 2015

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 statements of financial position as at 30 June 2015, and consolidated statement of profit and loss and 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 the basis of preparation note, 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 their performance.

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

KPMG

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 2015 and of their 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 the basis of preparation note.

Report on the remuneration report

We have audited the Remuneration Report included in section 9 of the directors' report for the year ended 30 June 2015. 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 2015, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner
Perth

28 August 2015

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 19 to 63 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 2015 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 26 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 2015.

4. The directors draw attention to page 23 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, 28 August 2015.

Derek La Ferla
Chairman

ADDITIONAL INFORMATION

Additional Information per ASX Listing Rules [Unaudited]

Additional information requires by ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Corporate Governance Statement

The Group's Corporate Governance Statement can be found at www.otoc.com.au/Investors/2015_Corporate_Governance_Statement.pdf

Shareholder Information as at 20 August 2015

Top 20 Shareholders of Quoted Securities

	Shareholder	Shares	% of Issued Capital
1	OCEAN TO OUTBACK ELECTRICAL <AP & TL LAMOND FAM>	53,129,321	20.11%
2	NATIONAL NOM LTD	29,032,447	10.99%
3	J P MORGAN NOM AUST LTD	21,406,429	8.10%
4	AMARA DARIO ANGELO <AMARA FAM A/C>	11,542,858	4.37%
5	CONCEPT WEST COMMUNICATIO <T YOUNG FAM A/C>	11,320,000	4.28%
6	REINDEER INVESTMENTS PTY LTD <BRUEGGEMANN FAM TR>	10,817,307	4.09%
7	INSIDE-OUT CARPENTRY SVCS <MCNEIL FAM A/C>	7,320,000	2.77%
8	BERTOLI CONTRACTING PL <BERTOLI FAM A/C >	6,220,000	2.35%
9	CHAPMAN CRAIG GRAEME <NAMPAC DISCRETIONARY>	5,973,940	2.26%
10	HSBC CUSTODY NOM AUST LTD	4,688,974	1.77%
11	MONTGOMERIE C K + G <MONTGOMERIE FAM A/C>	3,975,000	1.50%
12	HSBC CUSTODY NOM AUST LTD <NT-COMNWLTH SUPER>	3,233,626	1.22%
13	CITICORP NOM PL <COLONIAL FIRST STATE>	3,051,718	1.15%
14	REINDEER INVESTMENTS PTY LTD <BRUEGGEMANN FAM A/C>	3,012,217	1.14%
15	MANDEL PL <MANDEL S/F A/C>	2,750,000	1.04%
16	TELDAR CORP PL <TELDAR INV A/C>	2,500,000	0.95%
17	SARGOOD PAMELA JULIAN	2,000,000	0.76%
18	BERNE NO 132 NOM PL <323721 A/C>	1,780,000	0.67%
19	BERNE NO 132 NOM PL <323723 A/C>	1,700,000	0.64%
20	LAWRENCE T B + HUGHES F M <LAWRENCE FAM SUPER>	1,694,624	0.64%
		187,148,461	70.80%

ADDITIONAL INFORMATION

Substantial holders of 5% or more of fully paid ordinary shares

Shareholder	Number	Person's votes	Voting Power
OCEAN TO OUTBACK ELECTRICAL < AP & TL LAMOND FAM>	53,766,815	53,766,815	20.35%
ACORN CAPITAL LTD	24,326,708	24,326,708	9.21%
PARADICE INVESTMENT MANAGEMENT PTY LTD	18,868,788	18,868,788	7.14%
REINDEER INVESTMENTS PTY LIMITED	13,829,524	13,829,524	5.23%

Distribution of Shareholders

Spread of Holdings	Ordinary Shares	Performance Rights
1 – 1,000	24	-
1,001 – 5,000	47	-
5,001 – 10,000	661	-
10,001 – 100,000	271	-
100,001 –	196	4
Total on Register	1,199	4

Non-Marketable Parcels

Number of shareholders holding less than a marketable parcel is 56.

Voting Rights

Ordinary Shares

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.

Performance Rights

There are no voting rights attached to Performance Rights

Restricted Securities

Number of Securities	Type of Securities	Escrow Type	Period Escrow Ends
2,500,000	Ordinary Shares	Voluntary	1 October 2015
2,500,000	Ordinary Shares	Voluntary	1 October 2016
6,006,615	Ordinary Shares	Voluntary	6 December 2015
6,006,615	Ordinary Shares	Voluntary	6 December 2016
4,166,666	Ordinary Shares	Voluntary	8 May 2016

Unquoted Equity Securities

There are 8,597,962 unquoted Performance Rights on issue with 4 holders.

Securities Exchange

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

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

ADDITIONAL INFORMATION

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