oakton
Results Driven. When Business & IT Matters

Oakton Limited
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18 August 2009

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

Dear Sir

RE: Annual Report & Statutory Accounts for the year ended 30 June 2009

Please find attached the 2009 Annual Report which will be distributed to shareholders on 4 September 2009.

The report is currently available electronically from the Oakton Limited website, www.oakton.com.au.

Michael Miers
Company Secretary

oakton

Results Driven. When Business & IT Matters

Annual Report 2009

Oakton Limited – ABN 50 007 028 711

Contents

Company vision

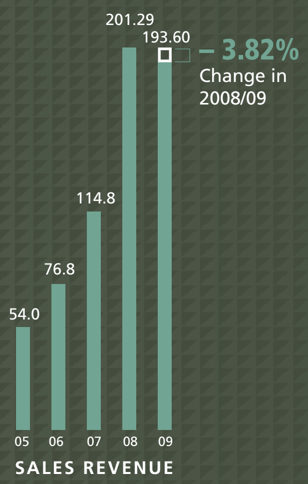
Oakton's vision is to continually meet our commitments to deliver quality outcomes for clients and staff based on our core values of competency and flexibility with fairness and integrity.

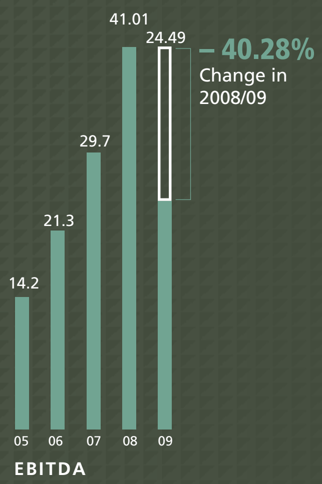
FY2009 Headlines

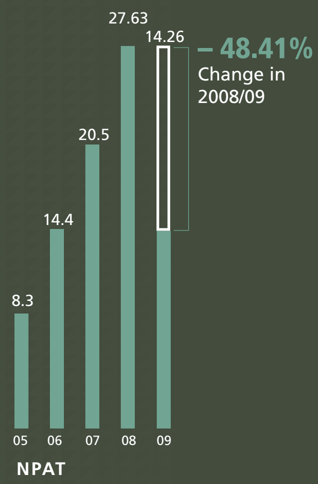
- Full year revenue of $193.6m, EBITDA of $24.5m, NPAT of $14.3m, EPS 15.9c. Includes:
    - Project write downs of $4m in the first half of FY2009
    - Full year redundancies and non-recurring overheads of $4m
- Final fully franked dividend of 1.50 cents, total dividend payout for the year of 2.25 cents
- Operating cash flow of $20.4m, with debt further reduced to $23m ($33m pcp) – strong focus on eliminating debt in FY2010
- Ended June 2009 with 1,157 staff (down 132 pcp). India at 110 resources (up 10 pcp)
- Entered FY2010 with committed revenue comparable to FY2009
- Continued improvement in existing client service line ratios and introduction of new clients
- Enhanced internal quality, project governance processes and core systems to reduce risk and improve project profitability

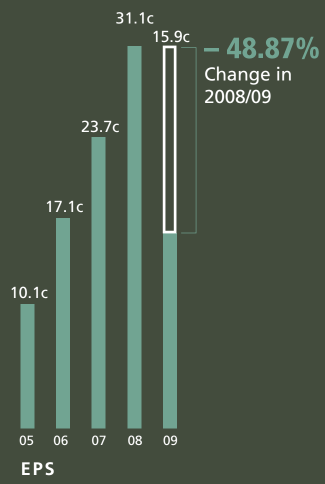
Headlines

2009 PERFORMANCE
(All figures except EPS are in million dollars)









PROFIT AND LOSS	2009	2008	%CHANGE
Sales Revenue ($m)	193.60	201.29	– 3.82%
EBITDA ($m)	24.49	41.01	– 40.28%
Interest ($m)	*(2.58)*	*(1.96)*	*+ 31.63%*
Depreciation ($m)	*(1.93)*	*(1.10)*	*+ 75.45%*
NPAT ($m)	14.26	27.63	– 48.41%
Interim dividend (¢)	0.75	11.00	– 93.18%
Final dividend (¢)	1.50	12.00	– 87.50%
Diluted EPS (¢)	15.90	31.10	– 48.87%
BALANCE SHEET			
Cash ($m)	0.00	6.03	– 100.00%
Receivables ($m)	42.28	48.49	– 12.81%
Intangibles Goodwill ($m)	82.06	70.31	+ 16.71%
Total Assets ($m)	135.94	135.16	+ 5.77%
Total liabilities ($m)	61.66	71.67	– 13.97%
Borrowings ($m)	23.00	33.00	– 30.30%

To our fellow owners

Reflecting on the last financial year, our starting point must be to recognise that the world has changed. The crisis that had its origins overseas quickly escalated into a global financial crisis of unprecedented proportions. By late 2008, it was clear that we were experiencing an extraordinary year and one that would be written about for many years to come.

While the current downturn is not the first in Oakton's 21-year history, it is without a doubt the most severe and pervasive, occurring more rapidly than any other we have experienced. This past year presented extraordinary challenges; some that we anticipated and planned for, and others that we did not foresee but adjusted to as events unfolded. While we do not know how long this turmoil will continue or the extent of the damage it will cause, we remain clear about our priorities, confident in our long-term strategies and strengthened by our client, investor and financial relationships.

Measured against the high standards we set ourselves, our 2009 performance was below expectations, particularly after eight years of sustained growth and record results. There is no doubt we fell short of some of our goals, but with speed and decisiveness we made a number of important changes to our operating model in response to deteriorating market conditions.

We moved quickly from a growth focus to an 'optimise' focus, ensuring we captured for our fellow shareholders the best returns from our existing asset base. That's why revenues substantially mirrored the previous year's performance, and certainly confirmed the underlying strength and resilience of our business model, even in these tough times.

Less than satisfactory however, was our lower year-on-year EBITDA result of $24.5 million and our lower-than-expected net profit after tax result of $14.3 million, both caused principally by lower margins in quarters two and three of this financial year. EBITDA margins are at the very core of understanding Oakton's 2009 performance story, and something we discuss in more detail below.

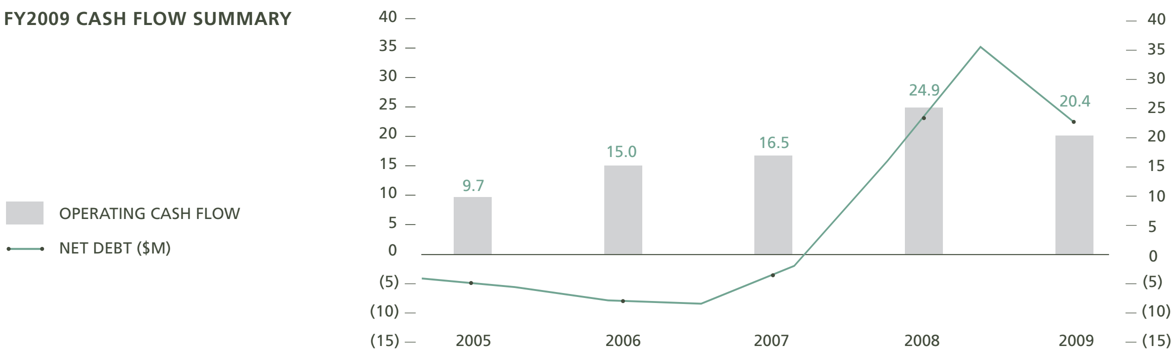
We are also declaring a lower dividend this year as we take steps to eliminate debt. Although we successfully refinanced in January 2009 for another 36 months, we expect to be debt free by the end FY2010, subject to any future requirements for funds to support acquisitions.

While a weak economy and poorer business conditions go a long way to explain the past year's performance at Oakton, they are not ongoing excuses. There is no question we're operating in a different kind of economy – and a different kind of market for our services – than we were one year ago. As an organisation we're also a different kind of company than we were this time last year. And that's a big part of Oakton's 2009 story of the year that was: a year of four distinct quarters.

QUARTER 1: Last year at this time, we told you we were entering the new financial year with strong momentum: sales were buoyant, we had 1,289 plus people and expected to organically grow to 1,500 – 1,600 people by year end. To meet anticipated demand we were steadily increasing support structures, investing in back office services and HR, but by late September a very different and challenging trading environment was emerging.

The credit crisis was beginning to impact client spend in some sectors, and by the time of the 2008 AGM in late October we were communicating a flatter year and a revision of the full year's forecast.

FY2009 CASH FLOW SUMMARY



QUARTER 2: Like almost every other business, the latter half of quarter 2 was a severe wake up call in a rapidly deteriorating market. Where the company had been investing for growth, it was now apparent our staff levels and support cost structure was out of sync with declining market conditions. We quickly conducted a company-wide operational review, focused on three important priorities: staff levels, overhead structures and the suitability of our service offerings in an evolving marketplace.

Where historically Oakton's benchmark ratios have overheads as a percentage of revenue at around 9 – 10 percent with an average staff utilisation rate close to 80 percent to generate an EBITDA margin of approximately 20 percent, the review clearly showed otherwise. Although revenues had resiliently remained constant, overhead margins had risen while staff utilisation rates had fallen. There could only be one outcome, reduced EBITDA margins, which is of course, unacceptable.

QUARTER 3: As we entered the third quarter and the beginning of 2009, we acted decisively on the outcomes of the review to simplify and refocus the business, reducing our workforce by approximately 150 to 1,150, flattening our management levels from 6 to 4 and generally tightening any inefficient workflow and management practices that had crept in as a result of three years of sustained fast-paced growth. The net effect, an annualised saving of around $2.5 million in operational costs as we 'right-sized' the business for tougher market conditions.

QUARTER 4: The last quarter sees Oakton leaner and fitter, with a renewed and rigorous focus on these key measures: revenue, utilisation rates and overhead percentages. Importantly, in this quarter these key benchmarks are now aligned with those of 2007/08: staff numbers of approximately 1,150 are almost identical; overheads as a percentage of sales are on par at approximately 9 percent, and staff utilisation rates are being restored to acceptable levels closer to 80 percent.

We know these KPIs well, and with discipline and focus we're back on track to achieve the kind of results we expect, and the kind of results you, our owners want. Today, as we write this report to you, we see very strong signs throughout our business, we're making progress, and applying the lessons learned from the past twelve months.

But Oakton's story is not just about one year. Even with all this challenge and change, much remains the same for our company.

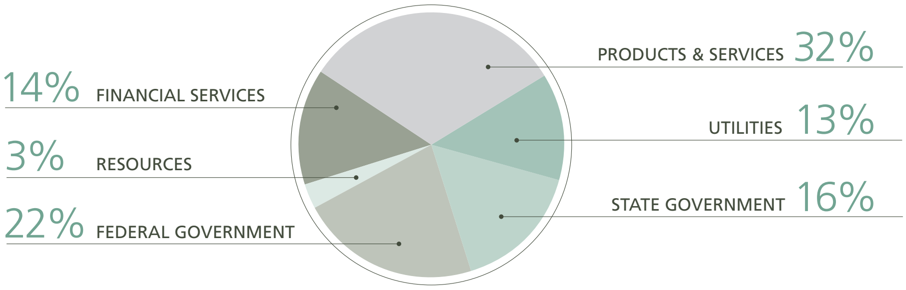
Our strategy, our unique value proposition to clients, our values, and our belief in people as a competitive advantage – none of those have changed. We are capable of producing strong results whether the economy is growing or contracting, if we continue to execute our business model successfully and earn more of our customers' business.

There's no doubt we're emerging from 2009 a stronger and more disciplined company, ready for more market share growth, especially when times improve, which they will. And that brings us to the next part of this year's story – what's 2010 and beyond looking like.

Let's premise this with one very important fact that is increasingly constant in this world in which we compete: businesses in good times and in bad continue to invest in IT, especially if it makes them more competitive, more efficient and saves money.

As we have been saying for years, business strategy and IT capabilities are intrinsically linked. Smart companies are always looking to integrate processes, people, ideas and work to create new levels of efficiencies and competitive advantage. Clients are no longer content with cost savings from off-the-shelf technologies, or low-cost, volume-based outsourcing deals. They are seeking to innovate and gain real competitive advantage. And this involves not just their products and services, but their entire business processes, management systems, policies and even their core business model. To accomplish that, they're increasingly integrating advanced technology deeper and deeper into their processes and operations.

REVENUE CONTRIBUTIONS BY MARKET SECTOR



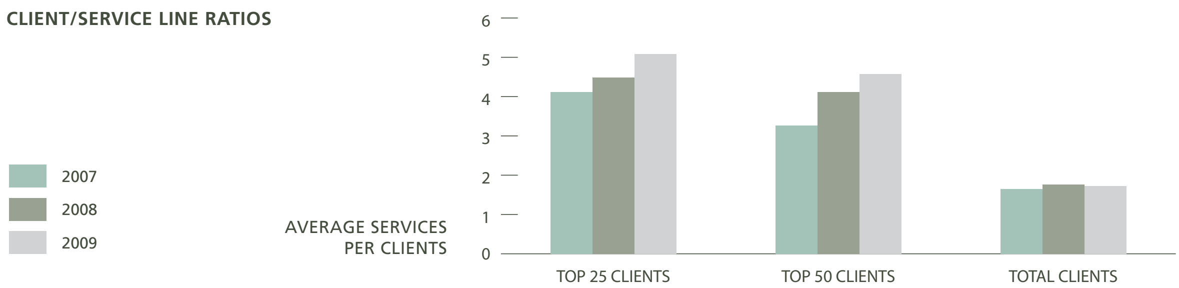
What was once viewed as a discretionary purchase is now, in the main, viewed as an essential and vital investment. And that's exactly what we're still seeing in the majority of the sectors in which we operate.

Sales in utilities, resources, construction and infrastructure, for example, are still strong. And although the Federal Government sector is experiencing a five year low in IT spend, influenced by a combination of factors including the recent election, stimulus packages and of course, the financial crisis, it is good solid business for Oakton and remains one of our strongest opportunities in the coming 12 to 24 months. In this more stable of sectors, we expect growth in the Federal Government arena as we have opportunities to cross-sell our services, something we have to yet fully exploit or capture since integrating Acumen Alliance into the company.

That's why we haven't reduced our sales force. We want to not only maintain market share but incrementally grow it. And when you consider we're going into 2010 with our key benchmark ratios once again in sync, and a sales force 30 percent larger than what we had in 2008, we can only expect good things are going to happen, as long as existing market conditions materially remain the same.

We've also clarified all service offers for all services lines, and in the process improved consistency by rationalising non-core services and strengthening relationships with our principal vendors like IBM, Microsoft, Oracle and SAP.

Another key competitive advantage driving solid revenue returns in any fluctuating market is that of trusted long-term client relationships and organic business, something Oakton has been building for many years now. Year after year, we've published the number of service lines clients buy from us, proof positive that the benefits of offering more value and convenience gives our clients a better deal for bringing us more of their business. Good for our clients and good for Oakton.



This year's ratios have increased again and our revenues are line ball year-on-year – the top 25 clients bought an average of 5.1, our top 50, an average of 4.6 and the total client average is 1.8, up from 1.4 five years ago. On pages 10-11 you will find four case studies of outstanding service from our company. And as we like to say, better service almost always results in more sales.

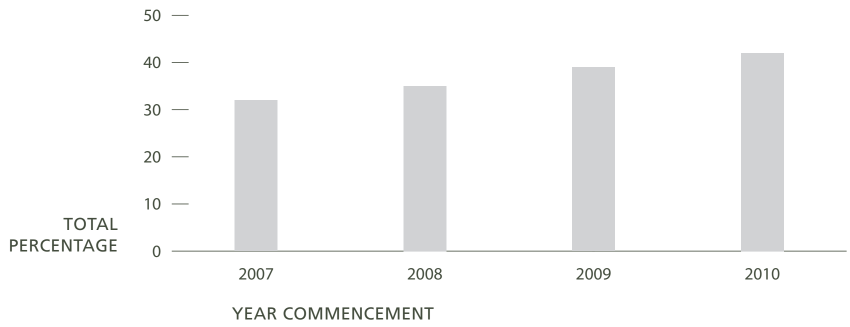
But we are determined we can do even better. That's why we are upping our work rate and executive involvement in business development, particularly in key clients. We're also upgrading operating processes, project management tracking and reporting, essentially lifting our service levels to heights we haven't delivered before.

We're also purposefully developing methodologies our clients have asked for, and want. If we deliver, and indications are that we are, then good things tend to happen for all our stakeholders – things like increased annuity income levels from larger projects spread over longer time frames that drive incremental and powerful organic growth instead of having to constantly chase down replacement income.

By way of illustration, let's look at the last 12 months. We have again won large and significant contracts, this time with clients such as Leighton Holdings, Melbourne Business School, Cochlear and Sydney Water, ranging in size from $2 million to over $10 million. Long-term contracts such as these are good and sustainable business, especially in uncertain economic times, and as we enter 2010 they are contributing over 42 percent of budgeted revenue for the coming year, continuing a growing trend begun nearly four years ago.

Of course, without our offshore facility in Hyderabad, we would find it much harder to compete in the larger contract space. It is one of our great competitive advantages, and nearly four years after its establishment, many projects totalling tens of millions of dollars have been completed. We believed when we set it up it would play an important role. In this kind of economic climate, we like it even more.

PERCENTAGE BACKLOG



As we close our report to you this year, we believe the true test of any business is not when times are good. It's when times are not so good. Overall, and especially in these more trying times, our business remains well placed, testament to the enduring strength of our business model and the commitment of our people in the face of substantial adversity. Of course, cost-cutting and restructuring might give the impression that our circumstances are dire and our outlook bleak, but that's far from the truth. With the recent management improvements Oakton is set up for growth. Revenue is holding to pre-crisis levels, costs are under control, all the right measures are in place, and while earnings to shareholders have suffered, the company is in a very strong position. We believe we're not losing share in any of our markets; if anything, we think we're gaining it.

In some ways, the global meltdown and conditions experienced this past year have been beneficial. In right sizing, we have become streamlined, tighter and more focused. We're optimising opportunities, which can only stand us in good stead when better times return.

As we all leave behind a year that is both forgettable and unforgettable, we want to thank you, our shareholders, for your continued support and confidence; our clients, for their loyalty and inspiration; and our Oakton team for their passion and commitment. 2009 is over. And we're confident that Oakton has responded effectively – our best days lie ahead, and we all very much look forward to reporting great progress next year.

PAUL HOLYOAKE
EXECUTIVE CHAIRMAN

NEIL WILSON
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

How we helped

On the following pages, you will find four stories of outstanding customer service across our company. Each of these stories—selected from hundreds that occur at Oakton every year—has one thing in common. An unwavering responsibility to deliver for our clients; a focused determination to see the job done to the best of our ability.

Looking to substitute the existing intranet with a Microsoft Office SharePoint Server to meet the present and future requirements, AGL began a comprehensive process to identify a suitable advisory and implementation partner.

Selecting Oakton as the partner of choice was based on the strength of their skills in the areas of document management and portal implementation, and in particular with Microsoft Office SharePoint Server (MOSS).

Oakton analysed the functional, infrastructure, security, load and storage requirements to design a distributed failsafe system based on MOSS and SQL servers, before proceeding with the system build in a challenging environment comprising multiple domains, dispersed data centres, and non-conforming client operating environments.

'Oakton made an outstanding contribution in addressing our core issues of portal, document and content management.'

Wayne Pales, Head of IT Strategy and Architecture AGL Energy

As Melbourne Business School's (MBS) Systems Integrator, Oakton worked closely with the MBS team and key stakeholders to design and develop an organisational transformation program that would provide a single view of the constituent.

A comprehensive market evaluation was undertaken where Microsoft Dynamics CRM and Microsoft Office SharePoint Server 2007 were chosen as the technology platform from which the new solution would be based.

The solution has moved MBS to the forefront of innovation in Higher Education relationship management. This has already returned benefits to the school and set a benchmark for the industry. Today, the School has greater clarity and ability to manage constituent information, translating into a revolutionised relationship between the School and its constituents.

'Oakton's technical skills combined with their knowledge of the Higher Education market were critical to the success of this project. The quality across all aspects of the implementation in management, development and deployment ensured this solution was not only a success in improving the relationship with our constituents, but also provides significant competitive advantage in the higher education marketplace.'

Ric Lamont, Chief Information Officer, Melbourne Business School

Oakton collaborated with Sydney Water to build and deliver the Information Architecture (IA) program which has been aligned with Sydney Water's Business Intelligence Strategy. Working closely with Oakton, the IA Program was implemented as a series of discrete projects.

The phased, project-based approach of the program provided early wins to Sydney Water, helping to provide the impetus in the program and build a stable base for the future.

The Information Architecture Program now provides Sydney Water with an enterprise strength architecture that is positioned for future enhancements and changes in information management that will evolve over time.

'Oakton worked closely with our employees and business partners to deliver an enterprise strength business intelligence capability. Now, we have a platform, new roles and processes that provides significant benefit'.

Trent Brown, Manager IT Strategy & Architecture, Sydney Water

With the objective to increase business efficiency and standardise its finance, human resource and project management functions, the CSIRO decided to implement the SAP Enterprise Resource Planning (ERP) solution.

Oakton was engaged to deliver the business process to support the Business Enabling Technology Replacement project (BETR). Oakton process analysts collaborated with the CSIRO to assess the SAP build against CSIRO's processes and requirements. Once the project went live, the analysts assisted CSIRO by providing user support.

(The key challenge of the project was to understand the implications of the SAP solution on CSIRO's business processes and to ensure that the solution was configured correctly to meet the business requirements. Another challenge was integrating SAP into the existing technology infrastructure.)

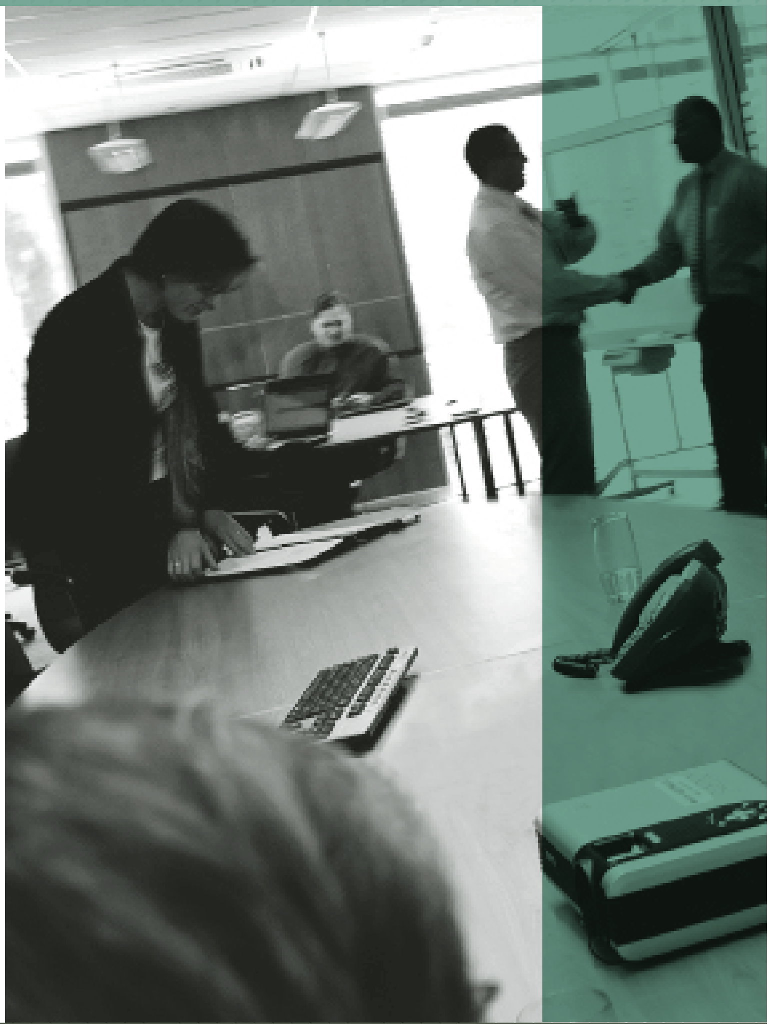
The outcome of this project has provided the CSIRO with a solid foundation from which to reap greater business efficiencies, to improve the quality of its administrative data, and to enable better management information for decision makers.

'The business process consulting skills provided by Oakton gave us the confidence that we were building a platform that met the needs of both the business and the users.'

Dominica Walsh, People & Culture Manager – CSIRO

At Oakton, it's about what you can do to influence a discussion, a project or a business direction for the better that gets you a seat at the table, not where you sit on the organisation chart.

Think small on the inside, big on the outside. We believe our best work is achieved by small teams working together, where everyone can contribute.



It's about quickly identifying when a situation needs help to get it back on track. It's Oakton's culture of highlighting 'green to amber' situations at work.

Board of Directors

PAUL HOLYOAKE
BEngMech (Hons), MEngSci
Executive Chairman

Paul, as a founder of Oakton, delivered the drive and business pragmatism to grow a start-up company into a profitable enterprise. Paul was appointed Executive Chairman in July 2005 and at that time stepped away from the day-to-day activities of Oakton to focus on strategic initiatives. Paul participated in the operational review conducted in February 2009 which was precipitated by the 2008 Global Financial Crisis. He is providing ongoing support to the management team in the delivery of the initiatives of that review.

Paul has been an integral part of the success and growth of Oakton since listing. Paul has a proven ability to detect the direction of technology and to align the business focus accordingly.

Paul has been involved in the information technology sector since 1980, and worked for a robotics company and CRA (now Rio Tinto) prior to founding Oakton in 1988.

NEIL WILSON
BBus (Accounting) (MIS), CPA
Managing Director and Chief Executive Officer

Neil was appointed Managing Director and Chief Executive Officer of Oakton in July 2005. From October 2002 until June 2005, Neil was the Chief Operating Officer of Oakton.

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

In addition to the day-to-day management of the company, Neil continues to hold key consulting roles in a number of strategic client assignments.

GORDON HUGHES
LLB (Hons), LLM, PhD
Non-Executive Director

Gordon is a partner at Blake Dawson Waldron, practising in the area of IT contract law, intellectual property and related matters. He has had a long-standing involvement with Oakton and has been a board member since the company listed.

Gordon has previously served as a president of the Law Institute of Victoria, the Law Council of Australia, Lawasia and the Victorian Society for Computers and the Law.

He has also served on several federal and state committees focusing on e-commerce and data protection.

CHRIS GILLIES
Non-Executive Director

Chris has more than 30 years experience in the Information Technology industry. She is a full time Non-Executive Director focusing on IT governance. Her background includes executive appointments with St George Bank, as Group Executive Integration and Group Executive Group Services, Chief Information Officer for the Bank of Melbourne and Director of DMR Victoria.

Chris chairs board IT committees for Centrelink and UCMS and is an advisor to the Bendigo Bank board IT committee. In addition, Chris has a wide range of consulting experience in mergers and acquisitions and in designing and implementing major change programs.

ROBERT KENNEDY
B.Com, CA
Executive Director

Robert was one of the original founders and Executive Chairman of Acumen Alliance until it was acquired by Oakton in May 2007. After 10 years consulting experience with Deloitte Robert established Acumen in the ACT and grew it into one of the largest consulting organisations in the region. In addition, Robert was instrumental in the establishment of Acumen's Sydney, Melbourne and Brisbane offices which involved the acquisition of five other IT and consulting organisations.

Robert has provided strategic consulting services since 1984 to commercial and government organisations in the financial management, information systems and audit arena with experience in local, national and international markets. Robert's clients have included the Department of Defence, Centrelink, NSW Businesslink, Procter & Gamble, Boral, Health Insurance Commission and Bridgestone.

ANTHONY LARKIN
FCPA, FAICD
Non-Executive Director

Tony had a successful career with BHP spanning 39 years, during which he held various senior finance executive roles including General Manager Accounting, General Manager Finance BHP Minerals, and Corporate Treasurer. While employed by BHP, he was seconded to the role of Chief Finance Officer with Fosters Brewing Group for 4 years.

In 1998 Tony was appointed to the position of Executive Director Finance with Orica Limited from which he retired in 2002.

Tony will commence with the board on 2 September 2009.

MICHAEL MIERS BEc, FCPA
Company Secretary

Michael was appointed Company Secretary in March 2003. Joining Oakton in 2001 he was the Group's Chief Financial Officer until June 2008. As a member of the senior executive he provides key support to the governance and strategic direction of the Company.

Prior to joining Oakton Michael was Head of Finance & Planning at Bank of Melbourne. Michael has more than 25 years experience in the financial services industry, holding senior finance roles in the retail banking, merchant banking and stockbroking sectors

Our Leadership Group

1. BRUCE MINAHAN BSurv
Executive General Manager

Bruce has more than 20 years experience in IT services, and has a strong focus on delivering business value through the well-managed application of information technology.

Bruce is the Executive General Manager, responsible for business development and delivery across the 5 locations in which Oakton operates. Bruce undertook this role in March 2009 having completed the role of General Manager for the Oakton-Acumen integration. Prior to this, Bruce was GM for Victorian operations for a number of years. In this role he was responsible for all aspects of the Victorian operation including all service delivery.

Bruce has been with Oakton since 1997. Prior to joining Oakton, Bruce held IT positions with Anderson Consulting, Hitachi Data Systems, Fujitsu, ICL, and the Victorian State Government.

2. JOHN PHILLIPS BAcc, CA, MAICD
Chief Financial Officer

John, a Chartered Accountant, was appointed to the position of Chief Financial Officer in July 2008 after being General Manager of Oakton's Victorian operations and National Consulting. Prior to this, John held the position of Chief Executive Officer at Acumen Alliance from August 2006, and at the same time was Managing Director of Acumen's Victorian office. He has more than 20 years experience in financial administration and management, governance and accountability and has consulted extensively in these areas to a range of corporate and government agencies.

John specialises in advice to senior executives on governance, financial and risk management, investment strategies, project management, information optimisation and overall business strategy. John is a member of the Loreto Mandeville Hall Council and Finance Committee and was previously Joint Vice Chairman of the Melbourne Football Club.

3. MICHAEL SNEDDON LLB, B Com (Hons)
General Counsel

Michael joined Oakton in 2005 as General Counsel and member of the Executive team, having previously spent over 20 years in private legal practice. Prior to joining Oakton, Michael specialised in IT contract law and data protection law, practising at one of the major national law firms for six years and before that as a partner for eight years at a Melbourne based law firm. In private practice, Michael acted for major Australian and multinational ICT customers and suppliers, as well as Federal and State Governments.

Michael's role is to advise the Oakton Group on its legal obligations and ensure compliance with relevant legislative and legal requirements, including in relation to business acquisitions and integrations post acquisition. He also has particular responsibility for overseeing the negotiation and drafting of contractual arrangements with Oakton's clients and partners.

4. JAMES WATSON B App Sci (Computing), MBA
General Manager Planning and Development

James is the General Manager Planning and Development. James' primary areas of responsibility include Oakton-wide business planning and the management of method and IP development. Prior to this role, James' background with Oakton was in the Enterprise Strategy and Architecture service line which he managed in the NSW office between 2003 and 2005. James joined Oakton through Charter Wilson in 1998. James has been a key contributor to Oakton service development as well as a regular speaker at Oakton and industry forums. Prior to Oakton James worked in software development and package solutions in the advertising industry after commencing his career in the IT consulting industry with a global firm.

James is currently managing Oakton's Business & Systems Consulting service lines in Vic and NSW.

5. BOB PEEBLES
General Manager Client Management and Marketing

Bob was appointed General Manager of Oakton Client Management and Marketing in 2007. Bob is responsible for attaining revenue and sales targets, executing opportunities for sales and client management, business improvement, and providing strategic direction for the Oakton sales function, in addition to managing the national marketing programs and brand development, and national partner relationships. Bob joined Oakton in 2003 from Tier Australia, one of Oakton's acquisitions, where he was the National Sales and Marketing Manager. Prior to Tier, Bob held roles as Business Development Manager at Infact (acquired by Tier) and the Computer Power Group. His earlier career was spent within the Australian federal public sector.

6. PHILLIP O'BRIEN BSc Computing
General Manager National Managed Services

Phillip joined Oakton in 1992 and is the longest serving Oakton employee. With over 18 years industry experience, Phillip is Oakton's General Manager

of National Managed Services and is responsible for delivery of all support services to Oakton's clients nationally. Prior to his current role, he spent 3 years in India as Vice President of Oakton Global Technology Services Centre (India) Private Limited establishing and managing Oakton's offshore operation in Hyderabad India. Phil has previously held a variety of roles within Oakton including Location Services Manager, delivery manager and technical delivery roles. His career includes long term associations with clients such as BP International and GE Money, including on site work in the UK, USA and New Zealand.

7. CHRISTINE SCAMMELL BBS, GAICD
General Manager Victoria

Christine joined Oakton in April 2008 and was appointed to the position of General Manager Victoria. Christine's primary focus is to continue the development and growth of business consulting and IT services across Victoria. She has a special interest in leadership development and change management.

Before joining Oakton Christine held positions with Hewlett-Packard Aus Pty Ltd and Hewlett-Packard (NZ) Ltd, responsible for providing a broad range of support and outsourced services to clients across Australia and New Zealand. Christine brings with her over 20 years of experience in the IT services sector as well as the NZ finance and retail sectors.

Christine is a graduate member of the AICD and belongs to the Women Chiefs of Enterprise Australia.

8. MICHAEL MORGAN MBA, AFAIM, MACS
General Manager New South Wales

Michael has more than 18 years experience in the IT services industry in a range of management, senior consulting and business development roles across Australia, the UK and Europe.

Prior to taking on the role of General Manager, Mike successfully built and managed Oakton's Information Management business in NSW. Before joining Oakton in 2005 he held senior roles with Data Agility, Optus and SPL WorldGroup.

Michael holds an MBA from Macquarie Graduate School of Management (MGSM) and is an Associate Fellow of the Australian Institute of Management.

9. SIMON WILLIAMS BSc (Computer Science/Accounting)
General Manager Queensland

Simon is General Manager for Queensland, and is responsible for all aspects of the QLD operations. Simon is tasked with establishing the Oakton office and brand within the Queensland marketplace. This involves growing the business in all areas including clients, staff, service offerings and office facilities. Simon joined Oakton through the acquisition of Aston IT Group in 2003, where he was the Implementation Practice manager focused on ERP and CRM business solutions.

He then managed Oakton's Microsoft Package Solutions divisions across Victoria and NSW for two years. Simon has over 15 years of business and IT service experience which enable him to consult, and manage, end to end business solution offerings for our clients.

10. JOHN LEWIS BAcc, P Grad Dip (Computer Studies)
General Manager Australian Capital Territory

John has extensive experience in financial management and information systems, consulting to government and commercial sector organisations.

In 1995 John joined the fledgling Acumen Alliance, building within it one of the largest and most successful information and financial systems consulting groups in the Canberra region. In 2000 to 2002 John was instrumental in bringing the Acumen Alliance brand to Victoria through a merger with Stanton Consulting. In 2003 John returned to Canberra and was appointed General Manager. John's primary focus is to develop current service offerings and build new Oakton services into the Canberra marketplace. John is a Fellow of the AICD.

11. DENNIS PAPAKYRIAKOPOULOS BSc (Computing)
Vice President GTSC(I) (India)

Dennis was appointed as Vice President of GTSC-India in April 2009. As Vice President of GTSC-India, Dennis is responsible for the statutory requirements and operations of Oakton's offshore facility in Hyderabad, which currently employees over one hundred people. Dennis joined Oakton in September 2005 as a Senior Consultant in the Project Management Practice which ultimately led to his appointment as Location Services Manager for Managed Services in the Victorian division. Prior to joining Oakton, Dennis held various IT positions in Business Development, Account Management, Service Management and Project Management with Primed Online, Elcom Technology, Praxa and Coles.

Listing rule 4.10.3 requires that Oakton discloses the extent to which it has followed the recommendations of the ASX Corporate Governance Council ('Council') during the 2009 year. There are 8 principles reported on below. Each principle includes one or more recommendations as well as a guide to reporting.

PRINCIPLE 1 – Lay solid foundations for management and oversight

Recommendation 1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions

The Oakton board retains responsibility for the following items:

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

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

- monitoring performance of the business and its constituent units and managers;
- ensuring that the business processes in relation to risk management and assurance are met; and
- approving capital expenditure (except acquisitions).

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

In 2009 and 2010, executives including executive directors who have distinct responsibilities within their area of control will be evaluated against the approved budgets and key performance indicators which were approved by the Board in the annual budget process. Reviews with each senior executive are performed annually.

PRINCIPLE 2 – Structure of the board to add value

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

During 2009 year, the board comprised three executive directors and two non-executive directors. The non-executive directors are considered independent by the Board under the definitions provided in the Council's recommendations. This recommendation has not been complied with during the 2009 year due to the limited size of the board and the requirements in the prior year to appoint an additional executive director as part of the agreement to purchase the Acumen Alliance business. After the end of the financial year, the board appointed Mr Tony Larkin as an additional independent non-executive director.

Recommendation 2.2 The chair should be an independent director.

During 2009 the chairman of the Board of Directors was Paul Holyoake. He is not considered to be independent under the Council's definition as he held an executive position within the three prior financial years. He is also a substantial shareholder. This recommendation has not been complied with during the 2009 year.

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

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

Recommendation 2.4 The board should establish a nomination committee.

Due to the limited size of the board, Oakton has not complied with this recommendation. This role is retained by the full board.

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

During 2009, the Board commenced a project to review the capabilities of each director, to define measures of performance and benchmark the performance of the Board against a peer group. The structure for the evaluation of the Board is now in place and the initial assessment is expected by the end of the calendar year.

PRINCIPLE 3 – Promote ethical and responsible decision making

Recommendation 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

The Oakton HR manual and procedures ensure that:

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

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

Recommendation 3.2 Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

Board members are prohibited from trading in company shares when they may be in possession of potentially price-sensitive information. This is reviewed at each Board Meeting. In particular in relation to the financial results for the half-year and the full year, a prohibition exists from the closure of the relevant period until the expiry of two business days after the release of the period's results.

Pursuant to the ASX Listing Rule 3.19B agreements that the company has in place with each director, if there is a change in the direct or indirect shareholding of a director, they are required to notify the Company Secretary so that the appropriate disclosures can be made to the ASX.

All staff are required to comply with the Company Code of Practice when trading Oakton securities. This states they must not trade shares when in possession of price sensitive information.

PRINCIPLE 4 – Safeguard integrity of financial reporting

Recommendation 4.1 The board should establish an audit committee.

The Audit Committee was established in June 2000 when the company became a listed company.

The primary objective of the Audit Committee is to assist the Board in fulfilling the Board's responsibilities relating to accounting and reporting practices of the Company and its controlled entities.

The main functions of the Audit Committee are:

- to act as a committee of the Board of Directors in discharging the Board's responsibilities as they relate to financial reporting policies and practices, accounting policies and management and internal controls;
- to provide through regular meetings a forum for communication between the Board, senior financial management and external auditors;
- to enhance the credibility and objectivity of the Company's financial reports; and
- to develop and administer the framework for monitoring and mitigating risk.

The responsibilities of the Audit Committee include monitoring compliance with requirements of the Corporations Act 2001, Stock Exchange Listing Rules, Australian Securities and Investments Commission, taxation legislation and other laws as they apply to the subject matter of the Audit Committee's functions (for example internal accounting, external auditing, financial reporting and taxation compliance).

Recommendation 4.2 The audit committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired an independent chair, who is not chair of the board
- has at least three members.

During 2009, the audit committee comprised:

- Gordon Hughes (an independent, non-executive director), Chairman of the Committee;
- Neil Wilson (an executive director); and
- Chris Gillies (an independent, non-executive director).

The recommendation that the committee only consist of non-executive directors was not complied with for the 2009 financial year. As a result of the size of the Board it contained a majority of independent, non-executive directors but also included one executive director for the 2009 year. The composition of the committee will change when the composition of the board changes. Mr Tony Larkin, who was appointed on 30 July 2009 and who will commence as a director on 2 September 2009, will join the Audit Committee as an additional independent non-executive director.

The Company Secretary acts as the Committee Secretary assisting members. The Company's external auditors are invited to attend the Committee's meetings. In addition, the Committee is able to seek and obtain input from external consultants as required.

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

The Audit Committee Charter was drafted during the 2005 year and adopted in August 2005. In October 2005, the Charter was expanded to include responsibility for Risk Management. A copy of the Charter is publicly available on request.

PRINCIPLE 5 – Make timely and balanced disclosure

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

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

PRINCIPLE 6 – Respect the rights of shareholders

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

Communications to shareholders:

– The annual report is published electronically on the Oakton website. A printed copy of the annual report is distributed to shareholders upon request. A copy of the full annual report is available free of charge, upon request, from the Company. The Board ensures that the annual report includes relevant information about the operation of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is the primary source of publically available information on Oakton;

– The half-year report contains summarised financial information and a review of the operations of the Company during the period. The half-year financial report is prepared in accordance with the requirements of Accounting Standards and the Corporations Act, and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange; and

– The Company's website at www.oakton.com.au is regularly updated and provides details of recent material announcements by the Company to the ASX, annual reports, and general information on the Company and its business.

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

PRINCIPLE 7 – Recognise and manage risk

Recommendation 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

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

The Board has not considered it appropriate to appoint a separate Corporate Governance Committee and responsibility for developing and monitoring corporate governance policies and practices in areas outside the scope of the functions of the Audit Committee is retained and exercised directly at Board level.

Oakton's risk management process is part of the Oakton Commercial and Delivery Assurance group's responsibility. Risk management is part of the business as usual process at Oakton comprising a system of risk oversight, management and internal controls operating at all levels of the organisation.

Recommendation 7.2 The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

The Oakton Commercial and Delivery Assurance team manage the process to report risk at different operational levels from business unit through to the board. Material operational and strategic risks are reported monthly to the Board.

The effectiveness of the risk management process is assessed annually by the National Manager, Oakton Commerical and Delivery Assurance. Additionally, during the operational review, a further assessment determined that although the format and structure of the risk assessment and reporting system was effective, there were some instances of non-compliance with the process. To ensure improved compliance the Commercial and Delivery Assurance team was strengthened by the addition of two executives. This additional executive involvement ensures that all material projects are subject to executive assessment at pre-determined milestones in the project life-cycle.

In addition, the Company is audited annually to maintain ISO 9001 certification.

The key risks assessed relate to impact on Oakton's reputation and financial performance. These risks include selling and delivery risks to provide a matrix of the material business risks that Oakton manages.

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

The Board of Directors has overall responsibility for establishing and maintaining an effective system of internal control. The day-to-day work of maintaining an effective internal control environment and continuous risk assessment in respect of financial reporting has been delegated to the Managing Director and CEO, who in turn has delegated function-specific responsibility to managers at appropriate levels within the company.

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

Recommendation 7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

This recommendation was complied with during 2009.

PRINCIPLE 8 – Remunerate fairly and responsibly

Recommendation 8.1 The board should establish a remuneration committee.

The board established a Remuneration Committee in June 2000 when the company became a listed company. During 2006, the name of the Committee was changed to the 'Human Resources Committee' and during 2009 the functions were split between the newly formed 'People and Culture' Committee and the Remuneration Committee.

During 2009, the members of the Remuneration Committee were:

- Paul Holyoake
- Neil Wilson
- Chris Gillies

During 2009, the members of the People and Culture Committee were:

- Neil Wilson
- Chris Gillies
- Robert Kennedy

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

The Remuneration Committee Charter was formally adopted in May 2006.

The People and Culture Committee was established in April 2009. Its objective is to ensure the Company has coherent remuneration policies and practices to attract and retain employees who will create value for shareholders, observes those remuneration policies and practices and fairly and responsibly reward employees having regard to the performance of the Group and the general external pay environment.

Additionally, the Committee will consider and advise on training and development, leadership, succession planning and an appropriate employee relationship model that is fully aligned to and supportive of Oakton's key business relationship models.

Recommendation 8.2 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

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

– remuneration;

– the term of appointment, subject to shareholder approval;

– the expectation of the Board in relation to attending and preparing for all Board Meetings;

– procedures for dealing with conflicts of interest; and

– the availability of independent professional advice.

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

Non-executive Directors do not receive at risk remuneration.

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

The directors present their report together with the financial report of the consolidated entity consisting of Oakton Limited ABN 50 007 028 711 and the entities it controlled, for the financial year ended 30 June 2009 and auditors report thereon. This financial report has been prepared in accordance with Australian equivalents of International Financial Reporting Standards.

Directors

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

Paul Holyoake (Executive Chairman)

Neil Wilson (Managing Director & Chief Executive Officer)

Robert Kennedy

Chris Gillies

Gordon Hughes

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

Company Secretary

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

Mr Michael Miers B.Ec FCPA.

Principal Activities

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

– business consulting and IT strategy;
– assurance services;
– delivery services in solution design;
– custom application development and technical architecture services;
– packaged software implementation;
– information management, data warehousing and business intelligence services;
– systems integration solutions; and
– application management services.

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

Results

The consolidated profit after income tax attributable to the members of Oakton Limited was $14,256,152 (2008: $27,634,740).

Review of Operations

Details of the operations of Oakton Limited during the year, the financial position and the strategies and prospects for future years can be found in the Chairman and Managing Director's Review found on pages 3 to 9 which forms part of this Directors' Report.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the group during the year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Likely Developments

Except as detailed in the Chairman and Managing Director's Review on pages 3 to 9, likely developments, future prospects and business strategies of the operations of the consolidated entity and the expected results of those operations have not been included in this report, as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

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

Dividends Paid, Recommended and Declared

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

	2009 $'000	2008 $'000
(a) Dividends paid during the year		
(i) Previous year final A fully franked dividend (C class – 30%) of 12.00 cents per share was paid on 1 October 2008 (2008: 10.25 cents paid on 31 October 2007)	10,798	8,794
(i) Current year interim A fully franked dividend (C class – 30%) of 0.75 cents per share paid on 30 April 2009 (2008: 11.0 cents paid on 30 April 2008)	675	9,671
	11,473	18,465
(b) Dividends declared and not paid		
After the end of the financial year, the Directors declared a fully franked dividend of 1.50 cents per share to be paid on 1 October 2009. This dividend is not provided for in the financial report.	1,351	10,561

Share Options

Options issued by Oakton Limited during or since the end of the financial year are detailed in Note 16(d) and 20 in the attached financial report. The details of options granted to Directors and executives are detailed in the Remuneration report on pages 28 to 38. All options are over ordinary shares in the company. No option holder has any right under the options to participate in any other share issue of the company.

Indemnification and Insurance of Directors and Officers

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

Proceedings on Behalf of the Consolidated Entity

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

Information on Directors and Company Secretary

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

Paul Holyoake BEngMech(Hons), MEngSci, Grad Dip CompSci (Melb)	Executive Chairman Member of the Remuneration committee. Director since 1988. Last re-elected at the 2008 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.
Neil Wilson BBus (Accounting) (MIS), CPA	Managing Director and Chief Executive Officer Member of the People and Culture, Remuneration and Audit committees. Director since October 2000. Last re-elected at 2003 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.
Robert Kennedy B.Comm, CA	Executive Director Member of the People and Culture committee. Last re-elected at 2007 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.
Chris Gillies	Independent Director Member of the People and Culture, Remuneration and Audit committees. Director since June 2003. Last re-elected at 2007 AGM. Other listed company directorships: Director of Corporate Express Australia Ltd (since July 2005), CommSecure Ltd (since September 2001) and UCMS Group Ltd (from April 2007 until the company delisted 27 July 2009).
Gordon Hughes LLB (Hons), LLM, PhD	Independent Director Chairman of the Audit committee. Director since April 2000. Last re-elected at 2006 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2009.
Michael Miers B.Ec, FCPA	Company Secretary Appointed Company Secretary in March 2003.

For details of Directors' experience, refer to profiles on pages 14 to 15.

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

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

Directors' Meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	BOARD OF DIRECTORS		AUDIT COMMITTEE		REMUNERATION COMMITTEE		PEOPLE AND CULTURE COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
Paul Holyoake	11	11	0	0	2	2	0	0
Neil Wilson	11	11	3	3	2	2	2	2
Robert Kennedy	11	11	0	0	0	0	2	2
Chris Gillies	11	11	3	2	2	2	2	2
Gordon Hughes	11	10	3	2	0	0	0	0

Directors' Interests in Shares or Options

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

	ORDINARY SHARES OF OAKTON LTD HELD DIRECTLY	ORDINARY SHARES OF OAKTON LTD HELD INDIRECTLY	OPTIONS OVER SHARES IN OAKTON LIMITED HELD DIRECTLY
Paul Holyoake	–	7,925,000	–
Neil Wilson	1,950,000	699,616	1,500,000
Robert Kennedy	252,918	471,077	–
Chris Gillies	–	26,000	–
Gordon Hughes	–	–	–

Directors' Interests in Contracts

Directors' interests in contracts are disclosed in Note 25(b) to the financial statements.

Auditor's Independence Declaration

A copy of the auditor's independence declaration in relation to the audit for the financial year is provided with this report.

Non-Audit Services

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

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

	2009 $'000	2008 $'000
Corporate secretarial services	3	5
Additional assurance	3	11
Tax assistance	10	18

Rounding of Amounts

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

REMUNERATION REPORT (FORMING PART OF THE DIRECTORS' REPORT)

Remuneration Policies

The company's policy for determining the nature and amounts of emoluments of board members and key management personnel of the company is as follows:

Fixed term remuneration for executives

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and key management personnel of the consolidated group. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities; and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The executive directors and key management personnel are employed under a contract detailing their remuneration, service period and non-competition clauses. All executive directors and key management personnel are employed on a continuing basis the terms of which are not expected to change in the immediate future.

Apart from retirement benefits which accrue under statute (such as unpaid annual leave, long service leave and superannuation benefits), there are no retirement benefits for executive directors and key management personnel. If commercial terms require it, amounts may be paid on termination to protect the competitive rights of the economic entity. The company pays superannuation at the required superannuation guarantee rate and salary sacrificed contributions into an accumulated benefit type fund and therefore there are no future liabilities in respect of these payments.

Performance based remuneration for executives

Performance based remuneration has short term and long term incentive components.

Short-term organisational goals are managed with the use of fixed at risk performance bonuses which become payable when the audited financial result of the company or a segment of the company exceeds certain financial performance criteria. The criteria relate to a minimum level of growth in net profit after tax ("NPAT"). The Remuneration Committee has specified this budgeted measure as the performance criteria as the growth in NPAT has historically aligned to an increase in shareholder value. In addition, some key management personnel have short-term bonuses which are at risk on the achievement of Key Performance Indicators ("KPIs"). These KPIs relate to non-financial achievements.

Long term organisational goals are aligned with key management personnel performance through the use of options. Options are granted when the audited financial result of the company or a segment of the company exceeds certain financial performance criteria. The performance options are also subject to service conditions such that only one-quarter of the options granted may be exercised on or after the first, second, third and fourth anniversary of the grant. Options expire at the earlier of termination of employment or five years after grant date. The exercise price is set by the Remuneration Committee. The inputs to the option valuation methodology are set out in Note 23.

The entitlement to certain performance based remuneration is determined subsequent to the finalisation of the financial report.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policies detailed above have been tailored to increase long-term goal congruence between shareholders and directors and executives. In the current year, a proportion of executive remuneration was at risk and linked to short-term performance of the company. As the company's performance did not meet defined financial hurdles, no bonus payments were paid or payable relating to this years financial performance, although bonus payments have been paid for where non-financial KPIs have been met.

PERFORMANCE MEASURE	2009	2008	2007	2006	2005
Net profit (change from prior year) (%)	(48.4)	34.6	42.2	57.1	35.1
Dividends paid (fully franked) (cents)	12.75	21.25	19.25	13.0	8.75
Diluted earnings per share (cents)	15.9	31.1	23.7	17.1	11.2

Remuneration of non-executive directors

The aggregate remuneration paid to non-executive directors is capped at the level approved by shareholders for this purpose. Non-executive directors' remuneration reflects the additional committees that they may serve on from time to time. There are no termination benefits for non-executive directors appointed since listing. The termination benefit for non-executive directors appointed before listing is based on numbers of years service and average remuneration in the prior three years, capped at six times annual emoluments.

Non-executive directors receive fees and do not receive options or bonus payments.

Named directors and key management personnel

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

DIRECTORS	POSITION
Paul Holyoake	Executive Chairman
Neil Wilson	Managing Director and Chief Executive Officer
Robert Kennedy	Executive Director
Chris Gillies	Independent, Non-executive Director
Gordon Hughes	Independent, Non-executive Director

The key management personnel of the consolidated group which includes the five named executives in the consolidated group who received the highest remuneration for the financial year are:

KEY MANAGEMENT PERSONNEL	POSITION
Michael Miers	Company Secretary
Bruce Minahan	Executive General Manager from March 2009. Prior to this, General Manager, Integration
Steve Parker	Chief Operating Officer (until 2 February 2009)
John Phillips	Chief Financial Officer
Michael Sneddon	General Counsel

Directors' Remuneration

2009	SHORT-TERM SALARY FEES	CASH BONUS	NON-MONETARY	OTHER SHORT TERM BENEFITS[1]	POST EMPLOYMENT SUPER	RETIREMENT BENEFITS	LONG TERM EMPLOYEE BENEFITS SHARE BASED PAYMENTS – OPTIONS[2]	OTHER LONG TERM EMPLOYEE BENEFITS[3]	TOTAL
Paul Holyoake	195,954	–	92,000	48,424	49,546	–	–	44,429	430,353
Neil Wilson	450,000	–	–	13,554	50,000	–	223,620	8,341	745,515
Robert Kennedy	174,128	–	–	5,503	15,772	–	7,165	3,265	205,833
Chris Gillies	54,083	–	–	–	4,867	–	–	–	58,950
Gordon Hughes	43,333	–	–	–	–	–	–	–	43,333
	917,498	–	92,000	67,481	120,185	–	230,785	56,035	1,483,984
2008									
Paul Holyoake	186,333	–	42,833	12,472	45,834	–	–	42,368	329,840
Neil Wilson	450,000	100,000	–	24,940	50,000	–	223,620	8,361	856,921
Robert Kennedy	170,166	–	–	–	26,526	–	–	3,270	199,962
Chris Gillies	44,404	–	–	–	3,996	–	–	–	48,400
Gordon Hughes	40,000	–	–	–	–	–	–	–	40,000
	890,903	100,000	42,833	37,412	126,356	–	223,620	53,999	1,475,123

[1] The economic entity provides salary continuance insurance for all staff including executive directors. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person. Other short term benefits is the increase in annual leave accrual from the prior year. This amount has been re-stated from the prior year disclosure.

[2] In accordance with the remuneration policy described above, options granted as remuneration are subject to continuing service with the company. The percentage value of each person's remuneration that consists of options is shown below. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. The inputs to the Option valuation model are detailed at Note 23. No options previously granted as remuneration have lapsed during the year.

[3] Other long term benefits relate to long service leave accrued during the year. This value has been re-stated from the prior year disclosure.

Key management personnel remuneration

The remuneration of the five highest paid executives is included in the remuneration of the key management personnel.

2009	SHORT-TERM SALARY FEES	CASH BONUS	NON-MONETARY	OTHER SHORT TERM BENEFITS[1]	POST EMPLOYMENT SUPER	TERMINATION BENEFITS	LONG TERM EMPLOYEE BENEFITS SHARE BASED PAYMENTS – OPTIONS[2]	OTHER LONG TERM EMPLOYEE BENEFITS[3]	TOTAL
Michael Miers	218,595	–	–	–	26,298	–	11,428	4,150	260,471
Bruce Minahan	275,000	–	–	1,089	50,000	–	15,703	14,976	356,768
Steve Parker	206,539	–	49,704	–	19,628	250,000	–	–	525,871
John Phillips	263,922	–	–	13,031	13,745	–	4,118	4,962	299,778
Michael Sneddon	225,000	20,000	–	21,093	50,000	–	8,302	4,565	328,960
	1,189,056	20,000	49,704	35,213	159,671	250,000	39,551	28,653	1,771,848

[1] Other short term benefits relate to annual leave accrued and not taken during the year. The economic entity provides salary continuance insurance for all staff including executive directors. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person.

[2] In accordance with the remuneration policy described above, options granted as remuneration are subject to continuing service with the company. The percentage value of each person's remuneration that consists of options is shown below. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. The Inputs to the option valuation model are detailed at Note 23. No options previously granted as remuneration have lapsed during the year. Options are equity-settled share based transactions.

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

Key management personnel remuneration (continued)

2008	SHORT-TERM SALARY FEES	CASH BONUS	NON-MONETARY	OTHER SHORT TERM BENEFITS[1]	POST EMPLOYMENT SUPER	TERMINATION BENEFITS	LONG TERM EMPLOYEE BENEFITS SHARE BASED PAYMENTS – OPTIONS[2]	OTHER LONG TERM EMPLOYEE BENEFITS[3]	TOTAL
Michael Miers	180,052	30,000	1,543	12,501	73,405	–	16,873	6,312	320,686
Bruce Minahan	275,229	–	–	4,619	24,771	–	6,173	14,160	324,952
Steve Parker	176,319	–	33,387	11,554	15,869	–	–	–	237,129
John Phillips	266,730	–	–	–	13,129	–	7,185	4,661	291,705
Michael Sneddon	235,656	20,000	–	7,504	45,664	–	15,291	5,371	329,486
	1,133,986	50,000	34,930	36,178	172,838	–	45,522	30,504	1,503,958

1 The economic entity provides salary continuance insurance for all staff including key management personnel. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person. Other short term benefits is the increase in annual leave accrual from the prior year. This amount has been re-stated from the prior year disclosure.

2 In accordance with the remuneration policy described above, options granted as remuneration are subject to continuing service with the company. The percentage value of each person's remuneration that consists of options is shown below. Options granted as remuneration are valued at grant date in accordance with AASB 2 Share-based Payments. The Inputs to the option valuation model are detailed at Note 23. No options previously granted as remuneration have lapsed during the year. Options are equity-settled share based transactions.

3 This amount includes the increase in long service leave accrued over the prior year. This value has been re-stated from the prior year disclosure. There are no termination benefits payable.

Compensation by category

	NOTES	CONSOLIDATED ENTITY 2009 $	2008 $	PARENT ENTITY 2009 $	2008 $
Short-term employment benefits		2,370,952	2,326,242	897,348	900,982
Post employment benefits		279,856	299,194	104,413	99,830
Other long-term benefits		84,688	84,503	52,770	50,729
Termination benefits		250,000	–	–	–
Share-based payments		270,336	269,142	223,620	223,620
		3,255,832	2,979,081	1,278,151	1,275,161

Commentary on bonuses and share based payments

As part of the performance management of key management personnel, financial targets are set for each executive annually and relate to the key personnel's area of influence with a view to maximise performance and achievement of the Group's goals. No options have been granted to key management personnel in relation to performance in the 2009 year.

Compensation options: granted and vested during the year

					TERMS AND CONDITIONS FOR EACH GRANT			
2009	VESTED NUMBER	GRANTED NUMBER	GRANT DATE	VALUE PER OPTION AT GRANT DATE	EXERCISE PRICE $	EXPIRY DATE	FIRST EXERCISE DATE	LAST EXERCISE DATE
Directors								
Paul Holyoake	–	–	–	–	–	–	–	–
Neil Wilson	–	–	–	–	–	–	–	–
Robert Kennedy	10,000	10,000	02/07/2008	$1.238 to $1.632	$5.65	02/07/2013	02/07/2008	02/02/2013
Chris Gillies	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–
Key Management Personnel								
Michael Miers	–	–	–	–	–	–	–	–
Bruce Minahan	500,000	500,000	11/03/2009	$0.153 to $0.186	$0.52	11/03/2014	11/03/2010	11/03/2014
Steve Parker	–	–	–	–	–	–	–	–
John Phillips	–	–	–	–	–	–	–	–
Michael Sneddon	–	–	–	–	–	–	–	–
Total	510,000	510,000						

Compensation options: granted and vested during the year (continued)

					Terms and conditions for each grant			
2008	Vested Number	Granted Number	Grant Date	Value per option at grant date	Exercise price $	Expiry date	First exercise date	Last exercise date
Directors								
No director was issued remuneration options in the 2008 year.								
Key Management Personnel								
Michael Miers	20,000	20,000	28/08/2007	$1.259 to $1.617	$5.30	28/08/2012	28/08/2008	28/08/2012
Bruce Minahan	–	–	–	–	–	–	–	–
Steve Parker	–	–	–	–	–	–	–	–
John Phillips	10,000	10,000	02/07/2007	$1.238 to $1.632	$5.65	02/07/2012	02/07/2008	02/07/2012
Michael Sneddon	30,000	30,000	19/12/2007	$0.865 to $1.050	$4.40	02/04/2012	02/04/2008	02/04/2012
Total	60,000	60,000						

Options granted as remuneration that have been exercised or lapsed during the financial year

2009	1 JULY 2008	VALUE GRANTED	VALUE EXERCISED	VALUE LAPSED	NET CHANGE OTHER	30 JUNE 2009
Directors						
Paul Holyoake	–	–	–	–	–	–
Neil Wilson	564,000	–	–	–	–	564,000
Robert Kennedy	–	14,660	–	–	–	14,660
Chris Gillies	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel						
Michael Miers	41,507	–	(1,788)	–	–	39,719
Bruce Minahan	16,922	85,875	(4,953)	–	–	97,844
Steve Parker	–	–	–	–	–	–
John Phillips	14,660	–	–	–	–	14,660
Michael Sneddon	39,785	–	–	–	–	39,785
	676,874	100,535	(6,741)	–	–	770,668

2008	1 JULY 2007	VALUE GRANTED	VALUE EXERCISED	VALUE LAPSED	NET CHANGE OTHER	30 JUNE 2008
Directors						
Paul Holyoake	–	–	–	–	–	–
Neil Wilson	1,128,000	–	(564,000)	–	–	564,000
Robert Kennedy	–	–	–	–	–	–
Chris Gillies	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel						
Michael Miers	30,814	29,320	(18,627)	–	–	41,507
Bruce Minahan	40,280	–	(23,358)	–	–	16,922
Steve Parker	–	–	–	–	–	–
John Phillips	–	14,660	–	–	–	14,660
Michael Sneddon	10,955	28,830	–	–	–	39,785
	1,210,049	72,810	(605,985)	–	–	676,874

Remuneration as options and options with no performance criteria

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

2009	% OF REMUNERATION FROM BONUS	% OF REMUNERATION FROM OPTIONS	OPTIONS NOT RELATED TO PERFORMANCE CRITERIA
Directors			
Paul Holyoake	–	–	–
Neil Wilson	–	30.00%	–
Robert Kennedy	–	3.48%	10,000 on commencement of employment with Oakton which were not processed until the current year.
Chris Gillies	–	–	–
Gordon Hughes	–	–	–
Key Management Personnel			
Michael Miers	–	4.39%	–
Bruce Minahan	–	4.40%	500,000 on appointment to new role to secure acceptance of role and retention.
Steve Parker	–	–	–
John Phillips	–	1.37%	–
Michael Sneddon	6.06%	2.52%	–

2008	% OF REMUNERATION FROM BONUS	% OF REMUNERATION FROM OPTIONS	OPTIONS NOT RELATED TO PERFORMANCE CRITERIA
Directors			
Paul Holyoake	–	–	–
Neil Wilson	11.67%	26.10%	–
Robert Kennedy	–	–	–
Chris Gillies	–	–	–
Gordon Hughes	–	–	–
Key Management Personnel			
Michael Miers	9.35%	5.26%	–
Bruce Minahan	–	1.90%	–
Steve Parker	–	–	–
John Phillips	–	2.46%	10,000 on commencement
Michael Sneddon	6.07%	4.64%	–

Directors' and key management personnel Equity holdings

(a) Number of options held by directors and key management personnel (consolidated).

2009	BALANCE 01/07/2008	GRANTED AS REMUNER-ATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE 30/06/2009	TOTAL VESTED 30/06/2009	TOTAL EXERCISABLE 30/06/2009	TOTAL UNEXERCISABLE 30/06/2009
Directors								
Paul Holyoake	–	–	–	–	–	–	–	–
Neil Wilson	1,500,000	–	–	–	1,500,000	1,500,000	1,500,000	–
Robert Kennedy	–	10,000	–	–	10,000	10,000	2,500	7,500
Chris Gillies	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–
Key Management Personnel								
Michael Miers	41,500	–	(6,500)	–	35,000	35,000	10,000	25,000
Bruce Minahan	37,500	500,000	(17,500)	–	520,000	520,000	5,000	515,000
Steve Parker	–	–	–	–	–	–	–	–
John Phillips	10,000	–	–	–	10,000	10,000	2,500	7,500
Michael Sneddon	50,000	–	–	–	50,000	50,000	30,000	20,000
Total	1,639,000	510,000	(24,000)	–	2,125,000	2,125,000	1,550,000	575,000

2008	BALANCE 01/07/2007	GRANTED AS REMUNER-ATION	OPTIONS EXERCISED	NET CHANGE OTHER	BALANCE 30/06/2008	TOTAL VESTED 30/06/2008	TOTAL EXERCISABLE 30/06/2008	TOTAL UNEXERCISABLE 30/06/2008
Directors								
Paul Holyoake	–	–	–	–	–	–	–	–
Neil Wilson	3,000,000	–	(1,500,000)	–	1,500,000	1,500,000	500,000	1,000,000
Robert Kennedy	–	–	–	–	–	–	–	–
Chris Gillies	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–
Key Management Personnel								
Michael Miers	86,000	20,000	(64,500)	–	41,500	41,500	–	41,500
Bruce Minahan	110,000	–	(72,500)	–	37,500	37,500	–	37,500
Steve Parker	–	–	–	–	–	–	–	–
John Phillips	–	10,000	–	–	10,000	10,000	–	10,000
Michael Sneddon	20,000	30,000	–	–	50,000	50,000	17,500	32,500
Total	3,216,000	60,000	(1,637,000)	–	1,639,000	1,639,000	517,500	1,121,500

(b) Number of shares held by key management personnel:

2009	BALANCE 01/07/08	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER[1]	BALANCE 30/06/09	INDIRECTLY HELD SHARES INCLUDED IN BALANCE
Directors						
Paul Holyoake	7,025,000	–	–	900,000	7,925,000	7,925,000
Neil Wilson	2,199,616	–	–	450,000	2,649,616	699,616
Robert Kennedy	404,787	–	–	319,208	723,995	471,077
Chris Gillies	15,000	–	–	11,000	26,000	26,000
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel						
Michael Miers	75,000	–	6,500	5,000	86,500	81,500
Bruce Minahan	177,000	–	17,500	181,769	376,269	–
Steve Parker	–	–	–	–	–	–
John Phillips	251,883	–	–	200,674	452,557	341,884
Michael Sneddon	–	–	–	–	–	–
Total	10,148,286	–	24,000	2,067,651	12,239,937	9,545,077

[1] Net change other represents
– Robert Kennedy and John Phillips – Shares acquired as part of the consideration for sale of Acumen Alliance – refer Note 25.
– All other movements are purchases on the market in the normal course of trading.

2008	BALANCE 01/07/07	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER[1]	BALANCE 30/06/08	INDIRECTLY HELD SHARES INCLUDED IN BALANCE
Directors						
Paul Holyoake	7,025,000	–	–	–	7,025,000	7,025,000
Neil Wilson	2,199,616	–	1,500,000	(1,500,000)	2,199,616	699,616
Robert Kennedy	295,057	–	–	109,730	404,787	263,380
Chris Gillies	15,000	–	–	–	15,000	15,000
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel						
Michael Miers	40,000	–	64,500	(29,500)	75,000	40,000
Bruce Minahan	104,500	–	72,500	–	177,000	–
Steve Parker	–	–	–	–	–	–
John Phillips	183,602	–	–	68,281	251,883	212,846
Michael Sneddon	–	–	–	–	–	–
Total	9,862,775	–	1,637,000	(1,351,489)	10,148,286	8,255,842

[1] Net change other represents
– Robert Kennedy and John Phillips – Shares acquired as part of the consideration for sale of Acumen Alliance – refer Note 25.
– All other movements are sales on the market in the normal course of trading.

Signed in accordance with a resolution of the directors.

Paul Holyoake
Executive Chairman

Neil Wilson
Managing Director

Melbourne, 18 August 2009

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS
An independent Victorian Partnership
ABN 27 975 255 196

To the Directors of Oakton Limited.

In relation to the independent audit for the year ended 30 June 2009, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the Corporations Act 2001

(ii) No contraventions of any applicable code of professional conduct

TJ BENFOLD
Partner

18 August 2009

PITCHER PARTNERS
Melbourne

CONSOLIDATED INCOME STATEMENT

Oakton Limited and its controlled entities
For the year ended 30 June 2009

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Revenue					
Revenue from services	4	193,600	201,240	–	–
Other income	4	166	77	10,000	25,000
		193,766	201,317	10,000	25,000
Administration	5	(5,422)	(4,547)	(656)	(482)
Business development	5	(740)	(845)	(11)	(80)
Cost of third party software	5	(2,332)	(2,530)	–	–
Finance costs	5	(2,750)	(2,032)	–	–
Human resources	5	(156,618)	(148,708)	(1,714)	(1,788)
Occupancy	5	(2,352)	(2,423)	–	–
Other	5	(1,935)	(1,107)	–	–
Technology	5	(1,642)	(1,175)	(30)	(9)
		(173,791)	(163,367)	(2,411)	(2,359)
Profit before income tax	5	19,975	37,950	7,589	22,641
Income tax (expense)/benefit	6	(5,719)	(10,315)	558	502
Profit from continuing operations	5	14,256	27,635	8,147	23,143
Profit attributable to members of the parent entity		14,256	27,635	8,147	23,143
Basic earnings per share	20	15.9	31.8 c		
Diluted earnings per share	20	15.9	31.1 c		

CONSOLIDATED BALANCE SHEET

Oakton Limited and its controlled entities
As at 30 June 2009

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Current assets					
Cash and cash equivalents	18(b)	**4**	6,028	**–**	276
Receivables	8	**42,276**	48,494	**51,963**	45,138
Current tax assets	9	**–**	–	**7,558**	9,270
Total current assets		**42,280**	54,522	**59,521**	54,684
Non current assets					
Other financial assets	10	**–**	–	**12**	12
Deferred tax assets	6	**2,839**	2,583	**173**	135
Property, plant and equipment	11	**8,767**	7,744	**–**	–
Intangible assets	12	**82,059**	70,307	**–**	–
Total non current assets		**93,665**	80,634	**185**	147
Total assets		**135,945**	135,156	**59,706**	54,831
Current liabilities					
Payables	13	**19,983**	24,028	**329**	277
Interest bearing loans and borrowings	14	**3,000**	16,000	**12**	–
Current tax payable		**3,270**	4,849	**–**	–
Provisions	15	**9,160**	9,322	**577**	451
Total current liabilities		**35,413**	54,199	**918**	728
Non current liabilities					
Interest bearing loans and borrowings	14	**20,000**	17,000	**–**	–
Provisions	15	**6,248**	467	**–**	–
Total non current liabilities		**26,248**	17,467	**–**	–
Total liabilities		**61,661**	71,666	**918**	728
Net assets		**74,284**	63,490	**58,788**	54,103
Equity					
Contributed equity	16	**43,920**	36,320	**43,920**	36,320
Reserves	17	**1,544**	1,133	**1,544**	1,133
Retained earnings	17	**28,820**	26,037	**13,324**	16,650
Total equity		**74,284**	63,490	**58,788**	54,103

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Oakton Limited and its controlled entities
For the year ended 30 June 2009

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Total equity at the beginning of the year		**63,490**	47,854	**54,103**	42,959
Employee share options	17(a)	**543**	680	**543**	680
Net income recognised directly in equity		**543**	680	**543**	680
Profit for the year		**14,256**	27,635	**8,147**	23,143
Total recognised income and expense for the period		**14,799**	28,315	**8,690**	23,823
Attributable to:					
Members of the parent		**14,799**	28,315	**8,690**	23,823
Transactions with equity holders in their capacity as equity holders:					
Contributions	16(b)	**7,487**	5,811	**7,487**	5,811
Costs of capital raising	16(b)	**(19)**	(25)	**(19)**	(25)
Dividends paid	7	**(11,473)**	(18,465)	**(11,473)**	(18,465)
		(4,005)	(12,679)	**(4,005)**	(12,679)
Total equity at the end of the year		**74,284**	63,490	**58,788**	54,103

CONSOLIDATED STATEMENT OF CASH FLOWS

Oakton Limited and its controlled entities
For the year ended 30 June 2009

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Cash flow from operating activities					
Receipts from customers		217,337	209,633	–	–
Payments to suppliers and employees		(186,596)	(173,365)	(1,752)	(1,555)
Interest received		123	36	–	–
Finance costs		(2,840)	(2,146)	–	–
Income tax paid		(7,558)	(9,269)	–	–
Net cash provided/(used) by operating activities	18(a)	20,466	24,889	(1,752)	(1,555)
Cash flow from investing activities					
Payment for property, plant and equipment		(2,958)	(5,590)	–	–
Payment for acquisition of entities (net of cash acquired)	18(d)	(2,214)	(15,651)	–	–
Net cash used in investing activities		(5,172)	(21,241)	–	–
Cash flow from financing activities					
Proceeds from share issue		155	3,696	155	3,696
Loans (to)/from subsidiaries		–	–	12,782	32,467
Repayment of acquired debt		(10,000)	–	–	–
Drawdown of borrowings		–	33,000	–	–
Dividends paid		(11,473)	(18,465)	(11,473)	(18,465)
Net cash provided/(used) by financing activities		(21,318)	18,231	1,464	17,698
Net increase/(decrease) in cash and cash equivalents		(6,024)	21,879	(288)	16,143
Cash and cash equivalents at beginning of year	18(b)	6,028	(15,851)	276	(15,867)
Cash and cash equivalents at end of the year	18(b)	4	6,028	(12)	276

1 BASIS OF PREPARATION

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report covers Oakton Limited as an individual parent entity and Oakton Limited and controlled entities as a consolidated entity. Oakton Limited is a company limited by shares, incorporated and domiciled in Australia.

The financial report was authorised for issue by the directors on 18 August 2009.

The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Compliance with IFRS

Australian Accounting Standards include Australian equivalents of International Financial Reporting Standards. Compliance with Australian equivalents of International Financial Reporting Standards ensures compliance with International Financial Reporting Standards (IFRS).

Historical cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets, as described in the accounting policies.

(b) Principles of Consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Oakton Limited controlled from time to time during the year and at balance date. Details of the controlled entities are contained in Note 25(a).

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

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(c) Revenue Recognition

Revenue from the provision of services to a customer is recognised upon performance of the service. Accrued revenue arising from recognised revenue is transferred to trade receivables when tax invoices are raised. Certain clients may be invoiced in advance of provision of services and this amount is recognised as a liability until the service is performed. Revenue from the sale of products is recognised when the product is delivered. Revenue from fixed price contracts is recognised by reference to the stage of completion. The stage of completion is determined using inputs from Oakton's professional project management methodology, including days expended and cost to complete and is reviewed by the National Manager, Commercial and Delivery Assurance.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

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

(d) Cash and cash equivalents

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

(e) Plant and equipment

Cost and valuation

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

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

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

Depreciation

The depreciable amounts of plant and equipment are depreciated on a straight-line basis or reducing balance method over their estimated useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2009	2008
Leasehold improvements	Up to 6 years	Up to 6 years
Software developed	Up to 5 years	Up to 5 years
Plant and equipment	2 to 6 years	2 to 6 years

(f) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

(g) Intangibles

Goodwill

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

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

(h) Impairment of assets

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

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

(i) Taxes

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

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

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

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

Tax Consolidation

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

(j) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Classification of long service leave

The consolidated group has changed its current and non current classification of provision for long service leave for the year ending 30 June 2009. Provision for long service leave was previously classified as a current liability where settlement of the liability was expected to occur within 12 months. In accordance with guidance issued by the IASB in March 2009 provision for long service leave is now classified as current where the employee is entitled to be compensated for the leave within 12 months of them rendering the service and there is no unconditional right of deferral.
The aggregate effect of the change in classification for the comparative year ended 30 June 2008 was to increase the current provision for long service leave and total current liabilities by $1.542 million and to decrease non current provision for long service leave and total non current liabilities by $1.542 million.

Share-based payments

The group operates an employee share option plan. The bonus element over the exercise price for the grant of options is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

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

1 BASIS OF PREPARATION (CONTINUED)

(k) Financial Instruments

Classification

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

Loans and Receivables

Loan and receivables are measured at fair value at inception. The carrying amount of the receivable is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement within other expenses. If a receivable is uncollectible, it is written off against the allowance account for trade receivables.

Other Financial Assets

Non-listed investments for which fair value cannot be reliably measured are carried at cost and tested for impairment.

Financial Liabilities

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

(l) Foreign Currencies

Functional and presentation currency

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

Transactions and Balances

Transactions in foreign currencies of entities within the consolidated entity are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

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

(m) Comparatives

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

(n) Rounding Amounts

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

(o) New accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors' have not yet assessed the impact of these standards and interpretations.

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are based on past performance and management's expectation for the future.

The group makes certain estimates and assumptions concerning the future, which, by definition will seldom represent actual results. The estimates and assumptions that have a significant inherent risk in respect of estimates based on future events, which could have a material impact on the assets and liabilities in the next financial year, are discussed below:

(a) Estimated impairment of goodwill

Goodwill is allocated to cash generating units (CGU's) according to applicable business operations. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 13% (2008: 13%) and a growth rate of 5% per annum to determine value-in-use.

(b) Income taxes

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

(c) Employee benefits

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

(d) Share based payments

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

3 FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits and borrowings with banks, accounts receivable and payable and loans to and from subsidiaries. The main purpose of non-derivative financial instruments is to raise finance for group operations. The group has entered into derivative interest rate swap transactions to manage the exposure of the group to interest rate movements on borrowings.

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

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

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash balances and debt obligations. The balance of cash is disclosed at note 18 and the level of debt is disclosed in note 14.

The group maintains a facility comprising long and short term bank bill debt. Both elements of the bills are at a variable interest rate, however the group has entered into an interest rate swap until April 2010 which has the effect of fixing $17 million (2008: $20 million)(reducing by $750,000 per quarter) of the bank bills at 8.5%.

Cash on deposit attracts a variable interest rate which was 2.5% (2008: 5.0%) at year end.

The Group constantly monitors its interest rate exposure with consideration to renewals of existing positions and alternative hedging positions.

At 30 June 2009, if interest rates had changed by +/- 1% from the year end rates of 7.7% (with all other variables held constant) after-tax profits would have been $350,000 lower/ higher (2008: $400,000).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

Credit risk

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

The economic entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the economic entity. The Group trades only with recognised, creditworthy third parties across a range of industries. All potential customers who trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis and close relationships are maintained with clients. The result is that the exposure to bad debts is immaterial.

Foreign currency risk

The group is not exposed to any material fluctuations in foreign currencies.

Liquidity risk

The Group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis. The Group's interest bearing facilities (refer note 18 (c)) of $37 million will be subject to review in December 2011 and are subject to an amortization schedule. The facility will reduce by $8 million by June 2010 and thereafter by $750,000 per quarter until the next review date.

Refer note 18(c) for details of unused finance facilities at balance date.

		NOTES	CONSOLIDATED ENTITY 2009 $'000	CONSOLIDATED ENTITY 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
4	**REVENUE**					
	Revenues from continuing operations					
	Revenue from services		193,600	201,240	–	–
	Other Income					
	Dividends, subsidiaries		–	–	10,000	25,000
	Interest, other persons		165	74	–	–
	Other		1	3	–	–
			193,766	201,317	10,000	25,000
5	**PROFIT FROM CONTINUING OPERATIONS**					
	Profit from continuing operations before income tax has been determined after the following specific expenses:					
	Depreciation of non current assets					
	Leasehold improvements		595	325	–	–
	Software developed		311	–	–	–
	Plant and equipment		1,029	782	–	–
	Total depreciation of non current assets		1,935	1,107	–	–
	Human Resources expense					
	Employee benefits		124,979	103,722	897	853
	Expense of share-based payments	17	543	680	543	680
	Other		31,096	44,306	274	255
			156,618	148,708	1,714	1,788
	Finance costs					
	Bank overdrafts		–	1,570	–	–
	Bank bill facility		2,750	385	–	–
	Other		–	77	–	–
	Total finance costs expensed		2,750	2,032	–	–
	Other					
	Movement in provisions for doubtful debts, trade debtors		(147)	–	–	–
	Operating lease rentals		1,972	2,072	–	–
			1,825	2,072	–	–

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
6 INCOME TAX					
(a) The components of tax expense:					
Current tax		6,329	10,851	(520)	(484)
Deferred tax		(256)	(534)	(38)	(18)
Overprovision in prior years		(354)	(2)	–	–
Total Income tax expense/(benefit)		5,719	10,315	(558)	(502)
(b) The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:					
Total profit before income tax		19,975	37,950	7,589	22,641
At the statutory income tax rate of 30% (2008: 30%)		5,993	11,385	2,277	6,792
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income					
Overprovision in prior years		(354)	(2)	–	–
Capitalised expenditure		(34)	(879)	–	–
Tax effect of franked dividends		–	–	(3,000)	(7,500)
Research and development concession		–	(155)	–	–
Share based payment		163	204	163	204
Other		(49)	(238)	2	2
Income tax expense/(benefit)		5,719	10,315	(558)	(502)
(c) Deferred tax relates to the following:					
Deferred tax assets					
Employee benefits		2,855	2,919	173	135
Other		24	–	–	–
Accrued revenue		(40)	(380)	–	–
Provision for doubtful debts		–	44	–	–
Total deferred tax assets		2,839	2,583	173	135
(d) Deferred tax assets not brought to account					
The benefits of deferred tax assets not brought to account will only be realised if the conditions met in Note 1(i) occur.					
Capital losses		338	338	338	338

	NOTES	CONSOLIDATED ENTITY 2009 $'000	CONSOLIDATED ENTITY 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
7 DIVIDENDS ON ORDINARY SHARES					
(a) Dividends paid during the year					
(i) Current year interim					
Franked dividends (0.75 cents per share) (2008: 11.0 cents per share)		675	9,671	675	9,671
(ii) Previous year final					
Franked dividends (12.00 cents per share) (2008: 10.25 cents per share)		10,798	8,794	10,798	8,794
		11,473	18,465	11,473	18,465
(b) Dividends proposed and not recognised as a liability					
Franked dividends (1.50 cents per share) (2008: 12.00 cents per share)		1,351	10,561	1,351	10,561
(c) Franking credit balance					
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits to be used in payment of proposed dividends:		16,091	12,426	16,091	12,426
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end		(579)	(4,526)	(579)	(4,526)
		15,512	7,900	15,512	7,900
8 RECEIVABLES					
Current					
Trade receivables		29,436	32,130	–	–
Less allowance for impairment loss	8(a)	–	(147)	–	–
		29,436	31,983	–	–
Accrued revenue		11,864	13,772	–	–
Other debtors and security deposits		250	1,272	–	–
Related party receivables					
Subsidiary companies		–	–	51,961	45,128
Prepayments		726	1,467	2	10
		42,276	48,494	51,963	45,138

(a) Impaired receivables

Trade receivables are non-interest bearing and generally on 30 to 60 day terms. As at 30 June 2009, current trade receivables with a nominal value of $nil (2008:$147,000) are considered impaired.

As at 30 June 2009, the following trade receivables were past due but not impaired. These amounts relate to a number of customers for which there is no history of default and with whom the business continues to work. The ageing analysis of these trade receivables is as follows:

		2009 $'000	2008 $'000	2009 $'000	2008 $'000
30 to 60 days		6,927	10,466	–	–
61 to 90 days		1,736	2,486	–	–
90 to 180 days		442	1,223	–	–
180 days and over		135	415	–	–
		9,240	14,590	–	–

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

	Notes	Consolidated Entity 2009 $'000	Consolidated Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
8 RECEIVABLES (CONTINUED)					
(b) Other financial risks					
There no material exposure to foreign exchange risk in respect of receivables. The carrying value of receivables is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables.					
9 TAX ASSET					
Current					
Current tax represents amounts due under tax funding arrangements for tax consolidation comprising:					
Intercompany tax related receivable		–	–	10,828	14,119
Income tax payable		–	–	(3,270)	(4,849)
		–	–	7,558	9,270

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
10 OTHER FINANCIAL ASSETS					
Non-current					
Investments at cost comprise:					
Unlisted Shares					
Controlled entities		–	–	12	12
11 PROPERTY, PLANT AND EQUIPMENT					
Leasehold improvements					
At cost		4,289	3,917	–	–
Accumulated depreciation		(1,485)	(890)	–	–
	11(a)	2,804	3,027	–	–
Software developed					
At cost		3,583	1,644	–	–
Accumulated depreciation		(311)	–	–	–
	11(a)	3,272	1,644	–	–
Plant and equipment					
At cost		6,364	5,718	–	–
Accumulated depreciation		(3,673)	(2,645)	–	–
	11(a)	2,691	3,073	–	–
Total property, plant and equipment					
Total cost		14,236	11,279	–	–
Total accumulated depreciation		(5,469)	(3,535)	–	–
Total written down amount		8,767	7,744	–	–
(a) Reconciliations					
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.					
Leasehold improvements					
Carrying amount at beginning		3,027	1,155	–	–
Additions		372	2,197	–	–
Depreciation expense		(595)	(325)	–	–
		2,804	3,027	–	–
Software developed					
Carrying amount at beginning		1,644	–	–	–
Capitalised effort		1,939	1,644	–	–
Depreciation expense		(311)	–	–	–
		3,272	1,644	–	–
Plant and equipment					
Carrying amount at beginning		3,073	1,912	–	–
Additions		647	1,749	–	–
Additions through acquisition of entity		–	194	–	–
Depreciation expense		(1,029)	(782)	–	–
		2,691	3,073	–	–

	NOTES	CONSOLIDATED ENTITY 2009 $'000	CONSOLIDATED ENTITY 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
12 INTANGIBLES					
Goodwill					
At cost		**82,059**	70,307	–	–
Accumulated impairment loss		–	–	–	–
Net carrying amount	12(a)	**82,059**	70,307	–	–
(a) Reconciliations					
Reconciliations of the carrying amounts of intangible assets at the beginning and end of the current financial year.					
Goodwill					
Carrying amount at beginning		**70,307**	59,137	–	–
Acumen					
Consideration paid or payable		**11,752**	11,095	–	–
Acumen		**11,752**	11,095	–	–
Clickstream					
Direct costs relating to acquisition		–	75	–	–
Clickstream		–	75	–	–
Closing net book value		**82,059**	70,307	–	–

As at reporting date, all the Goodwill recognised has arisen from acquisitions of business which were purchased as going concerns. These businesses continue to be operated (within the integrated structure of Oakton) and there are no plans to cease any material part of the operations. As such it is considered that Goodwill has an infinite life.

When a business combination agreement provides for an adjustment to the cost of the combination based on future events, that amount of the adjustment is included in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably. The current year adjustment referred to below, was not included in the cost of the combination at the time of initially accounting for the combination as it could not be measured reliably. AASB 3 'Business Combinations', requires that if an adjustment subsequently becomes probable and can be measured reliably, the additional consideration shall be treated as an adjustment to the cost of the combination.

The current year amount of $11.752 million represents an adjustment to the cost of a prior combination and is contingent on forecast earnings up to 30 June 2011. Of this amount, the amount payable to vendors based on FY09 earnings is $5.541 million, the provision for amounts payable to vendor based on forecast earnings is $5.890 million and other direct costs incurred is $0.321 million. These earnings are now considered to be probable and can be measured reliably.

Impairment disclosures

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

	NOTES	CONSOLIDATED ENTITY 2009 $'000	CONSOLIDATED ENTITY 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
13 PAYABLES					
Current					
Trade payables		2,710	2,653	189	65
GST payable		3,117	3,372	–	–
Payroll related amounts payable		3,903	4,728	55	23
Sundry creditors and accruals		1,068	2,977	85	189
Income in advance		5,954	1,939	–	–
Amounts payable to vendors		3,231	8,359	–	–
		19,983	24,028	329	277
14 INTEREST BEARING LOANS AND BORROWINGS					
Current					
Secured					
Bank overdraft		–	–	12	–
Bank bills		3,000	16,000	–	–
		3,000	16,000	12	–
Non-current					
Secured					
Bank bills		20,000	17,000	–	–

(a) Assets pledged as security

The bank bills are secured by a fixed and floating Mortgage Debenture over the assets of the consolidated entity.

(b) Interest rate risks

Information about interest rate risks is detailed in Note 3. Details of the review dates and amortisation of the debt are also detailed in Note 3.

		NOTES	CONSOLIDATED ENTITY 2009 $'000	CONSOLIDATED ENTITY 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
15	**PROVISIONS**					
	Current					
	Employee benefits	15(a)	9,160	9,322	577	451
	Non-current					
	Make good provision		–	60	–	–
	Provision for amounts payable to vendors	12(a)	5,890	–	–	–
	Employee entitlements	15(a)	358	407	–	–
			6,248	467	–	–
	(a) Aggregate employee benefits liability		9,518	9,729	577	451
			NUMBER	NUMBER	NUMBER	NUMBER
	(b) Number of employees at year end		1,157	1,289	4	4
			$'000	$'000	$'000	$'000
16	**CONTRIBUTED EQUITY**					
	(a) Issued and paid up capital					
	89,997,300 (2008: 87,961,127) Ordinary shares fully paid		43,920	36,320	43,920	36,320
	Fully paid ordinary shares carry one vote per share and carry the right to dividends.					
	(b) Movements in ordinary share capital					
	Balance at beginning of year		36,320	30,109	36,320	30,109
	Options exercised		102	3,720	102	3,720
	Transfer from options reserve		132	425	132	425
	Issue of shares to vendors		7,385	2,091	7,385	2,091
	Costs of issuing shares		(19)	(25)	(19)	(25)
	End of the financial year		43,920	36,320	43,920	36,320
			NUMBER	NUMBER	NUMBER	NUMBER
	(c) Movements in number of shares					
	Balance at beginning of year		87,961,127	85,562,519	87,961,127	85,562,519
	Options exercised		66,825	1,928,635	66,825	1,928,635
	Issue of shares to vendors		1,969,348	469,973	1,969,348	469,973
	End of the financial year		89,997,300	87,961,127	89,997,300	87,961,127

(d) Share Options

Employee Option Plan

The Oakton Limited Employee Option Plan was established to encourage greater interest on the part of employees in the performance and success of the group. All employees, including directors, may be issued options at the discretion of the Remuneration Committee. The options will be issued for $nil consideration and the strike price and the exercise period will be set by the Remuneration Committee. The options may be exercised at a maximum of one quarter in each year commencing 12 months after the date of issue or at a maximum of one third in each year commencing 12 months after the date of issue. The options issued, if converted to shares and the shares issued pursuant to such options during the 5 previous years, cannot exceed 5% of share capital.

Options are, except in Special Circumstances, personal to the employee. The options are not listed on the ASX.

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	OPENING 01/07/2008	ISSUED	EXERCISED	LAPSED	CLOSING 30/06/2009
6/10/2005	6/10/2010	2.11	1,500,000	–	–	–	1,500,000*
ESOP various	Various	0.52 to 6.41	1,839,144	575,000	(66,825)	(298,119)	2,049,200
			3,339,144	575,000	(66,825)	(298,119)	3,549,200

* Approved by shareholders at Annual General Meeting.

(e) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the level of dividends paid.

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

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
17 RESERVES AND RETAINED EARNINGS					
Share-based payment reserve	17(a)	1,544	1,133	1,544	1,133
Retained earnings	17(b)	28,820	26,037	13,324	16,650
(a) Share-based payment reserve					
(i) Nature and purpose of reserve					
This reserve is used to record the value of equity benefit provided to employees and directors as part of their remuneration.					
(ii) Movements in reserve					
Balance at the beginning of year		1,133	878	1,133	878
Amount expensed during the year		543	680	543	680
Amount transferred to issued capital		(132)	(425)	(132)	(425)
Balance at end of year		1,544	1,133	1,544	1,133
(b) Retained earnings					
Balance at the beginning of year		26,037	16,867	16,650	11,972
Net profit attributable to members of Oakton Limited		14,256	27,635	8,147	23,143
Total available for appropriation		40,293	44,502	24,797	35,115
Dividends paid		(11,473)	(18,465)	(11,473)	(18,465)
Balance at end of year		28,820	26,037	13,324	16,650

		Notes	Consolidated Entity 2009 $'000	Consolidated Entity 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
18	**CASH FLOW INFORMATION**					
	(a) Reconciliation of the net profit after tax to the net cash flows from operations:					
	Net profit		14,256	27,635	8,147	23,143
	Non Cash Items					
	Depreciation		1,935	1,107	–	–
	Share based payments		543	680	543	680
	Dividends, subsidiary		–	–	(10,000)	(25,000)
	Changes in assets and liabilities					
	(Increase)/decrease in receivables		4,897	(9,304)	8	3
	(Increase)/decrease in intangibles		–	(1,485)	–	–
	Increase/(decrease) in trade and other creditors		941	2,619	52	60
	(Decrease)/increase in income tax payable		(1,579)	1,905	–	–
	(Increase)/decrease in deferred income tax asset		(256)	(154)	(38)	(18)
	(Increase)/decrease in current tax asset		–	–	1,712	(1,054)
	Intercompany tax movement		–	–	(2,302)	570
	(Decrease)/increase in provisions		(271)	1,886	126	61
	Net cash flow from operating activities		20,466	24,889	(1,752)	(1,555)
	(b) Reconciliation of cash					
	Cash balance comprises:					
	Cash at bank		4	6,028	–	276
	Bank overdraft	14	–	–	(12)	–
	Closing cash balance		4	6,028	(12)	276
	(c) Credit stand by arrangement and loan facilities					
	Bank bill facility					
	The group has a bank bill facility of $37 million (2008: $40 million). Refer to Note 3 for details of the review dates and amortisation of the facility					
	Facility available at year end:		14,000	7,000	14,000	7,000
	(d) Acquisition of entities and business					
	During 2007, Oakton acquired 100% of the share capital in Oakton AA Services Pty Ltd and the business of Clickstream. During 2009, further payments were made in respect of the acquisitions as follows:					
	Clickstream – payment to vendors		–	11,357	–	–
	Acumen – payment in respect of acquired business		2,214	4,294	–	–
	Contracted payments to vendors		2,214	15,651	–	–
	(e) Non cash financing and investing activities					
	Payment to the vendors of Acumen in accordance with the acquisition contract, settled by the issue of shares		7,385	2,091		
	Adjustment to net assets and liabilities acquired on business combinations		–	1,541	–	–
	Movement in amounts payable in respect of acquisitions		761	(8,113)	–	–
			8,146	(4,481)	–	–

	NOTES	CONSOLIDATED ENTITY 2009 $'000	CONSOLIDATED ENTITY 2008 $'000	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000
19 COMMITMENTS AND CONTINGENCIES					
(a) Lease expenditure commitments					
(i) Operating leases (non cancellable):					
Minimum lease payments					
Not later than one year		2,144	1,919	2,144	1,919
Later than one year and not later than five years		5,279	4,333	5,279	4,333
Later than five years		2,330	2,620	2,330	2,620
Aggregate lease expenditure contracted for at reporting date		9,753	8,872	9,753	8,872
The economic entity leases a number of properties in Victoria, New South Wales, Australian Capital Territory and Queensland. The property leases usually contain increases in lease payments based on market movements or CPI increases. The property leases usually contain an option for further periods.					
(b) Contingent liabilities					
(i) Bank guarantee and indemnity in relation to rental premises					
Maximum amount the bank may call		586	576	586	576

	2009 NO OF SHARES	2008 NO OF SHARES
20 EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share are the same as net profit.		
Weighted average number of ordinary shares used in calculating basic earnings per share	89,563,246	86,976,232
Effect of dilutive securities:		
Share options	68,773	1,754,911
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	89,632,019	88,731,143
The number of potential ordinary shares which are not dilutive and are not included in the calculation of diluted EPS	3,218,653	2,303,063

Subsequent to balance date and to the date of this report, a further 99,250 (2008: 44,275) shares were issued as a result of the exercise of ESOP options.

21 DIRECTORS' AND EXECUTIVES' COMPENSATION AND EQUITY HOLDINGS

All disclosures relating to remuneration and equity holdings of key management personnel have been made in the Remuneration report on pages 28 to 38 of this Annual Report.

22 LOANS TO KEY MANAGEMENT PERSONNEL (CONSOLIDATED)

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

23 SHARE BASED PAYMENTS

Options are granted to directors, other key management personnel and other staff under the Oakton Employee Option Plan or as approved by the Shareholders in General Meeting, as detailed in Note 16(d). Options are valued using the Black-Scholes pricing model using the following inputs:

	2009	2008
Weighted average fair value of options granted during the year (at grant date)	19.6 cents	152.6 cents
Weighted average exercise price	$0.58	$5.63
Volume weighted average share price during the year	$1.733	$4.336
Weighted average expected share volatility	55.1%	31.8%
Weighted average risk free interest rate	3.00%	6.00%
Expected dividends	Unchanged from amount paid in year	Growing at 5% each half year compounded
Option life	5 years	5 years

The volatility is determined based on the standard deviation of volume weighted prices over 24 months prior to the grant date. Historical volatility has been the basis for determining expected future share price volatility.

To enable the valuation of the options under the Oakton Employee Option Plan using the Black Scholes method, the probability of exercising options is estimated. The conditions of the grant allow that one quarter of the options become exercisable on the first, second, third and fourth anniversaries of the grant and the options expire after the fifth anniversary of the grant. The current estimates of probability indicate more people will exercise closer to the expiry date (rather than after the options become exercisable).

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	2009 $'000	2008 $'000	2009 $'000	2008 $'000
24 AUDITOR'S REMUNERATION					
Amounts received or due and receivable by Pitcher Partners for:					
An audit or review of the financial report of the entity and any other entity in the consolidated entity		280	254	280	254
Other financial services					
Corporate secretarial services		3	5	3	5
Additional assurance		3	11	3	11
Tax assistance		10	18	10	18
		296	288	296	288

25 RELATED PARTY DISCLOSURES

(a) Entities in the group

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

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED 2009	PERCENTAGE OWNED 2008
Parent Entity:			
Oakton Limited	Australia		
Subsidiaries of Oakton Limited:			
Oakton Services Pty Ltd	Australia	100	100
Charter Wilson and Associates Pty Ltd	Australia	100	100
Oakton Solutions Pty Ltd	Australia	100	100
mPower Systems Pty Ltd	Australia	100	100
Oakton IT Pty Ltd	Australia	100	100
Acumen Contracting and Recruitment Pty Ltd	Australia	100	100
Oakton Computing (NSW) Pty Ltd	Australia	100	100
Oakton Solutions MBS Pty Ltd	Australia	100	100
Subsidiaries of Oakton Services Pty Ltd:			
Oakton Global Technology Services Centre (India) Pvt Ltd	India	100	100
Oakton AA Services Pty Ltd	Australia	100	100

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
25 RELATED PARTY DISCLOSURES (CONTINUED)					
(b) Transactions with related parties					
The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:					
Transactions with key management personnel of the entity and their personally-related entities					
Transactions with key management personnel are at arms-length and in the ordinary course of business on normal trading terms.					
The economic entity pays superannuation contributions to entities related to directors. There is no additional cost to the company.					
The economic entity leases premises owned by Davkat Holdings Pty Ltd and Oakdon Holdings Pty Ltd (entities related to Paul Holyoake).					
Rent expense		**214**	209	**–**	–
The economic entity leases premises owned by Viridian Properties Pty Ltd (an entity related to Robert Kennedy).					
Rent expense		**452**	411	**–**	–
The economic entity used Surote Pty Ltd (an entity related to Chris Gillies) for HR and IT governance services					
Consultancy expense		**–**	3	**–**	–
The economic entity supplied services to Corporate Express (an entity related to Chris Gillies) under normal commercial terms					
Revenue recognised		**9**	167	**–**	–
The economic entity used Blake Dawson Waldron (an entity related to Gordon Hughes) for legal services					
Legal fees expense		**–**	31	**–**	–

During 2007, the group acquired the business of Acumen Alliance. The vendors include Robert Kennedy and John Phillips and their personally related entities. As a consequence, these key management personnel are entitled to receive cash and/or shares under the contract. There were no amounts recognised through revenue or expenses in relation to these transactions.

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

Wholly owned group transactions

Loans between group entities are interest free and repayable at call.

The balances outstanding at balance date are:

	NOTES	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000	PARENT 2009 $'000	PARENT 2008 $'000
Amounts receivable	8			**51,961**	45,128
Intercompany tax related receivable	9			**7,558**	9,270

26 SEGMENT INFORMATION

(a) Primary segment – Business

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

(b) Secondary segment – Geographical

The consolidated entity operates predominantly within Australia.

27 ECONOMIC DEPENDENCY

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

28 SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2009 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2009, of the consolidated entity, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2009, of the consolidated entity.

29 CROSS GUARANTEE

The company and Oakton Services Pty Ltd, Acumen Contracting and Recruitment Pty Ltd and Oakton AA Services Pty Ltd are parties to a deed of cross guarantee under which the company and its named subsidiaries guarantee the debts of each other and commits the companies to make payments in relation to debts owing to the group's bankers on behalf of each other. The consolidated entity is the same as the closed group that are a party to the deed of cross guarantee.

DIRECTORS' DECLARATION

Oakton Limited
ABN 50 007 028 711

The directors declare that the financial statements and notes set out on pages 40 to 62 in accordance with the Corporations Act 2001:

(a) Comply with the Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the financial position of the company and the consolidated entity as at 30 June 2009 and of their performance as represented by the results of their operations, changes in equity and their cash flows, for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Oakton Limited will be able to pay its debts as and when they become due and payable.

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

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2009.

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

Paul Holyoake
Director

Neil Wilson
Director

Melbourne, 18 August 2009

PITCHER PARTNERS
An independent Victorian Partnership
ABN 27 975 255 196

We have audited the accompanying financial report of Oakton Limited and controlled entities. The financial report comprises the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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 and fair presentation of the financial report 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PITCHER PARTNERS
An independent Victorian Partnership
ABN 27 975 255 196

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 Oakton Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 28 to 38 of the Directors' Report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion the Remuneration Report of Oakton Limited and controlled entities for the year ended 30 June 2009, complies with section 300A of the Corporations Act 2001.

TJ BENFOLD
Partner

18 August 2009

PITCHER PARTNERS
Melbourne

Liability limited by a scheme approved under Professional Standards Legislation

Pitcher Partners, including Johnston Rorke, is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane
An independent member of Baker Tilly International

SHAREHOLDING INFORMATION

As at 31 July 2009

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following shareholding information which was applicable as at 31 July 2009.

SHAREHOLDING ANALYSIS

a. Distribution of Shareholding

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%
1-1,000	1,169	0.80
1,001-5,000	1,969	6.37
5,001-10,000	738	6.41
10,001-100,000	613	16.21
100,001 and over	46	70.21
Total	4,535	100.00

b. Substantial Shareholders

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

SHAREHOLDER	NUMBER	%
Paul Holyoake	7,925,000	8.81
Acorn Capital Ltd	7,152,643	7.95
Paradice Investment Management Pty Ltd	6,128,094	6.81
The Capital Group Companies, Inc	5,357,960	6.37

c. Twenty Largest Shareholders

The names of the twenty largest shareholders are:

NAME	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED SHARES
JP Morgan Nominees Australia Ltd	15,152,556	16.82
National Nominees Ltd	9,732,623	10.80
UBS Wealth Management Australia Nominees Pty Ltd	7,070,485	7.85
HSBC Custody Nominees (Australia) Ltd	3,756,989	4.17
ANZ Nominees Pty Ltd <Cash Income A/c>	2,934,135	3.26
Citicorp Nominees Pty Ltd	2,112,139	2.34
Aust Executor Trustees NSW Ltd <TEA Custodians Ltd>	1,950,768	2.17
Mr Neil Wilson	1,950,000	2.16
Australian Foundation Investment Company Ltd	1,945,167	2.16
Argo Investments Ltd	1,865,242	2.07
Citicorp Nominees Pty Ltd <CFS Developing Companies A/c>	1,748,205	1.94
Citicorp Nominees Pty Ltd <CFSIL CFS WS Small Comp A/c>	1,219,256	1.35
RBC Dexia Investor Services Australia Nominees Pty Ltd <BKCUST A/c>	1,025,870	1.14
Invia Custodian Pty Ltd<HF Super Non-disc A/c>	915,000	1.02
Amcil Ltd	850,000	0.94
AMP Life Limited	755,687	0.84
Cogent Nominees Pty Ltd	697,701	0.77
Adina Tower Pty Ltd	694,616	0.77
Citicorp Nominees Pty Ltd <Cwlth Bank Off super A/c>	668,443	0.74
Mirrabooka Investments Pty Ltd	600,000	0.67
Total	57,664,882	63.98

The twenty members holding the largest number of shares together held a total of 63.98% of the issued capital.

d. Issued Capital

The fully paid issued capital of the company consisted of 90,096,550 shares held by 4,535 shareholders.

Each share entitles the holder to one vote.

e. On-Market Buy-Back

There is no current on-market buy-back.

f. Company Secretary

The company secretary is Michael Miers.

g. Registered office

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

h. Other offices

The other offices are:

Head office

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

Sydney

Level 3
65 Berry Street
North Sydney NSW 2060
Telephone +61 2 9923 9800

Canberra

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

Brisbane

Level 1
46 Edward Street
Brisbane QLD 4001
Telephone +61 7 3121 9266

Hyderabad

Plot No 5, Road No 2
Banjara Hills, Hyderabad 500-034
Andhra Pradesh, India

OTHER INFORMATION FOR SHAREHOLDERS

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following information not elsewhere disclosed in this report.

INTERNET ACCESS TO INFORMATION

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

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

You can also access comprehensive information about your security holdings at the Computershare Investor Centre at www-au.computershare.com/investor/

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

Changes to your shareholder details, such as a change of name or address, or notification of your tax file number or direct credit of dividend advice can be made by printing out the forms you need, filling them in and sending the changes back to the Computershare Investor Centre.

SHARE REGISTRY ENQUIRIES

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

The Registrar
Computershare Investor Services Pty Ltd
GPO Box 2975 Melbourne Victoria 3001 Australia
Telephone +61 3 9415 4000 or 1300 850 505
Facsimile +61 3 9473 2500
Electronic mail melbourne.services@computershare.com.au

Website www-au.computershare.com/investor

ANNUAL GENERAL MEETING

The 2009 Annual General Meeting of Oakton Limited will be held in its Melbourne offices located at:

Level 8, 271 Collins Street Melbourne, Victoria
at 10.00am on Wednesday, 7 October 2009.

Formal notice of the meeting is enclosed with this report.

STOCK EXCHANGE LISTING

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

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

Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067 Australia

Results Driven. When Business & IT Matters

Melbourne
Level 8, 271 Collins Street
Melbourne VIC 3000 Australia

Sydney
Level 3, 65 Berry Street
North Sydney NSW 2060 Australia

Canberra
2/45 Wentworth Avenue
Kingston ACT 2604 Australia

Brisbane
Level 1, 46 Edward Street
Brisbane QLD 4000 Australia

Hyderabad
Plot No 5, Road No 2
Banjara Hills Hyderabad 500-034
Andhra Pradesh India

www.oakton.com.au