Tuesday, February 14th, 2012

FY2012 Half Year Headlines

- Revenue $85.4m (down 7.2% on the prior corresponding period), EBITDA of $10.4m (down 7.1% pcp), NPAT of $6.9m (down 5.5% pcp). Pcp comparisons are to 1H FY2011 reported results
- Diluted EPS of 7.3 cents (down 6.4% pcp)
- Interim fully franked dividend of 5.5 cents (up 57% pcp). Dividend payout ratio of 75% maintained at guidance range (FY2011 final 80%; FY2011 Interim 45.1%)
- Operating cash flow of $16.3m enabling build up of cash reserves
- Ended December 2011 with 1,091 staff (down 10 pcp). India at 159 resources (up 30 pcp). Staff numbers have reduced from June 2011 via natural attrition, offset by hires in growing areas of the business
- Operating result has been impacted by a decision to hold staff levels in anticipation of demand improving
- As highlighted at the AGM in October 2011, 1H FY2012 performance has been impacted by a number of project delays and deferrals by clients across all locations – some of these projects have now commenced and have contributed to a solid backlog of work
- Finished 1H FY2012 with booked and committed revenue at 75% of current FY2012 full year revenue forecast
- The Victorian location is now in normal operating mode following the improvement program that commenced over 12 months ago. Other locations have been impacted by the general market slowdown and project deferrals by clients, however we anticipate a stronger 2H FY2012 result in all locations subject to any further deterioration in economic conditions
- Cost savings have continued to be implemented at middle management levels to reflect a slower growth profile – 2H FY2012 will see the full positive impact of these and other overhead savings initiatives
- Strengthened strategic vendor relationships – now equal highest certification ranking of any Australian company with Microsoft, Oracle and IBM. IBM relationship now includes key partnering arrangements at a number of Federal Government clients
- Continued focus on investment in developing solutions beyond resource provision – including pre-configured solutions to meet specific industry, business and technology requirements
- Established partnerships with infrastructure providers to support new cloud service models
- Supporting our people with new knowledge management capability, incentive models and learning and development programs – employee satisfaction is now above industry standards and attrition continues to decline

Australian consulting and I.T. services provider Oakton Limited [ASX: OKN] today announced a net profit after tax of $6.9 million for the FY2012 half year ended December 2011 – a 5.5% decrease on the previous corresponding half year period. Revenue was down 7.2% to $85.4 million and EBITDA decreased by 7.1% to $10.4 million.

The Oakton Board declared a fully-franked interim dividend of 5.5 cents per share, which represents a dividend payout ratio of 75%. The dividend will be paid on the 27th April 2012 with a record date of the 23rd March 2012.

Neil Wilson, Oakton's Managing Director and CEO, made comment on the result:

"As indicated at our Annual General Meeting in October 2011, market conditions were softening, and as the first half progressed conditions further deteriorated as the impacts of international economic pressures were felt domestically. These pressures have led to a large number of project deferrals and delays by clients which have materially impacted our trading performance in most locations. As market conditions continued to soften, the company decided to hold staff levels (net of attrition) in anticipation that a number of projects on delay would recommence in the second half. We were also able to offset the cost of this retention by an unexpected insurance recovery on previously incurred legal costs associated with the Tenix legal dispute.

We are able to advise that the level of booked and committed revenue is now at a level that is in line with last year. Pleasingly, the performance of the Victorian operation has progressively improved in the half and this location's key metrics are now at acceptable levels in the context of current market conditions. Other locations have experienced a challenging six months with market conditions soft in NSW, ACT and QLD. Opportunities for Oakton solutions in the Federal Government IT sector continue to improve, however decision timeframes have become elongated and our performance in the ACT largely reflects this. We expect the normal cycle of increased demand leading up to the end of the financial year to enable this location to improve its performance in the second half. We remain confident that our investment in the ACT and our positioning will enable us to acquire market share and increase revenue.

Overall, we remain satisfied that the strategic direction taken by Oakton over the last few years to become a project/outcome based specialist consulting and I.T. services company, delivering growth through depth and specialisation continues to gain traction. Consistent with this strategy our Hyderabad (India) office continues to provide access to skills at a lower cost than is otherwise available domestically. During the half over $40m of work was retained and/or won where the ability to off shore components of these projects was critical to our success. We see our business model becoming increasing relevant given the current volatility of the market and the continuing drive from our clients to get "more for less" from a range of specialist providers rather than the large "do everything" global players.

Our cash flow has enabled us to again increase our dividend. Subject to other capital initiatives, the current payout ratio should be sustainable.

I would like to take this opportunity to thank our outstanding team at Oakton in both Australia and India for their contributions in what has been a difficult 6 months. We have the best team to enable us to continue on our growth strategy in the future. I would also like to thank our clients, shareholders and the wider investment community for their ongoing support and interest in our company"

Please find attached the results and outlook presentation that will be presented to the investment community over the following two weeks.

Further information:

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Managing Director and CEO

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Chief Financial Officer
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FY2012
Half Year Results
and Outlook

Neil Wilson

Managing Director and CEO

John Phillips

CFO

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FY2012 First Half Headlines

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- Ended December 2011 with 1,091 staff (down 10 pcp). India at 159 resources (up 30 pcp). Staff numbers have reduced from June 2011 via natural attrition, offset by hires in growing areas of the business
- Operating result has been impacted by a decision to hold staff levels in anticipation of demand improving
- As highlighted at the AGM in October 2011, 1H FY2012 performance has been impacted by a number of project delays and deferrals by clients across all locations – some of these projects have now commenced and have contributed to a solid backlog of work
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FY2012 First Half Headlines (continued)

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- Cost savings have continued to be implemented at middle management levels to reflect a slower growth profile – 2H FY2012 will see the full positive impact of these and other overhead savings initiatives

- Strengthened strategic vendor relationships – now equal highest certification ranking of any Australian company with Microsoft, Oracle and IBM. IBM relationship now includes key partnering arrangements at a number of Federal Government clients

- Continued focus on investment in developing solutions beyond resource provision – including pre-configured solutions to meet specific industry, business and technology requirements

- Established partnerships with infrastructure providers to support new cloud service models

- Supporting our people with new knowledge management capability, incentive models and learning and development programs – employee satisfaction is now above industry standards and attrition continues to decline

FY2012 First Half Results - Detail

Profit and Loss - $A millions	Dec 2011	Dec 2010	Dec 2009
Revenue	$85.40	$92.04	$93.37
EBITDA	$10.37	$11.16	$16.50
NPAT	$6.87	$7.27	$10.21
Diluted EPS (cents)	7.3c	7.8c	11.1c

- 1H FY2012 earnings includes net $2m insurance proceeds
- 1H FY2012 Revenue/earnings levels impacted by
  - Average headcount reduction
  - Decision to hold staff levels as projects were delayed
  - Reduced take up of project contingencies
  - Additional investment in solution development
- Use of offshore impacts revenue and profitability as the business transitions to the blended model

- 1H FY2012 margins have been impacted by decision to hold staff levels in anticipation of improved 2H FY2012 demand
- Growth in managed services revenue continues to improve margins in this area of the business
- Margins are expected to improve in 2H FY2012
- Overhead cost base is running at under 10% of revenue which is sustainable into 2H FY2012 and beyond

As a % of revenue	Dec 2011	Dec 2010	Dec 2009
Gross margin	22.06%	23.67%	27.05%
Overhead margin	9.82%	11.27%	9.37%
EBITDA margin	12.24%	12.39%	17.68%
NPAT margin	8.11%	8.07%	10.94%

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FY2012 First Half Results - Detail

Balance sheet - $A millions	Dec 2011	Dec 2010	Dec 2009
Cash	5.16	6.55	2.87
Receivables	35.67	46.49	41.41
Total assets	133.62	144.65	137.82
Borrowings	-	12.50	19.00
Total liabilities	24.97	40.75	49.24

- Cash levels continue to increase
- Days debtors remain unchanged
- Nil debt at balance date ($12.5m pcp)

- Interim dividend payout ratio of 75% in line with guidance and subject to other investment requirements should hold at around this level
- Revenue per average FTE – reflects maintaining staff levels, market pricing pressures and the impact of offshore model
- Utilisation in India will continue to be lower as growth capacity is held in this lower cost location

Other	Dec 2011	Dec 2010	Dec 2009
Interim dividend	5.5cf	3.5cf	2.5cf
Revenue per average FTE	$81k	$87k	$84k
Utilisation	66%	69%	79%
Days debtors	51 days	51 days	49 days

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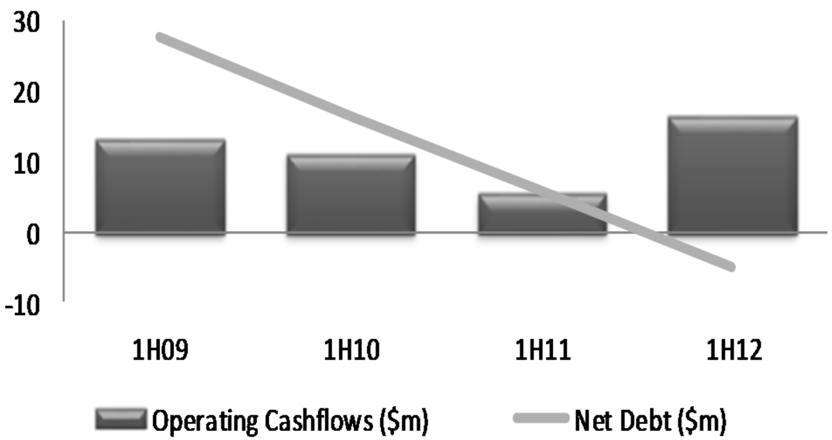
FY2012 First Half Cash Flow Summary

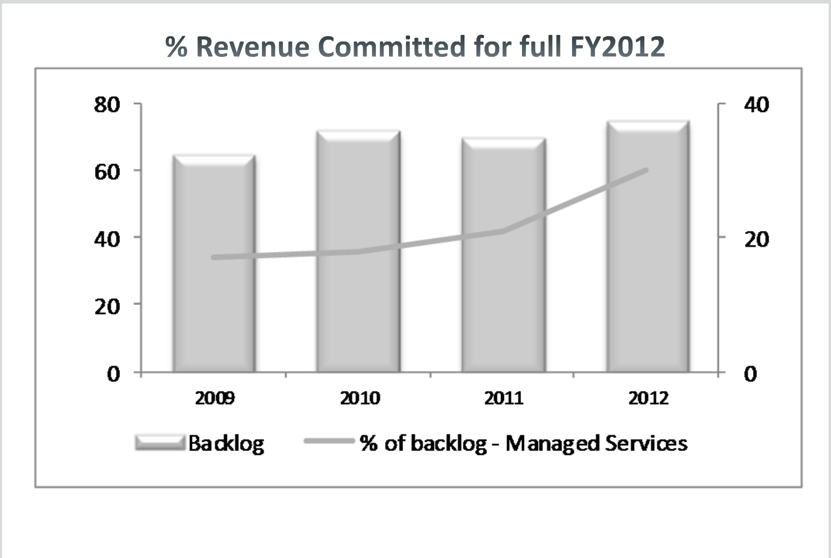
- Debt has now been eliminated and now establishing cash reserves
- Acquisitions will be considered where we can accelerate our presence in key industries, service and/or technology specialisation
- Capex expenditure in FY2012 will be less than FY2011



Opening Balance	**$1.02m**
Operating	
Net operating inflows	17.64
Net interest paid	(0.19)
Income tax paid	(1.13)
Operating Cash Flow	$16.32m
Investing	
Capex	(1.99)
Investments	(0.00)
Total Investing	($1.99m)
Financing	
Share issues	0.00
Dividends	(4.69)
Repayment of borrowings	(5.50)
Total Financing	($10.19m)
Closing Balance	**$5.16m**

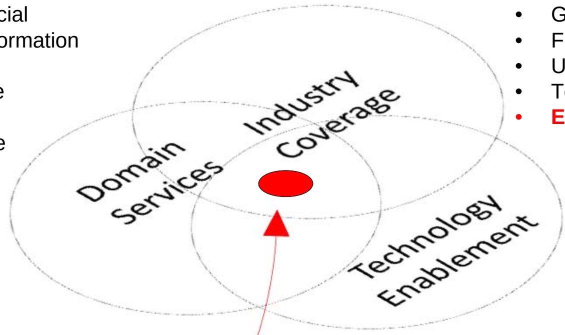
Committed revenue and solutions focus

Specialist Oakton solutions are designed to drive larger project and outcome work which enables cross selling of managed services leading to increases in revenue backlog into future financial years.



Sample Domain coverage

- Financial transformation
- **CRM**
- Online
- ERP
- Mobile
- Cloud



Sample Industry coverage

- Government
- Financial services
- Utilities
- Telecommunications
- **Education**

Oakton solution example

Student lifetime relationship management system using Microsoft technology

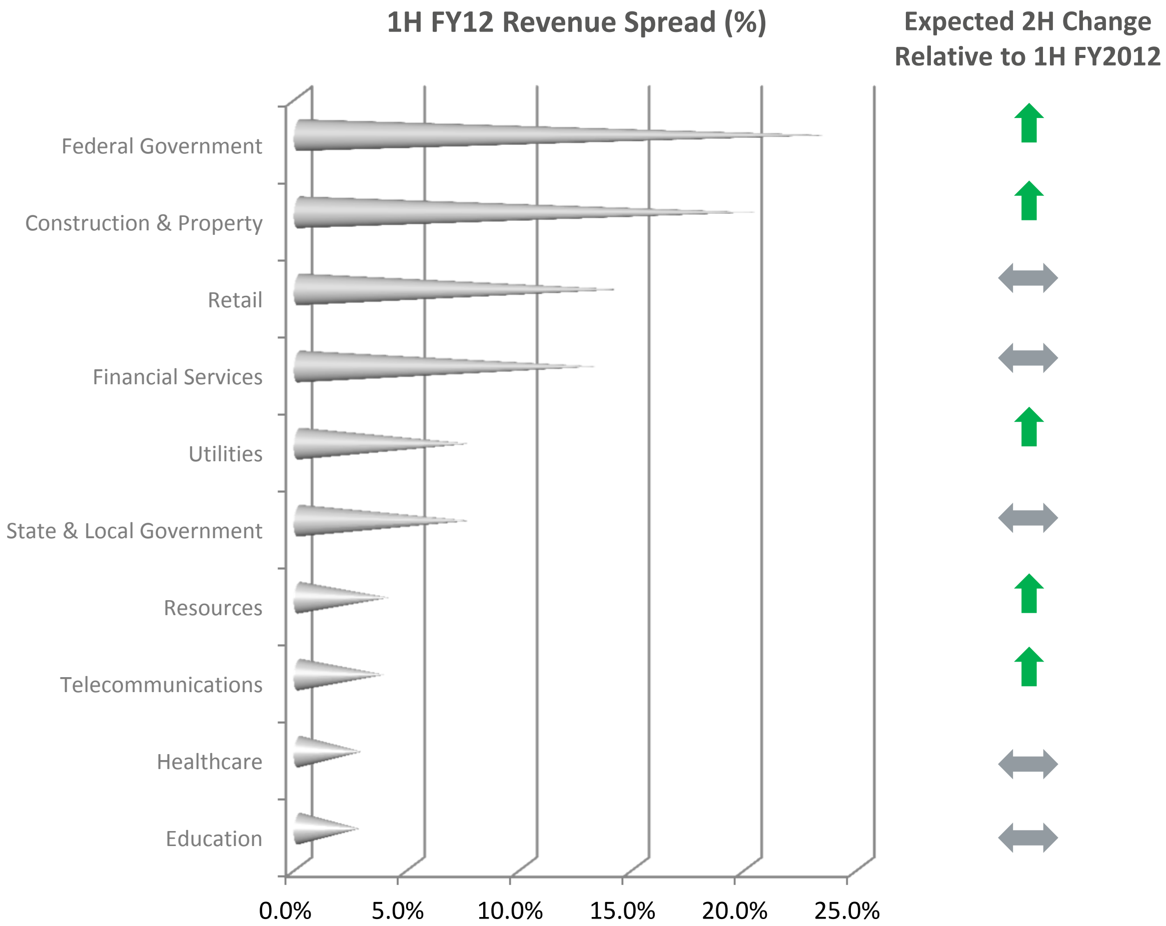
Sample Technology coverage

- **Microsoft**
- Oracle
- SAP
- IBM

- A number of pre configured solutions continue to be developed for specific business requirements that can be reused across industry, domain and technology sectors
- Continuing to leverage consulting and delivery opportunities in on line, information management and core system enhancement
- The focus on projects and managed services is leading to sales that span multiple years and which contribute to a progressively larger backlog of future years revenue

Industry revenue spread and outlook

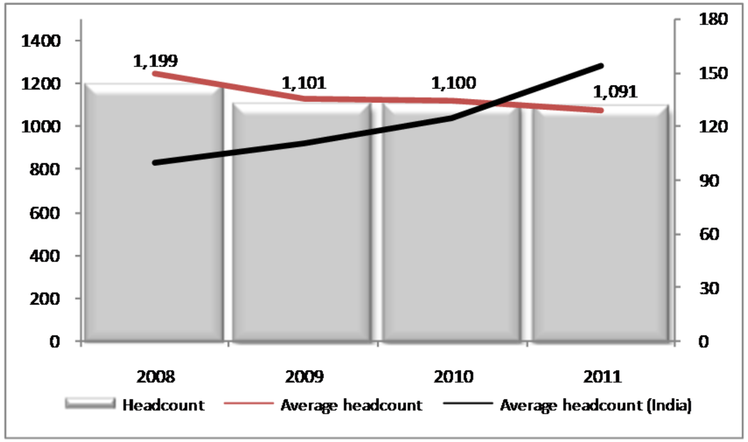
Oakton's current industry position continues to change in line with market demand and the penetration of Oakton's specialist solutions in specific industry areas.

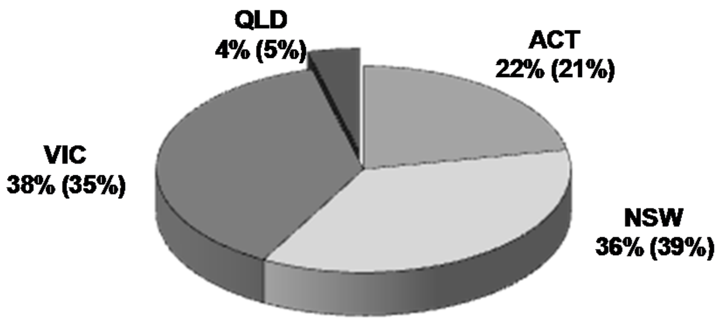


Market outlook

- Q2 FY2012 sales at same level as pcp
- Federal Government has been flat, however current pipeline and seasonal weighting should see improved market share in 2H FY2012
- Expect continued growth in Construction and Property, Utilities Resources and Telecommunications sectors
- Expect State Government sectors to remain flat in FY2012
- A flat growth outlook in Retail, Financial Services, Healthcare and Education sectors

FY2012 First Half People Summary



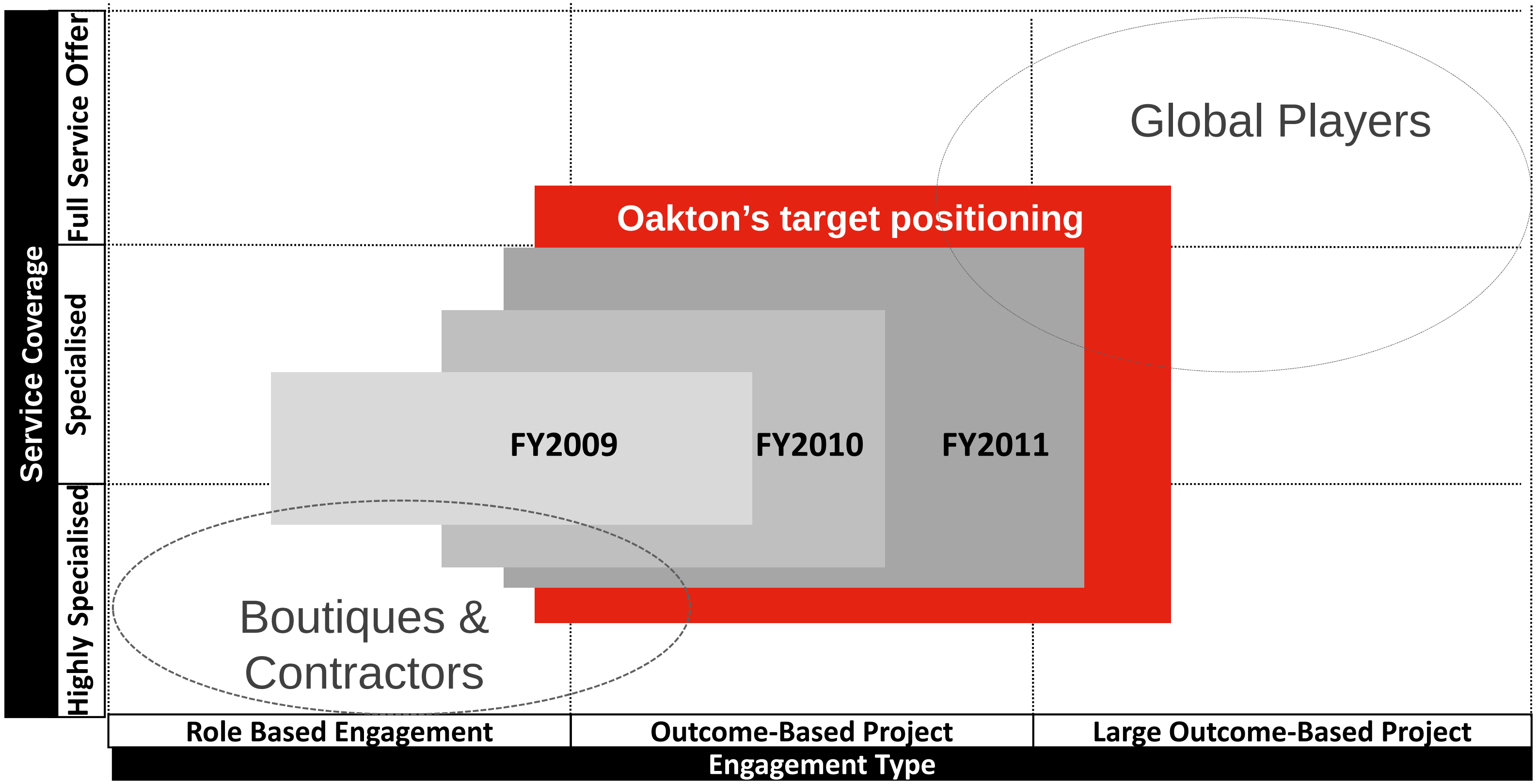


	Dec 2011	Dec 2010
Victoria	338	360
New South Wales	277	300
ACT	232	217
Queensland	39	48
India	159	129
National Shared Services	46	47
Total	**1,091**	**1,101**

- Total contractors were 110 (pcp 101)
- Revenue contribution growth will not necessarily match the on shore location headcount position as a result of increased use of off shore capacity
- Employee churn levels continue to decline
- On shore staff levels have fallen due to staff attrition offset by some hiring in growth sectors. Staff levels will continually be monitored to ensure utilisation targets are met

Market Positioning

Oakton is increasingly creating a clearer brand and market position that represents a combination of specialist consulting and IT services with a delivery model that is primarily outcome and project based



Outlook and Summary

Subject to improving market conditions, Oakton's clear strategy should deliver clarity of brand and position in the market and increased business performance

- Revenue outlook for 2H FY2012 is subject to current international economic issues which is impacting decision making timeframes and leading to some project delays by clients
- Booked and committed revenue is currently at 75% of the full year revenue forecast
- Strong demand for on line, information management and core system enhancement with an emphasis on cost reduction and improved efficiencies
- Continued development of pre configured solutions to drive downstream opportunities and differentiation
- Continued focus on people development and knowledge management to drive higher levels of engagement and increased leverage of company solution assets
- Continued strengthening of relationships with key software vendors and infrastructure providers
- Currently expect margins to improve in the 2H FY2012 as revenue grows and the impact of savings across middle management levels in the 1H FY2012 are fully realised
- Increased cash reserves are expected to enable consideration of potential acquisitions that will accelerate our presence in key industries, service and/or technology areas
- Full year dividend pay-out ratio is expected to be maintained at current levels, subject to investment activity

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What problem do you want defined?

Melbourne
Sydney
Canberra
Brisbane
Hyderabad

Strategic partners
Microsoft
Oracle
SAP
IBM

23 years
9 key industry sectors
800 plus clients
10,000 plus projects

Thank you and Q&A

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