# OAKAJEE CORPORATION LIMITED

**ACN 123 084 453**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED**

**30 JUNE 2013**

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**OAKAJEE CORPORATION LIMITED**
ACN 123 084 453

# CORPORATE DIRECTORY

| | |
|---|---|
| **DIRECTORS:** | Mr Graham Anderson (Non-Executive Chairman)<br>Mr Mark Jones (Managing Director)<br>Mr Garry Thomas (Non-Executive Director) |
| **COMPANY SECRETARY:** | Mr Graham Anderson |
| **REGISTERED AND PRINCIPAL OFFICE:** | 14 Emerald Terrace<br>WEST PERTH WA 6005<br>Tel: +61 8 9322 2700<br>Fax: +61 8 9322 7211<br>email: admin@oakajeecorp.com.au |
| **POSTAL ADDRESS:** | 14 Emerald Terrace<br>WEST PERTH WA 6005 |
| **WEBSITE:** | www.oakajeecorp.com.au |
| **SHARE REGISTRY:** | Advanced Share Registry Services<br>Unit 2/150 Stirling Highway<br>NEDLANDS WA 6009<br>Tel: +61 8 9389 8033<br>Fax: +61 8 9389 7871 |
| **SECURITIES EXCHANGE:** | Australian Securities Exchange Limited<br>Level 2<br>Exchange Plaza<br>2 The Esplanade<br>PERTH WA 6000<br><br>ASX Code: OKJ |
| **AUDITOR:** | HLB Mann Judd<br>Chartered Accountants<br>Level 4, 130 Stirling Street<br>PERTH WA 6000 |

# DIRECTORS' REPORT

The Directors of Oakajee Corporation Limited (the "Company" or "Oakajee") present their annual financial report on the Company for the financial year ended 30 June 2013. In order to comply with the provisions of the Corporations Act 2001, the Directors' report as follows.

## The Board of Directors

The names and details of Directors who held office during and since the end of financial year and until the date of this report are as follows.

Directors were in office for the entire period unless otherwise stated.

**Mr Graham Anderson** (Non-Executive Chairman) (Company Secretary)
Appointed 16 December 2009

Graham has a Bachelor of Business Degree and is a member of the Institute of Chartered Accountants in Australia. Graham commenced his career in 1983 with Ernst & Young before later moving to the national chartered accounting firms of Duesburys and Horwath as a Partner with particular responsibilities for providing a range of audit and related corporate services.

In 1999 Graham established GDA Corporate, his own specialist corporate advisory, management and consulting practice. He has extensive experience and knowledge of the ASX Listing Rules and the Corporations Act 2001 and has acted as Director and Company Secretary to a number of ASX listed entities. He has also been significantly involved in the Initial Public Offering ("IPO") stages including due diligence processes for a number of companies in the past years.

He is currently a Director and the Company Secretary of Pegasus Metals Limited, Director of Mako Hydrocarbons Limited, Kangaroo Resources Limited, APA Financial Services Ltd and WAG Limited. He is also the Company Secretary of a number of other listed companies.

In the 3 years immediately before the end of the financial year, Graham also served as a Director of the following listed companies:

- Ethan Minerals Limited (appointed 9 March 2007; resigned 13 October 2010)
- Dynasty Metals Limited (appointed 6 August 2004; resigned 21 March 2011)
- Echo Resources Limited (appointed 25 March 2004; resigned 1 October 2012)
- Tangiers Petroleum Limited (appointed 21 December 2010; resigned 7 September 2012)

**Mr Mark Wesley Jones** (Managing Director)
Appointed 18 July 2008

Mark is a Non-Executive Director of Patersons Securities Limited, one of the largest stockbroking firms in Australia and is the Chairman of Ezeatm Limited. He has been instrumental in raising capital for many exploration companies from IPO to production and brings over 20 years of mining and stock market experience.

In the 3 years immediately before the end of the financial year, Mark also served as Chairman of Elemental Minerals Limited (appointed 19 October 2009; resigned 13 October 2011).

**Mr Garry Thomas** (Non-Executive Director)
Appointed 1 March 2012

Garry is a Civil Engineer with over 30 years' experience in civil construction, mine development and operations. He has been involved in the implementation of mining operations in Australia, Indonesia, Laos, Russia, Zimbabwe, Ghana, Zambia, South Africa, Algeria, Mexico and Mali.

He has managed the construction and commissioning of over 20 CIL/CIP, flotation and heap leach plants in Australasia, Russia and Africa as well as many plant upgrades.

# DIRECTORS' REPORT

**The Board of Directors (continued)**

Garry has been instrumental in the procurement and development of Elemental Minerals Ltd's Potash project in West Africa.

He is also the founding Managing Director of Intermet Engineering Pty Ltd, a minerals processing engineering Company since its inception in Australia in 2001 to its sale in 2008.

In the 3 years immediately before the end of the financial year, Garry also served as a Director of Elemental Minerals Limited (appointed 22 November 2007; resigned 29 November 2010).

## Principal Activities

The principal activity of the Company during the year was investment.

The Board continues to implement a program of prudent cost control and hold its investment in listed securities and cash reserves to ensure the Company's strong liquidity position.

## Review of Operations

The financial year ended 30 June 2013 has proven to be a difficult year for Oakajee Corporation Ltd.

The value of the Company's available for sale investments had fallen from $9,149,200 at 30 June 2012 to $5,113,550 at 30 June 2013, and the Company recorded a loss from operations for the year of $4,281,351 compared to a profit of $2,574,841 in the previous year.

The Company's investment in Kingrose Mining Ltd, Elemental Minerals Ltd and Millenium Minerals Limited were, along with many other listed mining companies, adversely affected by erosion in commodity prices and market sentiment.

The Company's investment in Ezeatm Ltd have been adversely affected by legal proceedings brought against Ezeatm by its former CEO. In response, Oakajee's representative on the Board of Ezeatm is working with the other continuing Board members to restructure its operations to restore shareholder value in Ezeatm and consequently market confidence in its operations and prospects.

The Board has reviewed a number of mining investment opportunities during the year, however in view of the current investment market conditions none of these prospects have met all of the Board's criteria for investment approval. The Board will continue to evaluate new opportunities in 2014.

At 30 June 2013, the Company had net assets of $5,071,275.

## Operating Results for the Year

The net loss after income tax of the Company for the year ended 30 June 2013 was $4,281,351 (2012: profit of $2,574,841).

At 30 June 2013, the Company had $26,685 in cash (2012: $19,432).

## Dividends

No dividends were paid during the year and the Directors recommend that no dividends be paid or declared for the financial year ended 30 June 2013.

## Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company to the date of this report.

# DIRECTORS' REPORT

**Subsequent Events**

On 22 August 2013, the Company completed a capital raising of $600,000 by way of issue of 6,000,000 ordinary shares at 10 cents each as indicated at Note 16.

Other than the above, no other matters or events have arisen since 30 June 2013 which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

**Likely Developments**

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

**Environmental Legislation**

The Company is not subject to any significant environmental legislation.

**Directors' Interests**

The relevant interests of Directors held directly, or indirectly or beneficially, by each specified Director including their personally-related entities, in the share capital of the Company as at the date of this report are as follows:

| Director | Fully Paid Ordinary Shares | |
|---|---|---|
| | Directly | Indirectly |
| Graham Anderson | - | - |
| Mark Jones | - | 3,800,000 |
| Garry Thomas | - | 5,250,000 |

There are no unpaid amounts on the shares issued. The Directors did not hold any interests in options of the Company as at the date of this report. There were no share options on issue at any time during or since the end of the financial year.

**Meetings of Directors**

During the financial year, the following number of meetings of Directors were held and attended by each Director:

| | Directors' meetings including Board resolutions | |
|---|---|---|
| | Number eligible to attend | Number attended |
| Graham Anderson | 3 | 3 |
| Mark Jones | 3 | 3 |
| Garry Thomas | 3 | 3 |

# DIRECTORS' REPORT

**Remuneration Report (audited)**

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for key management personnel of Oakajee Corporation Limited (the "Company") for the financial year ended 30 June 2013. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

- ***Details of key management personnel***

(i) Directors
Graham Anderson (Non-Executive Chairman) (Company Secretary)
Mark Jones (Managing Director)
Garry Thomas (Non-Executive Director)

- ***Remuneration Policy***

The Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board.

The Board acts as the Remuneration Committee and assesses the nature and amount of compensation of key management personnel.

All remuneration paid to key management personnel is expensed. Any options granted to key management personnel are valued using either the Black-Scholes or binomial option pricing models.

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Non-Executive Directors and will review their remuneration annually, based on market practice, duties and accountability and to ensure their remuneration is competitive in attracting, retaining and motivating people with appropriate skills and experience.  Independent external advice is sought where required.

The maximum amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are currently fixed at up to $350,000 and are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

- ***Performance based remuneration***

No performance based amounts have been paid or determined to be paid to Directors at this stage of the Company's development.

# DIRECTORS' REPORT

- ***Details of Remuneration***

**Year ended 30 June 2013**

| | Cash Salary and fees ($) | Superannuation ($) | Total ($) |
|---|---|---|---|
| **Directors** | | | |
| Graham Anderson (Chairman & Company Secretary) | 51,000 | - | 51,000 |
| Mark Jones (Managing Director) | 159,999 | 14,400 | 174,399 |
| Garry Thomas (Non-Executive Director) | 22,936 | 2,064 | 25,000 |
| Total | 233,935 | 16,464 | 250,399 |

**Year ended 30 June 2012**

| | Cash Salary and fees ($) | Superannuation ($) | Total ($) |
|---|---|---|---|
| **Directors** | | | |
| Graham Anderson (Chairman & Company Secretary) | 40,000 | - | 40,000 |
| Mark Jones (Managing Director) | 159,999 | 14,400 | 174,399 |
| Garry Thomas (Non-Executive Director) | 7,645 | 688 | 8,333 |
| Zaffer Soemya (Non-Executive Director) | 53,151 | 1,376 | 54,527 |
| Clive Boyle (Non-Executive Director) | 6,535 | 588 | 7,123 |
| Total | 267,330 | 17,052 | 284,382 |

No percentage of 2013 and 2012 remuneration paid is performance based. No other long-term benefits or equity compensation were granted to key management personnel in 2013 or 2012.

# DIRECTORS' REPORT

- ***Service Agreements***

The Company has entered into service agreements with the Directors. Under these agreements each Director is on a fixed salary inclusive of superannuation as follows:

Graham Anderson — $2,000 per month for services as Chairman
$2,000 per month for accounting and Company Secretarial services

Mark W Jones — $174,400 per annum (effective 1 January 2011 as Managing Director)
$109,250 per annum (change effective 1 July 2013)

Termination of employment by either party giving written notice of not less than 3 (three) months notice. The Company may elect to pay the Employee in lieu of notice.

At any time during the Employee's employment, should a change of control event occur resulting in the Employee's termination as an officer of the Company by the Company within 12 months of the change of control, the Company must pay the Employee a severance payment equal to twelve months of the Employee's annual remuneration package.

Garry Thomas — $25,000 per annum

Service agreements with Directors are separate from any responsibility they may have to the Company or the role they perform as a result of their appointment as a Director of the Company.

The Directors may also be paid for travelling and other expenses properly incurred by them in attending, participating in and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or otherwise in connection with the business of the Company.

A Director may also receive remuneration for performing extra services, or making special exertion in going or residing abroad or otherwise for the Company by payment of a fixed sum determined by the Directors which may be either in addition to or in substitution for the Directors usual remuneration.

**Option Holdings**

No options over issued shares or interests in the Company were granted during the period or since the end of the financial period. Furthermore, there are no options on issue at the date of this report.

**Equity Holdings and Transactions**

The movement during the reporting period in the number of shares of the Company held directly, indirectly or beneficially, by each Director including their related entities is as follows:

| | Held as at 1 July 2012 | Acquired/ (Disposed) on Market | Held as at 30 June 2013 |
|---|---|---|---|
| **Directors** | | | |
| Graham Anderson | - | - | - |
| Mark Wesley Jones | 3,800,000 | - | 3,800,000 |
| Garry Thomas | 1,000,000 | 4,250,000 | 5,250,000 |

# DIRECTORS' REPORT

**Indemnification and insurance of Directors and Officers**

The Company currently has Directors and Officers insurance. The Company has entered into deeds with each Director indemnifying each Director against liabilities arising out of their conduct while acting in the capacity of a Director of the Company to the full extent permitted by Corporations Act 2001.

The insurance premium relates to liabilities that may arise from their position as Directors and Officers of the Company, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain personal advantage.

The Officers covered by the insurance policies are the Directors and the Company Secretary.

The contract of insurance prohibits the disclosure of the nature of the liabilities and the amount of the premium.

**Auditor Independence and Non-Audit Services**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is set out on page 9 and forms part of this Directors' Report for the year ended 30 June 2013.

**Non-Audit Services**

There were no non-audit services provided by the Company's auditor during the financial year.

**Legal Proceedings**

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors.

Graham Anderson
Chairman
Dated this 26 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Oakajee Corporation Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

**Perth, Western Australia**
**26 September 2013**

**M R W Ohm**
**Partner**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**
**Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.**
**Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au**

# CORPORATE GOVERNANCE STATEMENT

**Overview**

The Company's Board governs the business on behalf of shareholders as a whole with the prime objective of protecting and enhancing shareholder value. The Board is committed to ensuring that the:-

(i) Executive management runs the Group in accordance with the highest level of ethics and integrity;
(ii) Board and management complies with all applicable laws and regulations;
(iii) Company continually reviews the governance framework and practices to ensure it fulfils its corporate governance obligations.

Good corporate governance will evolve with the changing circumstances of the Company and must be tailored to meet these circumstances. The Board endorses the ASX Corporate Governance Principles and Recommendations ('ASX CGP') however, at this stage of the Company's corporate development, implementation of the ASX CGP is not practical in every instance given the modest size and simplicity of the business.

This statement outlines the main corporate governance practices employed by the Board and where it has not adopted a particular recommendation, an explanation is provided in the body of the document.

**Principle 1: Laying solid foundations for management and oversight**

The relationship between the Board and senior management is critical to a Company's long term success. The Board is responsible for the performance of the Company in both the short and longer term and seeks to balance sometimes competing objectives in the best interests of the Group as a whole. The key aims of the Board are to enhance the interests of shareholders and other key stakeholders and to ensure the Company is properly managed.

Day to day management of the Company's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director. An employment contract has been entered into with the Managing Director. This contract is consistent with ASX CGP 1. Further details are provided in the Directors' Report.

The responsibilities of the Board as a whole, the Chairman and individual Directors are set out in the Company's Board Charter and are consistent with ASX CGP 1. A copy of the Board Charter is available in the Corporate Governance section of the Company's website at www.oakajeecorp.com.au.

To ensure that Non-Executive Directors clearly understand the requirements of their role, formal letters of appointment are provided to them. The content of the appointment letter is consistent with that set out in ASX CGP 1. The majority of the Non-Executive Directors have extensive knowledge of the whole or part of the Company's operations. New Non-Executive Directors are provided with a pack of information and documents relating to the Company including the Constitution, Group structure, financial statements, recent Board papers and the various Board policies and charters.

**Senior Executive performance**
The Chairman undertakes a regular review of the Managing Director's performance and provides a report to the Board for consideration.

**Principle 2: Structure of the Board**

**Board composition**
The Directors determine the composition and size of the Board in accordance with the Company's constitution. The Constitution empowers the Board to set upper and lower limits with the number of Directors not permitted to be less than three. There are currently three Directors appointed to the Board and their skills and experience, qualifications, term of office and independence status is set out in the Directors' Report.

**Director independence**
Based on the definition of independence published in ASX CGP only one Director, Graham Anderson, is deemed an Independent Director. Mr Mark Jones is not deemed independent due to his Executive status and shareholding in the Company and Mr Garry Thomas is not deemed independent due to his shareholding in the Company. This is not consistent with ASX CGP 2.1 but the Board deem it appropriate given the Company's size and simplicity.

The role of the Chairman and CEO are not exercised by the same individual.

# CORPORATE GOVERNANCE STATEMENT

**Independent Decision Making**
A majority of the Board is not independent and the Company recognises that this is a departure from ASX CGP 2.1. All Directors bring to the Board the requisite skills which are complementary to those of the other Directors and enable them to adequately discharge their responsibilities and bring independent judgments to bear on their decisions.

The Board Charter sets out the criteria the Board uses to determine Director independence. Materiality thresholds used to assess Director independence have been established and the Board considers a Director to be independent where he or she is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the Director's ability to act in the best interests of the Company. The Board believes that the interests of the shareholders are best served by:

- The current composition of the Board which is regarded as balanced with a complementary range of skills, diversity and experience as detailed in the Directors' Report; and
- The Independent Director providing an element of balance as well as making a considerable contribution in his respective fields of expertise.

The following measures are in place to ensure the decision making process of the Board is subject to independent judgments:-

- Disclosure of relevant interests by the Directors as and when they arise;
- Directors are permitted to seek the advice of independent experts at the Company's expense, subject to the approval of the Chairman; and
- All Directors must act all times in the interest of the Company.

Adoption of these measures ensure that the interests of shareholders, as a whole, are pursued and not jeopardised by a lack of independence.

**Committees**
Due to the size of the Company, the Board has not established sub-committees to undertake the responsibilities normally undertaken by a Remuneration & Nomination Committee or Audit Committee.

The full Board manages Board succession and approves management remuneration including the allocation of options (if any) and involves itself in the nomination, selection and retirement of Directors.

The Company will give consideration at an appropriate time in the Company's development, for the creation of sub-committees.

The Board seeks to ensure that collectively its membership represents an appropriate balance between Directors with experience and knowledge of the Company and Directors with an external or fresh perspective. It shall review the range of expertise of its members on a regular basis and seeks to ensure that it has operational and technical expertise relevant to the operation of the Company.

Directors are re-elected, nominated and appointed to the Board in accordance with the Company's Constitution and ASX Listing Rules. In considering appointments to the Board, the extent to which the skills and experience of potential candidates complement those of the Directors in office is considered.

**Board performance**
Due to the size of the Board and the Company, the Board undertakes ad hoc self-assessments of its collective performance by way of Board discussion.

**Access to information**
Directors may access all relevant information required to discharge their duties. With the approval of their Chairman, Directors may seek independent professional advice, as required, at the Company's expense.

# CORPORATE GOVERNANCE STATEMENT

**Principle 3: Ethical and Responsible Decision Making**

A Code of Conduct Policy is in place to promote ethical and responsible practices and standards for Directors, employees and consultants of the Company to discharge their responsibilities. This Policy reflects the Directors' and key officers' intention to ensure that their duties and responsibilities to the Company are performed with the utmost integrity. A copy of the Code of Conduct policy is available to all employees and is also available in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP 3.

**Diversity**
Due to the size of the Company, the Board has not established a Diversity Policy. There is currently only one employee in the Company, the Managing Director, who is not female.

**Share trading**
A Share Trading Policy is in place for Directors, senior Executives and employees. The objective of the policy is to minimise the risk of Directors and employees who may hold material non-public information contravening the laws against insider trading, ensure the Company is able to meet its reporting obligations under the ASX Listing Rules and increase transparency with respect to trading in securities of the Company. A copy of the policy is available in the Corporate Governance section of the Company website and the terms are consistent with ASX CGP3.

**Principle 4: Integrity of financial reporting**

Due to the size of the Company, during the year the Board has not established an Audit Committee.

The full Board undertakes all Audit Committee responsibilities which include the following:-

- Reviewing and approving statutory financial reports and all other financial information distributed externally;
- Monitoring the effective operation of the risk management and compliance framework;
- Reviewing the effectiveness of the Company's internal control environment including compliance with applicable laws and regulations;
- The nomination of the external auditors and the review of the adequacy of the existing external audit arrangements; and
- Considering whether non audit services provided by the external auditor are consistent with maintaining the external auditor's independence.

The Company will give consideration at an appropriate time in the Company's development, for the creation of an Audit Committee.

The lead audit partner responsible for the Group's external audit is required to attend each Annual General Meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

**Principle 5: Timely and balanced disclosure**

The Company has a written policy on information disclosure that focuses on continuous disclosure of any information concerning the Group that a reasonable person would expect to have a material effect on the price of the Company's securities.

A copy of the Continuous Disclosure Policy is located in the Corporate Governance section of the Company's website and the terms are consistent with ASX CGP 5.

# CORPORATE GOVERNANCE STATEMENT

**Principle 6: Rights of Shareholders**

The Company's Shareholder Communications Policy promotes effective communication with the Company's shareholders and encourages shareholder participation at general meetings. A copy of this Policy, which deals with communication through the ASX, the Share Registry, shareholder meetings and the annual report, may be found in the Corporate Governance section of the Company's website. All of the Company's announcements to the market may also be accessed through the Company's website. The Company's annual reports are posted on the Company's website.

Shareholders are provided with the opportunity to question the Board concerning the operation of the Company at the Annual General Meeting. They are also afforded the opportunity to question the Company's auditors at that meeting concerning matters related to the audit of the Company's financial statements.

**Princple 7: Recognising and Managing Risk**

The Board is responsible for ensuring that risks, as well as opportunities are identified on a timely basis and receive an appropriate and measured response, recognising however that no cost effective internal control system will preclude all errors and irregularities. Areas of significant business risk and the effectiveness of internal controls are monitored and reviewed regularly.

The Board has received assurance from the CEO and CFO that the declaration provided in accordance with section 295 of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all respects in relation to financial reporting risks.

**Princple 8: Remunerating Fairly and Responsibly**

**Directors**
The annual total fees payable to Non-Executive Directors is set by the Company's shareholders and allocated as Directors' Fees by the Board on the basis of the roles undertaken by the Directors. Full details of Directors' remuneration appear in the Remuneration Report. These fees are inclusive of statutory superannuation contributions. No retirement benefits are paid to Non-Executive Directors and no equity-based remuneration scheme exists for them.

**Remuneration**
Due to the size of the Company, during the year the Board has not established a Remuneration & Nominations Committee. The full Board approves all management remuneration including the allocation of options and involves itself in the nomination, selection and retirement of Directors.

The Board is kept advised on remuneration and incentive policies and practices generally and makes specific recommendations in relation to compensation arrangements for Executive and Non-Executive Directors and in respect of all equity based remuneration plans.

The remuneration policy states that Executive Directors may participate in share option schemes with the prior approval of shareholders. Other Executives may also participate in employee share option schemes, with any option issues normally being made in accordance with thresholds set in plans approved by shareholders. The Board however, considers it appropriate to retain the flexibility to issue options to Executives outside of any approved employee option plans in appropriate circumstances.

**Executive Management**
Remuneration packages for Executive management are generally set to be competitive so as to both retain Executives and attract experienced Executives to the Company.

# STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **Revenue** | | | |
| Other income | 2 | 319,854 | 647,664 |
| Unrealised gain on loss of significant influence in associate | 9 | - | 3,726,707 |
| **Expenses** | | | |
| Administration expenses | | 95,488 | 173,162 |
| Impairment expense | 2 | 5,052,740 | - |
| Employee benefit expense | 2 | 284,428 | 280,071 |
| Consulting expense | | 73,620 | 133,362 |
| Lease expense | 2 | - | 9,272 |
| Depreciation expense | 2 | 2,811 | 1,608 |
| Share of loss of associate | | - | 6,807 |
| Travel expenses | | 16,494 | 130,853 |
| Loss on deconsolidation | | - | 2,329 |
| **(Loss)/Profit before income tax** | | **(5,205,727)** | **3,636,907** |
| Income tax benefit/(expense) | 4 | 924,376 | (1,062,066) |
| **Net (loss)/profit after tax** | | **(4,281,351)** | **2,574,841** |
| **Other comprehensive income, net of income tax** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Net change in fair value of available-for-sale financial assets | | (5,939,320) | (4,373,400) |
| Net change in fair value of available-for-sale financial assets reclassified to profit or loss | | 4,550,740 | (658,700) |
| Income tax relating to these items | 12 | 578,574 | 1,509,630 |
| **Total comprehensive loss for the year** | | **(5,091,357)** | **(947,629)** |
| Basic and diluted (loss)/earnings per share (cents per share) | 13 | (9.92) | 7.92 |

The accompanying notes form part of these financial statements.

# STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 26,685 | 19,432 |
| Trade and other receivables | 6 | 12,986 | 122,946 |
| Other assets | 8 | 6,560 | 7,438 |
| **Total current assets** | | **46,231** | **149,816** |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 6,316 | 2,696 |
| Available-for-sale financial assets | 9 | 5,113,550 | 9,149,200 |
| **Total non-current assets** | | **5,119,866** | **9,151,896** |
| **Total assets** | | **5,166,097** | **9,301,712** |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 94,822 | 136,132 |
| **Total current liabilities** | | **94,822** | **136,132** |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 4 | - | 1,502,948 |
| **Total non-current liabilities** | | **-** | **1,502,948** |
| **Total liabilities** | | **94,822** | **1,639,080** |
| **Net assets** | | **5,071,275** | **7,662,632** |
| **Equity** | | | |
| Issued capital | 12 | 6,531,169 | 4,031,169 |
| Reserves | 12 | 540,000 | 1,350,006 |
| (Accumulated losses)/Retained earnings | | (1,999,894) | 2,281,457 |
| **Total equity** | | **5,071,275** | **7,662,632** |

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

| | Issued Capital | Retained Earnings/ (Accumulated Losses) | Unrealised Gains Reserve | Total Equity |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Balance as at 30 June 2011** | 4,031,169 | (293,384) | 4,872,476 | 8,610,261 |
| Net profit for the period | - | 2,574,841 | - | 2,574,841 |
| Other comprehensive loss, net of tax | - | - | (3,522,470) | (3,522,470) |
| **Total comprehensive loss for the year** | - | 2,574,841 | (3,522,470) | (947,629) |
| **Balance as at 30 June 2012** | 4,031,169 | 2,281,457 | 1,350,006 | 7,662,632 |
| Net loss for the period | - | (4,281,351) | - | (4,281,351) |
| Other comprehensive loss, net of tax | - | - | (810,006) | (810,006) |
| **Total comprehensive loss for the year** | - | (4,281,351) | (810,006) | (5,091,357) |
| Shares issued during the year | 2,500,000 | - | - | 2,500,000 |
| **Balance as at 30 June 2013** | 6,531,169 | (1,999,894) | 540,000 | 5,071,275 |

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

| | Note | 2013 $ | 2012 $ |
|---|---|---|---|
| | | Inflows/(Outflows) | |
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (510,421) | (748,710) |
| Interest received | | 12,560 | 17,436 |
| Dividends received | | 110,000 | - |
| Receipts from sublessees | | 1,815 | 66,147 |
| Net cash flows used in operating activities | 21 | (386,046) | (665,127) |
| **Cash flows from investing activities** | | | |
| Proceeds from sale of shares in listed entities | | 399,219 | 507,965 |
| Payments for listed investments | | (2,499,488) | - |
| Payments for property, plant and equipment | | (6,432) | (989) |
| Net cash flows (used in)/provided by investing activities | | (2,106,701) | 506,976 |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of securities | 12 | 2,500,000 | - |
| Net cash flows provided by financing activities | | 2,500,000 | - |
| Net increase/(decrease) in cash and cash equivalents | | 7,253 | (158,151) |
| Cash and cash equivalents at the beginning of the financial year | | 19,432 | 177,583 |
| **Cash and cash equivalents at end of financial year** | 5 | **26,685** | **19,432** |

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

## 1. Statement of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied to all the years presented, unless otherwise stated.

### a) Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards, Accounting Interpretations and other mandatory professional reporting requirements. The financial report has been prepared on a historical cost basis, except for available-for-sale financial assets which have been measured at fair value, and is presented in Australian dollars. Oakajee Corporation Limited is a Company limited by shares, incorporated and domiciled in Australia, whose shares commenced public trading on the Australian Securities Exchange on 11 June 2008. The Company was registered on 11 December 2006.

### b) Statement of compliance

The financial report of Oakajee Corporation Limited (the “Company” or “Oakajee”) for the year ended 30 June 2013 was authorised for issue in accordance with a resolution of the Directors on 26 September 2013.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (“AIFRS”). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (“IFRS”).

### c) Adoption of New and Revised Standards

In the year ended 30 June 2013, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to the Company’s accounting policies.

The Directors have has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2013. As a result of this review, the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to the Company’s accounting policies.

### d) Significant accounting judgements, estimates and assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods of the revision affects both current and future periods.

**(d) Significant accounting judgements, estimates and assumptions (continued)**

*Impairment of available-for-sale financial assets*

The Company follows the guidance of AASB 139 Financial Instruments: Recognition and Measurement to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. An impairment expense of $5,052,740 (2012: $nil) has been recognised during the year against the Company's available-for-sale financial assets as these investments have experienced a significant or prolonged decline in fair value below their cost.

**e) Going Concern**

The financial report has been prepared on the basis of accounting principles applicable to a going concern which assumes the commercial realisation of the future potential of the Company's assets and the discharge of its liabilities in the normal course of business.

As at 30 June 2013, the Company has cash and cash equivalents of $26,685 and net operating cash outflows of $388,046 for the year ended on that date. In addition, the Company has a working capital deficit of $48,591.

Notwithstanding the above, the accounts have been prepared on a going concern basis for the following reasons.

The Company has available-for-sale financial assets with a market value of $5,113,550 at 30 June 2013. These available-for-sale financial assets represent investments in listed companies which are traded on ASX. Within this, $2,420,000 of available-for-sale financial assets held relates to investments held in Ezeatm Limited, which are escrowed up until 7 October 2013 and therefore cannot be disposed of until that date. However, the Company has the ability to sell the remaining $2,693,550 worth of investments in a liquid market as and when the need for additional working capital arises. Listed shares were disposed of during the year ended 30 June 2013 for total proceeds of $399,219. Further tranches will be sold if and when the need arises.

Furthermore, on 22 August 2013, the Company completed a capital raising of $600,000 by way of issue of 6,000,000 ordinary shares at 10 cents each as indicated at Note 16.

Accordingly, the Directors believe that Oakajee Corporation Limited has access to sufficient funding to enable it to continue as a going concern and that it is appropriate to adopt that basis of accounting in the financial report.

**f) Revenue Recognition**

Revenues are recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue can be recognised:

*(i) Interest income*

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**f) Revenue Recognition (continued)**

*(ii) Dividends*

Dividends are recognised as revenue when the Company's right to receive the payment is established.

*(iii) Rental Income*

Rental income from subleases is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned. Lease incentives are recognised as an integral part of the total rental income.

**g) 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*

The minimum lease payments of operating leases, where the lessor effectively retains substantially all the risks and benefits of the leased item, are charged as expenses in the periods in which they are incurred.

**h) Cash and cash equivalents**

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**i) Trade and other receivables**

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less an allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms. Factors considered by the Company in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Company. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

### j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company operates and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax assets is only recognised to the extent that it is probable that the temporary difference will revise in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**k) Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable or payable is included as a current asset or current liability in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable or payable are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**l) Property plant and equipment**

Property, plant and equipment is carried at cost less any accumulated depreciation and any accumulated impairment losses.

*Depreciation*

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

| **Class of fixed asset** | **Depreciation rate** |
|---|---|
| Office Furniture | 20% |
| Computer Software and Equipment | 25% |

*Impairment*

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

*Derecognition and disposal*

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal and the carrying amount of the asset) is included in the profit and loss in the year the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 30 JUNE 2013**

## m) Financial assets

Financial assets within the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end. All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

*(i) Financial assets at fair value through profit or loss*
Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

*(ii) Held-to-maturity investments*
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

*(iii) Loans and receivables*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

*(iv) Available-for-sale investments*
Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

## n) De-recognition of financial assets and financial liabilities

*(i) Financial assets*
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a ‘pass-through’ arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:

## n) De-recognition of financial assets and financial liabilities (continued)

(a) has transferred substantially all the risks and rewards of the asset, or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay.

*(ii) Financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

## o) Impairment of financial assets

*(i) Financial assets carried at amortised cost*

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the presented value of the estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

*(ii) Available-for-sale investments*

If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost (net of any principal repayment and amortisation) and is current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to the statement of comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit or loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

### p) Investment in associated entities

The Company's investment in its associate is accounted for using the equity method of accounting in the financial statements, after initially being recognised at cost. The associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating decisions of the investee but is not control or joint control over those policies.

Under the equity method, the investment in the associate is carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in the associate. Goodwill included in the carrying amount of the investment in an associate is not tested separately; rather the entire carrying amount of the investment is tested for impairment as a single asset. If an impairment is recognised, the amount is not allocated to the goodwill of the associate.

The statement of comprehensive income reflects the Company's share of the results of operations of the associate, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivable and loans, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The balance dates of the associate and the Company are identical and the associate's account policies conform to those used by the Company for like transactions and events in similar circumstances.

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with AASB 139. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on disposal of the related assets or liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When the Company transacts with its associate, profits and losses resulting from those transactions with the associate are recognised in the Company's financial statements only to the extent of the interests in the associate that are not related to the Company.

### q) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

### q) Impairment of assets (continued)

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

### s) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

### t) Employee leave benefits

*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### u) Issued capital

Ordinary share capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are shown in equity as a deduction, net of tax, from the proceeds received.

### v) Earnings or loss per share

Basic earnings or loss per share is calculated as net profit or loss after income tax attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares outstanding, adjusted for any bonus elements in ordinary shares issued during the year.

Diluted earnings or loss per share is calculated as net profit or loss attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

### w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Oakajee Corporation Ltd.

### x) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2013

| | | 2013 | 2012 |
|---|---|---|---|
| **2.** | **Revenue and expenses** | **$** | **$** |
| **a)** | **Other Income** | | |
| | Interest income | 12,560 | 17,076 |
| | Rental income | 1,815 | 59,823 |
| | Dividends | - | 110,000 |
| | Gain on sale of listed investments | 305,479 | 460,765 |
| | | 319,854 | 647,664 |
| **b)** | **Depreciation expense** | | |
| | Property plant and equipment | 2,811 | 1,608 |
| **c)** | **Employee benefits expense** | | |
| | Salary and wages, including Directors' fees | 270,766 | 266,409 |
| | Annual leave expense | 13,662 | 13,662 |
| | | 284,428 | 280,071 |
| **d)** | **Operating lease payments** | | |
| | Office rental | 19,775 | 80,032 |
| | Lease expense | - | 9,272 |
| | | 19,775 | 89,304 |
| **(e)** | **Impairment expense** | | |
| | Available-for-sale financial assets | 5,052,740 | - |

**3. Dividends**

No dividends have been paid or are proposed as at 30 June 2013.

As at 30 June 2013 the Company has no franking credits available for use in future years.

**4. Income tax**

**a) Income tax (benefit)/expense**

The prima facie income tax (benefit)/expense on pre-tax accounting (loss)/profit from operations reconciles to the income tax (benefit)/expense in the financial statements as follows:

| | 2013 | 2012 |
|---|---|---|
| Accounting (loss)/profit before tax from continuing operations | (5,205,727) | 3,636,907 |
| Income tax (benefit)/expense calculated at 30% | (1,561,718) | 1,091,072 |
| Non-deductible expenses | 226 | - |
| Recognition of previously unrecognised temporary differences | 2,796 | (26,963) |
| Deferred tax assets and liabilities not recognised | 472,320 | - |
| Income tax not recognised in equity | 162,000 | - |
| Non-assessable income arising from loss of significant influence of associate | - | (1,118,012) |
| Recognition of temporary differences on loss of influence of equity accounted investee | - | 1,115,970 |
| **Income tax (benefit)/expense reported in the statement of comprehensive income** | (924,376) | 1,062,066 |

The tax rate used in the above reconciliation is the corporate tax rate at 30% payable by Australian corporate entities on taxable profits under Australian tax laws. There has been no change in this tax rate since the previous reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

## 4. Income tax (continued)

### b) Income tax charged/(credited) directly to equity

| | 2013 $ | 2012 $ |
|---|---|---|
| Share revaluation reserve | (416,574) | (1,509,630) |
| | (416,574) | (1,509,630) |

### c) Deferred tax balances

*Deferred tax assets comprise of:*

| | 2013 | 2012 |
|---|---|---|
| Losses available for offset against future taxable income | 214,611 | 212,478 |
| Revaluations of available-for-sale investments | 237,798 | - |
| Share issue expenses | 3,486 | - |
| Accrued expenses and liabilities | 16,425 | 12,118 |
| Deferred tax assets not brought to account as realisation is not regarded as probable | (472,320) | - |
| | - | 224,596 |

*Deferred tax liabilities comprise of:*

| | 2013 | 2012 |
|---|---|---|
| Revaluations of available-for-sale investments | - | 1,694,544 |
| Accrued dividend | - | 33,000 |
| | - | 1,727,544 |

*Net deferred tax liabilities reflected in the statement of financial position is as follows:*

| | 2013 | 2012 |
|---|---|---|
| Deferred tax assets | - | (224,596) |
| Deferred tax liabilities | - | 1,727,544 |
| | - | 1,502,948 |

*Reconciliation of deferred tax assets/(liabilities):*

| | Opening balance $ | Charged to income $ | Charged to equity $ | Amounts Not Recognised $ | Closing balance $ |
|---|---|---|---|---|---|
| 30 June 2013 | | | | | |
| Available-for-sale financial assets | 1,694,544 | (1,515,768) | (416,574) | 237,798 | - |
| Accrued income | 33,000 | (33,000) | - | - | - |
| Tax losses carried forward | (212,478) | (2,133) | - | 214,611 | - |
| Share issue expenses | - | (3,486) | - | 3,486 | - |
| Accrued expenses and liabilities | (12,118) | (4,307) | - | 16,425 | - |
| | 1,502,948 | (1,558,694) | (416,574) | 472,320 | - |

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

**4. Income tax (continued)**

**c) Deferred tax balances (continued)**

| | Opening balance $ | Charged to income $ | Charged to equity $ | Amounts Not Recognised $ | Closing balance $ |
|---|---|---|---|---|---|
| 30 June 2012 | | | | | |
| Available-for-sale financial assets | 2,088,204 | 1,115,970 | (1,509,630) | - | 1,694,544 |
| Accrued income | - | 33,000 | - | - | 33,000 |
| Tax losses carried forward | (81,699) | (130,779) | - | - | (212,478) |
| Share issue expenses | (18,215) | 18,215 | - | - | - |
| Accrued expenses and liabilities | (37,778) | 25,660 | - | - | (12,118) |
| | 1,950,512 | 1,062,066 | (1,509,630) | - | 1,502,948 |

The Company has tax losses arising in Australia of $715,370 (2012: $708,260) that are available indefinitely for offset against future taxable profits of the companies in which the losses arose.

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits thereof.

**5. Cash and cash equivalents**

| | 2013 $ | 2012 $ |
|---|---|---|
| Cash at bank | 26,685 | 19,432 |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

**6. Trade and other receivables**

| | 2013 $ | 2012 $ |
|---|---|---|
| **Current** | | |
| Other receivable | 8,414 | 6,732 |
| GST receivable | 4,572 | 6,214 |
| Dividend receivable | - | 110,000 |
| Total trade and other receivables | 12,986 | 122,946 |

There are no receivables which are past due or impaired.

**7. Property, plant and equipment**

| | 2013 $ | 2012 $ |
|---|---|---|
| At cost | 29,861 | 23,429 |
| Accumulated depreciation | (23,545) | (20,733) |
| Total written down value | 6,316 | 2,696 |

*Reconciliation*
A reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial period.

| | 2013 $ | 2012 $ |
|---|---|---|
| Property, plant and equipment | | |
| Carrying amount at beginning of year | 2,696 | 3,315 |
| Additions | 6,431 | 989 |
| Depreciation expense | (2,811) | (1,608) |
| Total property, plant and equipment | 6,316 | 2,696 |

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

| **8. Other assets - current** | **2013 $** | **2012 $** |
|---|---|---|
| Prepayments | 6,560 | 7,438 |
| Total Other assets | 6,560 | 7,438 |

**9. Available-for-sale financial assets**

| | | |
|---|---|---|
| Available for sale investments carried at fair value: | | |
| Listed shares | 5,113,550 | 9,149,200 |

During the year ended 30 June 2012, the Company's shareholding in an associate declined below 20% and the Company lost significant influence. The investment was recognised as an available-for-sale financial asset and a gain on loss of significant influence was recognised of $3,726,707. Please refer to the 30 June 2012 annual report for further details.

**10. Trade and other payables**

| | | |
|---|---|---|
| Trade creditors (i) | 22,205 | 77,766 |
| Other creditors (ii) | 38,463 | 37,874 |
| Annual leave accrual | 34,154 | 20,492 |
| | 94,822 | 136,132 |

Terms and conditions relating to the above financial instruments:
(i) Trade creditors are non-interest bearing and are normally settled on 30 days terms
(ii) Other creditors are non-interest bearing and have an average term of 30 days.

**11. Provisions**

| **Provision for lease royalty payments** | | |
|---|---|---|
| At 1 July | - | 104,095 |
| Payments | - | (113,367) |
| Arising during the year | - | 9,272 |
| At 30 June | - | - |

**12. Issued Capital and Reserves**

**(a)** Issued and paid up capital

| | | |
|---|---|---|
| 45,000,000 (2012: 32,500,000) ordinary shares fully paid | 6,531,169 | 4,031,169 |

**(b) Movements in fully paid ordinary shares during the year were as follows:**

| | **2013** | | **2012** | |
|---|---|---|---|---|
| | No. of Shares | $ | No. of Shares | $ |
| **Movements in shares on issue** | | | | |
| Opening balance | 32,500,000 | 4,031,169 | 32,500,000 | 4,031,169 |
| Share placement 13 July 2012 | 5,000,000 | 1,000,000 | - | - |
| Share placement 14 September 2012 | 7,500,000 | 1,500,000 | - | - |
| Closing balance | 45,000,000 | 6,531,169 | 32,500,000 | 4,031,169 |

**(c) Terms and conditions of issued capital**

*Ordinary Shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

## 12. Issued Capital and Reserves (continued)

| **(d) Reserves** | **2013** **$** | **2012** **$** |
|---|---|---|
| **Unrealised Gains Reserve** | | |
| At 1 July | 1,350,006 | 4,872,476 |
| Net unrealised loss on available for sale investments | (1,388,580) | (5,032,100) |
| Income tax relating to components of other comprehensive income | 578,574 | 1,509,630 |
| At 30 June | 540,000 | 1,350,006 |

*Unrealised gains reserve*
This reserve records fair value changes on available-for-sale investments.

## 13. Earnings per share

| | | |
|---|---|---|
| Basic (loss)/earnings per share (cents) | (9.92) | 7.92 |
| Weighted average number of ordinary shares on issue used in the calculation of basic (loss)/earnings per share | 43,171,233 | 32,500,000 |
| (Loss)/earnings used in the calculation of basic (loss)/earnings per share | (4,281,351) | 2,574,841 |

As there are no outstanding options on issue, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

## 14. Key management personnel disclosures

**(a)** ***Details of key management personnel***

*(i) Directors*
Graham Anderson (Non-Executive Chairman) (Company Secretary)
Mark Jones (Managing Director)
Garry Thomas (Non-Executive Director)

**(b)** ***Remuneration of key management personnel***
Key management personnel remuneration has been included in the Remuneration Report of the Directors' Report.

The aggregate compensation paid to key management personnel of the Company is set out below:

| | | |
|---|---|---|
| Short-term employee benefits | 233,935 | 267,330 |
| Post-employment benefits | 16,464 | 17,052 |
| Total | 250,399 | 284,382 |

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

## 14. Key management personnel disclosures (continued)

**(c)** ***Share holdings of key management personnel***

| 2013 | Held at 1 July 2012 | Shares granted as remuneration | Acquired/ (Disposed) on Market | Held as at 30 June 2013 |
|---|---|---|---|---|
| **Directors** | | | | |
| G. Anderson | - | - | - | - |
| M. Jones | 3,800,000 | - | - | 3,800,000 |
| G. Thomas | 1,000,000 | - | 4,250,000 | 5,250,000 |

| 2012 | Held at 1 July 2011 | Shares granted as remuneration | Acquired/ (Disposed) on Market | Held as at 30 June 2012 |
|---|---|---|---|---|
| **Directors** | | | | |
| G. Anderson | - | - | - | - |
| M. Jones | 3,300,000 | - | 500,000 | 3,800,000 |
| G. Thomas | 1,000,000 | - | - | 1,000,000 |

No options were held by or granted as remuneration to Directors during the financial year.

**(d)** ***Loans to/from key management personnel***

There were no loans outstanding to/from key management personnel at the end of the period.

**(e)** ***Transactions with other related parties***

In July 2008, an agreement for a 12 month lease of office premises at commercial rates was entered into with a Director related entity of Mr Mark Jones. This lease was renewed on 18 June 2011 for two years for an annual rental of $84,300 (excluding GST). This agreement was provided on arm's length terms. The lease was terminated in July 2012. The lease payments pursuant to the agreement totalled $2,506 excluding GST for the year ended 30 June 2013.

In August 2012, a new agreement with no fixed term for lease of office premises at commercial rates was entered into with another Director related entity of Mr Mark Jones. The annual rent payable is $20,796 (excluding GST). The lease payments pursuant to the agreement totalled $17,330 (excluding GST) for the year ended 30 June 2013.

During the period, Oakajee Corporation paid $27,000 to GDA Corporate Pty Ltd for accounting and Company secretarial services and $24,000 to Graham D. Anderson & Co for Chairman fees. Mr Graham Anderson is a Director of both companies and Chairman and Company Secretary of Oakajee Corporation Limited. There was a balance outstanding of $2,500 (excluding GST) as at 30 June 2013.

Other amounts payable to related parties at 30 June 2013:
- Ezeatm Limited $100; and
- Mark Jones annual leave entitlement and expenses $34,154.

There were no other related party transactions during the year ended 30 June 2013.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

**15. Auditor's remuneration**

The auditor of Oakajee Corporation Limited is HLB Mann Judd.

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Amounts received or due and receivable (excluding GST) by the auditors of the Company for: | | |
| - Audit or review of the financial statements | 29,720 | 26,145 |
| | 29,720 | 26,145 |

**16. Significant Events After Balance Date**

On 22 August 2013, the Company completed a capital raising of $600,000 by way of issue of 6,000,000 ordinary shares at 10 cents each.

Other than the above, no other matters or events have arisen since 30 June 2013 which have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial periods.

**17. Segment information**

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Company that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance.

The chief operating decision maker for Oakajee Corporation Limited reviews internal reports prepared as financial statements and strategic decisions of the Company are determined upon analysis of these internal reports. During the period, the Company operated predominantly in one segment being the investment sector in Australia. Accordingly, under the "management approach" outlined, only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

**18. Related party disclosures**

*Transactions with Key Management Personnel*

Refer to Note 14 for details of transactions with key management personnel.

Other than disclosed in Note 14, there were no other related party transactions during the financial year.

**19. Commitments and Contingencies**

*Capital Commitments*

The Company does not have any capital commitments as at balance date.

*Operating lease – Office Premises*

The Company holds an operating lease with no fixed term for office premises which commenced on 1 August 2012 for an annual rental of $20,796 (excluding GST). Annual rent for the lease for the year ended 30 June 2013 was $17,330 (excluding GST).

**20. Financial instruments disclosure**

**(a) Capital Risk Management**

Management's policy is to control the capital of the Company to ensure that the Company can fund its operations and continue as a going concern, with the intention of providing shareholders with adequate returns.

The Company's overall strategy remains unchanged from 2012.

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

## 20. Financial instruments disclosure (continued)

### (a) Capital Risk Management (continued)

The Company is not subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

### (b) Financial risk management objectives and policies

The Company's principal financial instruments are cash and cash equivalents and available-for-sale-financial assets. The main purpose of these financial instruments is to provide working capital for operations.

The Company has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations. The main risks currently arising from the Company's financial instruments are interest rate risk, credit risk and equity price risks.

### (c) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

### (d) Categories of financial instruments

| | 2013 $ | 2012 $ |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | 26,685 | 19,432 |
| Trade and other receivables | 12,986 | 122,946 |
| Available-for-sale investments | 5,113,550 | 9,149,200 |
| **Financial liabilities** | | |
| Trade creditors and other payables | 94,822 | 136,131 |

### (e) Interest rate risk

The cash balance of $26,685 as at 30 June 2013 is sensitive to interest rate risk whereby a 1% per annum movement in interest rates would impact the statement of comprehensive income and equity by $267 (2012:$194).

The following table sets out the carrying amount and maturity of the financial instruments exposed to interest rate risk:

| **2013** Category | Time Period | Interest Bearing (Floating) | Non-Interest Bearing | Total Carrying Amount as per the Balance Sheet | Weighted Average Effective Interest Rate % |
|---|---|---|---|---|---|
| **Financial assets:** | | | | | |
| Cash | <1 year | 26,685 | - | 26,685 | 2.75 |
| Trade and other receivables | <1 year | - | 12,986 | 12,986 | - |
| Available-for-sale investments | >1 year | - | 5,113,550 | 5,113,550 | - |
| Total financial assets | | 26,685 | 5,126,536 | 5,153,221 | |
| **Financial liabilities** | | | | | |
| Trade creditors and other payables | | - | 94,822 | 94,822 | - |
| Total financial liabilities | | - | 94,822 | 94,822 | |

# NOTES TO THE FINANCIAL STATEMENTS

**FOR THE YEAR ENDED 30 JUNE 2013**

## 20. Financial instruments disclosure (continued)

### (e) Interest rate risk (continued)

| **2012** Category | Time Period | Interest Bearing (Floating) | Non-Interest Bearing | Total Carrying Amount as per the Balance Sheet | Weighted Average Effective Interest Rate % |
|---|---|---|---|---|---|
| **Financial assets:** | | | | | |
| Cash | <1 year | 19,432 | - | 19,432 | 3.5% |
| Trade and other receivables | <1 year | - | 122,946 | 122,946 | - |
| Available-for-sale investments | >1 year | - | 9,149,200 | 9,149,200 | - |
| Total financial assets | | 19,432 | 9,272,146 | 9,291,578 | |
| **Financial liabilities** | | | | | |
| Trade creditors and other payables | | - | 136,131 | 136,131 | - |
| Total financial liabilities | | - | 136,131 | 136,131 | |

### (f) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated to the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate is major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

### (g) Equity price risks

The Company is exposed to equity price risks arising from equity investments. Equity investments are held for strategic rather than trading purposes. The Company does not actively trade these investments. The Company's investments are publicly traded and are included in the ASX 200.

*Equity price sensitivity*
The sensitivity analysis below have been determined based on the exposure to equity price risks at the balance date.

At balance date, if the equity prices had been 5% higher or lower:

- Net profit for the year ended 30 June 2013 would decrease/increase by $ 267,911 (2012: $23,038) as a result of disposal and impairment recorded on available-for-sale financial assets; and
- Other equity reserves would decrease/increase by $ 255,678 (2012: $457,460) as a result of the changes in fair value of available-for-sale financial assets.

# NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30 JUNE 2013

**20. Financial instruments disclosure (continued)**

**(g) Equity price risks (continued)**

The Company's sensitivity to equity prices has not changed significantly from the prior year.

**(h) Fair value of financial instruments**

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2 ); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Company's assets and liabilities measured and recognised at fair value:

| 2013 | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Assets** | | | | |
| Available- for sale financial assets | 5,113,550 | - | - | 5,113,550 |
| | 5,113,550 | - | - | 5,113,550 |

| 2012 | Level 1<br>$ | Level 2<br>$ | Level 3<br>$ | Total<br>$ |
|---|---|---|---|---|
| **Assets** | | | | |
| Available- for sale financial assets | 9,149,200 | - | - | 9,149,200 |
| | 9,149,200 | - | - | 9,149,200 |

The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

**(i) Liquidity Risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS
**FOR THE YEAR ENDED 30 JUNE 2013**

## 21. Cash flow information

| | 2013<br>$ | 2012<br>$ |
|---|---|---|
| Reconciliation of (loss)/profit after income tax to the net cash flows from operations: | | |
| (Loss)/profit from ordinary activities after income tax | (4,281,351) | 2,574,841 |
| Add (less) non cash items:- | | |
| Impairment expense | 5,052,740 | - |
| Depreciation expense | 2,811 | 1,608 |
| Profit on sale of shares in listed entities | (305,479) | (460,765) |
| Gain on disposal of associate | - | (3,726,707) |
| Share of loss of associate | - | 6,807 |
| Changes in assets and liabilities: | | |
| Increase/(decrease) in trade creditors and accruals | (39,667) | 71,978 |
| (Increase)/decrease in sundry receivables and prepayments | 109,276 | (90,760) |
| Decrease in provisions | - | (104,095) |
| (Decrease)/increase in deferred tax liability | (924,376) | 1,062,066 |
| **Net cash flow used in operating activities** | (386,046) | (665,127) |

# DIRECTORS' DECLARATION

In the opinion of the Directors of Oakajee Corporation Limited (the "Company"):

a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
   (i) complying with Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory Australian requirements; and
   (ii) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance for the financial year ended on that date.

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

c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2013.

This declaration is signed in accordance with a resolution of the Board of Directors.

Graham Anderson
Chairman
Perth, 26 September 2013

HLB Mann Judd

Accountants | Business and Financial Advisers

## INDEPENDENT AUDITOR'S REPORT

To the members of Oakajee Corporation Limited

### Report on the Financial Report

We have audited the accompanying financial report of Oakajee Corporation Limited ("the company"), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Oakajee Corporation Limited.

***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 1(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report 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. Those 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 company'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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

***Independence***

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

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**
**Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.**
**Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au**

HLB Mann Judd

Accountants | Business and Financial Advisers

***Auditor's opinion***

In our opinion:

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

   (i) giving a true and fair view of the entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

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

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

**Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. 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 Oakajee Corporation Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

**HLB Mann Judd**
**Chartered Accountants**

**M R W Ohm**
**Partner**

**Perth, Western Australia**
**26 September 2013**

# SHAREHOLDER INFORMATION
# AT 7 OCTOBER 2013

## A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period is contained within the Director's Report.

## B. SHAREHOLDING

1. Substantial Shareholders

The names of the substantial shareholders listed on the company's register:

| Size of Holding | No. Shares | % |
|---|---|---|
| Garry William Thomas | 5,250,000 | 10.29 |
| Dog Meat Pty Ltd <DM A/C> | 3,800,000 | 7.45 |
| Success Concept Investment Ltd | 6,385,085 | 12.52 |
| Asian Star Investments Ltd | 3,200,000 | 6.28 |
| **Total** | **18,635,085** | **36.54** |

2. Number of holders in each class of equity securities and the voting rights attached

There are 376 holders of Ordinary shares. Each shareholder is entitled to one vote per share held.
On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There are no unquoted securities of the Company.

3. Distribution schedule of the number of ordinary holders is.

| Size of Holding | Number of Holders | Shares Held |
|---|---|---|
| 1 - 1,000 | 6 | 2,332 |
| 1,001 - 5,000 | 30 | 110,376 |
| 5,001 - 10,000 | 113 | 1,072,723 |
| 10,001 – 100,000 | 171 | 7,501,034 |
| 100,001 and over | 56 | 42,313,535 |
| **Total** | **376** | **51,000,000** |

4. Marketable Parcel

There are 26 shareholders with less than a marketable parcel.

5. Twenty largest holders of each class of quoted equity security

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds is as follows:

| | **Shareholder** | **No. Shares** | **%** |
|---|---|---|---|
| 1 | Success Concept Investment Ltd | 6,385,085 | 12.520 |
| 2 | Mrs Nancy-Lee Thomas <Thomas Family A/C> | 4,500,000 | 8.824 |
| 3 | Dog Meat Pty Ltd <DM A/C> | 3,800,000 | 7.541 |
| 4 | Nefco Nominees Pty Ltd | 3,627,833 | 7.113 |
| 5 | Asian Star Investments Ltd | 3,200,000 | 6.275 |
| 6 | Dream Bright Nominees Pty Ltd | 2,087,500 | 4.093 |
| 7 | Mr Stephen Frederick Schmedje & Mrs Cornelia Petra Schmedje | 1,827,914 | 3.584 |
| 8 | Malcora Pty Ltd <C & C Ceniviva A/C> | 1,610,000 | 3.157 |
| 9 | Simdilex Pty Ltd <NSD A/C> | 1,600,000 | 3.137 |
| 10 | Mr Bjorn Herluf Jonshagen & Ms Beverley Vickers <B&B's Superfund A/C> | 1,500,000 | 2.941 |
| 11 | HSBC Custody Nominees (Australia) Limited | 1,064,342 | 2.087 |
| 12 | Parabolica Capital Pty Ltd <Tabac A/C> | 815,000 | 1.598 |
| 13 | Mr Richard Anthony De Souza & Mrs Karen Louise De Souza<De Souza Super Fund A/C> | 721,072 | 1.414 |
| 14 | Shalees Pty Ltd <Laucam A/C> | 638,478 | 1.252 |
| 15 | Mrs Suzette May Thomas | 500,000 | 0.980 |
| 16 | Mr Mark Lippi & Mrs Kelly Lippi | 500,000 | 0.980 |
| 17 | Wriston Pty Ltd | 430,000 | 0.843 |
| 18 | Symbol Pty Ltd <Hynes Family No 2 A/C> | 400,000 | 0.784 |
| 19 | Rosa Diana Marisa Di Falco <Cardinals Investments A/C> | 400,000 | 0.784 |
| 20 | Mr Kosta Solomonov | 340,000 | 0.667 |
| | **Total** | **35,947,224** | **70.484** |

## C. OTHER DETAILS

1. Company Secretary

   The name of the company secretary is Graham Anderson.

2. Address and telephone details of the Company's registered and administrative office

   14 Emerald Terrace
   West Perth WA 6005
   Tel: +61 8 9322 2700
   Fax: +61 8 9322 7211
   email: admin@oakajeecorp.com.au

3. Address and telephone details of the office at which a register of securities is kept

   Advanced Share Registry Services
   Unit 2/150 Stirling Highway
   NEDLANDS WA 6009

4. Stock exchange on which the Company's securities are quoted

   The Company's listed equity securities are quoted on the Australian Stock Exchange (ASX: OKJ).

5. Review of Operations

   A review of operations is contained in the Directors' Report.

6. Consistency with business objectives

   The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business objectives.