oakton

19 August 2013

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

Dear Sir

RE: Appendix 4E – Year ended 30 June 2013

Pursuant to listing rule 4.3A attached is appendix 4E.

Yours faithfully

Michael Miers
Company Secretary

Oakton Limited ABN 50 007 028 711
Melbourne *Head office* Level 8 271 Collins Street Melbourne VIC 3000 Australia t +61 3 9617 0200 f +61 3 9621 1951
Sydney Level 3 65 Berry Street North Sydney NSW 2060 Australia t +61 2 9923 9800 f +61 2 9929 6731
Canberra Unit 2 45 Wentworth Avenue Kingston ACT 2604 Australia t +61 2 6230 1997 f +61 2 6230 1919
Brisbane Level 5 200 Mary Street Brisbane QLD 4000 Australia t +61 7 3136 2900 f +61 7 3136 2999
Hyderabad Krishe-e 8-2-293 Plot 499 Road 36 Jubilee Hills 500033 Hyderabad India t +91 40 23552694 VoIP: +61 3 9617 0294

APPENDIX 4E - FINAL REPORT

Lodged with the ASX under listing rule 4.3A

OAKTON LIMITED ABN 50 007 028 711
AND ITS CONTROLLED ENTITIES

Report for the financial year ended 30 June 2013

Previous corresponding period is the financial year ended 30 June 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$000s
Revenues from ordinary activities	down	5.8%	to	$162,428
Profit from ordinary activities after tax attributable to members	down	22.6%	to	$9,156
Net profit for the period attributable to members	down	22.6%	to	$9,156

Dividends	Amount per security	Franked amount per security
Final dividend	4.75 cents	4.75 cents
Interim dividend – paid 22 March 2013	4.75 cents	4.75 cents
Record date for determining entitlements to the final dividend		30 August 2013
Payment date of final dividend		16 September 2013

Statement of Comprehensive Income	Refer to the attached annual report
Statement of Financial Position	Refer to the attached annual report
Statement of Changes in Equity	Refer to the attached annual report
Statement of Cash Flows	Refer to the attached annual report

Dividends paid or payable in the current year

	Date of payment	Amount per share	Total amount of dividend $'000
Final dividend Year ended 30 June 2012	17 September 2012	5.5 cents	$5,045
Interim dividend Year ended 30 June 2013	22 March 2013	4.75 cents	$4,276
Total paid			$9,321
Final dividend Year ended 30 June 2013	16 September 2013	4.75 cents	$4,265

There are no dividend reinvestment plans in operation. All dividends paid and proposed are on ordinary shares and are fully franked at 30% tax rate.

Net tangible assets per security

	Current period	Prior period
Net tangible asset backing per ordinary share	23.6 cents	26.8 cents

Details of entities over which control has been gained or lost during the period	None
Details of associates and joint venture entities	None

Commentary on the results for the period.

Refer attached press release and Chairman and Managing Director’s review included in the attached annual report.

Audit

This Appendix 4E is based on the financial report (attached) for the year ended 30 June 2013 which has been prepared in accordance with Australian Accounting Standards and which has been audited. The financial report is not subject to audit dispute or qualification.

The audit has been completed.

Consulting Technology

oakton

Annual Report 2013

Oakton Annual Report 2013

We're an Australian **consulting** and **technology** firm founded in 1988.

Our business is collaborating with customers to create tangible value, bringing together business insight and technology solutions to give them a distinct advantage in today's rapidly changing world.

How you **think about a problem** is more important than **the problem itself**.

OAKTON LIMITED ABN 50 007 028 711

2013 Highlights

	2013	2012
Revenue ($m)	**162**	171.22
EBITDA ($m)	**14.53**	18.85
NPAT ($m)	**9.16**	11.84
Interim Dividend (c)	**4.75**	5.5
Final Dividend (c)	**4.75**	5.5
Diluted EPS (c)	**10.0**	12.6
Cash ($m)	**6.95**	9.32
Borrowings ($m)	**0**	0

- Revenue $162m (down 6% on the prior corresponding period), EBITDA of $14.53m (down 14% pcp – trading; 23% – reported), NPAT of $9.16m (down 12% pcp – trading; 23% – reported), diluted EPS of 10 cents (down 10% – trading; 21% – reported). Reported PCP includes a once off Tenix insurance recovery of net $2m.
- Final fully franked dividend of 4.75 cents. Total dividend pay-out for the year of 9.5 cents (down from 11 cents pcp). Represents a full year payout ratio of 93% (86% pcp).
- Operating cash flow of $12.7m giving a ratio of operating cash flow to NPAT of 139%. Cash reserves of $6.95m at 30 June 2013 ($9.32m pcp), after allowing for $4.84m ($0.65m pcp) of share buyback to end FY2013.
- Continued share buyback with 4,157,500 (4.43%) of issued shares purchased up to reporting date.
- Ended June 2013 with 1,077 total staff (down 56 total staff pcp). India at 238 staff (up 51 staff pcp).
- Improved 2H FY2013 performance in all locations across most key metrics – margin, utilisation and sales.
- Finished FY2013 with booked and committed revenue at 40% (43% pcp) of FY2014 full year revenue budget which is targeted at a modest increase on the pcp. Backlog into FY2015 and beyond is at $35m ($11m pcp).
- As previously highlighted, FY2013 performance has been materially impacted by difficult trading conditions and a lower than expected performance in the ACT location, primarily caused by a significant slowdown in Federal Government spending.
- Total production effort (outside of the ACT) increased by over 6% reflecting an increase in market share in these locations – despite market being impacted by continuing project delays and deferrals by customers.

About Us

We take complexity

Oakton has been listed on the Australian Stock Exchange since June 2000 and celebrates 25 years of business in 2013. In the last 13 years there have been seven acquisitions and significant organic growth which now sees the company operating in Victoria, NSW, ACT, QLD, WA and Hyderabad (India). Oakton provides consulting and technology services to Federal and State government departments and agencies and leading Australian and international organisations operating within the Australian market, many of which are part of the ASX300 group.

'We continue our transformation to become the leading Australian Services Integration company, and we are leading this thinking and execution to market. The investments we have made in our offshore business, our solution development and our service integration partnerships are now aligning very well with our customers' requirements which continue to change to drive faster, cheaper and more capable IT service delivery. Adapting to a new world is about ensuring our transformation is evolutionary and in step with our customers' changing business requirements.

Neil Wilson, Managing Director and Chief Executive Officer.

We have a specialised focus combining Industry, Domain and Technology expertise which quickly enables us to develop Solutions that meet the specific requirements of our customers. Increasingly these solutions are being delivered to our customers as a combination of our intellectual property and partnerships with cloud based infrastructure and software providers. In many situations this allows the reuse of knowledge and assets that reduce the risk, time-frame and investment required to deliver a successful outcome for our customers.

We see this new world of service integration and solution delivery as fundamental to Oakton's future direction and one we have been positioning for over the last few years.

Inside Oakton there are over 1,000 consultants and technologists employed, professionals with deep expertise, intimate knowledge and specialist skills. How we draw on these experienced-based capabilities amassed over many years in a specialised Industry, Domain and Technology combination is the very foundation of how we create differentiating value for our customers. We are now beginning to see the flow of new revenue streams that are not reliant on people but the fees associated with the provision of infrastructure and software as a service as part of our solutions. This model enables us to grow our revenue without necessarily increasing head count, a model which will enable greater scale and more year on year annuity business.

What is IDT (Industry, Domain and Technology)? IDT is a framework for managing our service catalogue, our skills and experience and our intellectual property that enables repeatability of solutions for our customers. An example of an IDT combination solution is Government (Industry) Enterprise Content Management collaboration solution (Domain – the business activity) and Microsoft SharePoint technology (Technology). This combination is repeatable across multiple Industries. As a result each time it is repeated it becomes enriched, enabling acceleration of the time to deliver and reduction of the risk to deliver.

Oakton is focused on finding the IDT combinations most sought after in the market and establishing a clear brand differentiation for the provision of services in these specialised areas.

and give you

clarity

Solutions

'We have a specialised focus combining Industry, Domain and Technology expertise which quickly enables us to develop Solutions that meet the specific requirements of our customers.'

Industry Coverage

A deep experienced-based understanding of the dynamics, trends and concerns of the customer's specific industry and their vertical market.

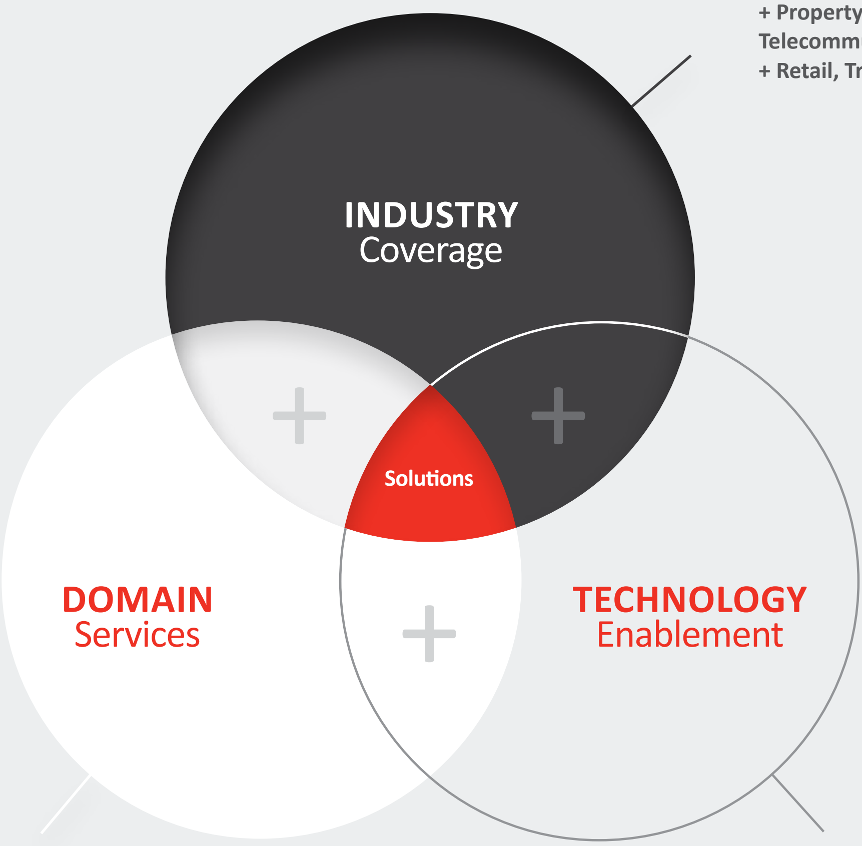
Domain Services

The service being provided to enable the solution across the Consulting, Implementation and Manage Lifecycle.

Technology Enablement

Detailed and in-depth technical knowledge, experience and know-how of the underlying technologies from leading partners that satisfy the requirements for the specific customer engagement.

Government, Education, Healthcare, Financial Services + Insurance, Resources, Utilities, Construction + Property Management, Telecommunications, Wholesale + Retail, Transport + Logistics



CONSULT

Accounting + Assurance, Business Systems Consulting

IMPLEMENT

Project Services, Testing

MANAGE

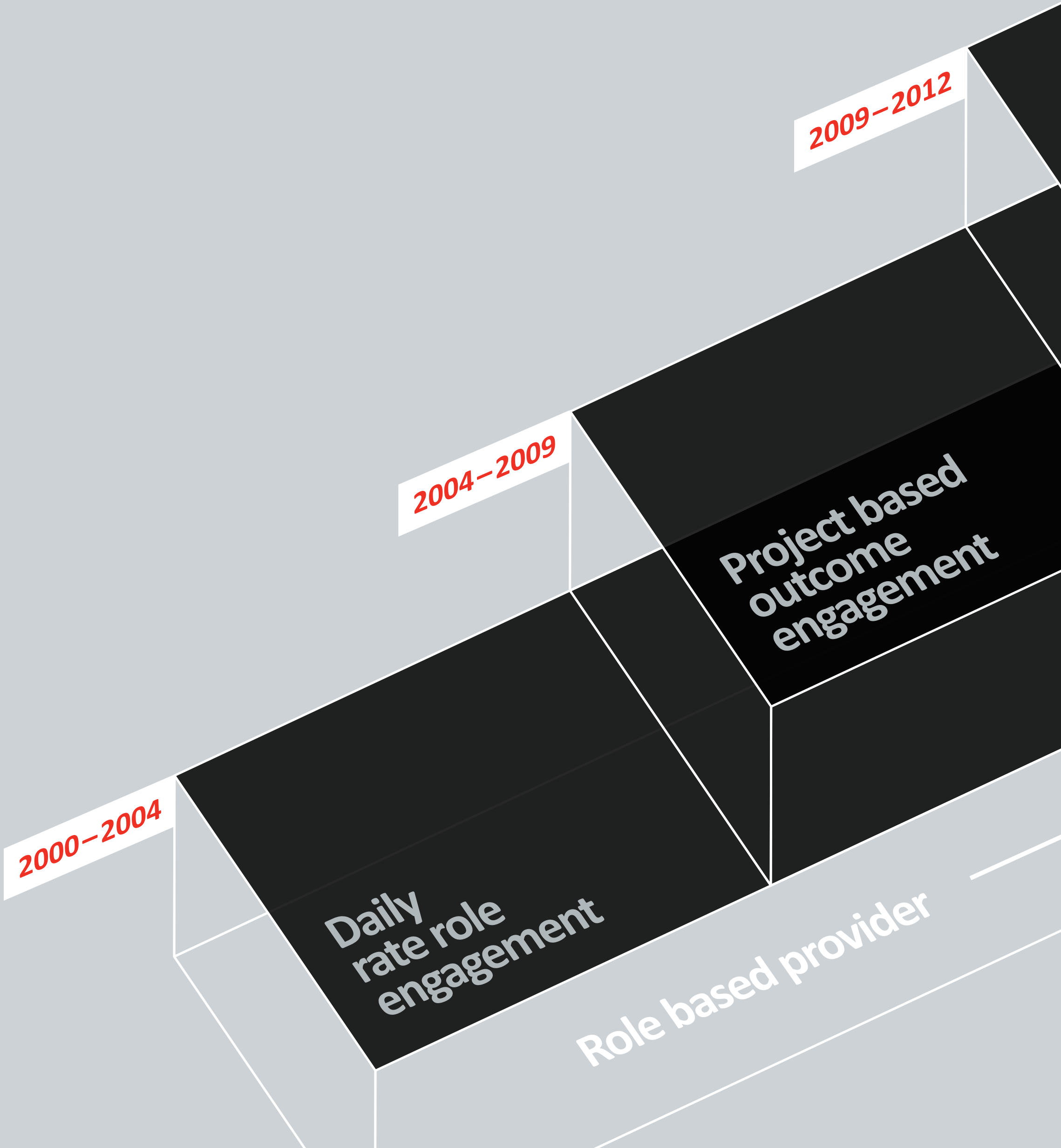
Application/Solution Management, Service Integration

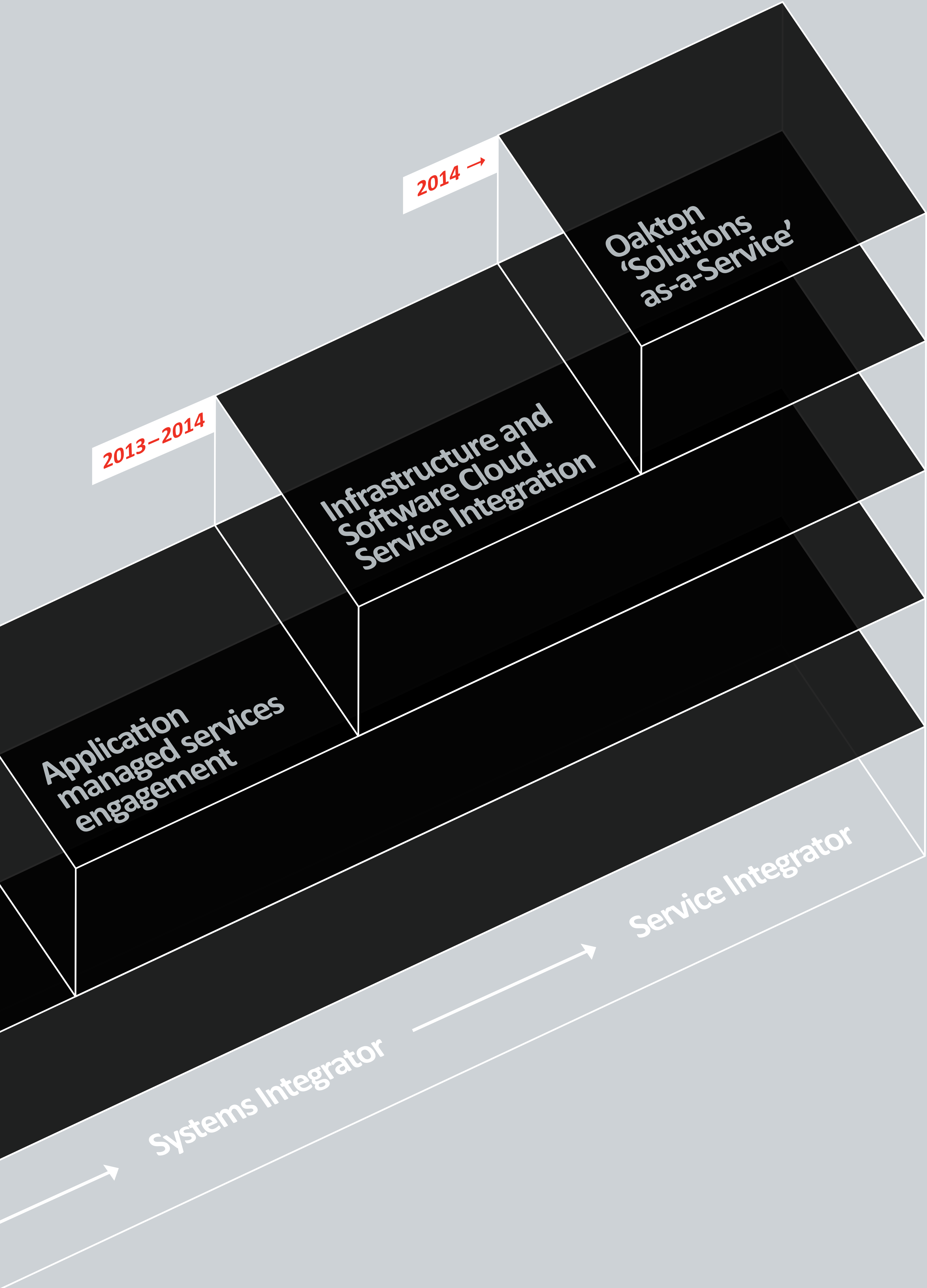
Digital, Online + Integration Services, Information Management, Core Systems (Back Office), Relationship Management (Front Office).

Microsoft, Oracle, Dimension Data, Amazon, SAP, IBM, Emerging Cloud, Software & Infrastructure Providers

The Journey

‘Oakton has continued to transform its business to establish a market position as a provider of specialist consulting and IT services through predominantly outcome and annuity based engagements that are now incorporating cloud based delivery models and enabling us to deliver Oakton’s ‘Solutions as a Service’.’




2014 →
Oakton 'Solutions as-a-Service'
2013–2014
Infrastructure and Software Cloud Service Integration
Application managed services engagement
Service Integrator
Systems Integrator

Showcase Solution: Toll Group

With business units operating in 6 divisions across the globe, Toll wanted a single website that reflected their brand and provided a consistent and cohesive view of Toll's services. With a focus on Toll's customers, it was important to ensure there was easy access to their tracking tools and customer specific applications.

The Thinking

Create one global web presence – 75 different websites into one consistent, global web presence.

The first stage of the project was conducted over a 3 month period and centred on the creation of a business case for the consolidation of the multiple websites across Toll. This stage included analysis of current state, site mock up, recommendations of technology solutions and the design of an ongoing operational model and cost and benefit model.

'We have been focusing on implementing a one Toll view of our Group through a number of activities; the new Web Presence is a key initiative to help deliver the change. Oakton were able to effectively engage with our global stakeholder groups and take the programme from the initial business case phase through to delivery as well as providing ongoing management of the service.'

Andrew Ethell, Group Director Corporate Affairs at Toll.

The Solution

The new site was built using Oracle Web Centre Sites on a cloud based and externally hosted environment.

Oakton designed the site in Australia, then built and tested it in Oakton's Global Technology Service Centre, India.

The new web presence was delivered in less than 12 months and Oakton was awarded the ongoing contract to provide the website service to Toll.

Customer Benefit

Just 15 months after initiating the project, Toll has a single, global website that is on brand and on message. The new content management system is rich with content, images, covers nine different languages and provides the opportunity to cross sell by linking case studies and services from one part of the site to another.

Showcase Solution: ING DIRECT

‘We were particular about choosing the features that mattered most to customers and designing them in a very easy, intuitive way.’

Lisa Claes, Executive Director Distribution at ING DIRECT.

ING DIRECT was faced with the challenge of delivering a market leading mobile banking experience in a secure and responsive way, whilst ensuring its customers have visibility and control over their personal finances.

The Thinking

Partnering with ING DIRECT’s Digital team, Oakton worked with ING DIRECT on architecting a services layered solution to deliver a more robust and responsive mobile banking solution to align to ING DIRECT’s performance requirements.

The Solution

The ING DIRECT app allows customers to view their account balance across all their products before logging in and to transfer money to anyone in Australia with email or SMS notification.

‘The consistent trend in web visits has been around 15% up year on year, but the increase in mobile interactions is significant and proof of the ever-growing consumer demand and comfort to be able to ‘do’ while on the go.’

Executive Director Distribution at ING DIRECT, Lisa Claes.

The uniqueness of the solution implemented by Oakton is in the security and authentication model that was developed. Oakton chose a cutting edge approach using Microsoft Windows Identity Framework for authentication with claims based architecture allowing for the establishment of trust for other services.

The new architecture not only increases performance but also delivers cost effectiveness for ongoing maintenance through the use of a centralised authentication model.

All ING Direct objectives were achieved by Oakton's 'Solutions as a Service' model, a model which allows Oakton to deliver an improved customer experience at a reduced cost aligned to business and consumer needs.

With Oakton’s extensive expertise in security, the new ING DIRECT solution represents a new way of thinking about architectures.

Customer Benefit

ING DIRECT customers now have an easy and intuitive mobile banking app that provides them with visibility and control over their personal finances.

Chairman and Managing Directors Report

We would like to extend our thanks to all the Oakton employees for their hard work, commitment, passion and contribution to our business.

Paul Holyoake, Chairman.

To our fellow owners

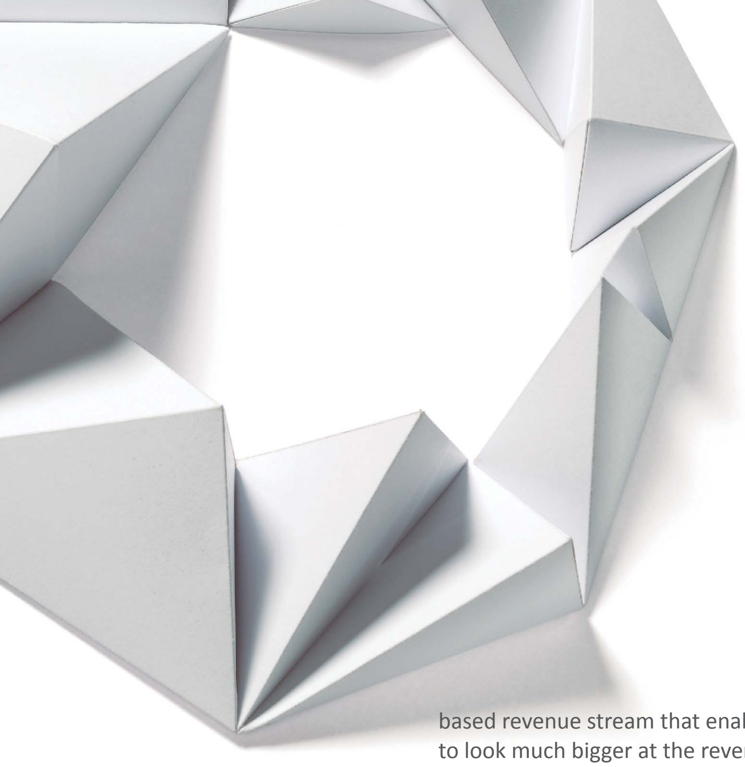
It has been another year of increasing change in our industry. This year we have seen our customers continue to drive a digital agenda as they seek out the returns from online channels and insights from increasing volumes of internal and external data, much of which is now being created by social media platforms such as Facebook and Twitter. Customers no longer wait months for feedback on products and services; they know in days and sometimes in hours how consumers are reacting. The demand for agile, relevant and cost efficient solutions to enable these directions continues to increase and interestingly, the buyers are no longer just the IT departments of government and commercial organisations. As the consumerisation of IT continues its steady ramp, business people running marketing departments, finance departments and business operations expect the same ease of use and access to information within the workplace that they enjoy on their personal smartphone and tablets.

Our response to these directions has not been short term; we have been setting the foundation and transforming our company towards being a more specialised Service Integration provider that has an increasing relevance to our customers' changing business models and demands for contemporary consulting and technology services. We refocused our business model; we repositioned our brand to focus on specialised integration and project-based service and solution outcomes, leveraging our global resourcing model; and we invested in people development programs, new business processes, systems and new partnerships, including cloud based infrastructure and software service providers, required to enable broader service capability. Throughout FY2013 we continued to invest in these operational changes that underpin our plans to deliver improved returns to our customers, employees and shareholders over the medium to long term.

We faced a number of market driven challenges in FY2013, particularly in our ACT operation where demand for services was significantly impacted by the Federal Government's drive for a surplus and uncertainty created by the setting of the date for a Federal Election early in 2013. While the impact from the ACT location performance was material, we were still able to maintain the level of effort provided to customers at the same level as last year and without the ACT we showed 6% growth in effort provided which is a clear measure of market share improvement in very difficult trading conditions across all sectors. The amount of effort is an important performance measure as our transition to more work offshore to meet customer price expectations impacts revenue per head and for a period will impact total revenue and earnings. This year our offshore contribution doubled from 10% to 20% of total production effort and is forecast to be 30% in FY2014. We also saw new revenue streams coming from our cloud based infrastructure and software partnerships. We expect this revenue stream to increasingly offset the reduction in revenue per head resulting from the increased use of offshore resources. These investments we have made in our offshore business and our specialised solutions focus is clearly enabling us to be increasingly relevant with our customers and we are seeing more opportunities in areas that we have not previously engaged and where our proposition is more compelling than our local and global competitors.

We have once again seen a decrease in our financial results, however, we can reconcile much of this with the impact of the downturn in the Federal Government, market trading conditions generally and our continued transition to a blended on and offshore model. We have held the line on continued investment in the transformation of the business and we know that this is required to build the business required now and in the future.

A key highlight for FY2013 was the performance of our new WA office which opened in July 2012. We saw a number of new customer relationships established and we have progressively built awareness of our brand in the WA market. Pleasingly, the backlog of opportunities leading into FY2014 is also strong. The operations of our WA office is in line with our strategy where locally based employees assist the customers with their solution definition, project management and some local delivery with most of the engineering and support work completed offshore. We also won business where our cloud partners provided a non-person



based revenue stream that enabled the location to look much bigger at the revenue line than the local employee count would suggest. This is now the model for our entire customer facing locations; no longer will the growth and market share of the specific location be based on the change in local employee numbers.

‘We want to thank our shareholders for the continued confidence and support and our customers for their loyalty and support.

Finally we would like to express our appreciation of the efforts of our fellow directors over the past 12 months. We look forward to working with them and the Oakton management team as we address the opportunities that will arise in FY2014.’

Paul Holyoake, Executive Chairman.

The business remains debt free holding a cash balance of nearly $7m at year end after spending over $4m on share buyback during FY2013. Accordingly, the company has been able to maintain a strong dividend payout ratio and has declared a fully franked final dividend of 4.75 cents per share, taking the full year dividend to 9.5 cents per share.

Our Industry, Domain and Technology model allows us to use our expertise, knowledge and processes as an integrated and specialised set of services and solutions that enable customer successes through lower risk engagement and increased return on their investment. Together with some of the leading software vendors such as Microsoft, Oracle, SAP, Salesforce and IBM we are delivering enterprise-based solutions utilising the full spectrum of Oakton’s consulting and technology expertise. We position ourselves as a partner with deep and intimate knowledge of a customers’ industry sector, coupled with the complementary ability to turn that knowledge into company-specific operational and management processes and systems supporting online capability, information management and core system enablement, and

Paul Holyoake
Executive Chairman

Neil Wilson
Managing Director

based on an extensive understanding of leading edge technologies. We assist customers with the planning, the implementation and the ongoing management of their solutions in a similar way to the architect, the builder and the maintenance services within the building industry.

Our specialisation allows us to be clear about the outcomes expected and to apply proven techniques to deliver new capability for our customers within the timeframes and investment parameters that have been established.

We are very comfortable we have our strategy right in this area and are pleased we have made much of the investment required to reposition the business for the future.

Our customer base is diverse and spread across a range of government and commercial industry sectors and geographies – of note is our increased focus on the resources sector on the back of our successful entry into the WA market during FY2013. We are seeing good levels of demand in a number of sectors, in particular:

- Financial services;
- Property and Construction;
- Transport and Logistics; and
- Resources.

We continue to support many of our customers to enable their digital presence via online channels and increased connection with social media platforms. We have illustrated two specific examples of a showcase solution – the Toll ‘Web Presence’ project and the ING Mobile Banking platform solution which are representative of the future style of contemporary solutions.

It is the mix of Oakton’s Industry, Domain and Technology skill sets and solutions that we have focussed on in order to increase opportunities to maximise value. We believe this is a key competitive advantage. Get it right and we grow customer satisfaction and customer references, lower risk, drive repeat business, obtain higher margins and improved profitability.

Location Update

Victoria

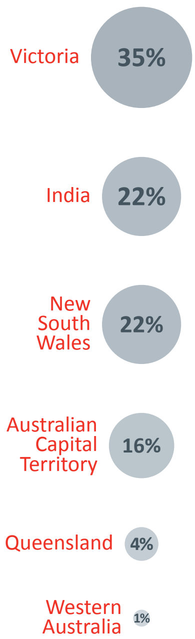
The Victorian market was quite flat during FY2013 with our customers and prospects shifting their investment focus from traditional areas of spend to customer centric and cost focussed initiatives. The Victorian Government also had unusually low investment levels during FY2013.

A significant trend that has strongly emerged is our increased engagement with business side customers in addition to Technology customers, more than has historically been the case.

We have found that the Domains of digital, information and service integration were areas of increasing demand, offsetting some erosion in traditional service offers. Further, the nature of the engagements evolved to more of an outcome or service orientation.

'A key highlight for FY2013 was the performance of our new WA office which opened in July 2012. We saw a number of new customer relationships established and we have progressively built awareness of our brand in the WA market.'

Staff by Location (1,077)



We finished FY2013 with a very solid second half sales performance which has provided an improved backlog position for the start of FY2014. Through FY2013 we secured a number of key strategic long term assignments and also a large number of new customers – typically through leveraging existing I-D-T solutions to differentiate ourselves from our competitors.

Employee retention continued to improve during FY2013 and our business in Victoria has also taken the opportunity to up-skill within a somewhat softer labour market in some key domains and technologies that are areas of high current and emerging customer demand.

In summary, we expect the trends in investment focus identified above to continue in FY2014 and therefore plan to grow our market share in Victoria based on further tailoring and adapting our I-D-T solutions and services to the requirements of enterprise customers in the Victorian marketplace.

New South Wales

Market conditions have remained challenging with a number of delayed customer projects, cost management initiatives at customers and general market uncertainty. We have seen an ongoing trend of offshoring and customers transitioning their IT environments to cloud computing.

The approach we've taken is to drive for market share by continuing to build relationships with our existing customers and engage more with new customers. The NSW office is also moving location from North Sydney to the CBD which will bring better proximity to many of our key customers.

We started a transition this year in terms of a forward looking portfolio that has capability in digital solutions, customer relationship management, cloud services integration, core business systems and information management. We increased our level of production hours this year with a strong increase in offshoring and managed to win our way competitively into a number of new customers (over 30) as part of our expansion plans.

The transition of our business lines is seeing a shift in pipeline towards service integration and managed services which builds for a stronger future. The short term focus is to maintain the profitability of the existing business while positioning for the future.

ACT

The ACT office experienced very tight market conditions in FY2013, with demand for services across the Board down approximately 35% from the previous year due to restricted Government spending across all Departments and Authorities. This has impacted our ACT Operations and overall result significantly.

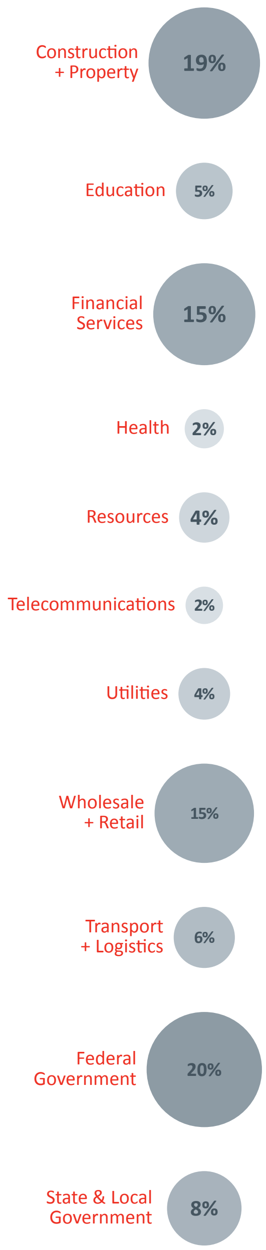
Nevertheless, we have continued the transformation of our business in the ACT to a Consulting and Services Integration business that is now well positioned to take advantage of increased activity in the ACT market by increasing our investment in new personnel, and leveraging solutions that have been delivered in other Australian locations that can be applied in the Federal Government market.

Whilst we expect the ACT market to be flat at best for at least the first half of FY2014, we believe the market will offer increased opportunity in the areas of digital solutions, cloud solutions as a service and information management, as well as our traditional consulting services in internal audit, financial management and business consulting.

Our last quarter of FY2013 showed an improvement over the previous 3 quarters in sales and utilisation and we have entered the new financial year with a slightly improved backlog position.

The ACT market still presents significant short term challenges for the company, but our strategy for increased acquisition of market share, and leveraging existing Solutions as a Service is in line with Federal Government emerging policies in these areas.

FY2013 Industry Sector Revenue Contribution



Queensland

In FY2013 the Queensland market was extremely challenged due to the change in government in early 2012. Government spending for IT Projects, short and long term business initiatives, and contracts scheduled to be let, were put on hold from the 30th June 2012 as the new government led an extensive audit review of their IT operations and priorities. 12 months on from this we are still seeing subdued government buying patterns but some signs are emerging that targeted expenditure on specific programs are now being proceeded with as government looks to resume spending and meet pent up demand. We expect FY2014 government spending for IT services to increase, and we are well positioned to service this demand with online, information management and outsourced managed services expecting to be the areas of growth.

The commercial sector held up reasonably well in FY2013 to offset reduced demand in the government however as commodity prices have softened we are seeing this sector look to reduce spending into FY2014, and lower its cost base from previously high levels over the past few years. This presents some short term rate challenges but also the opportunity to win market share using a combination of onsite and offshore assets which provide savings for our customers. Having grown our market position modestly in a difficult year, we look forward to a growth year in FY2014, as our established reputation and value proposition gives us a unique positioning relative to our competitors.

Western Australia

The market that has previously been heavily influenced from the capital intensive activities of the Mining and Resources sector is experiencing a shift in spending from fuelling expansion to a focus on operational efficiency and capital preservation.

State Government has recently announced planned redundancies and has instigated a series of cost reforms that will impact most agency operating budgets.

The Higher Education sector is rapidly transforming to maintain the attractiveness/competitiveness of their institutions to candidates with the use of advanced technologies and contemporary service models.

All of these conditions present a great opportunity for Oakton to offer innovative thinking utilising our I-D-T model and leveraging our offshore assets as a differentiator in the market. We have now proven our capability to secure and implement a world class 'support and operate' model for a complex International mining organisation that forms the foundation of our location growth plans.

We have made significant investments in building our local capabilities and are well positioned to capitalise on changing market conditions.

India Operations

Our office in Hyderabad India experienced substantial growth in FY2013; both in terms of overall head count, improved utilisation and the percentage of overall business that was delivered from the location, which was more than double from the previous financial year. Much of this growth was driven by the growth in our on shore, annuity based, managed services business. Both the team and effort contributing to this service doubled in FY2013. In addition to this, larger components of projects are being completed by our offshore team than ever before. The India location also achieved a high employee engagement score which contributed to the employee turnover remaining well below the company and industry average.

This is a powerful and differentiating service model which continues to be a key component of our supply chain in delivering value to our customers and supporting our business. We draw on the optimum mix of our local and overseas expertise, skills, knowledge and capabilities to deliver and deploy projects more quickly and more cost effectively than otherwise achievable domestically.

We are seeing customers with a heightened awareness and willingness to consider a range of multi- sourced models that deliver competitive results because we can offer our customers' access to increasingly scarce resources with deeper specialist capability at a better price point than our domestic competitors.

Directors

Paul Holyoake
B Eng Mech (Hons), MEngSci, GradDipCompSci (Melb)

Executive Chairman

Paul, as a founder of Oakton, delivered the drive and business pragmatism to grow a start-up company into a profitable enterprise. Paul was appointed Executive Chairman in July 2005 and at that time stepped away from the day-to-day activities of Oakton to focus on strategic initiatives. Paul has been an integral part of the success and growth of Oakton since listing. Paul has a proven ability to detect the direction of technology and to align the business focus accordingly. Paul has been involved in the information technology sector since 1980, and worked for a robotics company and CRA (now Rio Tinto) prior to founding Oakton in 1988.

Neil Wilson
B Bus (Accounting) (MIS), CPA

Managing Director and Chief Executive Officer

Neil was appointed Managing Director and Chief Executive Officer of Oakton in July 2005. From October 2002 until June 2005, Neil was the Chief Operating Officer of Oakton. Neil became a Director of Oakton in November 2000, when Charter Wilson and Associates Pty Ltd (a company he had founded in 1997) was acquired by Oakton. Prior to this Neil held a number of senior IT positions with Coles Myer. In his role as Oakton's Chief Executive Officer, Neil plays a key role in communicating with the investment community and regularly presents on behalf of Oakton at industry forums and investment seminars. He drives the business planning process and is key to the setting of strategy for the company. He manages the day to day operations of the business and maintains active relationships with key customers.

Chris Gillies
FAICD

Non-executive Director

Chris has more than 30 years experience in the Information Technology industry. She is a full time Non-Executive Director focusing on IT governance. Her background includes executive appointments with St George Bank, as Group Executive Integration and Group Executive Group Services, Chief Information Officer for the Bank of Melbourne and Director of DMR Victoria. Chris chairs board IT committees for Centrelink and UCMS and is an advisor to the Bendigo Bank board IT committee. In addition, Chris has a wide range of consulting experience in mergers and acquisitions and in designing and implementing major change programs.

Anthony Larkin
FCPA, FAICD

Non-executive Director

Tony had a successful career with BHP spanning 39 years, during which he held various senior finance executive roles including General Manager Accounting, General Manager Finance BHP Minerals, and Corporate Treasurer. While employed by BHP, he was seconded to the role of Chief Finance Officer with Fosters Brewing Group for 4 years. In 1998 Tony was appointed to the position of Executive Director Finance with Orica Limited from which he retired in 2002.

Martin Adams
BEngMech(Hons) FAICD

Non-executive Director

Martin was a founder of Lochard, an Australian headquartered company operating globally, which under his leadership as Chairman and CEO grew to become the world leader in environmental monitoring systems and services for the aviation industry.

In 2009, Martin sold Lochard to the UK listed company Spectris and continues to work with the new organisation. Martin holds a number of directorships and chairs several technology companies in Australia and North America.

Martin is Chairman of the Australian American Leadership Dialogue, a bilateral bipartisan NGO which brings together leaders from the public and private sector from Australia and USA, and Chairman of the University of Melbourne's Accelarator Program (MAP) Advisory board.

He was awarded the E&Y National Entrepreneur of the Year for Technology, Communications, E-commerce and Life Sciences in 2002.

Michael Miers
B Ec, FCPA

Company Secretary

Michael was appointed Company Secretary in March 2003. Joining Oakton in 2001, he was the Group’s Chief Financial Officer until June 2008. As a member of the senior executive he provides key support to the governance of the Company. Prior to joining Oakton, Michael was Head of Finance & Planning at Bank of Melbourne. Michael has more than 25 years experience in the financial services industry, holding senior finance roles in the retail banking, merchant banking and stockbroking sectors.

Our Leadership Group

Belinda Bacon

Belinda recently joined the Oakton team after a variety of roles in sectors including the Non-for Profit, On Line Advertising and Retail.

Belinda leads Oakton's human resources and cultural initiatives focussed on strengthening employee engagement and operational efficiency.

Belinda has spent over 10 years within the Coles Myer group in a variety of Retail Management, Buying Operations and Human Resource roles. She then joined what was then the small online advertising company of realestate.com.au, (REA Group) leading the HR function during 7.5 years of high growth. She built HR from a greenfield site to a function supporting multi countries.

Her most recent role was with the Not-For-Profit Save the Children Australia Pacific heading up the HR Function, with a focus on imbedding Risk Management and building commercial acumen and transforming the business.

Bob Peebles

Bob was appointed to the role of Executive General Manager ACT, in February 2013. He is responsible for all of Oakton's operations in the ACT.

Bob has 30 years' experience in the IT Sector, and has a strong focus on Sales and Marketing, Customer engagement, and delivering Business outcomes.

Bob joined Oakton in 2002 as a result of the acquisition of Tier Technologies. Prior to joining Oakton, Bob held senior positions at Tier Technologies, Infact, and the Commonwealth Public service.

Since joining Oakton, Bob has held various positions including Victorian Sales Director, National Sales and Marketing General Manager, and Partner Enablement and Solutions General Manager.

Steve McNally

Steve McNally joined Oakton in 2012 as the Executive General Manager for Western Australia having previously been the State Director for Microsoft and State Manager for global systems integrator Dimension Data.

Steve has over 20 years' experience in the IT industry building and managing high performance teams that consistently achieve their objectives from start-ups to global IT vendors.

His role is to continue the expansions of Oakton's presence in a relatively new market with the delivery of exceptional customer service through the industry's best consultants.

Paul Voges
BSc (Computer Science)

Paul came to Oakton in October 2012 as the Executive General Manager of NSW. Paul is responsible for all Oakton's growth, profitability and the operation of the NSW business with 300 of the best consultants in the Australian market. His role is to ensure that customers and Oakton achieve success through an environment that continues to attract the very best talent, elite alliance partners and the finest opportunities.

Paul has worked in the IT industry for over 17 years and has held previous roles at Salesforce and Microsoft Australia, with key responsibilities including leading large sales teams with direct and indirect channels, managing consulting businesses and leading divisions covering enterprise through to SMB market segments across Australia and New Zealand.

Dennis Papakyriakopoulos
B Sc (Computing)

Dennis was appointed Vice President of Oakton GTSCI (India) in April 2009 and is responsible for all aspects of the performance of Oakton's operations in our offshore facility in Hyderabad. He was recently appointed Executive General Manager of Group Services, a newly formed function, with the responsibility of driving efficiency and effectiveness in our supply chain through the consolidation of Oakton's offshore and national delivery capability and the increasing support for provision of service integration services provided from cloud based infrastructure and software providers. The Group Service function will also provide support for the ongoing development of Oakton solutions and the increasing support for internal administrative functions.

Dennis has more than 25 years' experience in the IT industry, and has a strong focus on delivery and leading high performance teams in delivering value to customers through the application of information technology services.

John Phillips
BAcc, CA, MAICD

John, a Chartered Accountant, was appointed to the position of Chief Financial Officer in July 2008 after being General Manager of Oakton's Victorian operations and National Consulting. Prior to this John held the position of Chief Executive Officer at Acumen Alliance from August 2006, and at the same time was Managing Director of Acumen's Victorian Office. He has more than 30 years' experience in financial administration and management, governance and accountability and has consulted extensively in these areas to a range of corporate and government agencies. John specialises in advice to Senior Executives on governance, financial and risk management, investments strategies, project management, information optimisation and overall business strategy. John is a member of the Loreto Mandeville Hall Council and was previously Joint Vice Chairman of the Melbourne Football Club and a Council member for William Angliss TAFE.

Bruce Minahan
BSurv (Melb)

Bruce was appointed to the role of Executive General Manager for Victoria in November 2010. Bruce is responsible for all business development and delivery in the Victorian location. Prior to this Bruce had a national operational role having previously held the Victorian General Manager role for a number of years. Bruce has been with Oakton since 1997.

Bruce has more than 25 years' experience in IT services. Prior to joining Oakton, Bruce held IT positions with Anderson Consulting, Hitachi Data Systems, Fujitsu, ICL and the Victorian State Government and has a strong focus on delivering business value through the well-managed application of information technology.

Simon Williams
BSc (Computer Science/ Accounting)

In late 2005, after establishing Oakton's mid-market Package Solutions offering across Victoria and New South Wales, Simon was appointed Executive General Manager Queensland and moved to Brisbane to establish Oakton's Queensland office. Simon joined Oakton through the acquisition of Aston IT Group in 2003, where he was the Practice manager focused on ERP and CRM business solutions.

Corporate Governance Statement 2013

Oakton Limited and its controlled entities

Listing rule 4.10.3 requires that Oakton discloses the extent to which it has followed the recommendations of the ASX Corporate Governance Council ('Council') during the 2013 financial year. There are 8 principles reported on below. Each principle includes one or more recommendations as well as a guide to reporting.

Principle 1 – Lay solid foundations for management and oversight

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

The Oakton Board retains responsibility for the following items:

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

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

- managing performance of the business and its constituent units and managers;
- implementing the strategies, business plans and budgets adopted by the Board;
- ensuring that the business processes in relation to risk management and assurance are met; and
- ensuring compliance with applicable laws and regulations.
- approving capital expenditure (except aquisitions)

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

In the 2013 financial year, executives including executive directors who have operational responsibilities within their area of control were evaluated against the approved budgets and key performance indicators which were approved by the Board in the annual budget and planning process. Reviews with each senior executive are performed annually.

Principle 2 – Structure of the board to add value

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

For three months of the 2013 financial year the Board comprised four non-executive directors and two executive directors. For the remainder of the year and currently, it comprises three non-executive directors and two executive directors. All the non-executive directors are considered independent by the Board under the definitions provided in the Council's recommendations. This recommendation has been complied with for the entire 2013 financial year.

Recommendation 2.2 The chair should be an independent director.

During the 2013 financial year, the chairman of the Board of Directors was Paul Holyoake. He is not considered to be independent under the Council's definition as he held an executive position within the three prior financial years and continues to do so. He is also a substantial shareholder. This recommendation has not been complied with during the 2013 financial year.

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

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

Recommendation 2.4 The Board should establish a nomination committee.

The Remuneration and Nomination Committee holds the delegated authority to nominate and assess candidates for the Board.

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

During the 2012 financial year, the Board commissioned an independent review covering composition, subcommittee structure, meeting frequency, Board paper composition and other related matters. Recommendations from this independent review have been implemented. In addition, the Board undertakes an annual self assessment process, the results of which are reviewed by the Chairman and presented to the Board for consideration.

Principle 3 – Promote ethical and responsible decision making

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

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

The Oakton Human Resources manual and procedures ensure that:

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

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

The Company has established a Code of Conduct.

A copy of the Oakton Securities Trading Policy and the Code of Conduct is available on the Oakton website at www.oakton.com.au/investors/governance.

Recommendation 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Oakton Board adopted a policy on diversity in July 2011. Oakton is committed to:

- attracting, developing and retaining our employees to ensure business growth and performance;
- ensuring that every employee is treated fairly and with respect;
- valuing differences and the contribution of all employees to business success;
- creating an environment where people can excel without encountering bias or being hampered by race, age, gender, lifestyle choices, religion, culture or disability; and
- ensuring all employees and applicants are treated and evaluated according to their job-related skills, qualifications, abilities and aptitudes only.

The Oakton Diversity Statement can be found on our website at www.oakton.com.au/investors/governance.

Recommendation 3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

The Executive Team, under the direction of the Chief Executive Officer, drives diversity and inclusivity within our business. We are proud of our culturally and ethnically diverse workforce. We will continue to focus on all aspects of diversity with our initial focus to improve our gender diversity. To demonstrate our commitment in this area the Board had adopted the following diversity measures for the 2013 financial year:

- Maintain current proportion of women on the Oakton Board – Achieved;
- Increase the number of female managers from 17% to a minimum 20%. Women account for 21% of management positions; and
- Formalise FAB (Females Achieving Business) as a proactive network to assist women to develop skills to deal with a "mostly male" environment and championed by one of the female board members – The FAB Network is well established across our operating locations.

Recommendation 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

As at 30 June 2013 the proportion of women employees is 25% of the total workforce, 13% of senior executive positions and 20% of the Board.

Principle 4 – Safeguard integrity of financial reporting

Recommendation 4.1 The Board should establish an audit committee.

The Audit Committee was established in June 2000 when the company became a listed company. Within Oakton, the committee is called the Audit and Risk Committee.

The main objectives of the Audit and Risk Committee are:

a. to assist the Board achieve its objectives in relation to:
- the integrity and reliability of the consolidated entity's financial reporting;
- the application of accounting principles, policies, controls and procedures;
- the adequacy of practices and procedures in respect of achieving legal and regulatory compliance; and
- the effectiveness of internal control and risk management systems.

b. maintain and improve the quality, credibility and objectivity of the financial reporting process;
c. promote a culture of compliance;
d. maintain effective communication between the Board and the Committee;
e. oversee the relationship with the external auditor and assess the auditor's independence; and
f. monitor compliance strategies and the effectiveness of the compliance function.

Corporate Governance Statement 2013 continued

Oakton Limited and its controlled entities

The responsibilities of the Audit and Risk Committee are in the areas of external financial reporting, external audit, risk management and internal control and other items as noted in its charter.

Additionally, the Audit and Risk Committee is responsible for:

- assessing and recommending to the Board the scope, cover and cost of insurance, including insurance relating to directors and officers liability, company reimbursement, professional indemnity, crime and special accident;
- if it considers appropriate, investigating any complaint or allegation made to it;
- reviewing and monitoring any transaction between the Oakton group and the key management personnel and their personally-related entities, and making recommendations to the Board on their approval or otherwise; and
- monitoring that the audit, risk management and compliance policies and procedures are adequately documented and that those documents are reviewed and updated for any legal and regulatory developments.

The Committee has adopted a program of work which enables it to discharge its responsibilities under the Charter. The full charter is available on the Oakton website at www.oakton.com.au/investors/governance.

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

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

During the 2013 financial year, the members of the Audit and Risk Committee were:

- Anthony Larkin (an independent, non-executive director), Chairman of the Committee;
- Chris Gillies (an independent, non-executive director);
- Martin Adams (an independent, non-executive director) appointed 21st November 2012; and
- Gordon Hughes (an independent, non-executive director) resigned 21st November 2012.

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

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

The Audit and Risk Committee has a formal operating charter. A copy of the charter is available on the Oakton website at www.oakton.com.au/investors/governance. In addition to the Charter, the Committee has adopted a program of work for each year.

Principle 5 – Make timely and balanced disclosure

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

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

Principle 6 – Respect the rights of shareholders

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

Communications to shareholders:

The Board has developed an annual investor relations communications plan:

- The annual report is published electronically on the Oakton website. A printed copy of the annual report is distributed to shareholders or other stakeholders upon request. The Board ensures that the annual report includes relevant information about the operation of the Company during the year, changes in the state of affairs of the Company and details of future developments, in addition to the other disclosures required by the Corporations Act. The annual report is the primary source of publically available information on Oakton;
- The half-year report contains summarised financial information and a review of the operations of the Company during the period. The half-year financial report is prepared in accordance with the Corporations Act, and is lodged with the Australian Securities and Investments Commission and the Australian Stock Exchange (ASX); and
- The Company's website at www.oakton.com.au is regularly updated and provides details of recent material announcements by the Company to the ASX, annual reports, and general information on the Company and its business.

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

The Board reviews the investor relations communication plan in April of each year.

Principle 7 – Recognise and manage risk

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

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

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

Risk management is part of the business as usual process at Oakton comprising a system of risk oversight, management and internal controls operating at all levels of the organisation.

Oakton's policy in relation to risk management outlines:

- definition of risk;
- identification of material business risk; and
- reporting on the status of mitigating actions.

Oakton's risk management policy defines risk as any adverse exposure to events that could affect Oakton's ability to discharge its responsibilities to its stakeholders and/or meet its objectives.

Risks are rated on two scales reflecting the probability of occurrence and the impact which are then rated on a scale of impact to Oakton's reputation and/or financial performance to provide a matrix of the material business risks that Oakton manages.

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

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

A process exists to report risk at different operational levels from business unit through to the Board. Material operational and strategic risks are reported monthly to the Board. Risks are aligned to Oakton business plan domains enabling direct linking of risk mitigation action plans with the business plan initiatives and/or existing operational functions. This focuses risk ownership at the executive level, who periodically report to the Audit and Risk Committee on the status of their risk portfolio.

The effectiveness of the risk management process is assessed periodically and continually improved.

In addition, as part of Oakton's delivery of risk mitigation, the Company is ISO 9001 certified and externally audited bi-annually to maintain this certification.

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

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

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

This recommendation was complied with during the 2013 financial year.

Corporate Governance Statement 2013 continued

Oakton Limited and its controlled entities

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1 The Board should establish a remuneration committee.

The Remuneration Committee was established in June 2000 when the company became a listed company. Within Oakton, the committee is called the Remuneration and Nomination Committee.

Recommendation 8.2 The remuneration committee should be structured so that it:

- **consists of a majority of independent directors**
- **is chaired by an independent chair**
- **has at least three members.**

During the 2013 financial year, the members of the Remuneration and Nomination Committee were:

- Chris Gillies (an independent, non-executive director), Chairperson of the Committee;
- Anthony Larkin (an independent non-executive director);
- Martin Adams (an independent non-executive director), appointed 21st November 2012; and
- Gordon Hughes (an independent non-executive director), retired 21st November 2012;

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

The Remuneration and Nomination Committee has authority for nomination of candidates to the Board and management of the Oakton Limited Equity Incentive Plan.

The Remuneration and Nomination Committee Charter was formally adopted in May 2006 and is reviewed periodically.

Recommendation 8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

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

- remuneration;
- the term of appointment, subject to shareholder approval;
- the expectation of the Board in relation to attending and preparing for all Board Meetings;
- procedures for dealing with conflicts of interest; and
- the availability of independent professional advice.

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

Non-executive directors do not receive at risk remuneration.

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

Specific details of remuneration paid and incentive arrangements are detailed in the Remuneration Report set out on pages 25 to 38.

Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of Oakton Limited ABN 50 007 028 711 and the entities it controlled, for the financial year ended 30 June 2013 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

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

- Paul Holyoake (Executive Chairman);
- Neil Wilson (Managing Director & Chief Executive Officer);
- Chris Gillies;
- Gordon Hughes (retired 21 November 2012);
- Anthony Larkin; and
- Martin Adams (appointed 4 September 2012).

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

Company Secretary

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

- Michael Miers

Principal activities

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

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

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

Results

The consolidated profit after income tax attributable to the members of Oakton Limited was $9,156,130 (2012: $11,836,623).

Review of operations

Details of the operations of Oakton Limited during the year, the financial position and the strategies and prospects for future years can be found in the Chairman and Managing Director's Review found on pages 8 to 11 which forms part of this Directors' Report.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

After balance date events

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

Likely developments

Likely developments, future prospects and business strategies of the operations of the consolidated entity are detailed in the Chairman and Managing Director's Review on pages 8 to 11.

Environmental regulation

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

Dividends paid, recommended and declared

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

	2013 $'000	*2012 $'000*
a. Dividends paid during the year		
Previous year final A fully franked dividend of 5.5 cents per share was paid on 17 September 2012 (2012: 5.0 cents paid on 30 September 2011)	**5,045**	4,690
Current year interim A fully franked dividend of 4.75 cents per share was paid on 22 March 2013 (2012: 5.5 cents paid on 27 April 2012)	**4,276**	5,159
	9,321	9,849
b. Dividends declared and not paid		
After the end of the financial year, the Directors declared a fully franked dividend of 4.75 cents per share to be paid on 16 September 2013. This dividend, calculated on the number of shares on issue at the date of this report, is not provided for in the financial report.	**4,265**	5,045

Share Buy-back

On 20 March 2012 the Company announced that it would undertake an on-market share buy-back of up to a maximum number of 10% of the issued capital of the Company and intended to buy back shares in the period 3 April 2012 to 2 April 2013 (inclusive) or earlier if the maximum number of shares was bought back prior to that date. This buy-back was finalised on 26 March 2013 and on that date the Company announced a further buy-back in the period 9 April 2013 to 8 April 2014 (inclusive) on the same terms and conditions.

The Company reserves the right to suspend or terminate the buy-back at any time. Details of the number and value of shares bought back for the period ended 30 June 2013 are disclosed in Note 15.

Share options

There were no options issued by Oakton Limited during or since the end of the financial year. Unissued shares under option and performance rights issued during the year are detailed in Note 15(d). All options are over ordinary shares in the company. No option holder has any right under the options to participate in any other share issue of the company.

Directors' Report continued

Performance Rights

Performance rights issued by Oakton Limited during or since the end of the financial year are detailed in Notes 15(d) and 22 in the attached financial report. The details of rights granted to Directors and executives are detailed in the Remuneration Report on pages 25 to 38. All rights are over ordinary shares in the company. No rights holder has any right under the rights to participate in any other share issue of the company.

Indemnification and insurance of Directors and Officers

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

Proceedings on behalf of the Consolidated Entity

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

Information on Directors and Company Secretary

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

Paul Holyoake BEngMech(Hons), MEngSci, Grad Dip CompSci (Melb)	**Executive Chairman** Appointed as a director on 12 July 1988. Last re-elected at the 2011 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2013.
Neil Wilson BBus (Accounting) (MIS), CPA	**Managing Director and Chief Executive Officer** Appointed as a director on 17 November 2000. Last re-elected at 2003 AGM. As Managing Director, he is not subject to rotation and re-election. No other directorships of listed companies were held at any time during the three years prior to 30 June 2013.
Chris Gillies FAICD	**Independent Director** Appointed as a director on 11 June 2003. Chairperson of the Remuneration and Nomination Committee. Member of the Audit and Risk Committee. Last re-elected at 2010 AGM. Previous directorships in listed companies in the prior 3 years: Corporate Express Australia Ltd (July 2005 to July 2010) and Rabinov Property Trust (from December 2010 to November 2011).
Gordon Hughes LLB (Hons), LLM, PhD	**Independent Director** Appointed as a director on 7 April 2000. Member of the Audit and Risk Committee. Member of the Remuneration and Nomination Committee from August 2011. Last re-elected at 2009 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2013. Retired as a director and as a member of the Audit and Risk Committee and the Remuneration and Nomination Committee on 21 November 2012.
Anthony Larkin FCPA, FAICD	**Independent Director** Appointed as a director on 2 September 2009. Chairman of the Audit and Risk Committee since his appointment. Member of the Remuneration and Nomination Committee. Last re-elected at the 2012 AGM. Other listed company directorships: Incitec Pivot Ltd (since May 2003) and MMG Limited (formerly Minmetal Resources Ltd, listed on Hong Kong Stock Exchange). Previous directorships in listed companies in the prior 3 years: Corporate Express Australia Ltd (July 2004 to July 2010), Eyecare Partners Limited (August 2007 to January 2010).
Martin Adams BEngMech(Hons), FAICD	**Independent Director** Appointed as a director on 4 September 2012. Member of the Audit and Risk Committee and Remuneration and Nomination Committee since his appointment. Last elected at the 2012 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2013.
Michael Miers BEc, FCPA	**Company Secretary** Appointed Company Secretary in March 2003.

For details of the experience of continuing directors, refer to profiles on pages 12 to 13.

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

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

Directors' meetings

The number of meetings of the Board of Directors and of each Board Committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		*Audit and Risk Committee*		*Remuneration and Nomination Committee*	
	Eligible to attend	*Attended*	*Eligible to attend*	*Attended*	*Eligible to attend*	*Attended*
Paul Holyoake	12	12	0	0	0	0
Neil Wilson	12	12	0	0	0	0
Chris Gillies	12	12	4	4	2	2
Gordon Hughes	6	6	1	1	1	1
Anthony Larkin	12	12	4	4	2	2
Martin Adams	9	9	3	3	2	2

Directors' Interests in Shares, Options or Rights

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

	Ordinary shares of Oakton Limited held directly	*Ordinary shares of Oakton Limited held indirectly*	*Rights over shares in Oakton Limited held directly*
Paul Holyoake	–	8,000,000	–
Neil Wilson	2,195,000	5,000	557,995
Chris Gillies	–	26,000	–
Gordon Hughes	–	–	–
Anthony Larkin	–	–	–
Martin Adams	–	74,757	–

Directors' interests in contracts

Transactions with Directors are at arms-length and in the ordinary course of business on normal trading terms. The consolidated entity leases premises owned by Davkat Holdings Pty Ltd (entity related to Paul Holyoake). During FY2013 the company paid $207,941 (FY2012 $218,145) in respect of lease rental for the premises. There were no other transactions with Directors or their personally related entities during FY2013.

Directors' interests in contracts are disclosed in Note 24(b) to the financial statements.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report.

Non-audit services

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

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

	2013 $'000	*2012 $'000*
Corporate secretarial services	**8**	6

Rounding of amounts

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

Directors' Report continued

Message from the Board

Dear Shareholder,

We are pleased to present the Oakton Remuneration Report for the financial year ended 30 June 2013 (FY2013).

The key characteristics of the senior executive remuneration framework are summarised below, including a summary of key remuneration outcomes for the FY2013 year.

Executive remuneration framework	▶ The executive remuneration framework seeks to align with market and shareholders' expectations, and to reflect well governed remuneration practices. ▶ A significant portion of executive remuneration is to be performance-based and clearly aligned with annual and longer-term objectives.
Fixed/total remuneration	▶ Oakton's policy is to position the Managing Director's/Chief Executive Officer's (MD/CEO's) fixed remuneration at the market median of a comparator group of companies of a similar size based on market capitalization. For other Executives, reference is made to industry specific salary surveys. Fixed Remuneration may range between 85-115% of market rates for comparable roles, depending on the employee's competence and sustained performance in their role. It is the Company's intention to position total remuneration (fixed, short term incentive (STI) and long term incentive (LTI)) at the 75th percentile of the same peer group of companies to encourage a culture of out-performance. ▶ A decision has been made to maintain the freeze on executives' fixed remuneration while the transition to remuneration mixes that more closely align with market practices continues.
Short-term incentives (STI)	▶ An annual cash incentive is available to employees who participate in the STI plan and who achieve relevant metrics. ▶ During FY2013 the MD/CEO had a target STI opportunity of 26% of fixed remuneration, and other members of the executive team had an STI opportunity of between 15% – 30% of fixed remuneration. The Board has the discretion to adjust STI payments downwards in light of unexpected or unintended circumstances. ▶ Before any STIs are paid, a base level of financial performance must be achieved. For FY2013, no STI was payable unless the Company's financial performance had reached 95% of the annual financial objectives, regardless of the performance achieved for other metrics. STI metrics are weighted 50% towards financial metrics and 50% towards non-financial metrics. The metrics for FY2013 related to key initiatives in the areas of delivering financial performance, increasing employee engagement, increased customer satisfaction and delivery of increased returns to shareholders (through quality of earnings and revenue growth). Executives are also assessed on the achievement of individual performance objectives, which are weighted on specific key areas depending on the employee's role and Oakton's business plan for the year. ▶ The STI pool metrics are assessed and calibrated annually to ensure that potential incentive outcomes align with the interests of shareholders. ▶ During FY2013, the Company's financial performance fell below threshold requirements, and consequently no STI was paid to any Executive, notwithstanding that other metrics may have been achieved.
Long-term incentives (LTI)	▶ The LTI plan, approved by shareholders at the FY2011 annual general meeting, provides flexibility to the Board to make annual LTI grants of Options, Performance Rights and/or Share Appreciation Rights, with vesting subject to market aligned performance hurdles. ▶ Oakton also engaged Ernst & Young in the prior year to benchmark the remuneration package of the MD/CEO. This exercise identified that the LTI component of the MD/CEO's existing remuneration was low compared to the market. As such, a grant of Performance Rights, equivalent to 28% of total remuneration, was made to the MD/CEO during FY2013 to place a larger portion of the remuneration package at risk. ▶ The grant of Performance Rights made to the MD/CEO has a performance period of 3 years such that no vesting occurs until the third anniversary of grant date. The Performance Rights vest subject to achievement of a relative Total Shareholder Return ('TSR') (50% weighting) and absolute Earnings per Share ('EPS') (50% weighting) performance hurdles. Relative TSR performance will be assessed against a peer group comprised of the ASX 300 (excluding financial services, infrastructure funds and mining/property/manufacturing companies). Absolute EPS requires that a minimum 10% compound annual growth rate is achieved. ▶ Performance Rights were issued to executives with identical vesting conditions to those of the MD/CEO.
Non-executive Director (NED) fees	▶ For FY2013, the Company increased NED fees by $5,000 (including superannuation). ▶ Additionally for FY2013, the Company has paid additional committee fees to Chairs of committees in recognition of the additional time and commitment required in undertaking such a role. Chairs of committees will receive $10,000 (including superannuation) in addition to their NED fees.

We welcome on-going feedback from our shareholders to further enhance both the structure and transparency of our remuneration arrangements.

Paul Holyoake
Executive Chairman

Chris Gillies
Chair of Remuneration and Nomination Committee

Audited Remuneration Report (forming part of the Directors' Report)

This remuneration report sets out remuneration information for Oakton's non-executive directors, executive directors and other key management personnel ("KMP").

The report is comprised of the following key sections:

a. Who this report covers
b. Remuneration governance
c. Executive remuneration policy and framework
d. Use of remuneration consultants
e. Link between performance and remuneration outcomes
f. Non-executive director remuneration framework
g. Details of remuneration
h. Service agreements
i. Details of share-based compensation and bonuses
j. Voting and comments made at the Oakton's 2012 Annual General Meeting
k. Other KMP Disclosures

a. Who this report covers

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

Directors	*Position*
Paul Holyoake	Executive Chairman
Neil Wilson	Managing Director and Chief Executive Officer
Chris Gillies	Independent, Non-executive Director
Gordon Hughes	Independent, Non-executive Director (retired on 21 November 2012)
Anthony Larkin	Independent, Non-executive Director
Martin Adams	Independent, Non-executive Director (appointed on 4 September 2012)

The key management personnel of the consolidated entity for the financial year are:

Key management personnel	*Position*
John Phillips	Chief Financial Officer
Karen Lowe	Executive General Manager, Organisational Capability

Changes since the end of the reporting period

There were no changes to directors disclosed in this report since 30 June 2013. Karen Lowe has resigned effective from 1 August 2013.

b. Remuneration governance

The Remuneration and Nomination Committee is a committee of the Board. It is responsible for making recommendations to the Board on remuneration policies and remuneration packages of the executive directors.

Subject to review by the Remuneration and Nomination Committee, the MD/CEO determines the remuneration of the KMP.

c. Executive remuneration policy and framework

Oakton aims to provide market competitive and equitable remuneration to attract, motivate and retain highly skilled people who will drive the successful execution of our business strategy and deliver positive outcomes to our stakeholders.

The executive remuneration structure aims to deliver a significant portion of remuneration that is dependent on annual business performance and long-term shareholder value, ensuring alignment between the business' success and an individual's reward. It provides incentives to encourage employee commitment, innovation and creativity in their contribution to the business.

Oakton uses an industry-based remuneration benchmarking process which aims to position executive fixed remuneration at a level that reflects the market for a comparable role. In addition to fixed remuneration, incentive remuneration is offered and provides the opportunity to increase total remuneration payable if targets are met. Comparable roles for benchmarking purposes are identified within the Australian Information Industry Association survey and/or other relevant salary surveys.

Directors' Report continued

It is the Company's policy to position fixed remuneration for the MD/CEO at the median of a comparator group comprising 20 companies of a similar size based on market capitalisation. Fixed remuneration for other executives is determined with reference to industry specific salary surveys to enable like-for-like comparison. The Company aims to provide total remuneration (fixed remuneration (FR), STI and LTI) for executives at the 75th percentile of the relevant comparator group. Fixed remuneration may range between 85%-115% of market rates for comparable roles, depending on the employee's competence and sustained performance in their role. Employees in new roles will typically be positioned around the lower end of the band. As employees develop the capabilities required for their role, fixed remuneration should move towards the upper end of the range. However, these are merely guidelines and the Company acknowledges that fixed remuneration levels for individual executives may be positioned outside these bands, depending on the experience of the incumbent, market pressures and business needs.

A significant portion of remuneration is performance-based and clearly aligned with annual and longer-term objectives. The desired target remuneration mix for the MD/CEO of 50:20:30 (FR:STI:LTI), and 50:30:20 for other executives.

The MD/CEO and executives' fixed remuneration has been frozen to enable a transition to the desired remuneration mix. The rate of transition has been impacted by low wages growth and the current state of the economy. In light of these circumstances it has been decided to continue the freeze on executives' fixed remuneration.

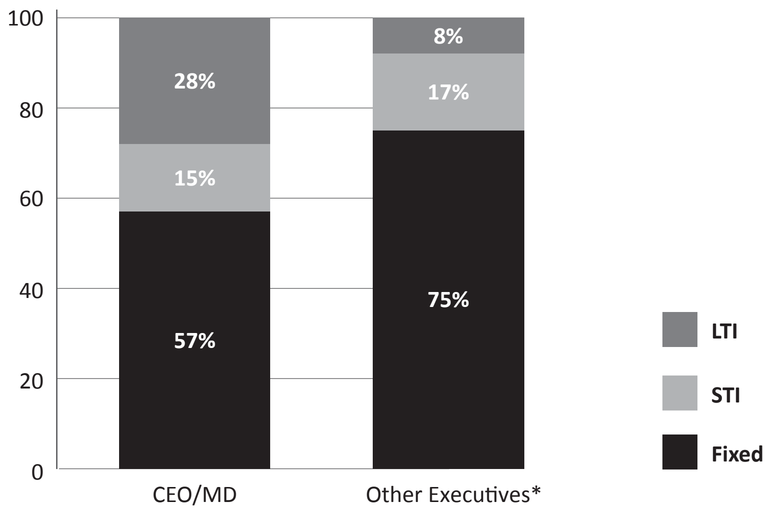
Remuneration mixes

In 2011 the Chairman of the Remuneration and Nomination Committee commissioned Ernst & Young to provide a report which specifically covered the MD/CEO's total remuneration (comprised of FR, STI and LTI) and to benchmark it against current market remuneration levels. Two comparator groups were used in the benchmarking review, those being 20 companies with market capitalisations ranking above and below Oakton, and an industry group of 6 specifically selected peer companies from the ASX 300 Information Technology Index that are most similar to Oakton's business and operations.

Ernst & Young's report noted that the MD/CEO's total remuneration was between the median and 75th percentile of the market capitalization comparator group, but that the LTI component of the MD/CEO's existing remuneration was low when compared to the market, and that the FR component was high. The remuneration mix (FR:STI:LTI) of the market capitalization comparator group was 47:19:34. The Board has determined that the target remuneration mix for the MD/CEO should be 50:20:30, with fixed remuneration positioned at the market median, and total remuneration at the 75th percentile in order to encourage out-performance.

The Remuneration and Nominations Committee formulated a transition plan to migrate the MD/CEO's remuneration arrangements to the desired target remuneration level and mix. For the first year of the transition, commencing on 1 July 2011, the MD/CEO's remuneration mix was set at 60:16:24 and for the second year 57:15:28 as part of this plan, the fixed remuneration for the MD/CEO of $750,000 had been frozen for a minimum of two years. The Remuneration and Nomination Committee determined that the current market conditions are delaying the transition to the target remuneration mix. Consequently the Board decided to continue the freeze on the fixed remuneration of the MD/CEO for FY2014.

In accordance with the Company's objective to ensure that executive remuneration is aligned to company performance, a significant portion of executives' target remuneration is "at risk". The relative proportion of target FY2013 total remuneration packages split between fixed remuneration, target STI opportunity and target LTI opportunity is shown below:



* Average target remuneration mix of Other Executives

Fixed remuneration

The remuneration packages for executives contain a fixed component that is not dependent on business performance. Fixed remuneration pays staff for their agreed base performance, job competencies and expectations within a role, and generally consists of base salary, benefits, and superannuation. The company pays superannuation at the required superannuation guarantee rate. Salary sacrificed contributions are paid into an accumulated benefit type fund and therefore there are no future liabilities in respect of these payments.

Apart from retirement benefits which accrue under statute (such as unpaid annual leave, long service leave and superannuation benefits), there are no retirement benefits for executive directors and key management personnel. If required by law, or to protect commercial or competitive rights, amounts may be paid on termination.

There are no guaranteed fixed remuneration increases included in any executives' contracts.

Short-term incentives ("STI")

STIs are offered to motivate staff to achieve a common set of short-term organisational goals, and provide additional incentives where pre-determined objectives ("metrics") are achieved. The metrics are derived from the business plan and budget (which are approved by the Board) and are cascaded throughout the Company. The metrics for the financial year related to key initiatives in the areas of delivering financial performance, increasing employee engagement, increased customer satisfaction and delivery of increased returns to shareholders (through quality of earnings and revenue growth).

The target STI opportunity for each employee is expressed as a fixed percentage of fixed remuneration. The MD/CEO has a target STI opportunity of 26% of fixed remuneration, and other members of the executive team had an STI opportunity between 15% – 30% of fixed remuneration. STI targets are reviewed annually as part of the annual remuneration benchmarking process. The total quantum of the STI Pool is determined by the aggregation of the individual participants' STI opportunity.

The Board is responsible for assessing whether the key performance objectives are met. Assessment of financial performance is based on figures contained within the audited financial statements. Achievement of non-financial metrics is determined by the Board. Additionally, the Board has the discretion to adjust STIs downwards in light of unexpected or unintended circumstances.

Before any STIs are paid out, a base level of financial performance must be achieved. That is, the Company assesses its ability to pay out incentives before considering employees' performance against personal key performance indicators (KPIs). For FY2013, no STI was payable unless the company met at least 95% of the annual financial objective (for FY2013, this was earnings before interest, taxation, depreciation and amortisation (EBITDA)). 50% of the STI Pool was available between 95% and 99.9% of EBITDA achievement. At 100% EBITDA 100% of the STI Pool is available and where over-achievement occurred, STI would have increased on a linear basis until 125% of the EBITDA target (see table below).

KPIs are weighted 50% towards financial metrics and 50% towards non-financial metrics to ensure that the STI plan is mainly self-funded.

STI Pool Value								
% of Financial Target achieved	**90.0%**	**95.0%**	**99.9%**	**100.0%**	**110.0%**	**120.0%**	**125.0%**	**130.0%**
FY2013: % of STI Pool made available for distribution	0.0%	50.0%	50.0%	100.0%	110.0%	120.0%	125.0%	125.0%

Executives are also assessed on the achievement of individual performance objectives, which are weighted on specific key areas depending on the employee's role and the Company's business plan for the year. An individual's performance objectives are aligned with the strategic plan of the business and cascade down from the objectives of the MD/CEO. They include:

- Financial targets – EBITDA, utilisation, overhead costs;
- Customer satisfaction;
- Employee engagement – Staff satisfaction, attrition rates; and
- Quality of Earnings – Gross margin, project delivery, offshore delivery.

The metrics and STI outcomes in relation to FY2013 were as follows:

	Metric	***Performance achieved[1]***	***Target short term incentive***	***STI Paid or payable for FY2013***
Neil Wilson (MD/CEO)	Business Plan Objectives	Non-financial objectives achieved	$200,000 (26% of fixed remuneration)	Nil
Karen Lowe (Executive GM, Organisational Capability)	Business Plan Objectives	Non-financial objectives achieved	$67,598 (19% of fixed remuneration)	Nil
John Phillips (CFO)	Business Plan Objectives	Non-financial objectives achieved	$63,735 (19% of fixed remuneration)	Nil

1. For FY2013, the Company's financial performance was less than the level required to generate a short term incentive pool. Individuals may have achieved their individual objectives however no STI will be paid.

Directors' Report continued

Long-term incentives ("LTI")

Carefully designed, performance-linked, equity plans are widely considered to be very effective in providing long-term incentives to staff while aligning incentive outcomes with the interests of shareholders. They are also recognised as being an effective means of attracting and retaining staff by providing them with the opportunity to participate in the creation of a valuable personal asset – a financial stake in the company on a performance tensioned 'at risk' basis.

The LTI plan gives the Company the flexibility to grant Options, Performance Rights and/or Share Appreciation Rights (Awards), and the Shareholders' approved the implementation of this new LTI plan at the annual general meeting held on 5 October 2011.

The Board believes that the grant of Awards under the Plan to eligible participants will underpin the Company's employment strategy, and will:

- maximise the retention of members of the management team and other key operational staff;
- enable the Company to attract quality staff in the future;
- link the reward of key staff with the achievements of strategic goals and the long term performance objectives of the Company; and
- provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

During the financial year, LTI grants were made to the MD/CEO and other KMP. Performance Rights were determined to be the most appropriate vehicle as it is one of the most prevalent equity instruments currently used by companies in the market. Performance Rights are also simple in nature and are easily understood by employees as well as by Shareholders. By issuing Performance Rights, employees are better able to perceive the value obtained from Performance Rights (ie. conversion of one right equates to one share in the Company), resulting in better alignment with shareholders' interests.

Relative Total Shareholder Return ('TSR') and absolute Diluted Earnings per Share ('EPS') have been chosen as appropriate performance measures and are both commonly used by companies in the ASX100. Further, the use of both a relative and absolute measure ensures that the Company focuses on external and internal performance.

The grant of Performance Rights will vest 50% based on relative TSR performance, and 50% based on absolute EPS performance.

Relative TSR measures the return received by Shareholders from holding shares in the company over the three-year performance period and rewards rights holders where the Company outperforms its peers. For the FY2013 grant, performance is assessed against the performance of companies in the ASX300 (excluding financial services, infrastructure funds and mining/property/manufacturing companies).

Absolute EPS measures the portion of a company's profit allocated to each outstanding ordinary share and serves as an indicator of a company's profitability. It is a well-accepted measure of financial performance, is highly visible in the financial statements and its measurement is prescribed by the Accounting Standards. An absolute EPS measure (as opposed to a relative EPS measure) takes into account factors that are unique to a company that other comparator companies may not share.

The details of the performance rights issued during the year are:

Percentage of grant subject to each vesting criteria	*Performance period[1]*	*Vesting criteria*	*Performance outcome*	*Vesting outcome*
50%	3 years	Relative Total Shareholder Return Performance[2]	▶ <50th percentile ▶ 50th percentile ▶ 50th to 75th percentiles ▶ >75th percentile	▶ Nil ▶ 50% ▶ 50% to 100% (linear) ▶ 100%
50%	3 years	Compound Annual Diluted Earnings per Share growth[3]	▶ <10% ▶ 10% ▶ 10% to 15% ▶ >15%	▶ Nil ▶ 50% ▶ 50% to 100% (linear) ▶ 100%

1. Performance will be tested over a period of 3 years to ensure that sustainable shareholder growth has been created and is in line with current market practice.
2. Relative TSR measures the return received by Shareholders from holding shares in the company over the three-year performance period and rewards the MD/CEO where the Company outperforms its peers. For the FY2013 grant, performance will be assessed against the performance of companies in the ASX300 (excluding financial services, infrastructure funds and mining/property/manufacturing companies).
3. Absolute EPS measures the portion of a company's profit allocated to each outstanding ordinary share and serves as an indicator of a company's profitability. An absolute EPS measure (as opposed to a relative EPS measure) takes into account factors that are unique to a company that other comparator companies may not share.

Note that irrespective of relative TSR and absolute EPS performance achieved for the performance period, no Performance Rights will vest if the employee does not remain employed with the group at the third anniversary of the grant date.

d. Use of remuneration consultants

No remuneration consultants were engaged during FY2013 however in prior years remuneration consultants were engaged as noted in the FY2012 remuneration report.

e. Link between performance and remuneration outcomes

The remuneration framework detailed above has been tailored with the objective of attracting and retaining the highest calibre staff who contribute to the success of Oakton, while maintaining alignment between Company performance and individual rewards. The remuneration policies seek a balance between the interests of stakeholders (customers, shareholders and staff) and competitive market remuneration levels.

Performance measure	*2013*	*2012*	*2011*	*2010*	*2009*
Net profit (change from prior year) (%)	**(22.6)**	(9.7)	(35.2)	41.9	(48.4)
Dividends paid per share (fully franked) (cents)	**10.25**	10.5	7.5	4.0	12.8
Diluted earnings per share (cents)	**10.0**	12.6	14.0	21.8	15.9
Total Shareholder return[1]	**13.2%**	(44.7%)	(9.8%)	14.0%	(29.8%)
STI paid to KMP[2]	**$–**	$–	$–	$315,000	$20,000

1. Total shareholder return is measured as a combination of share price movements and dividend yield over the applicable finacial year
2. No STI will be paid to executives in FY2013

The redesigned LTI plan incorporating the vesting conditions of TSR performance and EPS growth further enhances the link between performance and reward.

f. Non-executive director remuneration framework

The aggregate remuneration paid to non-executive directors (NED) is capped at $300,000 and was approved by shareholders in 2000. The Remuneration and Nomination Committee is responsible for making recommendations to the Board on the remuneration applicable to non-executive directors. Non-executive directors' remuneration may reflect the additional tasks that they may undertake from time to time. There are no termination benefits for non-executive directors.

Non-executive directors do not receive any performance-based remuneration.

Effective from 1 July 2012 committee fees will be paid to NEDs who chair a committee in recognition of the additional time and commitment required in undertaking such a role. Committee fees of $10,000 per annum were paid to the chairs of the Audit & Risk Committee and the Remuneration & Nomination Committee during the current financial year. The Chairman is not eligible for committee fees.

Superannuation contributions made by the Company meet the minimum level of superannuation contributions required under any applicable legislation to avoid any penalty, charge, tax or impost.

The following fees have applied in FY2013:

Base fees	
Chair	$nil
Other non-executive directors	$65,000
Additional fees (from 1 July 2012)	
Audit & Risk Committee Chair	$10,000
Remuneration & Nomination Committee Chair	$10,000

Directors' Report continued

g. Details of remuneration

Directors' remuneration

The following tables show details of the remuneration received or receivable by the directors of the Board for the current and previous financial year:

				Short term	*Post-employment*		*Long-term employee benefits*		*Total*
2013	***Salary fees***	***Cash bonus***	***Non-monetary***	***Other short-term benefits[1]***	***Super***	***Term -ination benefits***	***Performance rights[2]***	***Other long-term employee benefits[3]***	
Paul Holyoake	**500,000**	**–**	**–**	**22,165**	**25,000**	**–**	**–**	**8,715**	**555,880**
Neil Wilson	**725,000**	**–**	**–**	**15,139**	**25,000**	**–**	**70,639**	**12,450**	**848,228**
Chris Gillies	**68,807**	**–**	**–**	**–**	**6,193**	**–**	**–**	**–**	**75,000**
Gordon Hughes	**25,000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**25,000**
Anthony Larkin	**68,807**	**–**	**–**	**–**	**6,193**	**–**	**–**	**–**	**75,000**
Martin Adams[4]	**54,166**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**54,166**
	1,441,780	**–**	**–**	**37,304**	**62,386**	**–**	**70,639**	**21,165**	**1,633,274**
2012									
Paul Holyoake	475,000	–	–	–	50,000	–	–	8,739	533,739
Neil Wilson	700,000	–	–	(3,538)	50,000	–	–	12,484	758,946
Chris Gillies	64,404	–	–	–	5,796	–	–	–	70,200
Gordon Hughes	60,000	–	–	–	–	–	–	–	60,000
Anthony Larkin	55,046	–	–	–	4,954	–	–	–	60,000
	1,354,450	–	–	(3,538)	110,750	–	–	21,223	1,482,885

1. The economic entity provides salary continuance insurance for all staff including executive directors. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person. Other short-term benefits is the increase/ (decrease) in annual leave accrual from the prior year.
2. In accordance with the remuneration policy described above, options and performance rights granted as remuneration are subject to performance based and service vesting criteria. The percentage value of each person's remuneration that consists of options is shown on page 35. Options and performance rights granted as remuneration are valued in accordance with AASB 2 Share-based payments. The inputs to the valuation model are detailed at Note 22. No options previously granted as remuneration have lapsed during the year.
3. Other long-term benefits relate to long service leave accrued during the year.
4. Martin Adams was appointed as a Non-executive Director on 4 September 2012.

KMP remuneration

The following tables show details of the remuneration received or receivable by KMP for the current and previous financial year.

				Short term	Post-employment		Long-term employee benefits		Total
2013	**Salary fees**	**Cash bonus**	**Non-monetary**	**Other short-term benefits[1]**	**Super**	**Term -ination benefits**	**Share based payments[2]**	**Other long-term employee benefits[3]**	
John Phillips	**333,158**	**–**	**–**	**2,704**	**17,670**	**–**	**25,493**	**5,483**	**384,508**
Karen Lowe	**280,123**	**–**	**–**	**(4,155)**	**30,216**	**–**	**8,597**	**5,810**	**320,591**
	613,281	**–**	**–**	**(1,451)**	**47,886**	**–**	**34,090**	**11,293**	**705,099**
2012									
John Phillips	338,331	–	–	(10,456)	16,975	–	11,723	5,498	362,071
Karen Lowe	293,269	–	–	(4,008)	50,000	–	19,399	5,826	364,486
	631,600	–	–	(14,464)	66,975	–	31,122	11,324	726,557

1. The economic entity provides salary continuance insurance for all staff including executive directors. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person. Other short-term benefits is the increase/ (decrease) in annual leave accrual from the prior year.
2. In accordance with the remuneration policy described above, options and performance rights granted as remuneration are subject to continuing service with the company. The percentage value of each person's remuneration that consists of options and performance rights is shown on page 35. Options and performance rights granted as remuneration are valued in accordance with AASB 2 Share-based payments. The Inputs to the valuation models are detailed at Note 22. Options and performance rights are equity-settled share based transactions.
3. Other long-term benefits relate to long service leave accrued during the year.

Commentary on bonuses and share-based payments

No short term incentives will be paid in relation to the 2013 financial year as the threshold Company financial targets were not met.

Directors' Report continued

h. Service agreements

The executive directors and key management personnel are employed under a contract detailing their remuneration, service period and non-competition clauses. All executive directors and key management personnel are employed on a continuing basis, the terms of which are not expected to change in the immediate future.

The contracts have notice periods which range up to six months to allow appropriate transition.

Contracts can be terminated by Oakton at will in cases of severe misconduct or breach of contract.

Contract Terms	*Duration*	*Notice Period*	*Termination Payments*
Paul Holyoake (Executive Chairman)	Ongoing	6 months	Payment in lieu if notice period not worked
Neil Wilson (MD/CEO)	Ongoing	6 months	Payment in lieu if notice period not worked
Karen Lowe (Executive GM, Organisational Capability)	Ongoing	6 months	Payment in lieu if notice period not worked
John Phillips (CFO)	Ongoing	3 months	Payment in lieu if notice period not worked

i. Details of share-based compensation and bonuses

Details of performance rights issued, with service vesting conditions, to KMP are disclosed below. No options were granted to any KMP during the financial year.

Additionally, as approved by shareholders at the 2012 Annual General Meeting, 407,995 performance rights were issued to Neil Wilson, MD/CEO. These performance rights are subject to the performance vesting conditions which are set out on page 28.

Share Based Compensation: Granted and vested during the year

									Terms and conditions for each grant
2013	***Type***	***Vested number***	***Granted Number***	***Grant date***	***Value per unit at grant date***	***Exercise Price***	***Expiry date***	***First exercise date***	***Last Exercise date***
Directors									
Paul Holyoake	–	–	–	–	–	–	–	–	–
Neil Wilson	**Performance Rights**	**Nil**	**407,995**	**21/11/2012**	**$0.86**	**Nil**	**21/11/2016**	**30/06/2015**	**21/11/2016**
Chris Gillies	–	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–	–	–	–
Martin Adams[1]	–	–	–	–	–	–	–	–	–
Key Management Personnel									
John Phillips	**Performance Rights**	**Nil**	**42,118**	**01/07/2012**	**$0.74**	–	**01/07/2016**	**30/06/2015**	**01/07/2016**
Karen Lowe	**Performance Rights**	**Nil**	–	–	–	–	–	–	–
		–	**450,113**						

1. There is no prior year comparative data for Martin Adams as he was appointed as a director on 4 September 2012.

2012									
Directors									
Paul Holyoake	–	–	–	–	–	–	–	–	–
Neil Wilson	Performance Rights	Nil	300,000	05/10/2011	$1.00	Nil	05/10/2015	30/06/2014	05/10/2015
Chris Gillies	–	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–	–	–	–
Key Management Personnel									
John Phillips	Performance Rights	Nil	27,750	31/01/2012	$1.05	–	31/01/2016	31/01/2015	31/01/2016
Karen Lowe	Performance Rights	Nil	32,750	31/01/2012	$1.05	–	31/01/2016	31/01/2015	31/01/2016
		–	360,500						

Directors' Report continued

Share based instruments granted as remuneration that have been granted, exercised or lapsed during the financial year

2013	*Type*	*1 July 2012 $*	*Value Granted $*	*Value Exercised $*	*Value Lapsed $*	*30 June 2013 $*
Directors						
Paul Holyoake	–	–	–	–	–	–
Neil Wilson	**Performance Rights**	**300,000**	**350,000**	–	**(150,000)[1]**	**500,000**
Chris Gillies	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–
Martin Adams[2]	–	–	–	–	–	–
Key Management Personnel						
Karen Lowe	**Options**	–	–	–	–	–
	Performance Rights	**34,388**	–	–	–	**34,388**
John Phillips	**Options**	**29,788**	–	–	–	**29,788**
	Performance Rights	**29,138**	**31,167**	–	–	**60,305**
		393,314	**381,167**	–	**(150,000)**	**624,481**

1. Performance Rights lapsed due to EPS vesting condition not achieved
2. There is no prior year comparative data for Martin Adams as he was appointed as a director on 4 September 2012.

2012	*Type*	*1 July 2011 $*	*Value Granted $*	*Value Exercised $*	*Value Lapsed $*	*30 June 2012 $*
Directors						
Paul Holyoake	–	–	–	–	–	–
Neil Wilson	Performance Rights	–	300,000	–	–	300,000
Chris Gillies	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–
Key Management Personnel						
Karen Lowe	Options	42,288	–	–	(42,288)	–
	Performance Rights	–	34,388	–	–	34,388
John Phillips	Options	44,448	–	–	(14,660)	29,788
	Performance Rights	–	29,138	–	–	29,138
		86,736	363,526	–	(56,948)	393,314

Remuneration as share based instruments and share based instruments with no performance criteria.

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

2013	*% of remuneration related to performance criteria*	*% of remuneration from share based instruments*	*Share based instruments not related to performance*
Directors			
Paul Holyoake	**–**	**–**	**–**
Neil Wilson	**8.33%**	**8.33%**	**–**
Chris Gillies	**–**	**–**	**–**
Gordon Hughes	**–**	**–**	**–**
Anthony Larkin	**–**	**–**	**–**
Martin Adams	**–**	**–**	**–**
Key Management Personnel			
John Phillips	**3.52%**	**6.63%**	**27,750 Performance rights**
Karen Lowe	**–**	**2.68%**	**32,750 Performance rights**

2012			
Directors			
Paul Holyoake	–	–	–
Neil Wilson	–	–	–
Chris Gillies	–	–	–
Gordon Hughes	–	–	–
Anthony Larkin	–	–	–
Key Management Personnel			
John Phillips	–	3.24%	27,750 Performance rights
Karen Lowe	–	5.32%	32,750 Performance rights

j. Voting and comments made at the Oakton's 2012 Annual General Meeting

Oakton received 97% of "yes" votes on its remuneration report for the 2012 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Directors' Report continued

k. Other KMP Disclosures

Number of share based instruments held by KMP

2013	*Type*	*Balance 01/07/2012*	*Granted as remuneration*	*Exercised*	*Net change other*	*Balance 30/06/2013*	*Total vested 30/06/2013*	*Total exercisable 30/06/2013*	*Total un-exercisable 30/06/2013*
Directors									
Paul Holyoake	–	–	–	–	–	–	–	–	–
Neil Wilson	**Performance rights**	**300,000**	**407,995**	–	**(150,000)[1]**	**557,995**	–	–	**557,995**
Chris Gillies	–	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–	–	–	–
Martin Adams[2]	–	–	–	–	–	–	–	–	–
Key Management Personnel									
John Phillips	**Performance rights**	**27,750**	**42,118**	–	–	**69,868**	–	–	**69,868**
	Options	**25,000**	–	–	–	**25,000**	**25,000**	**12,500**	**12,500**
Karen Lowe	**Performance rights**	**32,750**	–	–	–	**32,750**	–	–	**32,750**
	Options	–	–	–	–	–	–	–	–
		385,500	450,113	–	(150,000)	685,613	25,000	12,500	673,113

1. Performance Rights lapsed due to EPS vesting condition not achieved.
2. There is no prior year comparative data for Martin Adams as he was appointed as a director on 4 September 2012.

2012	Type	Balance 01/07/2011	Granted as remuneration	Exercised	Net change other	Balance 30/06/2012	Total vested 30/06/2012	Total exercisable 30/06/2012	Total un-exercisable 30/06/2012
Directors									
Paul Holyoake	–	–	–	–	–	–	–	–	–
Neil Wilson	Performance rights	–	300,000	–	–	300,000	–	–	300,000
Chris Gillies	–	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–	–	–	–
Key Management Personnel									
John Phillips	Performance rights	–	27,750	–	–	27,750	–	–	27,750
	Options	35,000	–	–	(10,000)[1]	25,000	25,000	6,250	18,750
Karen Lowe	Performance rights	–	32,750	–	–	32,750	–	–	32,750
	Options	50,000	–	–	(50,000)[2]	–	–	–	–
Michael Sneddon	Options	115,000	–	–	(115,000)[3]	–	–	–	–
Michael Miers	Options	35,000	–	–	(35,000)[3]	–	–	–	–
		235,000	360,500	–	(210,000)	385,500	25,000	6,250	379,250

1. Expired options
2. Surrendered options
3. Michael Miers and Michael Sneddon were no longer classified as KMPs due to a restructuring of roles within the executive management team.

Directors' Report continued

Number of shares held by KMP:

2013	*Balance 01/07/2012*	*Granted as remuneration*	*Option Exercised*	*Net change other*	*Balance 30/06/2013*	*Indirectly held shares included in balance*
Directors						
Paul Holyoake	**8,000,000**	**–**	**–**	**–**	**8,000,000**	**8,000,000**
Neil Wilson	**2,200,000**	**–**	**–**	**–**	**2,200,000**	**5,000**
Chris Gillies	**26,000**	**–**	**–**	**–**	**26,000**	**26,000**
Gordon Hughes	**–**	**–**	**–**	**–**	**–**	**–**
Anthony Larkin	**–**	**–**	**–**	**–**	**–**	**–**
Martin Adams[1]	**–**	**–**	**–**	**74,757**[2]	**74,757**	**74,757**
Key Management Personnel						
John Phillips	**662,587**	**–**	**–**	**–**	**662,587**	**551,914**
Karen Lowe	**–**	**–**	**–**	**–**	**–**	**–**
	10,888,587	**–**	**–**	**74,757**	**10,963,344**	**8,657,671**

1. There is no prior year comparative data for Martin Adams as he was appointed as a director on 4 September 2012
2. Martin Adams held 15,000 shares at the time of his appointment as a director. Since his appointment he acquired a further 59,757 shares in the normal course of trading on the Australian Stock Exchange

2012	*Balance 01/07/2011*	*Granted as remuneration*	*Option Exercised*	*Net change other*	*Balance 30/06/2012*	*Indirectly held shares included in balance*
Directors						
Paul Holyoake	8,000,000	–	–	–	8,000,000	8,000,000
Neil Wilson	2,200,000	–	–	–	2,200,000	5,000
Chris Gillies	26,000	–	–	–	26,000	26,000
Gordon Hughes	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–
Key Management Personnel						
John Phillips	662,587	–	–	–	662,587	551,914
Karen Lowe	–	–	–	–	–	–
Michael Sneddon	10,000	–	–	(10,000)[1]	–	–
Michael Miers	50,000	–	–	(50,000)[1]	–	–
	10,948,587	–	–	(60,000)	10,888,587	8,582,914

1. Michael Miers and Michael Sneddon were no longer classified as KMPs due to a restructuring of roles within the executive management team.

This is the end of the audited remuneration report.

Signed in accordance with a resolution of the directors.

Paul Holyoake
Executive Chairman

Neil Wilson
Managing Director

Melbourne, 20 August 2013

Auditor's Independence Declaration

PITCHER PARTNERS
An independent Victorian Partnership
ABN 27 975 255 196

To the Directors of Oakton Limited.

In relation to the independent audit for the year ended 30 June 2013, to the best of my knowledge and belief there have been:

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

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

S SCHONBERG
Partner
20 August 2013

PITCHER PARTNERS
Melbourne

Consolidated Statement of Comprehensive Income

Oakton Limited and its controlled entities

For the year ended 30 June 2013

	Notes	Consolidated Entity 2013 $'000	Consolidated Entity 2012 $'000
Revenue			
Revenue from services	4	**160,219**	171,223
Other revenue	4	**2,209**	1,217
		162,428	172,440
Less: Expenses			
Administration	6	**(3,817)**	(1,471)
Business development		**(381)**	(648)
Cost of third party software and disbursements		**(3,515)**	(2,482)
Finance costs	5	**(271)**	(393)
Human resources	5	**(134,636)**	(144,445)
Occupancy		**(3,248)**	(2,586)
Depreciation	5	**(2,714)**	(2,993)
Technology		**(1,874)**	(1,769)
		(150,456)	(156,787)
Profit before income tax		**11,972**	15,653
Income tax expense	7	**(2,816)**	(3,816)
Profit from continuing operations		**9,156**	11,837
Profit for the year		**9,156**	11,837
Other comprehensive income		**–**	–
Total comprehensive income for the year		**9,156**	11,837
Profit attributable to members of the parent		**9,156**	11,837
Total comprehensive income attributable to the members of the parent		**9,156**	11,837
Basic earnings per share for continuing operations (cents per share)	19	**10.1**	12.6
Diluted earnings per share for continuing operations (cents per share)	19	**10.0**	12.6

Consolidated Statement of Financial Position

Oakton Limited and its controlled entities

As at 30 June 2013

	Notes	Consolidated Entity 2013 $'000	2012 $'000
Current assets			
Cash and cash equivalents	17(b)	**6,947**	9,318
Receivables	9	**35,875**	35,134
Total current assets		**42,822**	44,452
Non current assets			
Deferred tax assets	7	**1,997**	2,082
Property, plant and equipment	10	**8,283**	9,367
Intangible assets	11	**80,019**	80,019
Total non current assets		**90,299**	91,468
Total assets		**133,121**	135,920
Current liabilities			
Payables	12	**19,078**	15,524
Current tax payable		**41**	2,044
Provisions	14	**10,101**	10,295
Total current liabilities		**29,220**	27,863
Non current liabilities			
Provisions	14	**706**	1,137
Total non current liabilities		**706**	1,137
Total liabilities		**29,926**	29,000
Net assets		**103,195**	106,920
Equity			
Contributed capital	15	**48,858**	52,439
Reserves	16	**237**	578
Retained earnings	16	**54,100**	53,903
Total equity		**103,195**	106,920

Consolidated Statement of Changes in Equity

Oakton Limited and its controlled entities

For the year ended 30 June 2013

Consolidated Entity Year ended 30 June 2013	*Notes*	*Contributed capital $'000*	*Reserves $'000*	*Retained earnings $'000*	*Total $'000*
Balance at the beginning of the year		**52,439**	**578**	**53,903**	**106,920**
Profit for the year		**–**	**–**	**9,156**	**9,156**
Total comprehensive income for the year		**–**	**–**	**9,156**	**9,156**
Transactions with equity holders in their capacity as equity holders:					
Contributions	15(b)	**65**	**–**	**–**	**65**
Share buy-back	15(b)	**(3,669)**	**–**	**–**	**(3,669)**
Employee share scheme	16(a)	**23**	**(306)**	**362**	**79**
Foreign currency translation	16(b)	**–**	**(35)**	**–**	**(35)**
Dividends paid	8	**–**	**–**	**(9,321)**	**(9,321)**
Total transactions with owners in their capacity as owners:		**(3,581)**	**(341)**	**(8,959)**	**(12,881)**
Balance at the end of the year		**48,858**	**237**	**54,100**	**103,195**

Consolidated Entity Year ended 30 June 2012	*Notes*	*Contributed capital $'000*	*Reserves $'000*	*Retained earnings $'000*	*Total $'000*
Balance at the beginning of the year		53,611	1,538	51,467	106,616
Profit for the year		–	–	11,837	11,837
Total comprehensive income for the year		–	–	11,837	11,837
Transactions with equity holders in their capacity as equity holders:					
Contributions	15(b)	5	–	–	5
Share buy-back	15(b)	(1,178)	–	–	(1,178)
Employee share scheme	16(a)	1	(555)	448	(106)
Foreign currency translation		–	(405)	–	(405)
Dividends paid	8	–	–	(9,849)	(9,849)
Total transactions with owners in their capacity as owners:		(1,172)	(960)	(9,401)	(11,533)
Balance at the end of the year		52,439	578	53,903	106,920

Consolidated Statement of Cash Flows

Oakton Limited and its controlled entities

For the year ended 30 June 2013

	Notes	2013 $'000	2012 $'000
Cash flow from operating activities			
Receipts from customers		**176,141**	203,821
Payments to suppliers and employees		**(158,864)**	(174,880)
Interest received		**432**	188
Finance costs		**(271)**	(393)
Income tax paid		**(4,729)**	(2,165)
Net cash provided by operating activities	17(a)	**12,709**	26,571
Cash flow from investing activities			
Payment for property, plant and equipment		**(1,630)**	(2,280)
Net cash used in investing activities		**(1,630)**	(2,280)
Cash flow from financing activities			
Proceeds from share issue		**65**	5
Share Buy-back costs		**(4,194)**	(653)
Repayment of debt		**–**	(5,500)
Dividends paid	8	**(9,321)**	(9,849)
Net cash used by financing activities		**(13,450)**	(15,997)
Net (decrease)/increase in cash and cash equivalents		**(2,371)**	8,294
Cash and cash equivalents at beginning of year	17(b)	**9,318**	1,024
Cash and cash equivalents at end of the year	17(b)	**6,947**	9,318

Notes to the Financial Statements

Oakton Limited and its controlled entities

For the year ended 30 June 2013

1. Statement of significant accounting policies

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

a. Basis of preparation of the financial report

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

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

The financial report was authorised for issue by the directors on 20 August 2013.

Compliance with IFRS

The consolidated financial statements of Oakton Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

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

Critical Accounting Estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the consolidated entity's accounting policies. These estimates and judgements significant to the financial report are disclosed at Note 2.

b. Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities, which Oakton Limited has the power to control the financial and operating policies so as to obtain benefits from its activities. Details of the controlled entities are contained in Note 24(a).

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

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are fully consolidated from the date on which control is established. They are de-consolidated from the date that control ceases.

c. Revenue recognition

Revenue from the provision of services to a customer is recognised upon performance of the service. Accrued revenue arising from recognised revenue is transferred to trade receivables when tax invoices are raised. Certain customers may be invoiced in advance of provision of services and this amount is recognised as a liability until the service is performed. Revenue from the sale of products is recognised when the product is delivered. Revenue from fixed price contracts is recognised by reference to the stage of completion.

The stage of completion is determined using inputs from Oakton's professional project management methodology, including effort expended and cost to complete.

Interest revenue is recognised when it becomes receivable on a pro-rata basis taking into account the interest rates applicable to the financial assets.

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

Other revenue includes Research and Development ("R&D") concessions received or receivable in respect of eligible R&D as registered with AusIndustry. The R&D concession is brought to account when the eligible R&D has been quantified.

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

d. Cash and cash equivalents

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

e. Plant and equipment

Cost and valuation

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

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

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

Depreciation

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

The useful lives for each class of assets are:

	2013	*2012*
Leasehold improvements	**Up to 6 years**	Up to 6 years
Software developed	**Up to 5 years**	Up to 5 years
Plant and equipment	**2 to 6 years**	2 to 6 years

f. Leases

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

Operating leases

Lease payments for operating leases, are recognised as expenses on a straight line basis over the term of the lease.

g. Intangibles

Goodwill

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

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

h. Impairment of assets

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

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

i. Income tax

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

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

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

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

Tax consolidation

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

j. Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

k. Employee benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Provision for long service leave is classified as current where the employee is entitled to be compensated for the leave within 12 months of them rendering the service and there is no unconditional right of deferral.

Defined contribution superannuation fund

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period as the employee services are received.

Share-based payments

The consolidated entity operates an employee equity incentive plan. The value of equity rights (Options, Performance Rights and Share Appreciation Rights) is recognised as an expense in the Income Statement in the period(s) when the benefit is earned.

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

l. Research and development

Research expenditure is recognised as an expense. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. Refer also Note 1(c)

m. Borrowing costs

Borrowing cost can include interest, amortisation of discounts relating to borrowings, ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs are expensed as incurred.

n. Financial instruments

Classification

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

Non-derivative financial instruments

Non-derivative financial instruments consist of trade and other receivables, cash, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any). After initial recognition, non-derivative financial instruments are measured as described below.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

Loans and receivables

Loans and receivables are measured at fair value at inception. Outstanding balances are tested for impairment when overdue.

Financial liabilities

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

o. Foreign currencies

Functional and presentation currency

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

Transactions and balances

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

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

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

p. Goods and Services Tax ('GST')

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q. Comparatives

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

r. Rounding amounts

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

s. New accounting standards and interpretations

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The directors have assessed the impact of those standards or interpretations and are satisfied that there will be no material impact on the financial statements.

2. Critical accounting estimates and judgements

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying value of the assets and liabilities discussed below:

a. Impairment of goodwill

Goodwill is allocated to cash generating units (CGUs) according to applicable business operations. In the 2013 and 2012 financial years, Oakton had one CGU. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using a discount rate of 12.75% (2012: 12.75%) and a growth rate of 2.5% (2012: 4.0%) per annum to determine value-in-use.

b. Income taxes

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

c. Employee benefits

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

d. Share based payments

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

3. Financial risk management

The consolidated entity's financial instruments consist mainly of deposits and borrowings with banks and accounts receivable and payable. The main purpose of non-derivative financial instruments is to raise finance for group operations.

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

The consolidated entity manages its financial risk exposure in addition to the business risks managed and described in the Corporate Governance Statement detailed on pages 16 to 20. Financial risk is managed by the Chief Executive Officer and the Chief Financial Officer and routinely reported to the Board of Directors. The objective of the financial risk management policy is to support the delivery of the consolidated entity's financial and business targets.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The consolidated entity's exposure to market interest rates relates primarily to it's cash balances and debt obligations. The balance of cash is disclosed in note 17 and the level of debt is disclosed in note 13.

The group maintains a $20 million (2012: $20 million) facility comprising bank bill debt which is at a variable interest rate. The rate at year end was 3.80% (2012: 4.49%).

Cash on deposit attracts a variable interest rate which was 2.75% (2012: 3.6%) at year end.

The Group constantly monitors its interest rate exposure with consideration given to hedging positions if considered necessary.

Based on debt drawn during the year, if interest rates had changed by +/- one percentage point from the year end rates of 3.80% (2012: 4.49%) (with all other variables held constant) after-tax profits would have been $4,944 lower/higher (2012: $5,556).

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity. The concentration of revenue with Australian Governments noted in Note 25(b) does not create material credit risk exposure. The percentage of receivables relating to Australian Governments is 34.7% (2012: 33.1%) at balance date and the counterparty has a low risk of default.

The consolidated entity trades only with recognised, creditworthy third parties across a range of industries. All potential customers who trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an on-going basis and close relationships are maintained with customers. The result is that the exposure to bad debts is immaterial.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The consolidated entity is not currently exposed to any material fluctuations in foreign currencies.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The consolidated entity manages liquidity risk by forecasting and monitoring cash flows on a continuing basis. Its interest bearing facilities (refer note 17 (c)) of $20 million will be subject to review in June 2014. The facility is not subject to amortisation.

Refer note 17(c) for details of unused finance facilities at balance date.

Fair value

The fair value of financial assets and financial liabilities approximates their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

		Consolidated Entity	
	Notes	*2013 $'000*	*2012 $'000*
4. Revenue			
Revenues from continuing operations			
Revenue from services		**160,219**	171,223
Other revenue			
Interest, other persons		**432**	188
Research and development concession		**1,777**	1,029
		162,428	172,440
5. Profit from continuing operations			
Profit from continuing operations before income tax has been determined after the following specific expenses:			
Depreciation of non current assets			
Leasehold improvements		**298**	441
Software developed		**1,391**	1,194
Plant and equipment		**1,025**	1,358
Total depreciation of non current assets		**2,714**	2,993
Human Resources expense			
Employee benefits		**105,854**	117,077
Expense of share-based payments	16	**79**	(106)
Other		**28,703**	27,474
Total Human Resources expense		**134,636**	144,445
Finance costs			
Bank bill facility		**271**	393
Total finance costs expense		**271**	393
Other			
Operating lease rentals (included in Occupancy costs)		**2,692**	2,105
Total other expense		**2,692**	2,105
6. Significant items			
Profit from continuing operations before income tax has been determined after the inclusion of the following significant items:			
Resolution of Tenix dispute			
As a result of the finalisation of the Tenix dispute in 2011 the subsequent recovery of legal costs have been brought to account in administration expenses			
Recovered legal costs (included in Administration costs)		**–**	(2,000)

	Consolidated Entity	
	2013 $'000	*2012 $'000*
7. Income tax		
a. The components of tax expense:		
Current tax	**2,707**	3,968
Deferred tax	**84**	95
Under/(Over) provision in prior years	**25**	(247)
Total Income tax expense	**2,816**	3,816
b. The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:		
Profit before tax from continuing operations	**11,972**	15,653
At the statutory income tax rate of 30% (2012: 30%)	**3,592**	4,696
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income		
Under/(over) provision in prior years	**25**	(247)
Research and development concession	**(760)**	(479)
Share based payment	**23**	(32)
STPI concession (India)	**(44)**	(162)
Other	**(20)**	40
Income tax expense attributable to profit	**2,816**	3,816
c. Deferred tax relates to the following:		
Deferred tax assets		
Employee benefits	**3,200**	3,430
Other	**–**	4
	3,200	3,434
Deferred tax liabilities		
Accrued revenue	**(40)**	(40)
Property, plant and equipment	**(1,163)**	(1,312)
	(1,203)	(1,352)
Net deferred tax assets	**1,997**	2,082
d. Deferred tax assets not brought to account		
The benefits of deferred tax assets not brought to account will only be realised if the conditions met in Note 1(i) occur.		
Capital losses	**338**	338

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

	Notes	Consolidated Entity 2013 $'000	2012 $'000
8. Dividends on ordinary shares			
a. Dividends paid during the year			
(i) Current year interim			
Franked dividends (4.75 cents per share) (2012: 5.5 cents per share)		**4,276**	5,159
(ii) Previous year final			
Franked dividends (5.5 cents per share) (2012: 5.0 cents per share)		**5,045**	4,690
		9,321	9,849
b. Dividends proposed and not recognised as a liability			
Franked dividends (4.75 cents per share) (2012: 5.5 cents per share)		**4,265**	5,045
c. Franking credit balance			
Balance of franking account on a tax paid basis at year end adjusted for franking credits arising from payment of provision for income tax and after franking debits arising from payment of proposed dividends:		**15,690**	16,846
9. Receivables			
Current			
Trade receivables		**25,398**	28,027
Less allowance for impairment loss	9(a)	**–**	–
		25,398	28,027
Accrued revenue		**5,514**	2,562
Other debtors and security deposits		**3,500**	3,721
Prepayments		**1,463**	824
		35,875	35,134
a. Impaired trade receivables			
Trade receivables are non-interest bearing and generally on 30 to 60 day terms. As at 30 June 2013, current trade receivables with a nominal value of $nil (2012: $nil) are considered impaired.			
As at 30 June 2013, the following trade receivables were past due but not impaired. These amounts relate to a number of customers for which there is no history of default and with whom the business continues to work. The ageing analysis of these trade receivables is as follows:			
31 to 60 days		**7,495**	8,320
61 to 90 days		**1,201**	1,146
91 to 180 days		**683**	379
		9,379	9,845

b. Impaired receivables – other classes of receivables

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

c. Other financial risks

There is no material exposure to foreign exchange risk in respect of receivables.

The carrying value of receivables is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of the receivables.

	Notes	Consolidated Entity 2013 $'000	Consolidated Entity 2012 $'000
10. Property, plant and equipment			
Leasehold improvements			
At cost		**4,783**	4,746
Accumulated depreciation		**(3,355)**	(3,057)
	10(a)	**1,428**	1,689
Software developed			
At cost		**9,051**	8,043
Accumulated depreciation		**(4,330)**	(2,939)
	10(a)	**4,721**	5,104
Plant and equipment			
At cost		**10,223**	9,638
Accumulated depreciation		**(8,089)**	(7,064)
	10(a)	**2,134**	2,574
Total property, plant and equipment			
Total cost		**24,057**	22,427
Total accumulated depreciation		**(15,774)**	(13,060)
Total property, plant and equipment	10(a)	**8,283**	9,367
a. Reconciliations			
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year.			
Leasehold improvements			
Carrying amount at beginning		**1,689**	2,127
Additions		**37**	3
Depreciation expense		**(298)**	(441)
		1,428	1,689
Software developed			
Carrying amount at beginning		**5,104**	4,964
Capitalised effort		**1,008**	1,334
Depreciation expense		**(1,391)**	(1,194)
		4,721	5,104
Plant and equipment			
Carrying amount at beginning		**2,574**	2,989
Additions		**585**	943
Depreciation expense		**(1,025)**	(1,358)
		2,134	2,574
Total property, plant and equipment			
Carrying amount at beginning		**9,367**	10,080
Additions		**1,630**	2,280
Depreciation expense		**(2,714)**	(2,993)
		8,283	9,367

Notes to the Financial Statements continued
Oakton Limited and its controlled entities
For the year ended 30 June 2013

		Consolidated Entity	
	Notes	*2013 $'000*	*2012 $'000*
11. Intangible Assets			
Goodwill			
At cost		**80,019**	80,019
Accumulated impairment loss		**–**	–
Net carrying amount	11(a)	**80,019**	80,019
a. Reconciliations			
Reconciliations of the carrying amounts of intangible assets at the beginning and end of the current financial year.			
Goodwill			
Carrying amount at beginning		**80,019**	80,019
Closing net book value		**80,019**	80,019

Impairment disclosures

There are no impairment losses in the current or prior period. Goodwill is allocated to cash generating units. In the 2012 and 2013 financial years Oakton had one cash generating unit. The recoverable value of goodwill is based on value in use. Value in use is based on the present value of projected cashflows over a five year period and discounted using a rate which reflects the current market assessment of the time value of money and risks specific to the cash generating unit.

No reasonable change in the key assumptions of the value in use calculations as disclosed in Note 2(a) would result in an impairment.

	Consolidated Entity	
	2013 $'000	*2012 $'000*
12. Payables		
Current		
Trade payables	**7,600**	2,293
GST payable	**2,117**	2,834
Payroll related	**2,548**	2,580
Sundry creditors and accruals	**1,972**	3,166
Income in advance	**4,841**	4,651
	19,078	15,524

	Consolidated Entity	
	2013 $'000	***2012 $'000***
13. Borrowings		
Current		
Secured		
Bank bills	–	–
Non-current		
Secured		
Bank bills	–	–

a. Bank Bill Facility

The bank bills are secured by a fixed and floating charge over the assets of the consolidated entity. Refer to note 17c for details of the facility available at year end.

b. Interest rate risks

Information about interest rate risks is detailed in Note 3. Details of the review date of the facility are also detailed in Note 3.

	Consolidated Entity	
	2013 $'000	***2012 $'000***
14. Provisions		
Current		
Employee benefits	**10,101**	10,295
Non-current		
Employee benefits	**706**	1,137
Aggregate employee benefits liability	**10,807**	11,432

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

	Notes	Consolidated Entity 2013 $'000	2012 $'000
15. Contributed capital			
a. Issued and paid up capital			
89,777,735 (2012: 92,721,874) Ordinary shares fully paid		**48,858**	52,439
Fully paid ordinary shares carry one vote per share and carry the right to dividends.			
b. Movements in ordinary share capital			
Balance at beginning of year		**52,439**	53,611
Options exercised		**65**	5
Transfer from options reserve		**23**	1
Share buy-back – cancellation of shares		**(3,669)**	(1,178)
End of the financial year		**48,858**	52,439
		Number	*Number*
c. Movements in number of shares			
Balance at beginning of year		**92,721,874**	93,800,235
Options exercised		**125,000**	10,000
Share buy-back – cancellation of shares		**(3,069,139)**	(1,088,361)
End of the financial year		**89,777,735**	92,721,874

d. Share rights and options

Employee Equity Incentive Plan

The Oakton Limited Equity Incentive Plan, approved by shareholders on 5 October 2011, was established to:

- maximise the retention of members of the management team and other key operational staff;
- enable the Company to attract quality staff in the future;
- link the reward of key staff with the achievements of strategic goals and the long term performance objectives of the Company; and
- provide incentives to participants of the Plan to focus on superior performance that creates Shareholder value.

The Employee Equity Incentive Plan replaced the pre-existing plan, the Employee Share Option Plan (ESOP), as that plan was deemed to be ineffective in meeting the Company's long term objectives. All employees, including executive directors, may be issued options, performance rights and/or share appreciation rights. The rights or options will be issued for $nil consideration. The options may be exercised at a maximum of one quarter in each year commencing 12 months after the date of issue and expire 5 years after issue. The rights may be exercised, subject to vesting conditions, 3 years after the date of issue and expire 4 years after issue. The options and rights issued, if converted to shares and the shares issued pursuant to such options during the 5 previous years, cannot exceed 5% of share capital.

Options and rights are personal to the employee. The options and rights are not listed on the ASX.

Summary of options on issue:

Issue date	*Expiry date*	*Exercise price*	*Opening 01/07/2012*	*Issued*	*Exercised*	*Lapsed*	*Closing 30/06/2013*
ESOP various	Various	0.52 to 6.41	1,305,619	–	(125,000)	(293,619)	887,000
Performance rights	Various	nil	476,250	949,957	–	(221,038)	1,205,169

e. Capital risk management

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

In order to maintain or adjust the capital structure, the consolidated entity may adjust the level of dividends paid to shareholders. For details of dividends, refer to Note 8. Further share buy-backs or share issues may also be considered.

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

		Consolidated Entity	
	Notes	***2013 $'000***	***2012 $'000***

16. Reserves and retained earnings

	Notes	2013 $'000	2012 $'000
Share-based payment reserve	16(a)	**677**	983
Foreign Currency Translation Reserve	16(b)	**(440)**	(405)
Retained earnings	16(c)	**54,100**	53,903

a. Share-based payment reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of equity benefit provided to employees and executive directors as part of their remuneration.

(ii) Movements in reserve

	2013 $'000	2012 $'000
Balance at the beginning of year	**983**	1,538
Amount expensed during the year	**79**	(106)
Amount transferred to retained earnings	**(362)**	(448)
Amount transferred to issued capital	**(23)**	(1)
Balance at end of year	**677**	983

b. Foreign Currency Translation Reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of balance sheet fluctuations caused by movements in exchange rates and translations of a foreign subsidiary's financial statements into functional currency.

(ii) Movements in reserve

	2013 $'000	2012 $'000
Balance at the beginning of year	**(405)**	–
Amount recognised during the year	**(35)**	(405)
Balance at end of year	**(440)**	(405)

c. Retained earnings

	2013 $'000	2012 $'000
Balance at the beginning of year	**53,903**	51,467
Net profit attributable to members of Oakton Limited	**9,156**	11,837
Total available for appropriation	**63,059**	63,304
Amount transferred from share-based payment reserve	**362**	448
Dividends paid	**(9,321)**	(9,849)
Balance at end of year	**54,100**	53,903

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

	Consolidated Entity	
	2013 $'000	*2012 $'000*
17. Cash flow information		
a. Reconciliation of the net profit after tax to the net cash flows from operations:		
Net profit from ordinary activities after income tax	**9,156**	11,837
Non Cash Items		
Depreciation	**2,714**	2,993
Share based payments	**79**	(106)
Share buy-back payable reclassified as financing activity	**525**	(525)
Changes in assets and liabilities		
(Increase)/decrease in receivables	**(741)**	14,352
Increase/(decrease) in trade and other creditors	**3,554**	(3,154)
(Decrease)/increase in income tax payable	**(2,003)**	1,541
Decrease in deferred income tax asset	**85**	95
Decrease in provisions	**(625)**	(57)
Decrease in Foreign Currency Translation Reserve	**(35)**	(405)
Net cash provided by operating activities	**12,709**	26,571
b. Reconciliation of cash		
Cash balance comprises:		
Cash	**6,947**	9,318
c. Credit standby arrangement and loan facilities		
Bank bill facility		
The consolidated entity has a bank bill facility of $20 million (2012: $20 million).		
The facility expires in June 2014 and is not subject to an amortisation schedule. Refer also to Note 3.		
Facility available at year end	**20,000**	20,000

	Consolidated Entity	
	2013 $'000	***2012 $'000***
18. Commitments and contingencies		
a. Lease expenditure commitments		
(i) Operating leases (non cancellable):		
Minimum lease payments		
Not later than one year	**2,769**	2,232
Later than one year and not later than five years	**11,328**	5,440
Later than five years	**5,147**	2,798
Aggregate lease expenditure contracted for at reporting date	**19,244**	10,470
The economic entity leases a number of properties in Victoria, New South Wales, Australian Capital Territory, Queensland, Western Australia and Hyderabad, India. The property leases usually contain increases in lease payments based on market movements or CPI increases. The property leases usually contain an option for further periods.		
b. Contingent liabilities		
(i) Bank guarantee and indemnity in relation to rental premises		
Maximum amount the bank may call	**1,209**	632

	2013 no of shares	***2012 no of shares***
19. Earnings per share		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share are the same as net profit.		
Weighted average number of ordinary shares used in calculating basic earnings per share	**91,086,685**	93,758,833
Effect of dilutive securities:		
Share options	**150,995**	194,937
Performance Rights	**728,763**	87,643
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**91,966,443**	94,041,413
The number of potential ordinary shares which are not dilutive and are not included in the calculation of diluted EPS	**1,002,367**	1,799,898

Subsequent to balance date and to the date of this report, no further shares were issued as a result of the exercise of ESOP options or performance rights.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

20. Directors' and executives' equity holdings

Number of share based instruments held by KMP

2013	*Type*	*Balance 01/07/2012*	*Granted as remuneration*	*Exercised*	*Net change other*	*Balance 30/06/2013*	*Total vested 30/06/2013*	*Total exercisable 30/06/2013*	*Total un-exercisable 30/06/2013*
Directors									
Paul Holyoake	–	–	–	–	–	–	–	–	–
Neil Wilson	**Performance rights**	**300,000**	**407,995**	–	**(150,000)[1]**	**557,995**	–	–	**557,995**
Chris Gillies	–	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–	–	–	–
Martin Adams[2]	–	–	–	–	–	–	–	–	–
Key Management Personnel									
John Phillips	**Performance rights**	**27,750**	**42,118**	–	–	**69,868**	–	–	**69,868**
	Options	**25,000**	–	–	–	**25,000**	**25,000**	**12,500**	**12,500**
Karen Lowe	**Performance rights**	**32,750**	–	–	–	**32,750**	–	–	**32,750**
	Options	–	–	–	–	–	–	–	–
		385,500	450,113	–	(150,000)	685,613	25,000	12,500	673,113

1. Performance Rights lapsed due to EPS vesting condition not achieved.
2. There is no prior year comparative data for Martin Adams as he was appointed as a director on 4 September 2012.

2012	*Type*	*Balance 01/07/2011*	*Granted as remuneration*	*Exercised*	*Net change other*	*Balance 30/06/2012*	*Total vested 30/06/2012*	*Total exercisable 30/06/2012*	*Total un-exercisable 30/06/2012*
Directors									
Paul Holyoake	–	–	–	–	–	–	–	–	–
Neil Wilson	Performance rights	–	300,000	–	–	300,000	–	–	300,000
Chris Gillies	–	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–	–	–	–
Key Management Personnel									
John Phillips	Performance rights	–	27,750	–	–	27,750	–	–	27,750
	Options	35,000	–	–	(10,000)[1]	25,000	25,000	6,250	18,750
Karen Lowe	Performance rights	–	32,750	–	–	32,750	–	–	32,750
	Options	50,000	–	–	(50,000)[2]	–	–	–	–
Michael Sneddon	Options	115,000	–	–	(115,000)[3]	–	–	–	–
Michael Miers	Options	35,000	–	–	(35,000)[3]	–	–	–	–
		235,000	360,500	–	(210,000)	385,500	25,000	6,250	379,250

1. Expired options
2. Surrendered options
3. Michael Miers and Michael Sneddon were no longer classified as KMPs due to a restructuring of roles within the executive management team.

Number of shares held by KMP:

2013	Balance 01/07/2012	Granted as remuneration	Option Exercised	Net change other	Balance 30/06/2013	Indirectly held shares included in balance
Directors						
Paul Holyoake	**8,000,000**	–	–	–	**8,000,000**	**8,000,000**
Neil Wilson	**2,200,000**	–	–	–	**2,200,000**	**5,000**
Chris Gillies	**26,000**	–	–	–	**26,000**	**26,000**
Gordon Hughes	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–
Martin Adams[1]	–	–	–	**74,757**[2]	**74,757**	**74,757**
Key Management Personnel						
John Phillips	**662,587**	–	–	–	**662,587**	**551,914**
Karen Lowe	–	–	–	–	–	–
	10,888,587	–	–	**74,757**	**10,963,344**	**8,657,671**

1. There is no prior year comparative data for Martin Adams as he was appointed as a director on 4 September 2012
2. Martin Adams held 15,000 shares at the time of his appointment as a director. Since his appointment he acquired a further 59,757 shares in the normal course of trading on the Australian Stock Exchange

2012	Balance 01/07/2011	Granted as remuneration	Option Exercised	Net change other	Balance 30/06/2012	Indirectly held shares included in balance
Directors						
Paul Holyoake	8,000,000	–	–	–	8,000,000	8,000,000
Neil Wilson	2,200,000	–	–	–	2,200,000	5,000
Chris Gillies	26,000	–	–	–	26,000	26,000
Gordon Hughes	–	–	–	–	–	–
Anthony Larkin	–	–	–	–	–	–
Key Management Personnel						
John Phillips	662,587	–	–	–	662,587	551,914
Karen Lowe	–	–	–	–	–	–
Michael Sneddon	10,000	–	–	(10,000)[1]	–	–
Michael Miers	50,000	–	–	(50,000)[1]	–	–
	10,948,587	–	–	(60,000)	10,888,587	8,582,914

1. Michael Miers and Michael Sneddon were no longer classified as KMPs due to a restructuring of roles within the executive management team.

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

21. Loans to key management personnel (consolidated)

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

22. Share based payments

Rights and Options are granted to executive directors, other key management personnel and other staff under the Oakton Limited Equity Incentive Plan or as approved by the Shareholders in General Meeting, as detailed in Note 15(d).

a. Performance Rights

Performance Rights issued during the year were valued using the Black-Scholes option pricing model using the following inputs.

Performance Rights – Executive	*2013*	*2012*
Share price of Oakton	**$1.05**	$1.71
Expected life of the rights	**3 years**	3 years
Expected share price volatility	**40.0%**	40.0%
Risk free interest rate	**3.04%**	3.44%
Expected dividends	**5.5% yield per annum**	4.5% yield per annum
Correlations and volatilities of peer group companies	**Ranking at grant date**	Ranking at grant date

Performance Rights – CEO/MD	*2013*	*2012*
Share price of Oakton	**$1.22**	–
Expected life of the rights	**3 years**	–
Expected share price volatility	**40.0%**	–
Risk free interest rate	**2.63%**	–
Expected dividends	**6.5% yield per annum**	–
Correlations and volatilities of peer group companies	**Ranking at grant date**	–

The volatility is determined based on the standard deviation of volume weighted prices over 36 months prior to the grant date.

b. Options

There were no options issued during this year or in the prior year. In the previous periods the options were valued using the Black-Scholes pricing model.

	Consolidated Entity	
	2013 $'000	*2012 $'000*
23. Auditor's remuneration		
Amounts received or due and receivable by Pitcher Partners for:		
An audit or review of the financial report of the entity and any other entity in the consolidated entity	**223**	245
Other non-audit services		
Corporate secretarial services	**8**	6
	231	251

24. Related party disclosures

a. Entities in the consolidated entity

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

	Country of incorporation	*Percentage owned*	
		2013	***2012***
Parent Entity:			
Oakton Limited Australia	Australia		
Subsidiaries of Oakton Limited:			
Oakton Services Pty Ltd	Australia	**100**	100
Charter Wilson and Associates Pty Ltd	Australia	**100**	100
Oakton Solutions Pty Ltd	Australia	**100**	100
mPower Systems Pty Ltd	Australia	**100**	100
Oakton IT Pty Ltd	Australia	**100**	100
Oakton Contracting and Recruitment Pty Ltd	Australia	**100**	100
Oakton Computing (NSW) Pty Ltd	Australia	**100**	100
Oakton Solutions MBS Pty Ltd	Australia	**100**	100
Subsidiaries of Oakton Services Pty Ltd:			
Oakton Global Technology Services Centre (India) Pvt Ltd	India	**100**	100
Oakton AA Services Pty Ltd	Australia	**100**	100

	Consolidated Entity	
	2013 $'000	***2012 $'000***
b. Transactions with related parties		
The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:		
Transactions with key management personnel of Oakton and their personally-related entities Transactions with key management personnel are at arms-length and in the ordinary course of business on normal trading terms.		
The economic entity pays superannuation contributions to entities related to directors. There is no additional cost to the company.		
The economic entity leases premises owned by Davkat Holdings Pty Ltd (entity related to Paul Holyoake).		
Rent expense	**208**	218

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

Notes to the Financial Statements continued

Oakton Limited and its controlled entities

For the year ended 30 June 2013

25. Segment information

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

a. Entity wide disclosures

		Consolidated Entity	
	Notes	*2013 $'000*	*2012 $'000*
Allocation of revenue to similar services groups			
Consulting services		**26,632**	35,383
Delivery services		**84,139**	90,006
Operational services		**49,448**	45,834
Total services revenue	4	**160,219**	171,223
Allocation of revenue to geographic areas			
Australia		**159,594**	168,158
Rest of the world		**625**	3,065
Total services revenue	4	**160,219**	171,223

There are no material holdings of non-current assets outside Australia.

b. Major customers

The economic entity earned 28% of its revenue from services (2012: 33%) from all forms of Government. Of this amount, more than 10% of total revenue was from Federal Government. During the 2013 financial year, one other customer (2012: one) contributed more than 10% of revenue.

26. Economic dependency

As noted above, the economic entity earned 28% (2012: 33%) of revenue from Australian Government customers. The economic entity does not consider that this creates material economic dependency as individual operational and administrative areas of federal and state departments and agencies make independent assessments of requirements and selection of IT and business consultants.

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

27. Subsequent events

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

a. the operations, in financial years subsequent to 30 June 2013, of the consolidated entity, or
b. the results of those operations, or
c. the state of affairs, in financial years subsequent to 30 June 2013, of the consolidated entity.

28. Cross guarantee

Oakton Limited, ("the Company") and Oakton Services Pty Ltd, Oakton Contracting and Recruitment Pty Ltd and Oakton AA Services Pty Ltd (The Parties) are bound by a deed of cross guarantee which commits the Company and its named subsidiaries to make payments in relation to debts owing to the group's bankers on behalf of each other. The consolidated financial statements of the Parties are materially the same as the financial statements of the consolidated entity of Oakton Limited.

29. Parent entity disclosures

As at, and throughout the financial year ended 30 June 2013, the parent company of the economic entity was Oakton Limited.

a. Parent entity abridged financial statements

	Parent Entity	
	2013 $'000	***2012 $'000***
Summarised statement of comprehensive income		
Result of the parent entity		
Profit for the year after tax	**8,544**	8,234
Other comprehensive income	**–**	–
Total comprehensive income for the year	**8,544**	8,234
Summarised statement of financial position of the parent entity at year end		
Current assets	**65,753**	69,207
Non current assets	**228**	213
Total assets	**65,981**	69,420
Current liabilities	**2,164**	1,301
Total liabilities	**2,164**	1,301
Net assets	**63,817**	68,119
Total equity of the parent entity comprising:		
Share capital	**48,858**	52,439
Reserves	**677**	983
Retained earnings	**14,282**	14,697
Total equity	**63,817**	68,119

Directors' Declaration

Oakton Limited

ABN 50 007 028 711

1. The directors of the company declare that the financial statements and notes, as set out on pages 40 to 59 are in accordance with the Corporations Act 2001:
   a. Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
   b. As stated in note 1, the consolidated financial statements also comply with International Reporting Standards; and
   c. Give a true and fair view of the financial position of the consolidated entity as at 30 June 2013 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that Oakton Limited will be able to pay its debts as and when they become due and payable.

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

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2013.

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

Paul Holyoake	**Neil Wilson**
Executive Chairman	Managing Director

Melbourne, 20 August 2013

Independent Auditor's Report

to the members of Oakton Limited

PITCHER PARTNERS

An independent Victorian Partnership
ABN 27 975 255 196

We have audited the accompanying financial report of Oakton Limited and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

a. the financial report of Oakton Limited is in accordance with the Corporations Act 2001, including:
   (i) giving a true and fair view of the consolidated 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 consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the Remuneration Report included in pages 25 to 38 of 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.

Opinion

In our opinion, the Remuneration Report of Oakton Limited and controlled entities for the year ended 30 June 2013 complies with section 300A.

S SCHONBERG
Partner
20 August 2013

PITCHER PARTNERS
Melbourne

Shareholding Information

As at 30 July 2013

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following shareholding information which was applicable as at 30 July 2013.

Shareholding analysis

a. Distribution of shareholding

Size of shareholding	*Number of shareholders*	*%*
1 – 1,000	895	0.56
1,001 – 5,000	1,289	4.29
5,001 – 10,000	589	5.18
10,001 – 100,000	607	17.75
100,000 and over	41	72.22
Total	3,421	100.00

b. Substantial shareholders

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

Shareholder	*Number*	*%*
National Australia Bank	11,487,407	12.25
Paul Holyoake	8,000,000	8.88
Australian Ethical Smaller Companies Trust	7,068,561	7.87
First Samuel	6,479,208	7.06
Celeste Funds Management Limited	6,299,062	7.02
Challenger Limited	5,532,377	6.03
Australian Super Pty Ltd	4,690,012	5.06

c. Twenty largest shareholders

The names of the twenty largest shareholders are:

Shareholder	*Number of shares held*	*Percentage of issued shares*
National Nominees Limited	17,756,967	19.78
J P Morgan Nominees Australia Limited	10,946,605	12.19
JP Morgan Nominees Australia Limited <Cash Income A/C>	8,943,592	9.96
Invia Custodian Pty Limited <Oakdon Holdings Pty Ltd A/C>	7,000,000	7.80
Citicorp Nominees Pty Limited	3,857,491	4.30
Mr Neil Maxwell Wilson	2,195,000	2.44
HSBC Custody Nominees (Australia) Limited	2,018,397	2.25
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	1,893,104	2.11
BNP Paribas Noms Pty Ltd <Drp>	952,745	1.06
Invia Custodian Pty Limited <Holyoake Super Fund A/C>	915,000	1.02
Mr Mark Gregory Kerr + Mrs Linda Marie Kerr <Lindmark Inv Staff S/F A/C>	875,713	0.98
Robert Thomas Kennedy <Kennedy Family A/C>	740,221	0.82
Sandhurst Trustees Ltd <JMFG Consol A/C>	674,173	0.75
Mr John Joseph Lewis <Lewis Family A/C>	429,182	0.48
Mr Bruce Minahan	420,705	0.47
Equitas Nominees Pty Limited <2874398 A/C>	409,729	0.46
Bishop Phillips Consulting Pty Ltd <Bishop Phillips Unit A/C>	385,867	0.43
Gray Family Company Pty Ltd <Gray Family A/C>	343,559	0.38
Equitas Nominees Pty Limited <3021524 A/C>	343,000	0.38
Mr Robert Thomas Kennedy	342,393	0.38
	61,443,443	68.43

The twenty members holding the largest number of shares together held a total of 68.43% of the issued capital.

d. Issued Capital

The fully paid issued capital of the company consisted of 89,787,735, shares held by 3,421 shareholders.

Each share entitles the holder to one vote.

e. On-Market Buy-Back

On 20 March 2012 the Company announced that it would undertake an on-market share buy-back of up to a maximum number of 10% of the issued capital of the Company and intended to buy back shares in the period 3 April 2012 to 2 April 2013 (inclusive) or earlier if the maximum number of shares is bought back prior to that date. This buy-back was finalised on 26 March 2013 and on that date the Company announced a further buy-back in the period 9 April 2013 to 8 April 2014 (inclusive) on the same terms and conditions.

The Company reserves the right to suspend or terminate the buy-back at any time.

f. Company Secretary

The company secretary is Michael Miers.

g. Registered office

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

Shareholding Information continued

As at 30 July 2013

h. Other offices

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

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

Perth
Level 14
197 St Georges Terrace
Perth WA 6000
Telephone + 61 8 6188 7680

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

Brisbane
Level 5
200 Mary Street
Brisbane QLD 4001
Telephone + 61 7 3121 9266

Hyderabad
Krishe-e 8-2-293 Plot 499,
Road 36
Jubilee Hills, 500033
Andhra Pradesh
Hyderabad, India
Telephone + 90 40 3100 1362

Other information for shareholders

In accordance with Listing Rule 4.10 Australian Securities Exchange Limited (ASX), the Directors provide the following information not elsewhere disclosed in this report.

Internet access to information

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

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

You can also access comprehensive information about your security holdings at the Computershare Investor Centre at www.investorcentre.com

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

Changes to your shareholder details, such as a change of name or address, notification of your tax file number or payment instructions can be made by printing out the forms you need, completing them and sending the completed forms back to Computershare.

Share registry enquiries

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

The Registrar
Computershare Investor Services Pty Limited
GPO Box 2975 Melbourne Victoria 3001 Australia

Telephone +61 3 9415 4000 or 1300 850 505
Facsimile +61 3 9473 2500 or 1800 783 447

Electronic mail web.queries@computershare.com.au
Website www.investorcentre.com

Annual General Meeting

The 2013 Annual General Meeting of Oakton Limited will be held in its Melbourne offices located at:

Level 8, 271 Collins Street Melbourne,
Victoria at 10:00am on Wednesday, 2 October 2013.

Formal notice of the meeting is enclosed with this report.

ASX listing

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

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

Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067 Australia

CREATED BY DESIGNATE

Head Office, Melbourne:
Level 8
271 Collins Street
Melbourne VIC 3000 Australia
Tel: +61 3 9617 0200
Fax: +61 3 9621 1951

Sydney Office:
Level 19
45 Clarence Street
Sydney 2000 NSW 2060 Australia
Tel: +61 2 9923 9800
Fax: +61 2 9929 6731
(From early September 2013)

Canberra Office:
2/45 Wentworth Avenue
Kingston ACT 2604 Australia
Tel: +61 2 6230 1997
Fax: +61 2 6230 1919

Brisbane Office:
Level 5
200 Mary Street
Brisbane QLD 4000 Australia
Tel: +61 7 3136 2900
Fax: +61 7 3136 2999

Perth Office:
Level 2
160 St Georges Terrace
Perth WA 6000 Australia
Tel: +61 8 6188 7680
Fax: +61 8 6188 7607
(From early September 2013)

Hyderabad, India Office:
KRISHE-E@36
No.8-2-293/499
Plot No.499 Road No.36
Jubilee Hills Hyderabad 500033
Andhra Pradesh India
Tel: +91 40 3100 1362/63/64
Voip: +61 3 9617 0294

www.oakton.com.au
email: enquiry@oakton.com.au