Results Driven. When Business & IT Matters

Oakton Limited
ABN 50 007 028 711

Melbourne
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Melbourne VIC 3000
Australia

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www.oakton.com.au

19 August 2008

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

Dear Sir

RE: Appendix 4E

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

Michael Miers
Company Secretary

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Results Driven. When Business & IT Matters

Appendix 4E – Final Report

Oakton Limited ABN 50 007 028 711

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 2008

Previous corresponding period is the financial year ended 30 June 2007

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				$000s
Revenues from ordinary activities	up	75.19%	to	$201,317
Profit from ordinary activities after tax attributable to members	up	34.63 %	to	$27,635
Net profit for the period attributable to members	up	34.63 %	to	$27,635

Dividends	Amount per security	Franked amount per security
Final dividend	12.00 cents	12.00 cents
Interim dividend – paid 30 April 2008	11.00 cents	11.00 cents

Record date for determining entitlements to the final dividend	17 September 2008
Payment date of final dividend	1 October 2008

Income Statement	Refer to the attached annual report
Balance Sheet	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 2007	31 October 2007	10.25 cents	$8,794
Interim dividend Year ended 30 June 2008	30 April 2008	11.00 cents	$9,671
Total paid			$18,465
Final dividend Year ended 30 June 2008	1 October 2008	12.00 cents	$10,561

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 (cents)	Prior period (cents)
Net tangible asset backing per ordinary share	(10.7) cents	(11.9) 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 2008 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.

Melbourne	Sydney	Canberra	Brisbane	Hyderabad
Level 8, 271 Collins Street	Level 3, 65 Berry Street	2/45 Wentworth Avenue	Level 1, 46 Edward Street	Plot No 5, Road No 2
Melbourne VIC 3000	North Sydney NSW 2060	Kingston ACT 2604	Brisbane QLD 4000	Banjara Hills Hyderabad 500-034
Australia	Australia	Australia	Australia	Andhra Pradesh India

Focused on what matters

Oakton Limited – Annual Report 2008

ABN 50 007 028 711

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Results Driven. When Business & IT Matters

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

CONTENTS

2008 Highlights

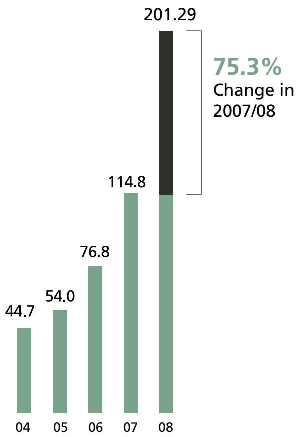
The 2008 financial year was a year that combined continued strong growth and consolidation for the next stage of the business. During the 12 months to June 2008, Oakton achieved the following:

- Record revenue of $201.29m (up 75.3%), EBITDA of $41.01m (up 37.7%) and NPAT of $27.63m (up 34.6%)
- Diluted earnings per share increased to 31.1 cents, 31.2% higher than last year
- Record final fully franked dividend of 12.00 cents, up 17.1% on last year, making total dividend payout for the year of 23.00 cents, 13.6% higher than last year
- Ended June 2008 with 1,289 staff, 286 more than the same time last year
- Operating cash flow of $24.89m up 51% on last year
- Completion of the Acumen Alliance integration and brand transition
- Continued growth of Oakton's offshore operation in India
- Increase in project size and duration
- Entered FY09 with the highest level of committed revenue
- Continued margin improvement post the Acumen Alliance integration
- Continued improvement in existing client service line ratios and introduction of new clients in existing and new locations
- Appointment of additional senior management
- Enhanced internal quality and risk management processes and upgrades to internal systems to manage business growth and scale

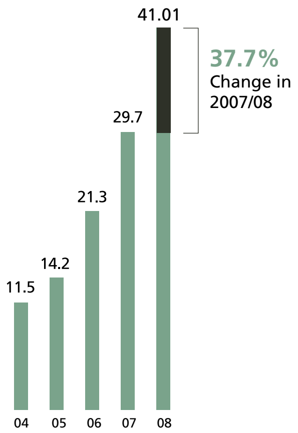
Highlights

RECORD FINANCIAL RESULTS

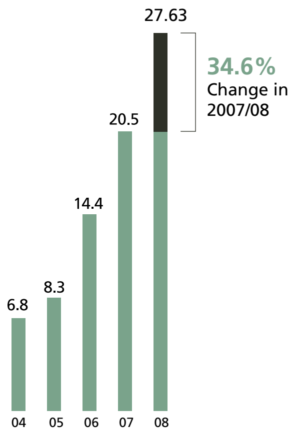
(All figures except EPS are in million dollars)



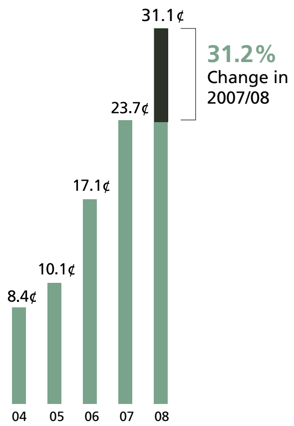
SALES REVENUE – Includes full year contribution from Acumen Alliance and strong organic growth



EBITDA – Increased to record levels with margin improvement post Acumen Alliance acquisition



NPAT – Increased to record levels while absorbing financing costs associated with acquistions



EPS – Continues to increase as the business assets are leveraged for profitable return

PROFIT AND LOSS	2008	2007	%CHANGE
Sales Revenue ($m)	201.29	114.84	+75.3%
EBITDA ($m)	41.01	29.79	+37.7%
Interest ($m)	*(1.96)*	*(0.25)*	*n/a*
Depreciation ($m)	*(1.10)*	*(0.66)*	*+66.7%*
NPAT ($m)	27.63	20.53	34.6%
Interim dividend (¢)	11.00	10.00	+10.0%
Final dividend (¢)	12.00	10.25	+17.1%
Diluted EPS (¢)	31.10	23.70	31.2%
BALANCE SHEET			
Cash ($m)	6.03	0.02	n/a
Receivables ($m)	48.49	39.96	+21.3%
Intangibles Goodwill ($m)	70.31	59.14	+18.8%
Total Assets ($m)	135.16	104.62	+29.2%
Total liabilities ($m)	71.67	56.76	+26.3%
Borrowings ($m)	33.00	15.88	+107.8%

Chairman and Managing Director's Review

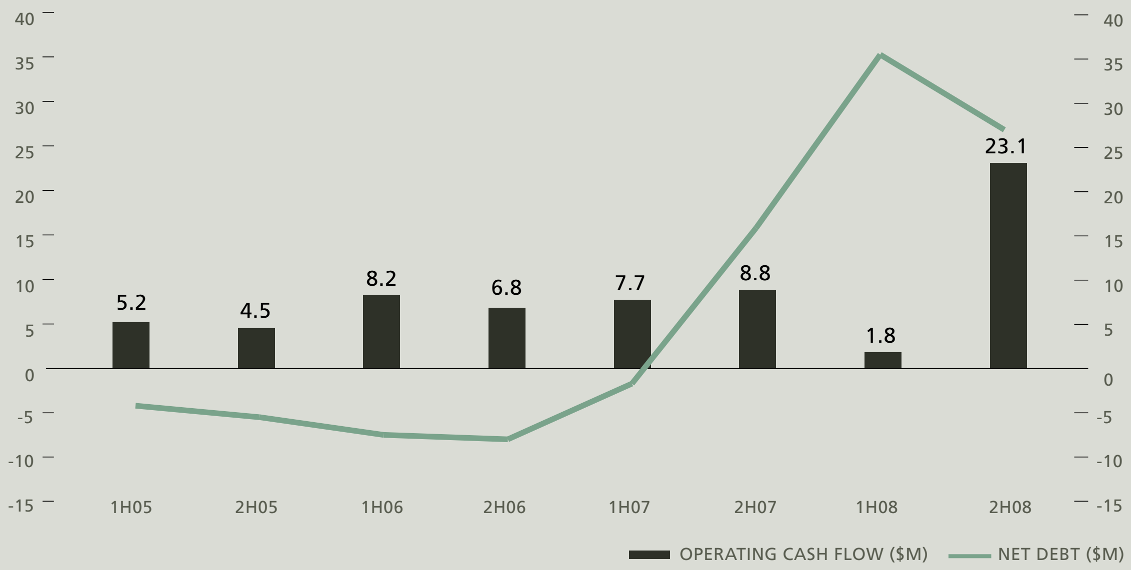
To our fellow owners

Another exceptional year by a truly exceptional team!

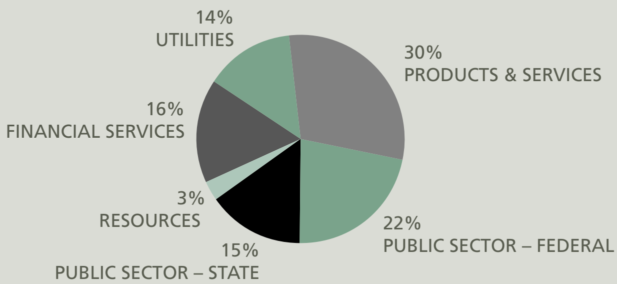
For the 8th consecutive year since listing, our specialised, disciplined and focused approach helped us achieve record double digit growth across all our key measures. Revenues grew an impressive 75% as we crossed the $200 million income threshold for the first time; EBITDA was up 38% to $41 million; profit was up 35% to $27.6 million; and, diluted earnings per share, up 31% to 31.1 cents. Across the other measures that matter — market share, service line ratios and Oakton people — the story's the same: record double digit growth.

There are good reasons for this: first, the contribution of a full year's trading results from the now Oakton-branded Acumen Alliance — our seventh successful acquisition and integration — and second, and just as importantly, organic growth for the year topped a very pleasing 20%.

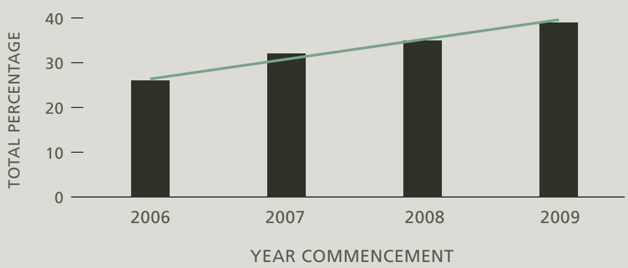
2008 CASH FLOW SUMMARY (Full year)



REVENUE CONTRIBUTIONS BY MARKET SECTOR



REVENUE COMMITTED FOR NEXT FINANCIAL YEAR



These impressive results are not only a testament to our proven strategy and business model, but a tribute to our people who continue to produce industry-leading results with enthusiasm and drive. Thank you once again!

Of course, as strong as last year's performance is, it doesn't take into consideration the challenges and uncertainties facing our economy. As we enter this new financial year with strong momentum, the legitimate question is, how well is Oakton going to fare?

Certainly, no year is easy to predict, but with a 20-year track record we're pragmatic about our ability to adapt, and optimistic about our potential to take advantage of opportunities we know will likely exist.

FOCUSED ON WHAT MATTERS: A CHANGING LANDSCAPE

We're competing in a dynamic $18 billion marketplace, highly fragmented and ripe for consolidation and market share gains. It's a growing sector, an engine of growth for any developed economy, but as uncertain times lie ahead, there are mixed views as to just how robust consulting and IT services really is.

Many commentators, some who may have been overly optimistic in the past, are now predicting a sharp spending slowdown. This has seen many IT services stocks — ours included — fall more than 50% in recent months. In order to understand why we have a different view — especially when applied to Oakton — it is important to recognise that today's IT services space is unlike that of a few years ago. Where many think the massive shift is the transition to a networked world, the really big shift in our space is how business strategy linked to IT capabilities now sets the technology agenda.

Clients no longer are content with cost savings from off-the-shelf technologies, or low-cost, volume-based outsourcing deals, they are seeking to innovate and gain real competitive advantage. And this involves not just their products and services, but their entire company's business processes, management systems, policies and even their core business model. To accomplish that, they're increasingly integrating advanced technology deeper and deeper into their processes and operations.

It is important to understand the implications of this for the IT spend: what once was a discretionary purchase is now viewed as an essential and vital investment.

This is certainly true in our core market segments i.e. resources, construction, telecommunications and utilities, and to a lesser extent in our financial services and retail sectors — as we enter this financial year. And it's especially true in federal government, where change programs being formulated following the recent 2007 election, are expected to be converted into projects. Add it all up, and it is good news for Oakton. That's why as we look ahead, we are comfortable that demand for our specialist end-to-end IT and consulting services should remain strong for the foreseeable future.

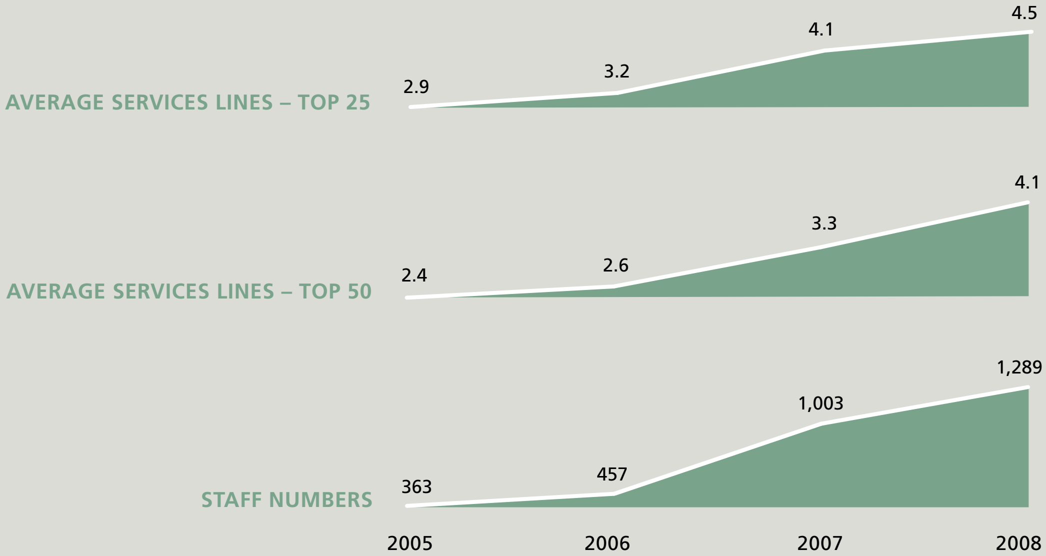
FOCUSED ON WHAT MATTERS: A STRONG PLATFORM FOR GROWTH

There are good reasons for our optimism: our different business model for one; our strategic choices over the last few years for another; our pronounced organic growth through a focus on deeper and deeper client relationships; our 286 new staff, almost double the previous year's intake; and of course our processes, our IP portal and the fantastic drive of our 1,289 talented Oakton team members.

The big message now is our focus on execution. All the strategic hard work over the last few years has given us significant capabilities to seize the growth and profit opportunities we see ahead. That's why acquisitions and any new locations are off the agenda right now, unless of course, they add compelling shareholder value. That's why we're bolstering our existing locations and finalising all back office integration with new office systems. And that's why we're increasing our ties to leading global product companies like Oracle, Microsoft, IBM and SAP, and strengthening our senior management leadership and expertise — to help our 1,289 talented team members collaborate, innovate and contribute to Oakton's continued growth.

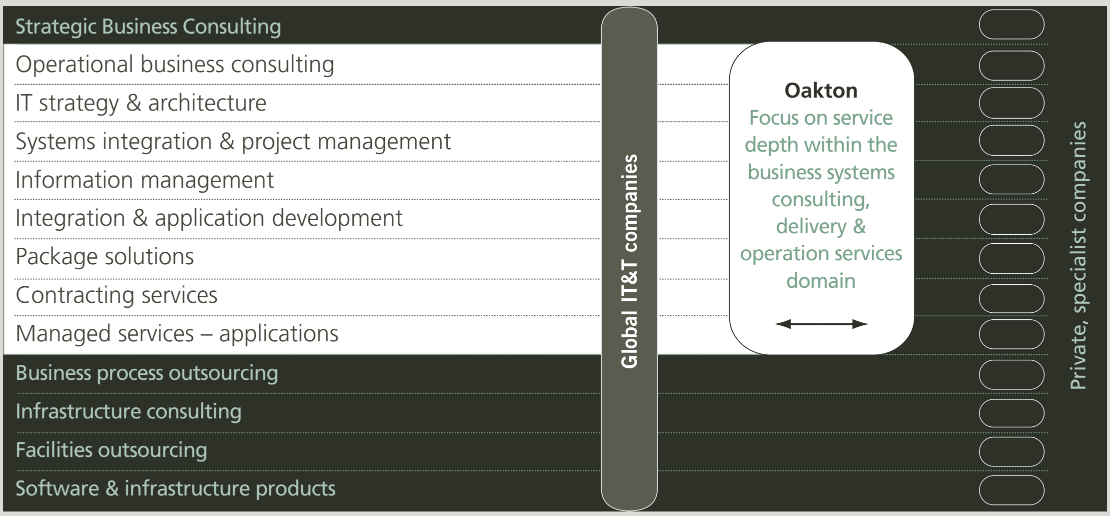
What makes us so different is our exclusive concentration on helping clients plan, deliver and run business and IT solutions across their business or enterprise that draws on Oakton's resources, strengths and proven approaches at a more competitive price point. It's time tested. It's twenty years old. And it's helped build Oakton into the company it is today.

MEASURES THAT MATTER



MARKET POSITIONING

Oakton provides a specialist set of services that can be positioned relative to global IT companies and boutique specialist companies.



The important lesson of the last few years, however, is that real business transformation only occurs when clients work with a consulting and IT partner who has a deep, experience-based understanding of their business, of business in general, and of outcome-based solutions in particular.

Importantly, this is increasingly includes advising clients on where technology is going, on emerging trends like selective outsourcing, the unification of communications using the Internet, and the refurbishment of core systems critical to business strategy fulfilment.

Put it all together it's what's driving clients' spending today — and for the foreseeable future — the need to strategically integrate processes, people, ideas and work to create new levels of efficiencies and competitive advantage.

That's why one of our key competitive advantages is not the breadth of the ten services we offer, but the depth of the services we offer. This is key in differentiating capability and something clients cannot easily get from our competitors.

FOCUSED ON WHAT MATTERS: DEEPER CLIENT RELATIONSHIPS

Today, we are focusing all our specialist skills, expertise and marketing energy towards driving more organic growth, developing deeper and deeper client relationships, offering more value and convenience and giving our clients a better deal for bringing us more of their business.

The great thing is our clients agree. We thank them firstly for rating the service we provide as outstanding, and voting us the best IT services company in the recent *2008 BRW Client Choice Awards*. And then we have to thank them again, for voting us the best professional services company — in any industry — in the under $200 million revenues' category.

This is great recognition indeed, and especially when you consider there is no judging panel and the rankings are generated solely from the independent assessment of clients' ratings on a range of criteria, covering performance, value for money and innovation in the delivery of services.

There's no doubt awards are important, but let's take a moment to remind you why becoming the 'provider of choice' for our clients is so good for Oakton's business. We have hundreds of clients — around 500 at the last count — spread across leading industry sectors like resources, construction, utilities and finance, and with the successful integration of the Oakton-branded Acumen Alliance acquisition now well and truly complete, a strong, strategic presence in Federal Government as well. The promise of what this holds for Oakton in the coming financial year in new government initiatives and soon-to-be-converted projects, is very exciting.

Now, let's focus attention to the deeper significance of these trends, the number of service lines clients buy from us, and the opportunities still left for cross-selling: five years ago it was 1.4 service lines per client. Today, our top 25 clients buy an average of 4.5, our top 50, an average of 4.1 and the total client average is up to 1.8.

This is not a new theme, in fact we've been telling you about the compelling reasons for doing this for a good few years now — the more multiple service line solutions we sell clients, the better deal they get, the more loyal they become, the more we know about them and their business to serve them better, and the higher return for Oakton's shareholders. This is organic growth at its best: everyone wins – our clients, our people and our shareholders.

There's another advantage as well: as economic conditions begin to fluctuate, our disciplined focus on deeper relationships means we are better able to avoid volatile earnings as we are more closely aligned with our clients as partners, and therefore, a stronger engine of financial performance.

FOCUSED ON WHAT MATTERS: BIGGER PROJECTS, LONGER TIME FRAMES

Another important measure of Oakton's success year-on-year is the growing size of our contract wins. Last year, we told you of the important role played by our offshore services facility in Hyderabad in cost-effectively helping us play in the larger contract space. This year, we are pleased to tell you the impressive trend continues: indeed our largest contract win in the last 12 months is in excess of $15 million, something simply unthinkable only two short years ago.

The flip side of this, of course, is the annuity income generated from larger contracts, as they typically run for longer time frames. This is yet another profound measure of success, and one which we have highlighted in the last couple of years. Where contracts used to be of six months duration a few years ago, the trend at Oakton has squarely shifted to one, two and even three years duration.

Of course, this has a positive and sustainable net effect, especially in uncertain economic times: consider in 2006, 26% of our budgeted annual revenue was secured as long-term contracts; in 2007, it was 32%; and, as we enter this financial year it is a strong 39%.

FOCUSED ON WHAT MATTERS: LEVERAGING OUR BEST ASSETS

Achieving the kind of consistent performance and growth that is a hallmark of Oakton, takes day-to-day discipline about the way we think and act as one company. This means we never stop investing in our shared services hub and our centralised IP portal, to streamline and unify our business intelligence capabilities, to drive consistent and clearer accountability, improved frameworks for decision making, common methods and processes, dynamic-sharing and re-using of knowledge, and strong alignment of IT and business goals.

But in a knowledge-based economy like Oakton's, it's our people who are our most important asset — all 1,289 talented, well educated and innovative specialists.

To bolster our biggest competitive advantage, we're introducing the Oakton Leadership Development Program, an offsite residential program developed with external assistance, for our top 50 managers.

And we're significantly strengthening our senior management: in the last 12 months, for example, Steve Parker has joined as the new Chief Operating Officer, Christine Scammell, as the new General Manager Victoria, and from within the Oakton ranks, we are pleased to announce Michael Morgan as the new General Manager NSW.

These senior leaders bring expertise to broaden our skills with expertise gained in larger IT service companies. They're responsible. They're accountable. They're collaborators. They're mentors for emerging, diverse management talent across the company. They know how to build high-performance teams. And they make every business decision with value in mind. Beginning on page 12 you can get to know them a little better, as they briefly describe their picture for success.

FOCUSED ON WHAT MATTERS: GROWING OAKTON

As we close our letter to you this year, our 20th year of operation, we continue to build a strong company that keeps getting stronger. A company with a clear strategy that has been tested and proven in one of the most competitive sectors in the land. And as we enter this financial year, we're focused on cross selling more of our services and deeper and deeper client relationships, growing our people, building our leadership capabilities and optimising our margins to deliver even greater value — it's that simple.

Finally, we thank our 1,289 Oakton team members for another impressive year, for their energy, their professionalism and their drive to make this company the best it can be. Another great year by a truly great team! We thank our clients for entrusting more of their business with us. And we thank you, our shareholders, for your confidence in Oakton as we begin our 21st year.

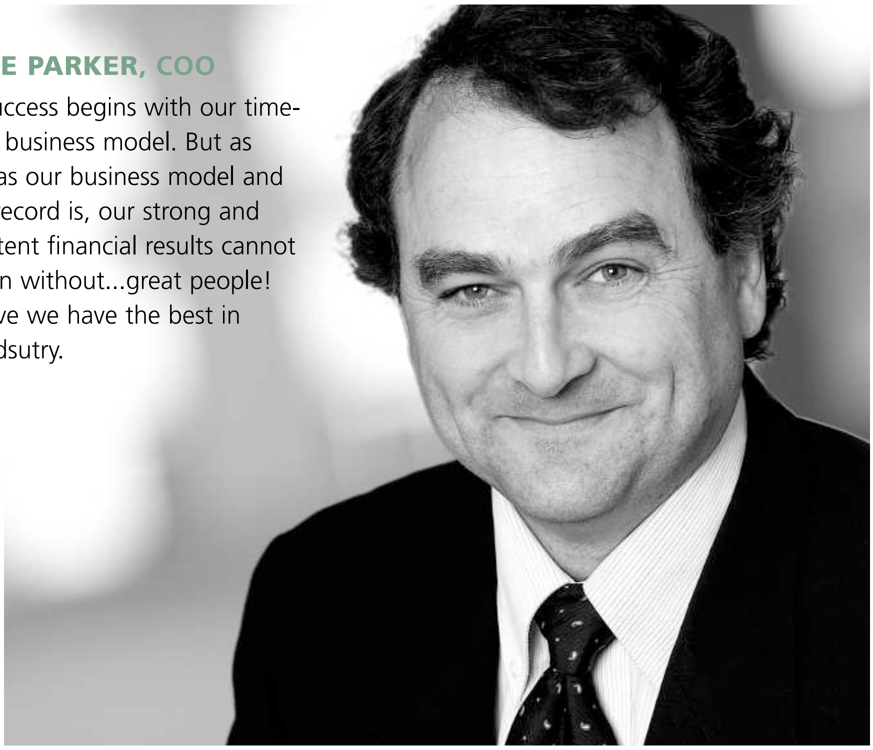
PAUL HOLYOAKE
EXECUTIVE CHAIRMAN

NEIL WILSON
MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER

Each of our senior leaders has a vision for the success of Oakton — how they and their talented teams intend to grow more of our clients' business. As you can see, they are unanimous on one key point — people as a competitive advantage.

STEVE PARKER, COO

Our success begins with our time-tested business model. But as good as our business model and track record is, our strong and consistent financial results cannot happen without...great people! I believe we have the best in the indsutry.



MICHAEL MORGAN, GM NSW

What we do is really about trust. Achieving solutions that integrate our clients' businesses and IT is dependent on quality relationships, working towards common objectives and sharing information, knowledge and risk.

JOHN LEWIS, GM ACT

Its' about growing with clients so it's all about relationships. The more our clients value the relationship with Oakton people, the more we win as a business.

CHRISTINE SCAMMELL
GM VICTORIA

Our success is built on our ability to be approachable, the skill to offer valuable expertise, and the integrity to be resourceful, resilient and reliable.

PHILLIP O'BRIEN
VICE PRESIDENT GTSC(I) (INDIA)

Our clients come to us because of what we know. That makes our people our best competitive advantage. Our product is service. Our value-added is our end-to-end IT solutions.

SIMON WILLIAMS,
GM QLD

Success for Oakton people is nurturing the innovative spirit of IT, balanced with a common sense of business and flexibility.

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

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

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

Board of Directors

PAUL HOLYOAKE
BEngMech (Hons), MEngSci
Executive Chairman

Paul was appointed Executive Chairman in July 2005. As a founder of Oakton, Paul delivered the drive and business pragmatism to grow a start-up company into the profitable enterprise that it is today. He has stepped away from the day to day activities of Oakton to focus on strategic initiatives and most recently played major roles in the acquisitions of Clickstream and Acumen Alliance.

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

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

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

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

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

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

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

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

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

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

CHRIS GILLIES
Non-Executive Director

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

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

ROBERT KENNEDY
B.Com, CA
Executive Director

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

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

MICHAEL MIERS
BEc, FCPA
Company Secretary

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

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

Our Leadership Group

STEVE PARKER
B.Eng.(Electronics), MBA
Chief Operating Officer

Steve was appointed Chief Operating Officer at the beginning of 2008. He is responsible for managing the day to day operations of Oakton ensuring that performance targets are achieved.

Prior to joining Oakton Steve was the Managing Director, Unisys Australia and New Zealand for two years where he was the executive director of the local subsidiaries responsible for the profitable growth of the business across the two countries.

Before joining Unisys Steve was employed at Hewlett Packard for 16 years where he held a number of senior positions in Sales, Marketing and General Management for Information Technology Outsourcing and Consulting Services both in Australia and the USA. He was accountable for multimillion dollar businesses and gained considerable experience across remediation, merger and growth agendas.

For the first seven years of his career Steve was involved in the Public Health sector in Victoria specialising in Biomedical Engineering – firstly in Cardio Vascular research and then in various Intensive Care clinical environments.

CHRISTINE SCAMMELL
BBS
General Manager
Victoria

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

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

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

MIKE MORGAN
MBA, AFAIM, MACS
General Manager
New South Wales

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

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

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

JOHN PHILLIPS
BAcc, CA, MAICD
Chief Financial Officer

John, a Chartered Accountant, was appointed to the position of Chief Financial Officer in July 2008 after being General Manager of Oakton's Victorian operations and National Consulting. Prior to this, John held the position of Chief Executive Officer at Acumen Alliance from August 2006, and at the same time was Managing Director of Acumen's Victorian office. He has more than 20 years experience in financial administration and management, governance and accountability and has consulted extensively in these areas to a range of corporate and government agencies. John specialises in advice to senior executives on governance, financial and risk management, investment strategies, project management, information optimisation and overall business strategy. John was previously Joint Vice Chairman of the Melbourne Football Club and a member of the Loreto Mandeville Hall Council and Finance Committee.

SCOTT BOZIC
BSc (Hons)
General Manager
Organisational Effectiveness

Scott was appointed General Manager of Organisational Effectiveness in February 2008. In this role he is responsible for driving the Executive leadership, development and change programs across the company. In his previous role Scott was the General Manager for NSW where his primary focus was to develop and grow profitable business across all services offered by Oakton. Before joining Oakton in November 2002 he was a partner with Deloitte, heading the Enterprise Application Solution service line. Scott has worked for Oracle Corporation in the US and Australia and he has over 15 years experience in the IT industry in the design, development and management of end to end technology based solutions.

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

Simon is General Manager for Queensland, and is responsible for all aspects of the QLD operations. Simon is tasked with establishing the Oakton office and brand within the Queensland marketplace. This involves growing the business in all areas including clients, staff, service offerings and office facilities. Simon joined Oakton through the acquisition of Aston IT Group in 2003, where he was the Implementation Practice manager focused on ERP and CRM business solutions. He then managed Oakton's Microsoft Package Solutions divisions across Victoria and NSW for two years. Simon has over 15 years of business and IT service experience which enable him to consult, and manage, end to end business solution offerings for our clients.

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

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

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

PHILLIP O'BRIEN
BSc Computing
Vice President GTSC(I) (India)

Phillip joined Oakton in 1992 and is the longest serving Oakton employee. He was appointed Vice President of Oakton Global Technology Services Centre (India) Private Limited in September 2006 and currently manages the operation in India. With over 17 years IT experience, Phil has previously held a variety of roles within Oakton including Location Services Manager, delivery manager and technical delivery roles. His career includes long term associations with clients such as BP International and GE Money, including on site work in the UK, USA and New Zealand. Phillip has lived for the past 12 months in India and established Oakton Global Technology Services Centre (India) Private Limited, a wholly owned subsidiary in the Oakton Group. With the focus of Oakton India moving from establishment to growth, Hyderabad, India continues to be Phillip's home and base of operations.

MICHAEL SNEDDON
LLB, B Com (Hons)
General Counsel

Michael joined Oakton in 2005 as the inaugural General Counsel, having spent over 20 years in private legal practice. Prior to joining Oakton, Michael specialised in IT contract law and data protection law, practising at one of the major national law firms for six years and before that as a partner for eight years at a Melbourne based law firm. In private practice, Michael acted for major Australian and multinational ICT customers and suppliers, as well as Federal and State Governments. Michael's role is to advise the Oakton Group on its legal obligations and ensure compliance with relevant legislative and legal requirements. He has particular responsibility for overseeing the negotiation and drafting of contractual arrangements with clients and software partners.

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

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

BOB PEEBLES
General Manager Client Management and Marketing

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

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 2008 year. There are 8 principles reported on below. Each principle includes one or more recommendations as well as a guide to reporting.

Oakton has elected to early adopt the revised ASX Corporate Governance Principles and Recommendations issued in August 2007.

PRINCIPLE 1 – Lay solid foundations for management and oversight

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

The Oakton board retains responsibility for the following items:

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

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

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

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

In 2008 and 2009, executives including executive directors who have distinct responsibilities within their locations will be evaluated against the approved budgets and key performance indicators which were approved by the Board in the annual budget process. Reviews with each senior executive are performed annually.

PRINCIPLE 2 – Structure of the board to add value

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

During 2008 year, the board comprised three executive directors and two non-executive directors. The non-executive directors are considered independent by the Board under the definitions provided in the Council's recommendations. This recommendation has not been complied with during the 2008 year due to the limited size of the board and the requirements in the prior year to appoint an additional executive director as part of the agreement to purchase the Acumen Alliance business. The board continues to investigate the availability of suitable non-executive director candidates in the market, however to the date of this report, no candidates have been identified.

Recommendation 2.2 The chair should be an independent director.

During 2008 the chairman of the Board of Directors was Paul Holyoake. He is not considered to be independent under the Council's definition as he held an executive position within the three prior financial years. He is also a substantial shareholder. This recommendation has not been complied with during the 2008 year.

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

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

Recommendation 2.4 The board should establish a nomination committee.

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

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

Previously it has not been feasible to separately identify the contributions of any one non-executive director to the overall performance of Oakton. The Board is currently undertaking a project to review the capabilities of each director, to define the measures of performance and benchmark the performance of the Board against a peer group (which will be defined in the process). The outcome of this project will be a process which will allow for evaluation of the Board.

PRINCIPLE 3 – Promote ethical and responsible decision making

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

– the practices necessary to maintain confidence in the company's integrity;

– the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders

– the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

The Oakton HR manual and procedures ensure that:

– company assets are used appropriately for business purposes;

– confidential information is maintained confidential; and

– all parties act so as not to conflict with Oakton's interests.

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

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

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

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

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

PRINCIPLE 4 – Safeguard integrity of financial reporting

Recommendation 4.1 The board should establish an audit committee.

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

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

The main functions of the Audit Committee are:

– to act as a committee of the Board of Directors in discharging the Board's responsibilities as they relate to financial reporting policies and practices, accounting policies and management and internal controls;

– to provide through regular meetings a forum for communication between the Board, senior financial management and external auditors,

– to enhance the credibility and objectivity of the Company's financial reports,

– to develop and administer the framework for monitoring and mitigating risk.

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

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

– consists only of non-executive directors

– consists of a majority of independent directors

– is chaired an independent chair, who is not chair of the board

– has at least three members.

During 2008, the audit committee comprised:

– Gordon Hughes (an independent, non-executive director), Chairman of the Committee;

– Neil Wilson (an executive director); and

– Chris Gilles (an independent, non-executive director).

The recommendation that the committee only consist of non-executive directors was not complied with for the 2008 financial year. As a result of the size of the Board it contains a majority of independent, non-executive directors but also includes one executive director. It is expected that the composition of the committee will change when the composition of the board changes.

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

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

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

PRINCIPLE 5 – Make timely and balanced disclosure

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

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

PRINCIPLE 6 – Respect the rights of shareholders

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

Planned communications to shareholders are:

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

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

PRINCIPLE 7 – Recognise and manage risk

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

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

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

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

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

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

The effectiveness of the risk management process is assessed annually by the National Manager, Oakton Quality Management. The assessment in April 2008 determined that the processes were effective. In response to changing conditions, the ranking of certain risks may change and additional risk mitigation activities may be undertaken.

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 2008.

PRINCIPLE 8 – Remunerate fairly and responsibly

Recommendation 8.1 The board should establish a remuneration committee.

The board established a Remuneration Committee in June 2000 when the company became a listed company. During 2006, the name of the Committee was changed to the 'Human Resources Committee'.

During 2008, the members of the Committee were:

- Paul Holyoake
- Neil Wilson
- Chris Gillies

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

The Human Resources Committee Charter was formally adopted in May 2006.

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

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

– remuneration;

– the term of appointment, subject to shareholder approval;

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

– procedures for dealing with conflicts of interest; and

– the availability of independent professional advice.

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

Non-executive Directors do not receive at risk remuneration.

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

The directors present their report together with the financial report of the consolidated entity consisting of Oakton Limited ABN 50 007 028 711 and the entities it controlled, for the financial year ended 30 June 2008 and auditors report thereon. This financial report has been prepared in accordance with Australian Equivalents of International Financial Reporting Standards.

Directors

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

Paul Holyoake (Executive Chairman)

Neil Wilson (Managing Director & Chief Executive Officer)

Robert Kennedy

Chris Gillies

Gordon Hughes

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

Company Secretary

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

Mr Michael Miers B.Ec FCPA.

Principal Activities

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

- business consulting and IT strategy
- planning services
- delivery services in solution design
- custom application development and technical architecture services
- packaged software implementation
- information management, data warehousing and business intelligence services
- systems integration solutions
- 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 $27,634,740 (2007: $20,526,100).

Review of Operations

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

After Balance Date Events

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

Likely Developments

Except as detailed in the Chairman and Managing Director's Review on pages 3 to 11, likely developments, future prospects and business strategies of the operations of the consolidated entity and the expected results of those operations have not been included in this report, as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

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

Dividend Paid, Recommended and Declared

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

	2008 $'000	2007 $'000
(a) Dividends paid during the year		
(i) Previous year final A fully franked dividend (C class – 30%) of 10.25 cents per share was paid on 31 October 2007 (2007: 9.25 cents paid on 29 September 2006)	8,794	7,761
(i) Current year interim A fully franked dividend (C class – 30%) of 11.0 cents per share paid on 30 April 2008 (2007: 10.0 cents paid on 30 March 2007)	9,671	8,407
	18,465	16,168
(b) Dividends declared and not paid		
After the end of the financial year, the Directors declared a fully franked dividend of 12.00 cents per share to be paid on 1 October 2008. This dividend is not provided for in the financial report	10,561	8,770

Share Options

Options issued by Oakton Limited during or since the end of the financial year are detailed in Note 16(d) and 20 in the attached financial report. The details of options granted to Directors and executives are detailed in the Remuneration report on pages 33 to 35. All options are over ordinary shares in the company. No option holder has any right under the options to participate in any other share issue of the company.

Indemnification and Insurance of Directors and Officers

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

Proceedings on Behalf of the Consolidated Entity

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

Information on Directors and Company Secretary

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

Paul Holyoake BEngMech(Hons), MEngSci, Grad Dip CompSci (Melb)	Executive Chairman Member of the Human Resources committee. Director since 1988. Last re-elected at the 2005 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.
Neil Wilson BBus (Accounting) (MIS), CPA	Managing Director and Chief Executive Officer Member of the Human Resources and Audit committees. Director since October 2000. Last re-elected at 2003 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.
Robert Kennedy ACA, B.Comm	Executive Director Appointed director of Oakton on 29 June 2007. Re-elected at 2007 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.
Chris Gillies	Independent Director Member of the Human Resources and Audit committees. Director since June 2003. Last re-elected at 2007 AGM. Other directorships: Director of Corporate Express Australia Ltd (since July 2005), CommSecure Ltd (since September 2001) and UCMS Group Ltd (since April 2007).
Gordon Hughes LLB (Hons) LLM, PhD	Independent Director Chairman of the Audit committee. Director since April 2000. Last re-elected at 2006 AGM. No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.
Michael Miers B.Ec FCPA	Company Secretary Appointed Company Secretary in March 2003.

For details of Directors' experience, refer to profiles on pages 16 to 17.

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

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

Directors' Meetings

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

	BOARD OF DIRECTORS		AUDIT COMMITTEE		HUMAN RESOURCES COMMITTEE	
	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED	ELIGIBLE TO ATTEND	ATTENDED
Paul Holyoake	12	12	0	0	2	2
Neil Wilson	12	12	2	2	2	2
Robert Kennedy	12	12	0	0	0	0
Chris Gillies	12	12	2	2	2	2
Gordon Hughes	12	11	2	1	0	0

Directors' Interests in Shares or Options

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

	ORDINARY SHARES OF OAKTON LTD HELD DIRECTLY	ORDINARY SHARES OF OAKTON LTD HELD INDIRECTLY	OPTIONS OVER SHARES IN OAKTON LIMITED HELD DIRECTLY
Paul Holyoake	–	7,025,000	–
Neil Wilson	1,500,000	699,616	1,500,000
Robert Kennedy	141,407	263,380	–
Chris Gillies	–	15,000	–
Gordon Hughes	–	–	–

Directors' Interests in Contracts

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

Auditor's Independence Declaration

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

Non-Audit Services

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

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

	2008 $'000	2007 $'000
Corporate secretarial services	**5**	4
Additional assurance and tax assistance	**29**	8

Rounding of Amounts

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

REMUNERATION REPORT (FORMING PART OF THE DIRECTORS' REPORT)

Remuneration Policies

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

Fixed term remuneration for executives

The Human Resources Committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and key management personnel of the consolidated group. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities; and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The executive directors and key management personnel are employed under a contract detailing their remuneration, service period and non-competition clauses. With the exception of Neil Wilson, John Phillips and Robert Kennedy, key management personnel are employed on a continuing basis the terms of which are not expected to change in the immediate future. From July 2005, Neil Wilson is employed under an employment contract with an initial three year period. After the initial term, the contract is continuing, subject to a six month notice period. Robert Kennedy and John Phillips were appointed in June 2007 under an employment contract with a three year term with a six month notice period.

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

Performance based remuneration for executives

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

Short-term organisational goals are managed with the use of at-risk performance bonuses which become payable when the audited financial result of the company or a segment of the company exceeds certain financial performance criteria. The criteria relate to EBITDA or net profit after tax, depending on the extent of influence that the key management person can exercise on the result. The Human Resources Committee has specified these budgeted measures as the performance criteria as their growth has historically aligned to an increase in shareholder value. In addition, some key management personnel have short-term bonuses which are at risk on the achievement of Key Performance Indicators ("KPIs"). These KPIs relate to non-financial achievements in areas such as Human Resources and Method Development.

The performance bonuses are structured with a fixed amount for achievement of a target with uncapped upside for exceeding financial targets. Performance bonuses based on KPIs are fixed dollar amounts.

Long term organisation goals are aligned with key management personnel performance through the use of options. Options are granted when the audited financial result of the company or a segment of the company exceeds certain financial performance criteria. The performance options are also subject to service conditions such that only one-quarter of the options granted may be exercised on or after the first, second, third and fourth anniversary of the grant. Options expire at the earlier of termination of employment or five years after grant date. The exercise price is set by the remuneration committee as the average market closing price for the 10 trading days preceding the grant. The inputs to the option valuation methodology are set out in Note 23.

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

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

The remuneration policies detailed above have been tailored to increase goal congruence between shareholders and directors and executives. The company believes this policy to have been effective in increasing shareholder wealth over the past five years.

PERFORMANCE MEASURE	2008	2007	2006	2005	2004
Net profit (change from prior year) (%)	**34.6**	42.2	57.1	35.1	42.0
Dividends paid (fully franked) (cents)	**21.25**	19.25	13.0	8.75	6.75
Diluted earnings per share (cents)	**31.1**	23.7	17.1	11.2	8.4

Remuneration of non-executive directors

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

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

Named directors and key management personnel

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

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

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

KEY MANAGEMENT PERSONNEL	POSITION
Michael Miers	Company Secretary; Chief Financial Officer to 30 June 2008
Bruce Minahan	General Manager, Integration to 30 June 2008
Steve Parker	Chief Operating Officer (appointed 21 January 2008)
John Phillips	General Manager, Consulting from 3 March 2008. Chief Financial Officer (from 1 July 2008).
Michael Sneddon	General Counsel

Directors' Remuneration

2008	SHORT-TERM SALARY FEES	CASH BONUS	NON-MONETARY	OTHER SHORT TERM BENEFITS[2]	POST EMPLOYMENT SUPER	RETIREMENT BENEFITS	LONG TERM EMPLOYEE BENEFITS SHARE BASED PAYMENTS – OPTIONS[1]	OTHER LONG TERM EMPLOYEE BENEFITS	TOTAL
Paul Holyoake	186,333	–	42,833	–	45,834	–	–	–	275,000
Neil Wilson	450,000	100,000	–	–	50,000	–	223,620	–	823,620
Robert Kennedy	170,683	–	–	–	26,526	–	–	–	197,209
Chris Gillies	44,404	–	–	–	3,996	–	–	–	48,400
Gordon Hughes	40,000	–	–	–	–	–	–	–	40,000
	891,420	100,000	42,833	–	126,356	–	223,620	–	1,384,229
2007									
Paul Holyoake	191,284	–	66,500	–	17,216	–	–	–	275,000
Neil Wilson	453,780	100,000	–	–	46,220	–	223,620	–	823,620
Robert Kennedy	1,815	–	–	–	–	–	–	–	1,815
Chris Gillies	45,000	–	–	–	–	–	–	–	45,000
Gordon Hughes	41,284	–	–	–	3,716	–	–	–	45,000
	733,163	100,000	66,500	–	67,152	–	223,620	–	1,190,435

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

[2] 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.

There are no termination benefits payable.

Key management personnel remuneration

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

2008	SHORT-TERM SALARY FEES	CASH BONUS	NON-MONETARY	OTHER SHORT TERM BENEFITS[2]	POST EMPLOYMENT SUPER	RETIREMENT BENEFITS	LONG TERM EMPLOYEE BENEFITS SHARE BASED PAYMENTS – OPTIONS[1]	OTHER LONG TERM EMPLOYEE BENEFITS	TOTAL
Michael Miers	180,052	30,000	1,543	–	73,405	–	16,873	–	301,873
Bruce Minahan	275,229	–	–	–	24,771	–	6,173	–	306,173
Steve Parker	176,319	–	33,387	–	15,869	–	–	–	225,575
John Phillips	266,871	–	–	–	13,129	–	7,185	–	287,185
Michael Sneddon	235,656	20,000	–	–	45,664	–	15,291	–	316,611
	1,134,127	50,000	34,930	–	172,838	–	45,522	–	1,437,417

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

[2] 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.

Key management personnel remuneration (continued)

2007	SHORT-TERM SALARY FEES	SHORT-TERM CASH BONUS	SHORT-TERM NON-MONETARY	SHORT-TERM OTHER SHORT TERM BENEFITS[2]	POST EMPLOYMENT SUPER	POST EMPLOYMENT RETIREMENT BENEFITS	LONG TERM EMPLOYEE BENEFITS SHARE BASED PAYMENTS – OPTIONS[1]	LONG TERM EMPLOYEE BENEFITS OTHER LONG TERM EMPLOYEE BENEFITS	TOTAL
Scott Bozic[4]	255,677	9,060	1,938	–	42,385	–	15,848	–	324,908
Carly McKenzie[4]	129,690	–	–	–	12,010	–	3,499	–	145,199
Michael Miers	206,195	–	–	–	24,055	–	7,804	–	238,054
Bruce Minahan	266,756	6,653	–	–	33,244	–	17,236	–	323,889
Phillip O'Brien[4]	136,963	–	92,940	–	18,479	–	3,843	–	252,225
Steve Parker[3]	–	–	–	–	–	–	–	–	–
Bob Peebles[4]	205,516	35,000	25,200	–	19,284	–	5,015	–	290,015
John Phillips[3]	–	–	–	–	–	–	–	–	–
Michael Sneddon	220,115	–	–	–	42,385	–	5,434	–	267,934
	1,420,912	50,713	120,078	–	191,842	–	58,679	–	1,842,224

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

[2] The economic entity provides salary continuance insurance for all staff including key management personnel. The premium is calculated on a group basis and it is not possible to attribute a cost to any specific person.

[3] Steve Parker and John Phillips joined Oakton in the 2008 financial year and therefore do not have any comparative information.

[4] Scott Bozic, Carly McKenzie, Phillip O'Brien and Bob Peebles's roles were re-defined in the Oakton corporate structure from 1 July 2007 and therefore do not meet the definition of key management personnel for 2008.

There are no termination benefits payable.

Compensation by category

	NOTES	CONSOLIDATED ENTITY 2008 $	CONSOLIDATED ENTITY 2007 $	PARENT ENTITY 2008 $	PARENT ENTITY 2007 $
Short-term employment benefits		2,253,310	2,491,366	863,750	897,848
Post employment benefits		299,194	258,994	99,830	67,152
Other long-term benefits		–	–	–	–
Termination benefits		–	–	–	–
Share-based payments		269,142	282,299	223,620	223,620
		2,821,646	3,032,659	1,187,200	1,188,620

Commentary on bonuses and share based payments

As part of the performance management of key management personnel, targets are set for each executive annually. These targets comprise financial and non-financial targets and relate to the key personnel's area of influence with a view to maximise performance and achievement of the Group's goals. Both cash and share option rewards are provided as incentive for achievement of the targets set.

During the year, cash bonuses were paid to and options issued to those executives who achieved the targets set in the year prior to the current year. The exercise price of options granted was set by the Remuneration Committee as the average market closing price for the 10 days preceding the grant. Only one quarter of the options may be exercised on or after the first, second, third and fourth anniversary of the grant date and they expire five years after grant date. As at the date of this report, no options have been granted to key management personnel in relation to performance in the 2008 year.

Compensation options: granted and vested during the year

					TERMS AND CONDITIONS FOR EACH GRANT			
2008	VESTED NUMBER	GRANTED NUMBER	GRANT DATE	VALUE PER OPTION AT GRANT DATE	EXERCISE PRICE $	EXPIRY DATE	FIRST EXERCISE DATE	LAST EXERCISE DATE
Directors								
No director was issued remuneration options in the 2008 year.								
Key Management Personnel								
Michael Miers	20,000	20,000	28/08/2007	$1.259 to $1.617	$5.30	28/08/2012	28/08/2008	28/08/2012
Bruce Minahan	–	–	–	–	–	–	–	–
Steve Parker	–	–	–	–	–	–	–	–
John Phillips	10,000	10,000	02/07/2007	$1.238 to $1.632	$5.65	02/07/2012	02/07/2008	02/07/2012
Michael Sneddon[1]	30,000	30,000	19/12/2007	$0.865 to $1.050	$4.40	02/04/2012	02/04/2008	02/04/2012
Total	60,000	60,000						

[1] Options relating to performance in prior period which were not granted until current year.

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

2007	VESTED NUMBER	GRANTED NUMBER	GRANT DATE	VALUE PER OPTION AT GRANT DATE	TERMS AND CONDITIONS FOR EACH GRANT EXERCISE PRICE $	EXPIRY DATE	FIRST EXERCISE DATE	LAST EXERCISE DATE
Directors								
No director was issued remuneration options in the 2007 year.								
Key Management Personnel								
Scott Bozic[2]	20,000	20,000	15/08/2006	$0.674 to $0.715	$3.29	15/08/2011	15/08/2007	15/08/2011
Carly McKenzie[2]	–	–	–	–	–	–	–	–
Michael Miers	20,000	20,000	15/08/2006	$0.674 to $0.715	$3.29	15/08/2011	15/08/2007	15/08/2011
Bruce Minahan	20,000	20,000	15/08/2006	$0.674 to $0.715	$3.29	15/08/2011	15/08/2007	15/08/2011
Phillip O'Brien[2]	10,000	10,000	15/08/2006	$0.674 to $0.715	$3.29	15/08/2011	15/08/2007	15/08/2011
Steve Parker[1]	–	–	–	–	–	–	–	–
Bob Peebles[2]	10,000	10,000	15/08/2006	$0.674 to $0.715	$3.29	15/08/2011	15/08/2007	15/08/2011
John Phillips[1]	–	–	–	–	–	–	–	–
Michael Sneddon	10,000	10,000	03/04/2006	$0.755 to $0.769	$3.09	03/04/2011	03/04/2007	03/04/2011
Total	90,000	90,000						

[1] Steve Parker and John Phillips joined Oakton in the 2008 financial year and therefore do not have any comparative information.

[2] Scott Bozic, Carly McKenzie, Phillip O'Brien and Bob Peebles's roles were re-defined in the Oakton corporate structure from 1 July 2007 and therefore do not meet the definition of key management personnel for 2008.

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

2008	1 JULY 2007	VALUE GRANTED	VALUE EXERCISED	VALUE LAPSED	NET CHANGE – OTHER[1]	30 JUNE 2008
Directors						
Paul Holyoake	–	–	–	–	–	–
Neil Wilson	1,128,500	–	(564,000)	–	(500)	564,000
Robert Kennedy	–	–	–	–	–	–
Chris Gillies	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel						
Michael Miers	30,814	29,320	(18,627)	–	–	41,507
Bruce Minahan	34,149	–	(23,358)	–	6,131	16,922
Steve Parker	–	–	–	–	–	–
John Phillips	–	14,660	–	–	–	14,660
Michael Sneddon	10,955	28,830	–	–	–	39,785
	1,204,418	72,810	(605,985)	–	5,631	676,874

[1] Net Change – Other – represents accounting corrections to valuation shown as opening balance.

2007	1 JULY 2006	VALUE GRANTED	VALUE EXERCISED	VALUE LAPSED	NET CHANGE – OTHER	30 JUNE 2007
Directors						
Paul Holyoake	–	–	–	–	–	–
Neil Wilson	1,426,500	–	(298,000)	–	–	1,128,500
Robert Kennedy	–	–	–	–	–	–
Chris Gillies	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel					–	
Scott Bozic[2]	25,758	13,800	(7,035)	–	–	32,523
Carly McKenzie[2]	7,600	–	–	–	–	7,600
Michael Miers	17,014	13,800	–	–	–	30,814
Bruce Minahan	42,962	13,800	(22,613)	–	–	34,149
Phillip O'Brien[2]	4,825	6,900	–	–	–	11,725
Steve Parker[1]	–	–	–	–	–	–
Bob Peebles[2]	14,319	6,900	(1,505)	–	–	19,714
John Phillips[1]	–	–	–	–	–	–
Michael Sneddon	3,355	7,600	–	–	–	10,955
	1,542,333	62,800	(329,153)	–	–	1,275,980

[1] Steve Parker and John Phillips joined Oakton in the 2008 financial year and therefore do not have any comparative information.
[2] Scott Bozic, Carly McKenzie, Phillip O'Brien and Bob Peebles's roles were re-defined in the Oakton corporate structure from 1 July 2007 and therefore do not meet the definition of key management personnel for 2008.

Remuneration as options and options with no performance criteria

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

2008	% OF REMUNERATION FROM BONUS	% OF REMUNERATION FROM OPTIONS	OPTIONS NOT RELATED TO PERFORMANCE CRITERIA
Directors			
Paul Holyoake	–	–	–
Neil Wilson	12.14%	27.15%	–
Robert Kennedy	–	–	–
Chris Gillies	–	–	–
Gordon Hughes	–	–	–
Key Management Personnel			
Michael Miers	9.94%	5.59%	–
Bruce Minahan	–	2.02%	–
Steve Parker	–	0.00%	–
John Phillips	–	2.50%	10,000 on commencement
Michael Sneddon	6.32%	4.83%	–

2007	% OF REMUNERATION FROM BONUS	% OF REMUNERATION FROM OPTIONS	OPTIONS NOT RELATED TO PERFORMANCE CRITERIA
Directors			
Paul Holyoake	–	–	–
Neil Wilson	12.14%	27.15%	–
Robert Kennedy	–	–	–
Chris Gillies	–	–	–
Gordon Hughes	–	–	–
Key Management Personnel			
Scott Bozic[2]	2.79%	4.88%	–
Carly McKenzie[2]	–	2.41%	–
Michael Miers	–	3.28%	–
Bruce Minahan	2.05%	5.32%	–
Phillip O'Brien[2]	–	1.52%	–
Steve Parker[1]	–	–	–
Bob Peebles[2]	12.07%	1.73%	–
John Phillips[1]	–	–	–
Michael Sneddon	–	2.03%	–

[1] Steve Parker and John Phillips joined Oakton in the 2008 financial year and therefore do not have any comparative information.
[2] Scott Bozic, Carly McKenzie, Phillip O'Brien and Bob Peebles's roles were re-defined in the Oakton corporate structure from 1 July 2007 and therefore do not meet the definition of key management personnel for 2008.

Directors' and key management personnel Equity holdings

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

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

2007	BALANCE 01/07/2006	GRANTED AS REMUNER-ATION	OPTIONS EXERCISED	NET CHANGE OTHER[3]	BALANCE 30/06/2007	TOTAL VESTED 30/06/2007	TOTAL EXERCISABLE 30/06/2007	TOTAL UNEXERCISABLE 30/06/2007
Directors								
Paul Holyoake	–	–	–	–	–	–	–	–
Neil Wilson	4,500,000	–	(1,500,000)	–	3,000,000	3,000,000	1,000,000	2,000,000
Robert Kennedy	–	–	–	–	–	–	–	–
Chris Gillies	–	–	–	–	–	–	–	–
Gordon Hughes	–	–	–	–	–	–	–	–
Key Management Personnel								
Scott Bozic[2]	95,000	20,000	(55,000)	20,000	80,000	80,000	–	80,000
Carly McKenzie[2]	10,000	–	–	–	10,000	10,000	2,500	7,500
Michael Miers	66,000	20,000	–	–	86,000	86,000	56,750	29,250
Bruce Minahan	150,000	20,000	(80,000)	20,000	110,000	110,000	–	110,000
Phillip O'Brien[2]	25,000	10,000	–	–	35,000	35,000	10,000	25,000
Steve Parker[1]	–	–	–	–	–	–	–	–
Bob Peebles[2]	40,000	10,000	(10,000)	–	40,000	40,000	15,000	25,000
John Phillips[1]	–	–	–	–	–	–	–	–
Michael Sneddon	10,000	10,000	–	–	20,000	20,000	5,000	15,000
Total	4,896,000	90,000	(1,645,000)	40,000	3,381,000	3,381,000	1,089,250	2,291,750

1 Steve Parker and John Phillips joined Oakton in the 2008 financial year and therefore do not have any comparative information.
2 Scott Bozic, Carly McKenzie, Phillip O'Brien and Bob Peebles's roles were re-defined in the Oakton corporate structure from 1 July 2007 and therefore do not meet the definition of key management personnel for 2008.
3 Net change other – represents options vested by 30 June 2006 relating to performance in the 2005 financial year which were not granted until the 2007 year.

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

2008	BALANCE 01/07/07	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER[1]	BALANCE 30/06/08	INDIRECTLY HELD SHARES INCLUDED IN BALANCE
Directors						
Paul Holyoake	7,025,000	–	–	–	7,025,000	7,025,000
Neil Wilson	2,199,616	–	1,500,000	(1,500,000)	2,199,616	699,616
Robert Kennedy	295,057	–	–	109,730	404,787	263,380
Chris Gillies	15,000	–	–	–	15,000	15,000
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel						
Michael Miers	40,000	–	64,500	(29,500)	75,000	40,000
Bruce Minahan	104,500	–	72,500	–	177,000	–
Steve Parker	–	–	–	–	–	–
John Phillips	28,455	–	–	10,582	39,037	–
Christine Scammell	–	–	–	–	–	–
Michael Sneddon	–	–	–	–	–	–
Total	9,707,628	–	1,637,000	(1,409,188)	9,935,440	8,042,996

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

2007	BALANCE 01/07/06	RECEIVED AS REMUNERATION	OPTIONS EXERCISED	NET CHANGE OTHER[1]	BALANCE 30/06/07	INDIRECTLY HELD SHARES INCLUDED IN BALANCE
Directors						
Paul Holyoake	10,025,000	–	–	(3,000,000)	7,025,000	7,025,000
Neil Wilson	2,699,616	–	1,500,000	(2,000,000)	2,199,616	699,616
Robert Kennedy	–	–	–	295,057	295,057	191,983
Chris Gillies	15,000	–	–	–	15,000	15,000
Gordon Hughes	–	–	–	–	–	–
Key Management Personnel						
Scott Bozic[3]	55,000	–	55,000	(30,000)	80,000	–
Carly McKenzie[3]	–	–	–	–	–	–
Michael Miers	40,000	–	–	–	40,000	40,000
Bruce Minahan	75,027	–	80,000	(50,527)	104,500	–
Phillip O'Brien[3]	–	–	–	–	–	–
Steve Parker[2]	–	–	–	–	–	–
Bob Peebles[3]	–	–	10,000	–	10,000	–
John Phillips[2]	–	–	–	–	–	–
Michael Sneddon	–	–	–	–	–	–
Total	12,909,643	–	1,645,000	(4,785,470)	9,769,173	7,971,599

[1] Net change other represents
– Paul Holyoake and Neil Wilson – sale of shares on-market during normal course of trading.
– Robert Kennedy – initial notice on becoming a director. Shares acquired as part of the consideration for sale of Acumen Alliance.

[2] Steve Parker and John Phillips joined Oakton in the 2008 financial year and therefore do not have any comparative information.

[3] Scott Bozic, Carly McKenzie, Phillip O'Brien and Bob Peebles's roles were re-defined in the Oakton corporate structure from 1 July 2007 and therefore do not meet the definition of key management personnel for 2008.

Signed in accordance with a resolution of the directors.

Paul Holyoake
Executive Chairman

Neil Wilson
Managing Director

Melbourne, 19 August 2008

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS

To the Directors of Oakton Limited.

In relation to the independent audit for the year ended 30 June 2008, to the best of my knowledge and belief there have been:

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

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

TJ BENFOLD
Partner

19 August 2008

PITCHER PARTNERS
Melbourne

CONSOLIDATED INCOME STATEMENT

Oakton Limited and its controlled entities
For the year ended 30 June 2008

		CONSOLIDATED ENTITY		PARENT ENTITY	
		2008	2007	2008	2007
	NOTES	$'000	$'000	$'000	$'000
Revenue					
Revenue from services	4	201,240	114,840	–	–
Other income	4	77	74	25,000	25,000
		201,317	114,914	25,000	25,000
Administration	5	(4,527)	(2,580)	(482)	(491)
Business Development	5	(845)	(151)	(80)	(3)
Cost of third party software	5	(2,530)	(1,118)	–	–
Human resources	5	(148,708)	(79,400)	(1,788)	(1,621)
Occupancy	5	(2,423)	(1,095)	–	–
Other	5	(1,107)	(662)	–	–
Royalty	5	(20)	(10)	–	–
Technology	5	(1,175)	(701)	(9)	(12)
Finance costs	5	(2,032)	(323)	–	(17)
		(163,367)	(86,040)	(2,359)	(2,144)
Profit before income tax	5	37,950	28,874	22,641	22,856
Income tax (expense)/benefit	6	(10,315)	(8,348)	502	485
Profit from continuing operations	5	27,635	20,526	23,143	23,341
Profit attributable to members of the parent entity		27,635	20,526	23,143	23,341
Basic earnings per share	20	31.8 c	24.5 c		
Diluted earnings per share	20	31.1 c	23.7 c		

CONSOLIDATED BALANCE SHEET

Oakton Limited and its controlled entities
As at 30 June 2008

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Current assets					
Cash and cash equivalents	18(b)	**6,028**	24	**276**	8
Receivables	8	**48,494**	39,959	**45,138**	51,087
Current tax assets	9	**–**	–	**9,270**	8,216
Total current assets		54,522	39,983	54,684	59,311
Non current assets					
Other financial assets	10	**–**	–	**12**	12
Deferred tax assets	6	**2,583**	2,429	**135**	117
Property, plant and equipment	11	**7,744**	3,067	**–**	–
Intangible assets	12	**70,307**	59,137	**–**	–
Total non current assets		80,634	64,633	147	129
Total assets		135,156	104,616	54,831	59,440
Current liabilities					
Payables	13	**24,028**	28,836	**277**	216
Interest bearing loans and borrowings	14	**16,000**	15,875	**–**	15,875
Current tax payable		**4,849**	4,208	**–**	–
Provisions	15	**7,780**	6,384	**362**	284
Total current liabilities		52,657	55,303	639	16,375
Non current liabilities					
Interest bearing loans and borrowings	14	**17,000**	–	**–**	–
Provisions	15	2,009	1,459	89	106
Total non current liabilities		19,009	1,459	89	106
Total liabilities		71,666	56,762	728	16,481
Net assets		63,490	47,854	54,103	42,959
Equity					
Contributed equity	16	**36,320**	30,109	**36,320**	30,109
Reserves	17	**1,133**	878	**1,133**	878
Retained earnings	17	**26,037**	16,867	**16,650**	11,972
Total equity		63,490	47,854	54,103	42,959

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Oakton Limited and its controlled entities
For the year ended 30 June 2008

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Total equity at the beginning of the year		47,854	34,764	42,959	27,054
Employee share options	17(a)	680	526	680	526
Net income recognised directly in equity		680	526	680	526
Profit for the year		27,635	20,526	23,143	23,341
Total recognised income and expense for the period		28,315	21,052	23,823	23,867
Attributable to:					
Members of the parent		28,315	21,052	23,823	23,867
Transactions with equity holders in their capacity as equity holders:					
Contributions	16(b)	5,811	8,227	5,811	8,227
Costs of capital raising	16(b)	(25)	(21)	(25)	(21)
Dividends paid	7	(18,465)	(16,168)	(18,465)	(16,168)
		(12,679)	(7,962)	(12,679)	(7,962)
Total equity at the end of the year		63,490	47,854	54,103	42,959

CONSOLIDATED STATEMENT OF CASH FLOWS

Oakton Limited and its controlled entities
For the year ended 30 June 2008

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Cash flow from operating activities					
Receipts from customers		**209,633**	101,090	**–**	–
Payments to suppliers and employees		**(173,365)**	(76,140)	**(1,555)**	(1,538)
Interest received		**36**	70	**–**	–
Finance costs		**(2,146)**	(323)	**–**	–
Income tax paid		**(9,269)**	(8,216)	**–**	(8,216)
Net cash provided by operating activities	18(a)	**24,889**	16,481	**(1,555)**	(9,754)
Cash flow from investing activities					
Payment for property, plant and equipment		**(5,590)**	(723)	**–**	–
Payment for acquisition of entities (net of cash acquired)	18(d)	**(15,651)**	(17,570)	**–**	–
Net cash used in investing activities		**(21,241)**	(18,293)	**–**	–
Cash flow from financing activities					
Proceeds from share issue		**3,696**	2,224	**3,696**	2,224
Loans (to)/from subsidiaries		**–**	–	**32,467**	(141)
Repayment of acquired debt		**–**	(8,070)	**–**	–
Drawdown of borrowings		**33,000**	–	**–**	–
Dividends paid		**(18,465)**	(16,168)	**(18,465)**	(16,168)
Net cash provided/(used) by financing activities		**18,231**	(22,014)	**17,698**	(14,085)
Net increase/(decrease) in cash and cash equivalents		**21,879**	(23,826)	**16,143**	(23,839)
Cash and cash equivalents at beginning of year	18(b)	**(15,851)**	7,975	**(15,867)**	7,972
Cash and cash equivalents at end of the year	18(b)	**6,028**	(15,851)	**276**	(15,867)

1 BASIS OF PREPARATION

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

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

The financial report was authorised for issue by the directors on 19 August 2008.

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

(a) Basis of preparation of the financial report

Compliance with IFRS

Australian Accounting Standards include Australian Equivalents of International Financial Reporting Standards (AIFRSs). Compliance with AIFRS ensures compliance with International Financial Reporting Standards (IFRSs).

Historical cost Convention

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

(b) Principles of Consolidation

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

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

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

(c) Revenue Recognition

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

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

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

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

(d) Cash and cash equivalents

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

(e) Plant and equipment

Cost and valuation

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

Software developed is capitalised 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 annually for events or changes in circumstances that 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 in the other expenses line item.

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:

	2008	2007
Leasehold improvements	Up to 6 years	Up to 6 years
Software developed	Up to 5 years	–
Plant and equipment	2 to 6 years	2 to 6 years

(f) Leases

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

Operating Leases

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

1 BASIS OF PREPARATION (CONTINUED)

(g) Intangibles

Goodwill

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

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

(h) Impairment of assets

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

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

(i) Taxes

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

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

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

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

Tax Consolidation

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

(j) Employee Benefits

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

Share-based payments

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

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

(k) Financial Instruments

Classification

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

Loans and Receivables

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

Other Financial Assets

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

Financial Liabilities

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

(l) Foreign Currencies

Functional and presentation currency

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

Transactions and Balances

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

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

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

(m) Comparatives

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

(n) Rounding Amounts

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

(o) New accounting standards and interpretations

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

2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Estimated impairment of goodwill

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

(b) Income taxes

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

(c) Employee benefits

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

(d) Share based payments

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

3 FINANCIAL RISK MANAGEMENT

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

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

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

Interest rate risk

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

Since the last annual reporting period, but before 30 June 2008, the group replaced its overdraft facility at variable rate into long and short term bank bill debt. Both elements of the bills are at a variable interest rate, however the group has entered into an interest rate swap which has the effect of fixing $20 million (reducing by $750,000 per quarter) of the bank bills at 8.5%.

Cash on deposit attracts a variable interest rate which was 5.0% (2007: 6.85%) at year end.

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

At 30 June 2008, if interest rates had changed by +/- 1% from the year end rates of 8.1% (with all other variables held constant) after-tax profits would have been $400,000 lower/higher (2007: $25,000).

Credit risk

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

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

Foreign currency risk

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

Liquidity risk

The Group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis. Of the Group's interest bearing facilities (refer note 14), $20 million will be subject to review in November 2008. The remaining $20 million facility (reducing to $14.75 million across the period) will mature in April 2010.

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

		NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
4	**REVENUE**					
	Revenues from continuing operations					
	Revenue from services		201,240	114,840	–	–
	Other Income					
	Dividends, subsidiaries		–	–	25,000	25,000
	Interest, other persons		74	70	–	–
	Other		3	4	–	–
			201,317	114,914	25,000	25,000
5	**PROFIT FROM CONTINUING OPERATIONS**					
	Profit from continuing operations before income tax has been determined after the following specific expenses:					
	Depreciation of non current assets					
	Leasehold improvements		325	118	–	–
	Plant and equipment		782	544	–	–
	Total depreciation of non current assets		1,107	662	–	–
	Human Resources expense					
	Employee benefits		103,722	68,840	853	887
	Expense of share-based payments	17	680	526	680	526
	Other		44,306	10,034	255	208
			148,708	79,400	1,788	1,621
	Finance costs					
	Bank overdrafts		1,570	163	–	6
	Bank bill facility		385	–	–	–
	Other		77	160	–	11
	Total finance costs expensed		2,032	323	–	17
	Other					
	Movement in provisions for doubtful debts, trade debtors		–	–	–	–
	Operating lease rentals		2,072	917	–	–
			2,072	917	–	–

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
6 INCOME TAX					
(a) The components of tax expense:					
Current tax		10,851	8,813	(484)	(475)
Deferred tax		(534)	(465)	(18)	(10)
Overprovision in prior years		(2)	–	–	–
Total Income tax expense/(benefit)		10,315	8,348	(502)	(485)
(b) The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:					
Total profit before income tax		37,950	28,874	22,641	22,856
At the statutory income tax rate of 30% (2007: 30%)		11,385	8,663	6,792	6,857
Tax effect of amounts which are not deductible/(assessable) in calculating taxable income					
Overprovision in prior years		(2)	–		–
Capitalised expenditure		(879)	(458)	–	–
Tax effect of franked dividends		–	–	(7,500)	(7,500)
Research and development concession		(155)	(60)	–	–
Share based payment		204	158	204	158
Other		(238)	45	2	–
Income tax expense/(benefit)		10,315	8,348	(502)	(485)
(c) Deferred tax relates to the following:					
Deferred tax assets					
Employee benefits		2,919	1,602	135	117
Employee benefits from acquisition		–	770	–	–
Other		–	13	–	–
Accrued revenue		(380)	–	–	–
Provision for doubtful debts		44	44	–	–
Total deferred tax assets		2,583	2,429	135	117
(d) Deferred tax assets not brought to account					
The benefits of deferred tax assets not brought to account will only be realised if the conditions met in Note 1(i) occur.					
Capital losses		338	338	338	338

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
7 DIVIDENDS ON ORDINARY SHARES					
(a) Dividends paid during the year					
(i) Current year interim					
Franked dividends (11.0 cents per share) (2007: 10.0 cents per share)		9,671	8,407	9,671	8,407
(ii) Previous year final					
Franked dividends (10.25 cents per share) (2007: 9.25 cents per share)		8,794	7,761	8,794	7,761
		18,465	16,168	18,465	16,168
(b) Dividends proposed and not recognised as a liability					
Franked dividends (12.00 cents per share) (2007: 10.25 cents per share)		10,561	8,770	10,561	8,770
(c) Franking credit balance					
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and after deducting franking credits to be used in payment of proposed dividends:		12,426	10,431	12,426	10,431
Impact on the franking account of dividends recommended by the directors since the year end but not recognised as a liability at year end		(4,526)	(3,759)	(4,526)	(3,759)
		7,900	6,672	7,900	6,672
8 RECEIVABLES					
Current					
Trade receivables		32,130	34,519	–	–
Less allowance for impairment loss	8(b)	(147)	(147)	–	–
		31,983	34,372	–	–
Accrued revenue		13,772	4,318	–	–
Other debtors and security deposits		1,272	466	–	6
Related party receivables					
Subsidiary companies	8(a)	–	–	45,128	51,074
Prepayments		1,467	803	10	7
		48,494	39,959	45,138	51,087
(a) Restatement of comparative data					
The comparative data reflects changes in estimated fair values of assets acquired from Acumen Alliance					
Amount receivable from vendors as previously reported			3,643		
Adjustment	12		(3,643)		
			–		

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
(b) Impaired receivables					
Trade receivables are non-interest bearing and generally on 30 to 60 day terms. As at 30 June 2008, current trade receivables with a nominal value of $147,000 (2007:$147,000) are considered impaired. There has not been any movement in the impairment of receivables.					
As at 30 June 2008, 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:					
30 to 60 days		10,466	6,994	–	–
61 to 90 days		2,486	1,523	–	–
90 to 180 days		1,223	1,118	–	–
180 days and over		415	243	–	–
		14,590	9,878	–	–
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 no material exposure to foreign exchange risk in respect of receivables. The carrying value of receivables is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of the receivables.					
9 TAX ASSET					
Current					
Current tax represents amounts due under tax funding arrangements for tax consolidation comprising:					
Intercompany tax related receivable		–	–	14,119	12,424
Income tax payable		–	–	(4,849)	(4,208)
		–	–	9,270	8,216

	NOTES	CONSOLIDATED ENTITY 2008 $'000	2007 $'000	PARENT ENTITY 2008 $'000	2007 $'000
10 OTHER FINANCIAL ASSETS					
Non-current					
Investments at cost comprise:					
Unlisted Shares					
Controlled entities		–	–	12	12
11 PROPERTY, PLANT AND EQUIPMENT					
Leasehold improvements					
At cost		3,730	1,533	–	–
Accumulated depreciation		(703)	(378)	–	–
	11(a)	3,027	1,155	–	–
Software developed					
At cost		1,644	–	–	–
Accumulated depreciation		–	–	–	–
	11(a)	1,644	–	–	–
Plant & equipment					
At cost		5,251	3,408	–	–
Accumulated depreciation		(2,178)	(1,496)	–	–
	11(a)	3,073	1,912	–	–
Total property, plant and equipment					
Total cost		10,625	4,941	–	–
Total accumulated depreciation		(2,881)	(1,874)	–	–
Total written down amount		7,744	3,067	–	–
(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		1,155	482	–	–
Additions		2,197	68	–	–
Additions through acquisition of entity		–	723		–
Depreciation expense		(325)	(118)	–	–
		3,027	1,155	–	–
Software developed					
Carrying amount at beginning		–	–	–	–
Additions		1,644	–	–	–
		1,644	–	–	–
Plant and equipment					
Carrying amount at beginning		1,912	893	–	–
Additions		1,749	655	–	–
Additions through acquisition of entity		194	908	–	–
Depreciation expense		(782)	(544)	–	–
		3,073	1,912	–	–

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
12 INTANGIBLES					
Goodwill					
At cost		**70,307**	59,137	–	–
Accumulated impairment loss		–	–	–	–
Net carrying amount	12(a)	**70,307**	59,137	–	–
(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		**59,137**	18,938	–	–
Direct costs relating to acquisition – Acumen		–	3,770	–	–
Consideration paid or payable – Acumen		**11,095**	12,066	–	–
Fair value of net liabilities acquired – Acumen		–	5,473	–	–
Acumen	12(b)	**11,095**	21,309	–	–
Cash consideration paid or payable – Clickstream		–	18,346	–	–
Direct costs relating to acquisition – Clickstream		**75**	368	–	–
Additions		–	176	–	–
Clickstream		**75**	18,890	–	–
Closing net book value		**70,307**	59,137	–	–
(b) Restatement of comparative data					
The comparative data reflects changes in estimated fair values of assets acquired from Acumen Alliance					
Goodwill on Acumen Alliance previously reported as a business combination			11,518		
Adjustment					
– Amount receivable from Acumen vendors	8		3,643		
– Amounts payable to Acumen vendors	18(d),(e)		2,606		
– Other amounts payable in respect of the Acumen acquisition	13		3,542		
			21,309		

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

As at 30 June 2007, provisional estimates of the fair value of assets acquired in respect of Acumen were made to record the cost of the business combination. Subsequent to the date of issue of the 2007 financial report, these estimates have been revised. Prior year comparatives have been adjusted as if the initial accounting had been completed from the acquisition date.

In the event that certain criteria as set out in the Share Sale Agreement are met, additional consideration may be payable in cash and shares. The additional consideration payable will be brought to account as a component of goodwill arising on the acquisition when the amounts can be reliably measured.

The current year amount of $11.095 million represents the amount payable which could not be reliably estimated at 30 June 2007.

Impairment disclosures

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

		NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
13	**PAYABLES**					
	Current					
	Trade payables		**2,653**	3,197	**65**	32
	GST payable		**3,372**	1,959	**–**	–
	Payroll related amounts payable		**4,728**	2,148	**23**	33
	Sundry creditors and accruals		**2,977**	3,149	**189**	151
	Income in advance		**1,939**	1,911	**–**	–
	Amounts payable in relation to acquired business	13(a)	**8,359**	16,472	**–**	–
			24,028	28,836	**277**	216
	(a) Restatement of comparative data					
	The comparative data reflects changes in estimated fair values of assets acquired from Acumen Alliance					
	Amounts payable to vendors of acquired business as previously reported (Clickstream)			10,324		
	Amounts payable in relation to acquired business			6,148		
				16,472		
14	**INTEREST BEARING LOANS AND BORROWINGS**					
	Current					
	Secured					
	Bank overdraft		**–**	15,875	**–**	15,875
	Bank bills		**16,000**	–	**–**	–
			16,000	15,875	**–**	15,875
	Non-current					
	Secured					
	Bank bills		**17,000**	–	**–**	–

(a) Assets pledged as security

The bank overdraft was secured by a fixed and floating Mortgage Debenture over the assets of the consolidated entity. The facility ended on 30 June 2008 and was replaced with bank bill facilities.

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

(b) Interest rate risks

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

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
15 PROVISIONS					
Current					
Employee benefits	15(a)	7,780	6,384	362	284
Non-current					
Make good provision		60	–	–	–
Employee entitlements	15(a)	1,949	1,459	89	106
	15(a)	2,009	1,459	89	106
(a) Aggregate employee benefits liability		9,729	7,843	451	390
		NUMBER	NUMBER	NUMBER	NUMBER
(b) Number of employees at year end		1,289	1,003	4	4
		$'000	$'000	$'000	$'000
16 CONTRIBUTED EQUITY					
(a) Issued and paid up capital					
87,961,127 (2007: 85,562,519) Ordinary shares fully paid		36,320	30,109	36,320	30,109
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		30,109	21,823	30,109	21,823
Options exercised		3,720	2,245	3,720	2,245
Transfer from options reserve		425	80	425	80
Issue of shares for acquisition of business		2,091	5,982	2,091	5,982
Costs of issuing shares		(25)	(21)	(25)	(21)
End of the financial year		36,320	30,109	36,320	30,109
		NUMBER	NUMBER	NUMBER	NUMBER
(c) Movements in number of shares					
Balance at beginning of year		85,562,519	82,236,766	85,562,519	82,236,766
Options exercised		1,928,635	1,981,575	1,928,635	1,981,575
Issue of shares for acquisition of business		469,973	1,344,178	469,973	1,344,178
End of the financial year		87,961,127	85,562,519	87,961,127	85,562,519

(d) Share Options

Employee Option Plan

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

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

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	OPENING 01/07/2007	ISSUED	EXERCISED	LAPSED	CLOSING 30/06/2008
6/10/2005	6/10/2010	2.11	3,000,000	–	(1,500,000)	–	1,500,000*
ESOP various	Various	0.90 to 6.41	1,793,967	704,589	(428,635)	(230,777)	1,839,144
			4,793,967	704,589	(1,928,635)	(230,777)	3,339,144

* Approved by shareholders at Annual General Meeting.

(e) Capital risk management

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

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

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

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
17 RESERVES AND RETAINED EARNINGS					
Share-based payment reserve	17(a)	1,133	878	1,133	878
Retained earnings	17(b)	26,037	16,867	16,650	11,972
(a) Share-based payment reserve					
(i) Nature and purpose of reserve					
This reserve is used to record the value of equity benefit provided to employees and directors as part of their remuneration.					
(ii) Movements in reserve					
Balance at the beginning of year		878	432	878	432
Amount expensed during the year		680	526	680	526
Amount transferred to issued capital		(425)	(80)	(425)	(80)
Balance at end of year		1,133	878	1,133	878
(b) Retained earnings					
Balance at the beginning of year		16,867	12,509	11,972	4,799
Net profit attributable to members of Oakton Limited		27,635	20,526	23,143	23,341
Total available for appropriation		44,502	33,035	35,115	28,140
Dividends paid		(18,465)	(16,168)	(18,465)	(16,168)
Balance at end of year		26,037	16,867	16,650	11,972

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
18 CASH FLOW INFORMATION					
(a) Reconciliation of the net profit after tax to the net cash flows from operations:					
Net profit		27,635	20,526	23,143	23,341
Non Cash Items					
Depreciation		1,107	662	–	–
Share based payments		680	526	680	526
Non cash earnings, acquired business		–	(2,128)	–	–
Dividends, subsidiary		–	–	(25,000)	(25,000)
Changes in assets and liabilities					
(Increase)/decrease in receivables		(9,304)	(4,159)	3	21
(Increase)/decrease in intangibles		(1,485)	(3,008)	–	–
Increase/(decrease) in trade and other creditors		2,619	2,629	60	25
(Decrease)/increase in income tax payable		1,905	133	–	–
(Decrease)/increase in deferred income tax asset		(154)	–	(18)	(10)
(Increase)/decrease in current tax asset		–	–	(1,054)	(3,657)
Intercompany tax movement		–	–	570	(5,033)
(Decrease)/increase in provisions		1,886	1,300	61	33
Net cash flow from operating activities		24,889	16,481	(1,555)	(9,754)
(b) Reconciliation of cash					
Cash balance comprises:					
Cash at bank		6,028	24	276	8
Bank overdraft	14	–	(15,875)	–	(15,875)
Closing cash balance		6,028	(15,851)	276	(15,867)
(c) Credit stand by arrangement and loan facilities					
Overdraft					
In the prior financial year, the consolidated entity and the parent entity had an overdraft facility of $20,000,000. The overdraft was secured by a fixed and floating mortgage debenture over the assets of Oakton Ltd and Oakton Services Pty Ltd.					
Facility available at year end:		–	4,126	–	4,126
Bank bill facility					
The group has obtained a bank bill facility of $40 million. Refer to Note 3 for details of the review dates and amortisation of the facility					
Facility available at year end:		7,000	–	7,000	–
(d) Acquisition of entities and business					
During 2007, Oakton acquired 100% of the share capital in Oakton AA Services Pty Ltd and the business of Clickstream. During 2008, further payments were made in respect of the acquisitions as follows:					
Clickstream – payment to vendors		11,357	8,022	–	–
Acumen – net outflow of cash on acquisition		–	9,548	–	–
Acumen – payment in respect of acquired business		4,294	–	–	–
Contracted payments to vendors		15,651	17,570	–	–
(e) Non cash financing and investing activities					
Payment to the vendors of Acumen in accordance with the acquisition contract, settled by the issue of shares		2,091	5,982		–
Adjustment to net assets and liabilities acquired on business combinations		1,541	3,717	–	–
Movement in amounts payable in respect of acquisitions		(8,113)	12,930	–	–
		(4,481)	22,629	–	–

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
19 COMMITMENTS AND CONTINGENCIES					
(a) Lease expenditure commitments					
(i) Operating leases (non cancellable):					
Minimum lease payments					
Not later than one year		1,919	1,427	1,919	1,427
Later than one year and not later than five years		4,333	3,426	4,333	3,426
Later than five years		2,620	–	2,620	–
Aggregate lease expenditure contracted for at reporting date		8,872	4,853	8,872	4,853
The economic entity leases a number of properties in Victoria, New South Wales, Australian Capital Territory and Queensland. The property leases usually contain increases in lease payments based on market movements or CPI increases. The property leases usually contain an option for further periods.					
(b) Contingent liabilities					
(i) Bank guarantee and indemnity in relation to rental premises					
Maximum amount the bank may call		576	465	576	465
(ii) Replacement of rental deposits with Bank guarantee in relation to property leases assumed with purchase of Acumen Alliance					
Maximum amount the bank may call		–	151	–	–
(iii) Maximum amount payable to vendors of Acumen Alliance depending on business performance					
In the event certain criteria as set out in the share sale agreement are met, additional consideration may be payable in cash and shares. At the date of the report, these amounts cannot be reliably measured.					

	2008 NO OF SHARES	2007 NO OF SHARES
20 EARNINGS PER SHARE		
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Earnings used in calculating basic and diluted earnings per share are the same as net profit.		
Weighted average number of ordinary shares used in calculating basic earnings per share	86,976,232	83,816,262
Effect of dilutive securities:		
Share options	1,754,911	2,658,877
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	88,731,143	86,475,139
The number of potential ordinary shares which are not dilutive and are not included in the calculation of diluted EPS	2,303,063	2,135,090

Subsequent to balance date and to the date of this report, a further 44,275 (2007: 117,400) shares were issued as a result of the exercise of ESOP options.

21 DIRECTORS' AND EXECUTIVES' COMPENSATION AND EQUITY HOLDINGS

All disclosures relating to remuneration and equity holdings of key management personnel have been made in the Remuneration report on pages 29 to 39 of this Annual Report.

22 LOANS TO KEY MANAGEMENT PERSONNEL (CONSOLIDATED)

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

23 SHARE BASED PAYMENTS

Options are granted to directors, other key management personnel and other staff under the Oakton Employee Option Plan or as approved by the Shareholders in General Meeting, as detailed in Note 16(d).

Options are valued using the Black-Scholes pricing model using the following inputs:

	2008	2007
Weighted average fair value of options granted during the year (at grant date)	152.6 cents	84.5 cents
Weighted average exercise price	$5.63	$3.68
Volume weighted average share price during the year	$4.336	$4.422
Weighted average expected share volatility	31.8%	25.11%
Weighted average risk free interest rate	6.00%	6.00%
Expected dividends	Growing at 5% each half year compounded	Growing at 5% each half year compounded
Option life	5 years	5 years

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

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

		CONSOLIDATED ENTITY		PARENT ENTITY	
	NOTES	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
24 AUDITOR'S REMUNERATION					
Amounts received or due and receivable by Pitcher Partners for:					
An audit or review of the financial report of the entity and any other entity in the consolidated entity		254	161	254	161
Other financial services					
Corporate secretarial services		5	4	5	4
Additional assurance services and tax assistance		29	8	29	8
		288	173	288	173

25 RELATED PARTY DISCLOSURES

(a) Entities in the group

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

	COUNTRY OF INCORPORATION	PERCENTAGE OWNED **2008**	2007
Parent Entity:			
Oakton Limited	Australia		
Subsidiaries of Oakton Limited:			
Oakton Services Pty Ltd	Australia	100	100
Charter Wilson and Associates Pty Ltd	Australia	100	100
Oakton Solutions Pty Ltd	Australia	100	100
mPower Systems Pty Ltd	Australia	100	100
Oakton IT Pty Ltd	Australia	100	100
Acumen Contracting and Recruitment Pty Ltd	Australia	100	100
Oakton Computing (NSW) Pty Ltd	Australia	100	100
Oakton Solutions MBS Pty Ltd	Australia	100	100
Subsidiaries of Oakton Services Pty Ltd:			
Oakton Global Technology Services Centre (India) Pvt Ltd	India	100	100
Oakton AA Services Pty Ltd	Australia	100	100

	NOTES	CONSOLIDATED ENTITY 2008 $'000	CONSOLIDATED ENTITY 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
25 RELATED PARTY DISCLOSURES (CONTINUED)					
(b) Transactions with related parties					
The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year:					
Transactions with key management personnel of the entity and their personally-related entities					
Transactions with key management personnel are at arms-length and in the ordinary course of business on normal trading terms.					
The economic entity pays superannuation contributions to entities related to directors. There is no additional cost to the company.					
The economic entity leases premises owned by Davkat Holdings Pty Ltd and Oakdon Holdings Pty Ltd (entities related to Paul Holyoake).					
Rent expense		209	193	–	–
The economic entity leases premises owned by Viridian Properties Pty Ltd (an entity related to Rob Kennedy).					
Rent expense		411	67	–	–
The economic entity used Surote Pty Ltd (an entity related to Chris Gillies) for HR and IT governance services					
Consultancy expense		3	6	–	–
The economic entity supplied services to Corporate Express (an entity related to Chris Gillies) under normal commercial terms					
Revenue recognised		167	–	–	–
The economic entity used Blake Dawson Waldron (an entity related to Gordon Hughes) for legal services					
Legal fees expense		31	7	–	–
During 2007, the group acquired the business of Acumen Alliance. The vendors include Robert Kennedy and John Phillips and their personally related entities, As a consequence, these key management personnel are entitled to receive cash and/or shares under the contract. There were no amounts recognised through revenue or expenses in relation to these transactions.					
No loans were advanced to or repaid by key management personnel and their personally-related entities.					
Wholly owned group transactions					
Loans between group entities are interest free and repayable at call.					
The balances outstanding at balance date are:					
Amounts receivable	8			45,128	51,074
Intercompany tax related receivable	9			9,270	8,216

26 SEGMENT INFORMATION

(a) Primary segment – Business

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

(b) Secondary segment – Geographical

The consolidated entity operates predominantly within Australia.

27 ECONOMIC DEPENDENCY

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

28 SUBSEQUENT EVENTS

There has been no matter or circumstance, which has arisen since 30 June 2008 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2008, of the consolidated entity, or

(b) the results of those operations, or

(c) the state of affairs, in financial years subsequent to 30 June 2008, of the consolidated entity.

29 CROSS GUARANTEE

The company and its wholly owned subsidiaries are all parties to a deed of cross guarantee under which the company and its subsidiaries guarantee the debts of each other and commits the companies to make payments in relation to debts owing to the group's bankers on behalf of each other.

DIRECTORS' DECLARATION

Oakton Limited
ABN 50 007 028 711

The directors declare that the financial statements and notes set out on pages 41 to 62 in accordance with the Corporations Act 2001:

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

(b) Give a true and fair view of the financial position of the company and the consolidated entity as at 30 June 2008 and of their performance as represented by the results of their operations, changes in equity and their cash flows, for the year ended on that date.

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

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

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2008.

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

Paul Holyoake
Director

Neil Wilson
Director

Melbourne, 19 August 2008

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKTON LIMITED

PITCHER PARTNERS

We have audited the accompanying financial report of Oakton Limited and controlled entities. The financial report comprises the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OAKTON LIMITED

PITCHER PARTNERS

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

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

(i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and

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

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

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 29 to 39 of the Directors' Report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion the Remuneration Report of Oakton Limited and controlled entities for the year ended 30 June 2008, complies with section 300A of the Corporations Act 2001.

TJ BENFOLD
Partner

19 August 2008

PITCHER PARTNERS
Melbourne

SHAREHOLDING INFORMATION

As at 31 July 2008

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following shareholding information which was applicable as at 31 July 2008.

SHAREHOLDING ANALYSIS

a. Distribution of Shareholding

SIZE OF SHAREHOLDING	NUMBER OF SHAREHOLDERS	%
1-1,000	1,195	0.85
1,001-5,000	2,070	6.83
5,001-10,000	714	6.37
10,001-100,000	512	13.21
100,001 and over	44	72.74
Total	4,535	100.0

b. Less Than Marketable Parcels

Seventy-four shareholders hold less than a marketable parcel of shares, being a market value of less than $500.

c. Substantial Shareholders

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

SHAREHOLDER	NUMBER	%
Paul Holyoake	7,025,000	8.37
Acorn Capital Ltd	7,758,084	9.05
Paradice Investment Management Pty Ltd	4,866,207	5.55

d. Twenty Largest Shareholders

The names of the twenty largest shareholders are:

NAME	NUMBER OF SHARES HELD	PERCENTAGE OF ISSUED SHARES
National Nominees Ltd	13,079,076	14.86
JP Morgan Nominees Australia Ltd	12,769,430	14.51
UBS Wealth Management Australia Nominees Pty Ltd	7,120,450	8.09
HSBC Custody Nominees (Australia) Ltd	2,860,962	3.25
Aust Executor Trustees NSW Ltd <TEA Custodians Ltd>	2,633,087	2.99
RBC Dexia Investor Services Australia Nominees Pty Ltd <PIPOOLED A/C>	2,368,411	2.69
Citicorp Nominees Pty Ltd	2,258,143	2.57
ANZ Nominees Pty Ltd <Cash Income A/c>	2,107,850	2.40
Australian Foundation Investment Company Ltd	1,945,167	2.21
Argo Investments Ltd	1,815,242	2.06
Cogent Nominees Pty Ltd <SMP accounts>	1,620,406	1.84
Mr Neil Wilson	1,500,000	1.70
Queensland Investment Corporation	1,071,025	1.22
Cogent Nominees Pty Ltd	974,896	1.11
AMP Life Limited	909,594	1.03
Citicorp Nominees Pty Ltd <CFS Developing Companies A/c>	851,888	0.97
Amcil Ltd	850,000	0.97
Citicorp Nominees Pty Ltd <Cwlth Bank Off super A/c>	733,614	0.83
Mirrabooka Investments Pty Ltd	725,000	0.82
Adina Tower Pty Ltd	694,616	0.79
Total	58,888,857	66.92

The twenty members holding the largest number of shares together held a total of 66.92% of the issued capital.

e. Issued Capital

The fully paid issued capital of the company consisted of 88,005,402 shares held by 4,535 shareholders.

Each share entitles the holder to one vote.

f. On-Market Buy-Back

There is no current on-market buy-back.

g. Company Secretary

The company secretary is Michael Miers.

h. Registered office

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

i. Other offices

The other offices are:

Head office

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

Sydney

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

Level 7
19-31 Pitt Street
Sydney NSW 2000
Telephone 1300 730 080

Canberra

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

Brisbane

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

Hyderabad

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

OTHER INFORMATION FOR SHAREHOLDER

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

INTERNET ACCESS TO INFORMATION

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

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

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

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

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

SHARE REGISTRY ENQUIRIES

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

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

Website www-au.computershare.com/investor

ANNUAL GENERAL MEETING

The 2008 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, 22 October 2008.

Formal notice of the meeting is enclosed with this report.

STOCK EXCHANGE LISTING

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

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

Yarra Falls
452 Johnston Street
Abbotsford, Victoria 3067 Australia

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Melbourne
Level 8, 271 Collins Street
Melbourne VIC 3000 Australia

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

Canberra
2/45 Wentworth Avenue
Kingston ACT 2604 Australia

Brisbane
Level 1, 46 Edward Street
Brisbane QLD 4000 Australia

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

www.oakton.com.au