otoc

ANNUAL REPORT 2016

Contents

Corporate Directory

OTOC LIMITED
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ASX Code : OTC

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www.otoc.com.au

CORPORATE DIRECTORY

Directors

Derek La Ferla
Non-Executive Chairman

Adam Lamond
Executive Director

Tom Lawrence
Non-Executive Director

Karl Paganin
Non-Executive Director

EXECUTIVE TEAM

Simon Thomas
Chief Executive Officer

Brian Mangano
Chief Financial Officer

Lisa Wynne
Company Secretary

PRINCIPAL REGISTERED ADDRESS

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OPERATIONAL OFFICES

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OTOC Australia
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P: +61 8 6241 3333

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P: +61 8 9263 7171
F: +61 8 9263 7129

SOLICITORS

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SHARE REGISTRY

Computershare
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172 St Georges Terrace
Perth WA 6000
P: +61 8 9323 2005
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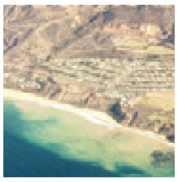
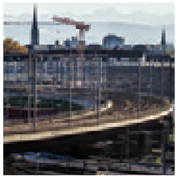
Highlights 2016





This Annual Report is a summary of OTOC Limited's operations, activities and financial positon as at 30 June 2016.

- Net Profit after Tax $19.7m
- EBITDA $16.2m, $1.0 million ahead of guidance
- Cash generated from operations $16.4 million
- Cash at bank $13.0m
- Maiden Fully Franked Dividend of 0.5 cent per share
- Revenue on Surveying Division up 25%
- OTOC Australia completes work on the largest integrated off-grid solar diesel hybrid power generation installation with battery storage in Australia.

References in this report to 'the year' or 'the reporting period' relate to the financial year, which is 1 July 2015 to 30 June 2016, unless otherwise stated. All figures are expressed in Australian currency.

"Our goal is to create a Premium National Professional Services business in Surveying, Mapping and Town Planning."

Chairman's Report

I am very pleased to report on the significant progress made by OTOC over the course of the 2016 financial year and in particular, the strong growth in both our Surveying and Infrastructure businesses.

This has been achieved by pursuing the parallel strategies of quality acquisitions in the Surveying division and only taking on construction work that is appropriate for our Infrastructure Construction division. The successful implementation of these strategies has resulted in a record net profit after tax of close to $20.0 million.

The Group has also focussed on integration activities through consultation and alignment with the Surveying businesses that have joined the OTOC Group over the last two years. The importance of integrating businesses successfully cannot be overstated. Our goal is to create a premium national professional services business in Surveying, Mapping and Town Planning.

Every step forward that we take to achieve this goal requires the contribution of the combined leadership of all our National surveying team, so that we are all aligned and focused on achieving the same outcomes over the same time frame. This will result in better, stronger, long term outcomes. We will not put initial short term benefits ahead of our long term goal. Having said this, the businesses that have joined the OTOC Group have been working constructively together to secure work and share resources, in some cases, even before the acquisition transaction was settled.

This is a testament to the calibre of leadership in front of each company in our Group.

Our vision is to unite our Surveying team under one brand, in order to provide quality, consistency and depth of service to our customers, but also to offer our employees the ability to work across Australia with access to the best technologies, and to provide our future employees, who are still working toward their qualifications, the ability to work for a best practice professional business wherever they are located.

OTOC has gone a long way to building our reputation with the Surveying industry within Australia, with many firms now looking to join the OTOC Group. OTOC continues to be in various stages of acquisition with businesses that reflect our values and vision for the Australian Surveying industry.

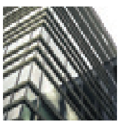
OTOC's infrastructure division has had a record year of earnings. The team within this division is to be congratulated in achieving this very pleasing result. The increased earnings this division has produced have allowed the Group to not only to continue to pursue its Surveying acquisition strategy but also to strengthen its integration support activities. The division's excellent work in the renewable energy sector is something that we are sure will stand it in good stead for the future.

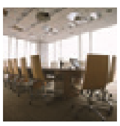
The strong cash flows that the Group has generated during the year have allowed OTOC to acquire two additional NSW based Surveying businesses without the need to raise funds from the market. This was also achieved whilst paying down debt to now be net cash positive.

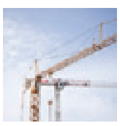
Our key relationships with all of our stakeholders has continued to grow throughout the year, with our share register continuing to attract quality institutional investors and our bankers agreeing to provide significant new financing for further Surveying acquisitions. Despite the external economic environment OTOC has provided significant shareholder returns during the year with our share price rising 229% over the financial year.

I would like to take this opportunity, on behalf of myself and fellow Board members, to thank Management and everyone within the OTOC Group for their endeavours and support during another year of change and growth. The reputation we build as a business and as indivduals who represent our business will ultimately be our true test of success. I am happy for my reputation to be associated with the OTOC Group.

Derek La Ferla
CHAIRMAN



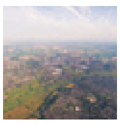


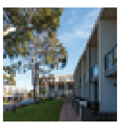


"It is the efforts, endeavours and skill of our people that will make our company successful and create a strong brand."

Chief Executive Officer's Report

Despite economic uncertainty, OTOC's growth strategy and focus on core markets has enabled us to achieve strong results and generate significant value for our clients and shareholders.





The 2016 financial year was one of strong financial performance and growth in our business. This progress was underpinned by a focus on delivering to our strategy and providing services into our traditional core markets.

OTOC demonstrated the capacity for our strategy to deliver sound financial outcomes from our premium nationwide businesses through market sectors that have consistent demand for the services we deliver.

Progress in our professional services growth strategy and commencement of initiatives to improve the efficiency of our business has made a significant contribution to our record result. They represent increased value for our clients and shareholders, positioning the company well to strive for ongoing growth during FY17 and beyond.

Confidence in the capability of our infrastructure business, OTOC Australia, along with a clear focus on the markets we service has delivered record earnings and a robust outlook on workload as we lead into FY17.

We shall continue to develop and deliver a range of business wide initiatives to ensure we are prepared and structured for further growth. The core pillars which support our growth strategy represent a focus on critical success factors of our business.

The company values have been enhanced to truly reflect the behavioural attributes and culture that we shall lead by and strive to encourage from our people as we move towards a truly national identity for the Group.

Finally, continuous improvements across our safety and sustainability processes shall ensure they remain key to our approach of delivering ongoing value for our clients and shareholders.

Growing Our Expertise

We have continued to expand our capabilities and offerings across a broad range of services, markets and localities. Expansion has been gained both organically and from the addition of new business partners via the acquisition of Linker Surveying (NSW) and Lawrence Group (NSW). These new partners add to our skills and market exposure in the promising Sydney and regional NSW markets, where considerable expenditure on infrastructure and property development are forecast for the next several years and beyond.

FY16 saw the delivery of OTOC Australia's first large scale PV solar array project in joint venture with juwi at the Sandfire Resources DeGrussa Mine. This project is the largest diesel-solar hybrid project in the southern hemisphere and indicates the strength of OTOC Australia's capacity to deliver a new project offering within our traditional market. We are excited by the numerous opportunities that this project has stimulated and will continue to focus on the renewable energy sector as a pillar of future growth for this business.

We shall continue to grow market share nationally across the survey professional services sector with ongoing acquisition of premier business partners and a focus on expanding the capacity and capability of our existing businesses.

Initiatives to improve our national marketing processes, procurement practices and expanding the reach of our business lines through nationalisation of service capabilities are all aimed at increasing our market share and achieving organic growth targets for our business.

Supporting our growth

In FY16, the management of OTOC committed to strengthening the internal systems and processes required to support and promote performance across our business.

We shall move towards standardisation of our national safety standards and ensure that our global Health, Safety and Environmental accreditations capture all businesses across the Company. Our Quality practices are now standard across the Group.

Our balance sheet remains strong and during the year we improved our debt facilities held with the CBA in order to expand our capacity to deliver on our acquisition objectives. The new debt facility provides improved strength at a critical time in our growth pathway.

The Vision, Mission and Strategic Objectives for our professional services business have been streamlined into a series of critical success factors to enable our employees to understand, discuss and demonstrate the value of our strategy to our stakeholders.

Focus shall be placed on critical success factors within six key strategic pillars; these being our Clients, our People, Productivity, Innovation, Sustainability and Value. This focus will support our decision making and streamline our attention towards initiatives and objectives that meet the success factors described within each of these strategic pillars.

The depth within our organisation has increased as we have grown and I welcome Simon Clode into the role of Executive General Manager – Survey. This appointment demonstrates the progression in our strategy and a commitment to further growth. Simon shall be responsible for the development of the national professional services business by bringing together a range of national operations into a cohesive and fully integrated operation.

Work has been undertaken to develop a strong and durable name

Chief Executive Officer's Report *Continued*

and identity which we trust shall represent a sustainable and attractive "brand" for our national professional services business.

It shall be with great pride that we launch the re-naming of the Group in late 2016. It is our belief that the Surveying industry is preparing for change and the strategy being delivered by OTOC is regarded as a positive influence. In keeping with change, it is time for the emergence of a new brand in the sector and I look forward to a positive response from our employees, clients and shareholders.

Our people

The business would not be in the position it is today were it not for our people. A key strength of our business is the technical capability, innovative mindset and experience of our national team and their ability to provide optimal, value add outcomes for our customers.

We believe in building a culture of empowerment and development to allow our people to succeed at every level and encourage accountability, innovation and excellence. I believe all our people share a desire to be the partner of choice for the leading companies in the sectors we support.

I wish to express my thanks and admiration for the outstanding contribution of the many people across our business during the year.

Commitment to safety

OTOC's commitment to the safety of our employees, clients and the communities in which we work is integral to the Company's success. In FY16 we set in motion the work required to develop and deliver the minimum standards expected on each and every employee within the Group. We improved our reporting, response processes and awareness of safety across the Group. Importantly we achieved no lost time injuries and saw a year on year improvement in our Total Recordable Injury Frequency Rate during the FY16 reporting period.

Global Accreditation has been secured by OTOC Limited and delivered throughout the Group. OTOC Australia achieved the maximum extension of our federal safety accreditation under the Australian Government Building and Construction WHS Accreditation Scheme, which is a positive reflection of our performance and focus.

Our values

The way we operate and engage with our clients, the communities in which we work, external stakeholders and each other is a critical success factor in the development of our brand and the performance of our business. In FY16 we deliberately reassessed our Corporate Values to ensure they remained relevant in today's corporate, cultural and social environment and see us well placed as the Company continues to grow and become stronger.

Our success shall be integral with delivering enduring positive, sustainable differences to our people, our clients and our Company's performance. Our people shall act with integrity by maintaining ethical standards and being fair, open and transparent. We shall take responsibility and be accountable for our performance, taking pride in our achievements and the work that we do. Our performance shall be measured by the quality of the work that we do, the innovations we deploy and the satisfaction expressed by our clients. We shall create an environment of trust through the respect we demonstrate to our clients, our colleagues and the communities in which we serve.

Our organisation shall be one that listens, collaborates and believes in achievement of outcomes through teamwork.

Continued growth

In pure financial terms FY16 was an outstanding year. Group revenue reached $121 million, representing a 75% uplift on FY15. The Group's balance sheet net assets increased to $53,298 for FY16, an increase of 66%. Net debt was reduced by 100% to $0.0 million. Cash has also increased 27% in FY16 to $13.0 million.

These results provide a strong financial platform to execute our growth strategy, strengthened by an increase in CBA bank debt facilities. More importantly, our capability to grow has improved through the creation of an identity in the Surveying industry as an organisation with a good culture, clear strategy and solid track record of acquisition outcomes. Combined, these capabilities mean that the Group is extremely well positioned in FY17 to deliver on the stated growth aspirations of our professional services strategy.

OTOC Australia has maintained its identity in the core markets of government infrastructure and resources sustaining capital. These core markets are continuing to commit capital and provide a high level of optimism for our infrastructure business in FY17. In addition, the rapid increase in potential solar and other renewable energy projects across Australia indicates an exciting opportunity to grow into a new market utilising the core skills and expertise of the traditional OTOC Australia capability.

Conclusion

While the past year has been exciting, there is much more ahead for OTOC as we continue to deliver on our strategy. The Board and Management are committed to our vision of being Australia's leading planning, design and surveying consultancy. This vision, in combination with a continued focus to deliver outstanding construction solutions for leading Government, Infrastructure & Resources clients shall ensure that we continue to build on the outstanding performance of FY16.

To OTOC's clients I extend my thanks for your support and note that our priority remains in helping you achieve success for your businesses.

To OTOC's Chairman and Board of Directors, your support and leadership is greatly appreciated.

I also extend my appreciation to the families of our employees. Without your support and patience our employees would not be able to achieve the fantastic results for our clients, shareholders and communities we influence.

Finally I wish to thank the shareholders for your continued support of our exciting dynamic and growing company.

Simon Thomas

CHIEF EXECUTIVE OFFICER

The OTOC Group Of Companies

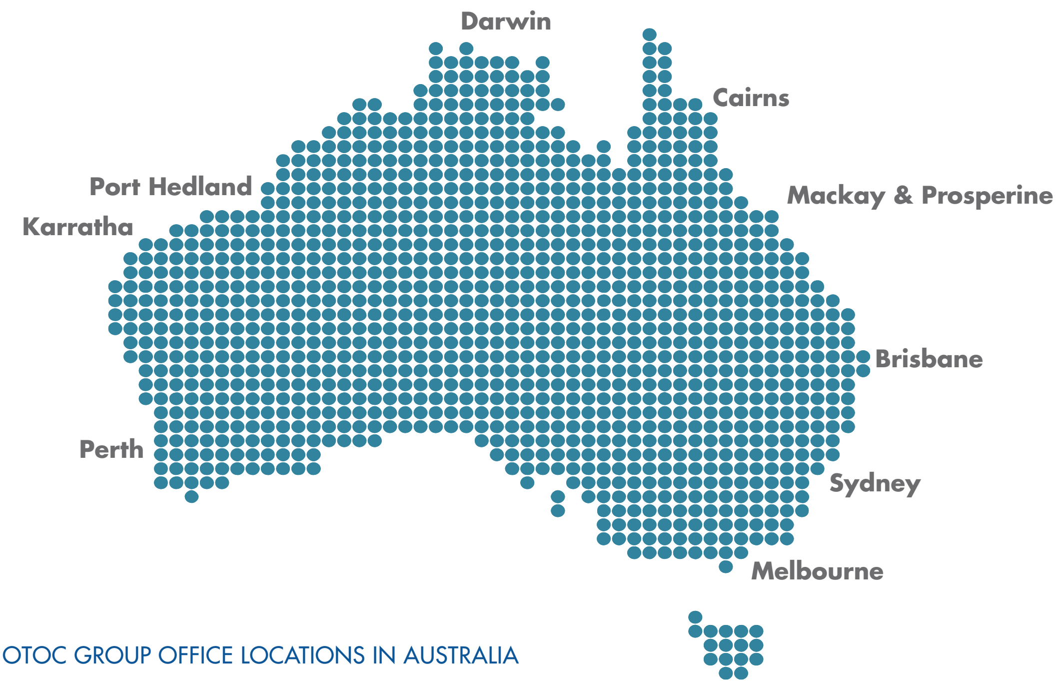
OTOC Limited is an ASX-listed company; offering Survey, Planning, Spatial Solutions and Infrastructure Services throughout Australia and the Asia Pacific region.

OTOC Limited is the parent company of Bosco Jonson, Geo-Metric, Lawrence Group, Linker Surveying, THG Resource Strategists, Whelans and OTOC Australia. Together, these companies form the OTOC Group.

The vision of OTOC is to develop its professional service businesses to become a market leading survey, design and spatial solutions company; renowned for generating client value through innovation and excellence from our exceptional people. OTOC has a nationwide footprint of premium surveying businesses, each of which are leaders in their field and location. Together they are able to provide an unparalleled level of service to clients across all industries.

OTOC Australia, the Infrastructure division of OTOC is a leading provider of construction, communications and renewable energy services to government, resources, energy, utilities and remote area clients. OTOC Australia prides itself on delivering complete infrastructure solutions through their client-focused delivery model and strong record of safe and commercially-sound operations.

Our integrated Group of companies deliver the best quality service to clients through the utilisation of technology, experience and dedication.



OTOC GROUP OFFICE LOCATIONS IN AUSTRALIA


SUNCORP

The OTOC Group Of Companies

PROJECTS OF NOTE

Throughout the ebb and flow of an increasingly fragmented market, OTOC has managed continual growth; expanding our offering nationwide. To achieve this, we have acquired businesses who are leaders in their respective fields and geographical location.

The OTOC Group of businesses are aligned through their culture of success and desire to realise the vision of the Group - to provide increased value to stakeholders; including our clients, shareholders, employees and the communities in which we work.

What follows is a brief summary of several projects undertaken with key clients across the entire Group that provides an indication of the breadth of our coverage and capability. While it is not possible to outline every project, the following provides evidence of the scale and scope of our work and how we are helping to shape our cities and infrastructure across Australia.

STRATA SURVEYS

Mirvac, Harold Park Redevelopment

Linker Surveying began work on this flagship Mirvac project in 2011. To date, over 1,000 strata lots in 5 stages have been registered – within the requisite timeline specified by the client.

Far East Consortium, Residential Development

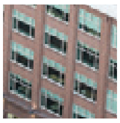
Whelans are survey consultants responsible for assisting with creating strata titles and tenure matters for the significant Far East Consortium residential and mixed use development; which includes the Ritz Carlton Hotel.

Lend Lease, Barangaroo South Precinct

The Barangaroo South Precinct is the biggest construction project currently within the centre of Sydney and Linker Surveying continues to support Lend Lease on this significant development.

BPM Corp and Kokoda Properties, Inner Brisbane Building (Strata) Surveys

THG is currently commissioned to undertake survey works associated with the titling of approximately 1,000 residential units in several key developments within the inner Brisbane area – including the Night Edge and Ella & Chester developments within Fortitude Valley and The New World Towers at West End.



LAND TITLING SOLUTIONS

Mirvac, 200 George Street

Linker Surveying and Mirvachave been working on the soon-to-be iconic 200 George Street commercial building within the heart of Sydney. Critical to the project has been Linker's involvement with the subdivision of the site to meet the constraints of both Sydney Council and Ausgrid, the energy authority.

DATSIP, Hopevale

The Queensland and Commonwealth Governments selected THG to assist in the creation of a rigid cadastral framework and to simplify and improve land tenure and management in Indigenous communities, empowering the home ownership aspirations of the people within the community.

THG, through the DATSIMA agency undertook the Community Survey Program, which included approximately 105 Congress Area (Rural) lots and 270 Township lots at Hope Vale. The project aims to ensure the site will be fully surveyed and subdivided into manageable lots. Tenure and encroachment issues within the community will also be reviewed and any issues resolved, where possible, through survey.

SMA Projects, Yorkshire Brewery

Bosco Jonson showed their depth of experience in apartment subdivision by securing approval of a 17-storey 350 apartment project on the heritage-listed former Yorkshire Brewery site in Robert Street, Collingwood. Showing due reverence for the historic brew tower, cellar building, silos and stables, Bosco Jonson has helped breathe life into this site, which had remained empty for over 20 years.

DEVELOPMENT

Peet Limited, Flagstone City

THG are the appointed Surveyors and tenure advisors on the Flagstone City project. The project area covers approximately 1,400 ha and will ultimately accommodate a population of up to 120,000 with associated employment, commercial and retail facilities. Working in partnership with the client, state and local government, THG will pioneer a fully integrated spatial cadastral system.

Aspial Group, Australia 108

The largest apartment tower in the Southern Hemisphere, set to dominate the Melbourne skyline is to be supported by Bosco Jonson through the subdivision of apartment units and supporting facilities. This headline project underpins Bosco's credentials as the survey business of choice within the Victorian market.

Porter, Cape Gloucester Development

Highlighting the diversity of the Groups' capabilities, THG are preparing a development application and the necessary surveys for an ecofriendly unit development across a 70 acre site located on the Cape Gloucester Peninsular. The development will provide private, contemporary, high-end accommodation to visitors of the region with minimal environmental impact.

Stamoulis Property Group, 568 Collins Street

As one of the tallest and sleekest towers in the Melbourne CBD, the 69 level 568 Collins St building offered significant challenges due to its compact 30m by 40m site and 224-metre height. In a collaborative approach with their client, Bosco Jonson overcame these complications to provide a survey and subdivision solution that was efficient and viable taking into account the inventive design, whilst ensuring a headline position in a very competitive market.

Atlantis Beach Estate, Two Rocks

Demonstrating Whelans' capacity to deliver large scale structure planning projects, the masterplanned Atlantis Beach Estate community will consist of 6,000 lots integrated with the marina town of Two Rocks when complete.

Randall, Thoopara Equestrian Development

THG Resource Strategists are set to prepare a Masterplan for a proposed equestrian-themed development at Thoopara, Whitsundays. The proposal involves 80 acres of stables, campgrounds, covered arenas and riding trails.

The OTOC Group Of Companies

Celestino, Riverbend, Flagstone

THG will undertake the master planning, urban design and survey and tenure advice roles in the design and planning for a new urban community at Jimboomba. The project will ultimately accommodate over 40,000 people.

Stockland, Cloverton

Bosco Jonson have been instrumental in the development of the Cloverton masterplanned community project with a population of 30,000 in the north of Melbourne. Through skilled planning and design Stockland have seen spectacular sales since launch.

Pioneer Fortune, Undullla, Flagstone

THG has developed a master plan conceptual design for an urban community at Undulla which will ultimately accommodate 20,000 persons. THG will undertake master planning, urban design, statutory planning and surveying roles on the project.

Moreton Bay Regional Council, Caboolture West

THG has been assisting landowners with progressing master planning within the Caboolture West area. Located within the Moreton Bay Regional Council area north of Brisbane, Caboolture West is a new growth area of approximately 6,500 hectares envisaged to accommodate a community of approximately 68,000 people over the next 40 years.

SPATIAL SERVICES

Department of Treasury, Fremantle Port

Whelans provided survey consultancy to the State Government Department of Treasury project team on all tenure matters relative to the proposed sale of the historic Fremantle Port, preparing mapping tools and tenure investigations.

Whitsunday Regional Council (WRC), WRC Drainage Study

THG has been engaged to undertake survey works on all drainage infrastructure within the Whitsunday region. The survey will provide an updated database of the location, condition and nature of all drainage infrastructure of the region – assisting the Council with managing, monitoring and upgrading infrastructure.

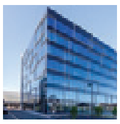
Aurecon, Square Kilometre Array

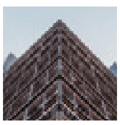
Topographical Mapping for the world's largest radio telescope, the Square Kilometre Array, was undertaken by Whelans. The array consists of antennas linked together by high bandwidth optical fibre.

TRANSPORT SERVICES

Acciona, Sydney Light Rail

Acciona has appointed Geo-Metric as the Survey Services Partner on the Central Business District and South East Light Rail project. With a budget of A$2.1 billion, the project has been designed to be a vital part of Sydney's public transport system and to reduce congestion.





INFRASTRUCTURE SERVICES

In 2016, OTOC Australia realised its stated objective of diversifying its project activities beyond its traditional markets into more disciplines and segments. This achievement allows OTOC to be more risk-averse while expanding its profile to a broader marketplace.

One substantial project for the year was OTOC's first contract with a government utility, the Water Corporation WA. Further highlights include the installation and commissioning of the largest integrated off-grid solar and battery storage facility in Australia at DeGrussa Copper-Gold Mine and an Airservices Australia contract at Perth International Airport for a fibre-optic ring main upgrade.

Perth International Airport, Fibre Optic Ring

OTOC was selected to complete the upgrade of the fibre-optic ring-main at Perth's International / Domestic airport. This critical upgrade included underground boring, trenching, general civils work, concrete forming and pouring, drainage, services identification, fibre-optic cable jointing, copper cable removal, testing, commissioning, and handover.

Under the watchful eye of client Airservices Australia, OTOC completed these critical works whilst not impeding the ongoing operations of Perth's only revenue passenger transport (RPT) aviation hub. All of these activities across a footprint of greater than 200 hectares with constant traffic,both aeroplanes and vehicles. The project was delivered on budget, on-time, safely, and with no exceptions.

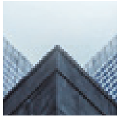
DeGrussa Copper – Gold Mine, Solar Power Project

This innovative $40m project is the largest integrated off-grid solar and battery storage facility in Australia. It consists of over 34,000 solar photovoltaic (PV) panels, covering a total area of over 20 hectares, delivering 10.6MW of power. The project was delivered in joint venture with juwi Renewable Energy as the developer, engineering and procurement contractor and operator.

The solar PV system produces 21,000 Mega-Watt Hours of electricity per annum and reduces diesel consumption at DeGrussa by around 5 million litres per year, cutting carbon emissions by more than 12,000 tonnes. The solar power station, owned by Neoen, is located immediately adjacent to the DeGrussa underground copper and gold mine and processing plant. OTOC was responsible for all on-site works including civil, mechanical, electrical, commissioning and testing.

Nauru, Facilities Infrastructure

Now extending into its 4th year, OTOC Australia continued to build on its successful portfolio of works on Nauru. This year saw the completion of a number of significant infrastructure projects relating to health, education, accommodation, law and order and other community facilities. The quality of the completed facilities has received high recognition including plaudits from both Nauruan and visiting Australian politicians and government officials. OTOC Australia takes pride in playing its part in providing these facilities which are set to form the cornerstone of a better quality of life in the small island nation.



Adam Steadman

The OTOC Group Of Companies

AWARDS & RECOGNITION

Whilst there can be no greater reward than positive feedback from our clients, our vision, excellence and delivery has also led to the conferring of several industry awards. Below are just a few awards that OTOC was honoured to receive.

INDUSTRY AWARDS

Linker Surveying

This year, Linker Surveying were the proud recipients of several prestigious awards from the UDIA.

- **UDIA NSW Excellence Awards 2015 – High Density Development** (Park Lane and The Mark – Part of the Central Park Project Chippendale)
- **UDIA NSW Excellence Awards 2015 – Medium Density Development** (Casba – Danks and Phillips Street Waterloo)
- **UDIA NSW Excellence Awards 2015 – Marketing** (The Morton – Bondi)

Whelans

Whelans also received recognition from the UDIA this year, as well as from prominent property group, Lendlease.

- **UDIA WA Excellence Award** (The Primary at Coolbelup)
- **Lendlease Global Awards in "Excellence in Sustainability"** (Alkimos Beach at Alkimos)

Bosco Jonson

This year has been an outstanding year for Bosco Jonson, reflected in the extent of recognition from the industries in which they operate. As well as receiving a PCA Innovation and Excellence award, the Galleries of Remembrance project has been essentially preserved for future generations by planning controls put in place by the Victorian State Government. Bosco Jonson provides a Shrine Vista assessment service to potential applicants whereby a development proposal may be affected by the legislated Shrine Vista.

- **UDIA Vic 2015 (Dec) Commendation for Residential Development** (Arena at Officer)
- **UDIA Vic 2015 (Dec) Winner – Landscape Award** (Arena at Officer)
- **PCA Innovation and Excellence Awards 2016 – Government Leadership** (Glen Waverley Station Precinct Ikon Development)
- **PCA Innovation and Excellence Awards 2016 – Best Heritage Development** (Shrine – Galleries of Remembrance)

THG

This year, THG received an award for excellence for the successful delivery of a community facility using a not-for-profit funding model driven by desired community outcomes, rather than the more conventional commercial delivery model. The awarded facility is a community centre combining a church, community centre and child care centre.

- **PIA – Award for Planning Excellence: Wendy Chadwick Encouragement Award** (CrossLife Highland Reserve Lakeside Community Centre)

STAFF AWARDS

As well as an eventful year of company achievements, the year has seen a number of efforts by individuals recognised and rewarded.

Peter Sippel

Peter received the Queensland Spatial Excellence Award – 2015 SSSI Eminence and Excellence for leadership in the advancement of Survey/Spatial, particularly relating to the development of 3D Queensland.

Hannah Martin

Hannah achieved her CASA Certification this year, passing all requirements as a pilot to fly the Unmanned Aerial Vehicle (UAV). Hannah's certification was part of Whelans' strategic direction to further the UAV offering by the company.

Joanna Gwizdz

Joanna was another recipient of CASA Certification for UAV piloting. With Joanna's newly certified skills, Whelans is looking to offer UAV to more clients across various industries.

Adam Steadman

Adam was this year articled and will undertake training to become a Licensed Surveyor.

Ben Wolfram & Tim Dawson

Ben and Tim have both formally entered into Training Agreements with Bosco Jonson for the purpose of eventually achieving registration with the Surveyors Board as Licensed Surveyors after successful completion of designated projects and levels of work-based training.

Congratulations to these individuals on their outstanding achievements.

CORPORATE SOCIAL RESPONSIBILITY

The OTOC Group believes in being actively involved within the community and is committed to making a positive difference. As part of the Group's commitment to its employees, it provides initiatives that support the health and wellbeing of employees; as well as providing discounts to services, made possible through our growing stature and size. As the Group strives for excellence and delivery to a continually high standard, it is important that employees are also given the opportunity to expand their horizons and positively challenge themselves.

OTOC VAULT

Professional cycling in Australia is a growing area, requiring dedication, application and a commitment to perfection. These attributes make supporting the team a natural fit for OTOC. The OTOC Vault team provides emerging young athletes with direction, focus, wellbeing and an opportunity to compete in a national program, with potential for progression into the international arena.

The program has been designed to provide a development pathway where the true measure of success is as much by the advancement of these new and emerging junior and elite Australian athletes, as the race outcomes themselves.

ROYAL FLYING DOCTOR SERVICE

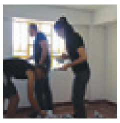
The Royal Flying Doctor Service (RFDS) provides essential health services to rural and remote areas of WA. RFDS provides emergency evacuations, transfers to and from regional hospitals, and more.

OTOC Group CEO Simon Thomas says, "We are proud to continue our support as a Community Partner with the RFDS. With many of our employees being deployed to remote work areas, we value the presence of this critical support service and the benefit it provides to the people and communities in these remote areas."

NAKURU HOPE

This year, OTOC worked with Nakuru Hope Gabriel Learning Centre located in Kenya. The OTOC Group committed to providing an exceptional experience for selected employees from across the Group to participate in the expedition to Nakuru, Kenya.

The volunteers helped in constructing a new classroom, as well as assisted with crops, worked with the children in the school and helped out in the kitchen.



HSE Performance And Quality Assurance

The OTOC Limited Group received certification with SAI Global to Health and Safety AS4801, Quality ISO9001 and Environment ISO14001 accreditation over the past 12 months and OTOC Australia continued to meet Federal Safety Commission Accreditation requirements with an extended expiry date of 2022.

Health, Safety, Environment and Quality are essential components of the Group's platform. By instigating an alignment of systems a stable foundation towards fulfilling the ongoing challenges in an ever challenging workplace has enabled OTOC employees to safely provide an exciting level of service and delivery to customers without harming the environment in which they work. This structured alignment of pillars, platforms and advancements will enable all businesses within the Group to concentrate a coordinated focus towards Safety, Environment and Quality processes to keep our people safe, the environment protected and the quality of our service delivery at a higher than industry leader standard.

The implementation of the onsite leadership strategy ensures that Safety is in the forefront of the leaders minds, as they engage with the workforce around meaningful risk based conversations and provide visible and appropriate guidance in a proactive manner. The new initiative around an employee personal digital risk evaluation system has provided a stable foundation for safety in the field whilst still maintaining ongoing procedural ownership to ensure a proven high level of accuracy and performance that safeguards a focus on service and delivery to customers.

The continuous improvement focus, of an already exceptional service that is delivered to our customers, is an ongoing priority without compromising the Group's core value of sustainability and whilst always striving towards the ultimate goal of Zero Hazard, Zero Hurt and Zero Harm.

Outstanding HSE Performance

- Over 1 million hours completed this FY Lost time injury free.
- TRIFR = 1.94
- AIFR = 21.41

Continuous Improvement Initiatives

- Business Resilience (Crisis Management) Programme.
- Employee digital risk tool implemented.
- Group wide incident reporting occurring.
- Board Due Diligence Programme Implemented.
- Key team leader field risk interaction instrument activated.
- Extreme operational environment risk control defined.

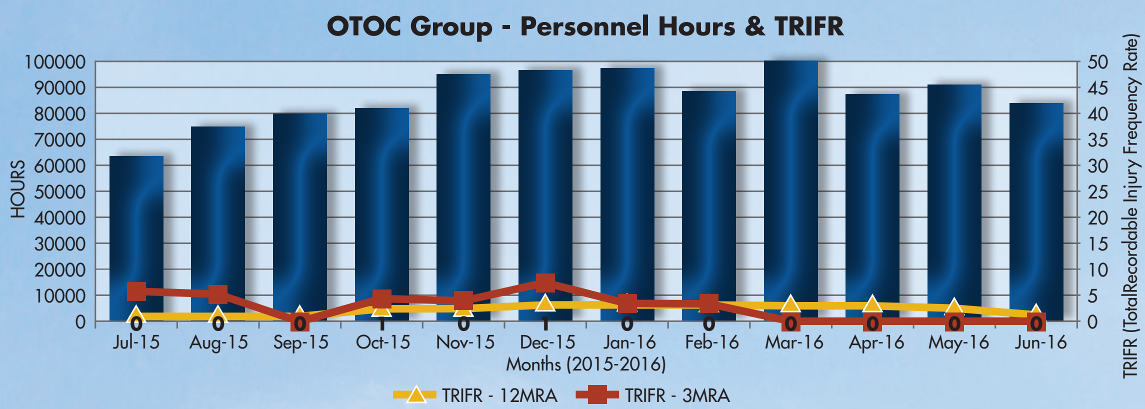
Certification

- OTOC Limited, OTOC Australia, Whelans and Geo-Metric achieved and maintained accreditation to the following standards:
  - o ISO 9001:2008
  - o AS/NZS 4801:2001
  - o ISO 14001:2004
- OTOC business units THG maintained accreditation to the following standards.
  - o ISO 9001:2008
  - o AS/NZS 4801:2001
- OTOC business units Bosco Jonson maintained accreditation to the following standards:
  - o ISO 9001:2008
- OTOC Australia maintained accreditation to the following:
  - o Federal Safety Commission Accreditation

Environment
ISO 14001

Health & Safety
AS 4801

Quality
ISO 9001



Annual Financial Report 2016

Contents

Directors' Report

Your Directors present their report together with the consolidated financial statements of OTOC Limited ABN 80 122 958 178 ("the Company" or "OTOC") and the entities it controlled (together referred to as "the Group") at the end of, or during, the year ended 30 June 2016.

1. INFORMATION ON DIRECTORS

Directors of the Company during the whole of the financial year ended 30 June 2016 and up to the date of this report are as follows:

- Derek La Ferla (Non-Executive Chairman)
- Adam Lamond (Executive Director)
- Tom Lawrence (Non-Executive Director)
- Karl Paganin (Non-Executive Director) (Appointed 19 October 2015)

Derek La Ferla
Non-Executive Chairman
Appointed 28 October 2011

Mr La Ferla is an experienced corporate lawyer and company director with more than 30 years' experience. He has held senior positions with some of Australia's leading law firms, and is currently a Partner with Western Australian firm, Lavan Legal, in the firm's Corporate Services Group. Mr La Ferla also serves as the chairman of Sandfire Resources Limited and Threat Protect Australia Limited and is a director of Goldfields Money Limited. He is a fellow of the Australian Institute of Company Directors (AICD) and member of the AICD Western Australian Council.

Special Responsibilities

Mr La Ferla is a member of the Nomination and Remuneration Committee and the Audit and Risk Committee.

Directorships in last 3 years

Sandfire Resources Limited (May 2010 – Current)

Threat Protect Australia Limited (September 2015 – Current)

Goldfields Money Limited (November 2015 – Current)

Interests in Shares

562,500 fully paid ordinary shares

1. INFORMATION ON DIRECTORS (continued)

Adam Lamond
Executive Director
Appointed 13 October 2011

Mr Lamond founded his own electrical contracting business in 2003 which evolved into OTOC Contracting in 2008 and was subsequently listed on ASX in 2011 to become, OTOC Limited. Mr Lamond has over 20 years' experience in the mining industry with particular expertise in construction and electrical activities in remote Western Australia. Mr Lamond held the position of Chief Executive Officer of OTOC Limited from its listing in October 2011 to January 2014 and during this time, led the Company into a new strategic direction and diversification. Mr Lamond stepped down from his role as Chief Executive Officer in January 2014 with the appointment of Simon Thomas and he now maintains a role as Executive Director – Business Development.

Directorships in last 3 years

None

Interests in Shares

50,266,815 fully paid ordinary shares

Karl Paganin
Non-Executive Director
Appointed 19 October 2015

Mr Paganin has over 15 years senior experience in Investment Banking, specialising in transaction structuring, equity capital markets, mergers and acquisitions and strategic management advice to listed companies. Mr Paganin was a Director of Major Projects and Senior Legal Counsel for Heytesbury Pty Ltd (the private trading company of the Holmes à Court Family) which was the proprietor of John Holland Group Pty Ltd. Mr Paganin holds degrees in Law (B.Juris, LLB) and Arts (BA) from the University of Western Australia and is a Non-Executive Director of ASX listed Southern Cross Electrical Engineering Limited and Vice Chairman of the not for profit charity, Autism West Support Inc.

Special Responsibilities

Mr Paganin is the Chaiman of the Nomination and Remuneration Committee and a member of the Audit and Risk Committee and OHS Committee.

Directorships in last 3 years

Southern Cross Electrical Engineering Ltd (June 2015 – current)

Interests in Shares

4,746,929 fully paid ordinary shares

1. INFORMATION ON DIRECTORS (continued)

Tom Lawrence
Non-Executive Director
Appointed 13 October 2011

Mr Lawrence is a qualified accountant with a Bachelor of Laws and a Masters Degree in taxation. Mr Lawrence was the principal of Lawrence Business Management for over 15 years, providing tax and management advice to a diverse range of businesses. He now works as a solicitor for Capital Legal, advising clients on a broad range of business related transactions. Mr Lawrence has been an advisor to OTOC from its inception.

Special Responsibilities

Mr Lawrence is the Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee and OHS Committee.

Directorships in last 3 years

None

Interests in Shares

3,662,596 fully paid ordinary shares

2. INFORMATION ON COMPANY SECRETARY

Ms Lisa Wynne is a Chartered Accountant and Chartered Secretary with significant experience in the administration of ASX listed companies, corporate governance and financial accounting. Ms Wynne has held the role of Company Secretary and Chief Financial Officer of a number of ASX listed resources companies and was the owner of a consulting company for 10 years, specialising in the provision of corporate services to public companies.

3. DIRECTORS MEETINGS

The number of directors meetings and number of meetings attended by each of the directors of the Group during the financial year are:

Director	Board Meetings		Audit Committee		Remuneration & Nomination Committee		Occupational Health & Safety Committee	
	A	B	A	B	A	B	A	B
Derek La Ferla	14	14	2	2	3	3	*	*
Adam Lamond	14	14	*	*	*	*	*	*
Tom Lawrence	14	14	2	2	3	3	3	3
Karl Paganin	9	9	1	1	2	2	1	1

A = Number of Meetings attended
B = Number of meetings held during the time the director held office during the year
* = Not a member of the relevant committee

4. PRINCIPAL ACTIVITIES

OTOC offers surveying, planning and design services throughout Australasia. A leading provider of professional consulting and innovative spatial solutions, OTOC delivers quality service to clients across a range of industry sectors.

OTOC Australia, OTOC's Infrastructure division provides infrastructure construction services to clients covering renewable energy, government, resources, utilities and remote areas.

OTOC's surveying businesses Whelans, Bosco Jonson, Geo-Metric Surveying, Queensland Surveying Pty Ltd trading as THG Resource Strategists, Linker Surveying Pty Ltd (acquired 29 April 2016) and Lawrence Group Pty Ltd (acquired 29 July 2016) are highly regarded surveying consultants with expertise in land and cadastral, infrastructure and engineering surveying, aerial mapping, town planning and urban design. OTOC has a clear growth strategy to drive the consolidation of the fragmented surveying industry in Australia through strategic acquisitions that enhance the group's offering and geographic exposure.

OTOC Limited is the Group's holding company that is listed on the ASX under the code OTC.

OTOC has a blue chip client base and services the property, government, resources and construction sectors in Australia and strategic offshore locations.

The following significant changes in the nature of the activities of the Group occurred during the year:

i) The acquisition of Linker Surveying Pty Ltd on 29 April 2016: one of Sydney's most respected land surveying firms providing OTOC with exposure to a buoyant Sydney residential market and consolidating OTOC's national footprint consistent with OTOC's strategy to develop a national premium surveying and town planning business;

ii) The Group agreed commercial terms with the Commonwealth Bank of Australia for a new acquisition facility, comprised of an approved $10 million acquisition line, in conjunction with indicative terms for a further extension to this facility of up to $25 million;

iii) The acquisition of Lawrence Group Pty Ltd on 29 July 2016: a multi-disciplinary surveying consultancy with expertise in residential and commercial construction, civil infrastructure and land development further enhanced OTOC's significant presence in the important Sydney residential surveying market;

iv) OTOC Australia entered into joint venture with Juwi Renewable Energy Pty Ltd (Juwi) and was awarded a significant contract with Sandfire Resources NL in July 2015 to install a 10.6MW solar power station at the Degrussa Copper-Gold mine in Western Australia. The $40 million project is the largest integrated off-grid solar and battery storage facility in Australia and was completed in June 2016. OTOC Australia's contribution to the joint venture was approximately $10 million in revenue for the provision of procurement and on-site installation services with Juwi as the developer, engineering and procurement contractor and operator;

v) OTOC Australia has continued to receive opportunities in the Government Sector for construction and infrastructure work in Nauru. After an initial $29 million contract awarded in May 2013, OTOC Australia has won significant additional work with over $45 million worth of work being completed during FY2016.

5. OPERATING AND FINANCIAL REVIEW

For the year ended 30 June 2016 the Group reported net profit after tax from continuing operations of $19.7 million (2015: $8.8 million loss) and EBIT profit from operating activities of $10.6 million (2015: EBIT loss $1.8 million). EBIT is defined as earnings before interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.

This has been achieved by targeting growth outside of the Western Australian mining sector, through the parallel strategies of acquisitions in Surveying and targeted focus on infrastructure construction activities.

The group has also focussed on integration activities through consultation and alignment with the Surveying businesses that have joined the OTOC team over the last two years to create a premium national professional services business in Surveying, Mapping and Town Planning. OTOC's infrastructure business had a record year of earnings as a result of its strategic focus. This increased earnings has allowed the group to not only move forward the Surveying acquisition strategy but also to strengthen our integration support activities.

5. OPERATING AND FINANCIAL REVIEW (continued)

5.1 Operations

5.1.1 Overview

OTOC Limited offers surveying, planning and design, infrastructure, construction and maintenance services throughout Australasia through its wholly owned operations OTOC Australia, Whelans, Bosco Jonson, Geo-Metric, THG Resource Strategists, Linker Surveying and Lawrence Group.

OTOC's national survey division is a leading provider of professional consulting and innovative spatial solutions, delivering quality service to clients across a range of industry sectors.

- **Whelans** offers a strong heritage as a leading provider of comprehensive solutions in land development, surveying, mapping, town planning, laser scanning, aerial surveying, spatial services and specialist geospatial products and services to clients in both Western Australia and the eastern states. Whelans has an outstanding reputation with its customers, from developers and resource companies, through to government departments.

- **Bosco Jonson is** a leader in Victoria with a deserved reputation as one of Melbourne's most respected providers of surveying, urban design and town planning solutions. It is highly acclaimed in large-scale urban and broad hectare developments, serving some of the largest land and built-form development businesses on some of Victoria's largest projects.

- **Geo-Metric Surveying** services the Australian construction industry in all sectors and is at the forefront of some of the largest infrastructure projects across Australia. A recognised leader in engineering surveying, energy industrial mining structural projects, road, rail, port facilities and the specialised areas of monitoring and laser scanning provide clients with comprehensive solutions.

- **THG Resource Strategists** have built a reputation as Queensland's planning and surveying specialists, known for a strategic and innovative approach with proven ability to achieve success in even the most complex environments. THG provides solutions to clients across the market segments of land, infrastructure, government, communities, agriculture, tourism and resources projects, across Queensland.

- **Linker Surveying** is one of Sydney's premier and most respected land surveying firms and the first choice for development, legal, architectural and construction professionals seeking quality surveying services and land titling advice in NSW. Linker have extensive experience ranging from small, residential surveys to complex, large-scale commercial ventures and are regarded as a leader in Strata and Stratum (volumetric) surveying.

- **Lawrence Group** is a multi-disciplinary surveying consultancy with expertise in residential and commercial construction, civil infrastructure and land development. Lawrence has developed a blue-chip client base across each of its service capabilities, including Lend Lease, Thiess, Parkview, Richard Crookes and Roads and Maritime Services.

- **OTOC** Australia delivers quality service to clients across a range of industry sectors, providing infrastructure construction and maintenance services to clients covering renewable energy, government, resources, utilities, remote areas and private industries. From concept to completion, OTOC has been involved with some of Australia's biggest infrastructure projects.

5.1.2 Business Model

OTOC Group generates most of its income from the surveying services and the provision of remote area infrastructure solutions. Revenue is generated from government, resources and communications infrastructure, surveying, town planning and aerial mapping. This combination of annuity stream income plus infrastructure projects offers a balanced portfolio.

5.1.3 **Review of Operations**

Key points to assist in understanding OTOC's results are as below:

Key Item	**FY2016 $000**	**FY2015 $000**	**Comments**
Revenue	120,858	68,878	Surveying division had an increase of 25% revenue year on year. In addition the infrastructure division benefited from work in strategic markets of renewal energy and government infrastructure.
Expenses	104,682	64,596	In line with increase in revenue.
Underlying EBITDA*	16,176	4,681	EBITDA was up 246% year on year with strong returns from both surveying and infrastructure work.
Acquisition Costs	(1,336)	1,219	Costs incurred in relation to acquiring new surveying businesses offset by a $2.5 million write-back of deferred vendor payment for a surveying business.
Net Assets	53,298	32,083	Net Assets increased by 66% compared with the previous year, the main contributors was a 27% increase in cash, 29% decrease in Loans and Borrowings, and a Deferred Tax Asset for R&D of $6.7m.
Working Capital	10,994	7,113	OTOC had a record closing cash and cash equivalents balance at 30 June 2016 of $13m.

*Underlying EBITDA is defined as earnings before depreciation, amortisation, interest, tax, impairment, restructuring, share-based payments and acquisition costs and is an unaudited non-IFRS measure.

Underlying EBIT and EBITDA is a non-IFRS measure that in the opinion of OTOC provides useful information to assess the financial performance of the Group. A reconciliation between statutory results and underlying results is provided below. The non-IFRS measure is unaudited:

	FY2016 $000	FY2015 $000
Statutory profit/(loss) after tax	19,698	(8,786)
Add back:		
Tax (benefit)/expense	(9,750)	(4,883)
Net finance expense	751	698
Restructuring costs	173	1,515
Acquisition costs	(1,336)	1,219
Impairment	-	(8,468)
Share-based payment	1,050	399
Underlying EBIT profit (loss)	10,586	(1,370)
Depreciation and amortisation	5,590	6,051
Underlying EBITDA	16,176	4,681

5 Financial Position, Performance and Cash flow

5.2.1 Dividends

No dividends were declared and paid by the Company during the financial period.

5.3 Business Strategy, Outlook and Risks

5.3.1 Business Strategy

The Group has a clear strategy of creating a multi-disciplinary premium national survey and spatial solutions business with diversified and predictable earnings. OTOC demonstrated the capacity for our strategy to deliver sound financial outcomes from our premium nationwide businesses through market sectors that have consistent demand for the services we deliver.

We shall continue to develop and deliver a range of business wide initiatives to ensure we are prepared and structured for further growth. The core pillars which support our growth strategy represent a focus on critical success factors of our business.

The company values have been enhanced to truly reflect the behavioural attributes and culture that we shall lead by and strive to encourage from our people as we move towards a truly national identity for the Group.

Finally, continuous improvements across our safety and sustainability processes shall ensure they remain key to our approach of delivering ongoing value for our clients and shareholders.

5.3.2 Outlook

We have continued to expand our capabilities and offerings across a broad range of services, markets and states. Expansion has been gained both organically and from the addition of new business partners via acquisition of Linker Surveying (NSW) and Lawrence Group (NSW). These new businesses add to our skills and market exposure in the promising Sydney and regional NSW markets where considerable expenditure on infrastructure and property development are forecast for the next several years and beyond.

FY16 saw the delivery of OTOC Australia's first large scale PV solar array project in joint venture with Juwi at the Sandfire Resources DeGrussa Mine. This project is the largest diesel-solar hybrid project in the southern hemisphere and indicates the strength of OTOC Australia's capacity to deliver a new project offering within our traditional market. We are excited by the numerous opportunities that this project has stimulated and will continue to focus on the renewable energy sector as a pillar of future growth for this business.

We shall continue to grow market share nationally across the survey and spatial solutions sector with ongoing acquisition of premier business partners and a focus on expanding the capacity and capability of our existing businesses.

In FY16 the management of OTOC committed to strengthening the internal systems and processes required to support and promote performance across our business.

We shall move towards standardisation of our national safety standards and ensure that our global Health, Safety and Environmental accreditations capture all businesses across the Company. Our Quality practices are now standard across the group.

Initiatives to improve our national marketing processes, procurement practices and expanding the reach of our business lines through nationalisation of service capabilities are all aimed at increasing our market share and achieving organic growth targets for our business.

5.3.3 Risks

There are specific risks associated with the activities of the Group and general risks which are largely beyond the control of the Company and the Directors. The most significant risks identified that may have a material impact on the future financial performance of the Company and the market price of the Group's shares are:

5.3.3.1 Project Delivery Risk

Execution of projects involves professional judgment regarding scheduling, development and construction. Failure to meet scheduled milestones could result in professional product liability, warranty or other claims against the Company. The Company maintains a range of insurance policies and risk mitigation programs designed to closely monitor progress or works.

5.3.3.2 Legal and Contractual Risk

Errors, omissions or incorrect rates and quantities mean OTOC may not achieve full benefits of project deliverables and may lead to a negative impact on financial performance. Additionally, failure to understand the contract terms can lead to disputes with third parties and litigation over contractual terms. The Company seeks to mitigate these risks by following a tendering process and estimation programme and using the knowledge and experience of staff to conduct pricing appropriately and contract review and screening.

5.3.3.3 Competition Risk

Competitive markets can place downward pressure on margins and can lead to a risk of decreased market share. OTOC seeks to mitigate this risk by seeking to target projects where we have expertise and competitive advantage while also effectively managing costs and margins.

5.3.3.4 Industry Risk

Continued weakness in the resources sector and reduced construction activity in the resources sector of Western Australia. OTOC is responding to this risk through its diversification of earnings via its national surveying acquisition strategy and implemented a number of strategic measures to re-position OTOC Australia to deliver projects that complement its expertise, reduce operational and market risk and result in improved financial performance.

5.3.3.5 Partner Risk

OTOC occasionally operates through a joint venture style partnering arrangement. The success of these arrangements depends on the satisfactory performance by our partners of their obligations. The failure of our partners to meet obligations could impose additional financial and / or performance obligations on OTOC which could have an impact on our reputation or financial results. OTOC seeks to mitigate this risk by conducting due diligence in relation to potential partners and by undertaking compliance reviews and regularly monitoring the performance of joint venture operations.

5.3.3.6 **Integration Risk**

In the last 2 years OTOC has purchased 5 companies as part of their strategy to create a national surveying platform. To fully derive benefits from this, OTOC are integrating the businesses so that synergies and economies of scale can continue to be achieved and to offer a better service to our growing national customer base. This will mitigate against companies operating in silos with increased costs and risks to the Group.

6 SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto and sections of this report. Refer section 5.

7 EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to 30 June 2016 the Group completed the acquisition of Lawrence Group, a multi-disciplinary surveying consultancy with expertise in residential and commercial construction, civil infrastructure and land development. The upfront purchase price for the Acquisition was $3.85million in cash and $1 million (4.9 million) in new fully paid ordinary shares.

The Group also entered into an agreement to acquire the assets of WKC Spatial on 05 August 2016 (assets acquired included business name, fixed assets, property, plant and equipment, and customer contracts).

OTOC Limited has declared after the balance sheet date that it will pay a fully franked dividend for 2016 of 0.5 cents per share on 12 September 2016.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8 LIKELY DEVELOPMENTS

The OTOC Group continues on its national surveying strategy of developing a national surveying business and increasing its capabilities and geographical market presence.

9 REMUNERATION REPORT - Audited

The directors are pleased to present your Company's 2016 remuneration report which sets out the remuneration information for OTOC Limited's non-executive directors, executive directors and other key management personnel. The information provided in this Remuneration Report has been audited as required by section 308(3C) of the Corporations Act 2001. This Remuneration Report forms part of the Directors' Report. For the purposes of this report 'Key Management Personnel' (KMP) of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

The report contains the following sections:

a) Directors and key management personnel disclosed in this report

b) Remuneration Policy

c) Relationship between remuneration and the Company's performance

d) Details of share-based compensation and bonuses

e) Voting and comments made at the Company's 2015 Annual General Meeting

f) Contractual Arrangements

g) Details of remuneration

h) Analysis of bonuses included in remuneration

i) Equity Instrument Disclosure Relating to Key Management Personnel

9 REMUNERATION REPORT - Audited (continued)

Director and Executive Disclosures

a) Details of directors and key management personnel disclosed in this report

Director	Position	Appointed on
Derek La Ferla	Non-Executive Chairman	2 November 2011
Adam Lamond	Executive Director	13 October 2011
Tom Lawrence	Non-Executive Director	13 October 2011
Karl Paganin	Non-Executive Director	19 October 2015
Key Management Personnel		
Simon Thomas	Chief Executive Officer	30 January 2014
Brian Mangano	Chief Financial Officer	9 July 2012
Lisa Wynne	Company Secretary	6 July 2012

b) Remuneration policy

The Group has high expectations of its personnel and its executive leadership team. The Group aligns the performance outcomes of its executives with its own corporate outcomes and as such remuneration will be based on merit, performance and responsibilities assigned and undertaken.

Remuneration & Nomination Committee

The Group has a Remuneration and Nomination Committee, which is responsible for:

- Assessing appropriate remuneration policies, levels and packages for Board Members, the CEO, and (in consultation with the CEO) other senior executive officers;
- Monitoring the implementation by the Group of such remuneration policies; and
- Recommending the Group's remuneration policy so as to:
  - motivate directors and management to pursue the long-term growth and success of the Group within an appropriate control framework; and
  - demonstrate a clear relationship between key executive performance and remuneration.

Non-executive director remuneration policy

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time-to-time by a general meeting. The Constitution was amended by special resolution of the members on 30 November 2011 with the aggregate remuneration increasing from $250,000 to $300,000 per annum, which is to be apportioned amongst Non-Executive Directors.

The Company has entered into service agreements with its current Non-Executive Directors; refer details of the contractual arrangements on page 18 of this remuneration report. Retirement payments, if any, are agreed to be determined in accordance with the rules set out in the Corporations Act 2001 at the time of the Directors retirement or termination. Non-Executive Directors' remuneration may include an incentive portion consisting of bonuses and/or options, as considered appropriate by the Board, which may be subject to shareholder approval in accordance with the ASX Listing Rules.

Executive remuneration policy

The Company's broad remuneration policy is to ensure the remuneration package appropriately reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. The Company aims to reward executives with a level of remuneration commensurate with their position and responsibilities within the Company so as to attract and retain executives of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

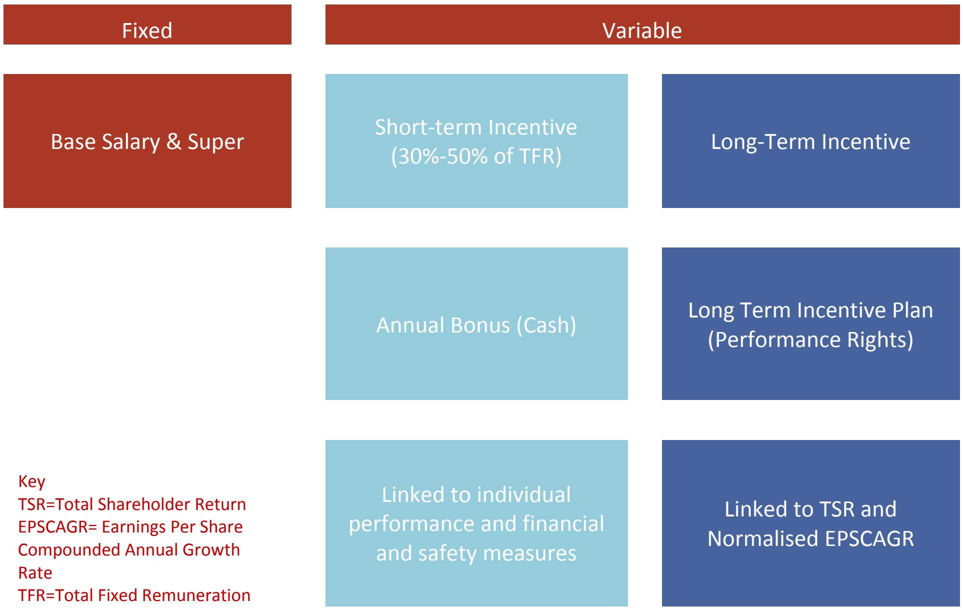
Remuneration is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. During the period, the Board engaged EY (Ernst & Young) to provide independent advice in the form of a written report detailing market levels and benchmarking of remuneration for comparable executive roles. No recommendations, as defined by the Corporations Act, were provided by EY.

9 REMUNERATION REPORT - Audited (continued)

The overall executive remuneration framework has three components and is presented in the diagram below:

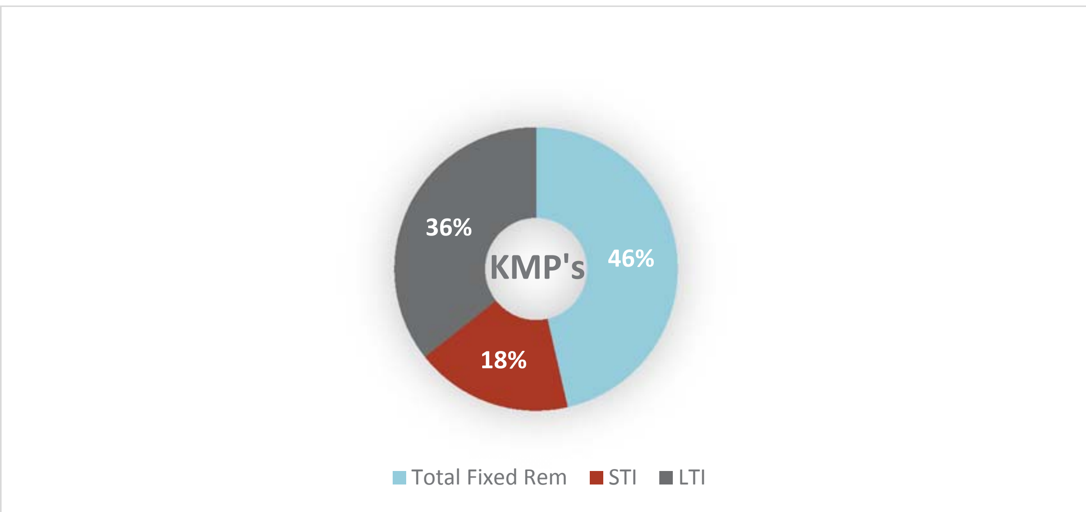
- Base pay and benefits, including superannuation
- Short-term incentives
- Long-term incentives through participation in Company's Performance Rights Plan

Remuneration Framework



The table below represents the target remuneration mix for the KMP's in the current year. The short-term incentive is provided at target levels, and the long-term incentive amount is provided based on the value granted in the current year.

		At Risk	
	Fixed Remuneration	Short-term Incentive	Long-Term Incentive
CEO	42%	17%	41%
CFO	50%	20%	30%
Company Secretary	59%	17%	24%



9 REMUNERATION REPORT - Audited (continued)

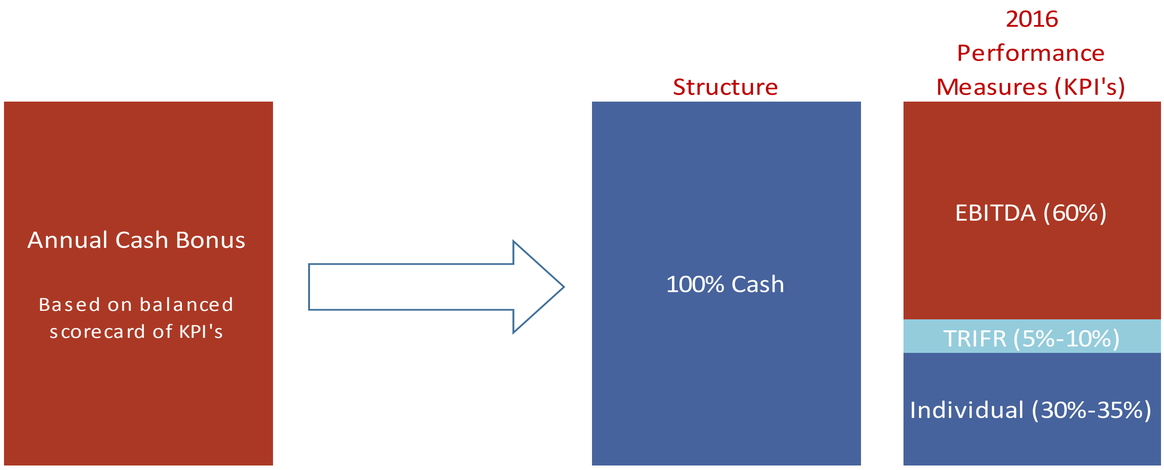
Base pay

The Base Salary is a monetary recognition for the undertaking of task and assumption of responsibilities in line with an individual's role in the organisation. It is set against industry and regional benchmarking for role, market conditions and complexity of task. Where appropriate independent remuneration advice is obtained. There are no guaranteed base pay increases included in any executive contracts.

Superannuation

Statutory superannuation is payable in addition to the base pay.

Short-term incentives



Key
EBITDA=Earnings before interest and tax

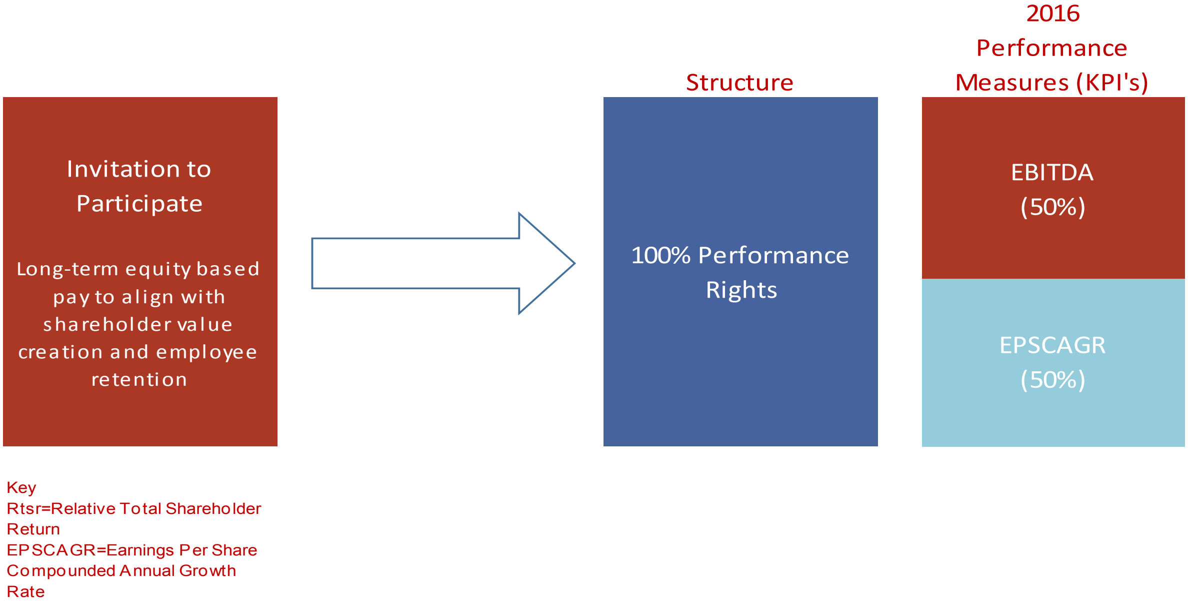
Executives have the opportunity to earn an annual short-term incentive (STI) if predefined targets are achieved (KPIs). The Group's STIs are paid in the form of cash and are calculated as a percentage of total pay, based on achievement of set financial, safety and personal based KPI's that provide a measured return to the organisation set by the Remuneration and Nomination Committee from time to time, and is dependent on the executive achieving various key performance indicators for their relevant business line. Further, the behaviours of our employees against the Values of the Company are also assessed through a performance evaluation process.

STI plays a key role in aligning superior operation outcomes for shareholders with the remuneration outcomes for management. The STI opportunity levels vary according to the Business Unit served by the recipient and according to their role.
For the financial year ended 30 June 2016 the KMP's had target STIs (of between $39,000 and $186,000 which represents between 30% and 40% of the KMP's individual Total Fixed Remuneration) linked to EBITDA, safety and personal performance within their individual roles. Executives are set minimum safety outcomes and EBITDA targets for the group to achieve before an STI is payable.

The Remuneration and Nomination Committee is responsible for determining the STI to be paid based on an assessment of whether the KPIs are met. The performance evaluation in respect of the year ended 30 June 2016 has taken place and STI's payable to the KMP's have been accrued and presented in the table outlined in part (g) of this report. Approximately 92% of the target STIs were assessed as achieved and payable on a totals basis.

9 REMUNERATION REPORT - Audited (continued)

Long-term incentives



The Group bases its Long Term Incentive ("LTI") on a combination of continued valued service of the particular executive and overall corporate performance of the Group as a whole so as to align each of the executives' incentives with the total performance of the Group.

In 2014 the Group adopted a Performance Rights Plan ("Plan") as an essential part of retaining senior executives in an increasingly competitive market. The Plan provides the long term incentive component of the remuneration for executives and KMP's to be identified by the Board. The purpose of the Plan is to issue a performance based bonus in the form of Performance Rights based on KPI's and performance hurdles to encourage alignment of personal and shareholder interest and:

- Foster a long term perspective within the employees necessary to increase shareholder return;
- Drive sustainable, long term performance of the Company;
- Retain key senior executives;
- Provide an opportunity for employees to participate in the Company's share price performance; and
- Ensure that the Company has a remuneration model that makes it an attractive employment option for talented personnel

LTI Performance measures and hurdles (including tenure provisions) are determined by the Board and linked to financial measures which may include (but not limited to):

- Total Shareholder Return relative to an established peer group
- Growth in earnings per share
- Return of capital employed
- EBIT/NPAT above budget and growth
- Revenue growth and margin improvement
- EPS Targets (normalised for extra-ordinary items)

During the period, the Group issued 19,644,950 Performance Rights under the Plan.

The value of the Performance Rights offered as long term incentives ("LTI") represents between 68% and 120% of the KMP's individual Total Fixed Remuneration. The mechanism for converting the LTI dollar value of the rights into the number of Performance Rights that were granted was based on the Company's 30-day volume weighted average price per share prior to 31 August 2015.

9 REMUNERATION REPORT - Audited (continued)

As the Company had been lacking a long term incentive plan until the introduction of the Plan in 2014, in the current and prior periods, the Board has adopted a transitional vesting approach for the grant of rights to long standing KMP's (CEO, CFO and Company Secretary) as follows:

(a) 25% (Tranche 1) will vest in 2 years (based on performance from 1 July 2015 to 30 June 2017); and

(b) 75% (Tranche 2) will vest in 3 years (based on performance from 1 July 2015 to 30 June 2018).

Vesting of the Performance Rights is subject to the achievement of the two separate financial performance hurdles (over the relevant vesting periods) outlined in the table below. Subject to the achievement of the performance hurdles, each Key Executive Performance Right may be converted (on a one for one basis) into one Share.

	50% rTSR**		**50% EPS CAGR**	
***Performance Vesting Hurdles:**	< 50% percentile	Nil	<5%	Nil
	>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile	>5%-<25%	pro rata vesting between 25%-100%
	75th percentile or more	100%	25%>	100%

*Safety must be maintained at all times and no LTI's will vest in the instance of a major safety breach such as a serious injury or fatality

**Performance of management measured against the total shareholder return relative to the ASX All Ordinaries Index.

***The base EPS on which to measure performance will be based on a Normalised EPS excluding significant extra-ordinary expenses such as restructuring, acquisition and impairment costs, these costs will be excluded from the calculation of EPS for the purpose of assessment of EPSCAGR.

The board believes the relative Total Shareholder Return ("rTSR") performance hurdle alongside the use of Compounded Normalised Earnings per Share Growth ("EPS CAGR") provides an appropriate balance between relative and absolute company performance. These performance measures are mutually exclusive, meaning, that if one measure is not met, there is still the ability to earn an LTI under the other measure. OTOC's justification for the use of the ASX All Ordinaries Index as a comparator for rTSR as opposed to a selected comparator group is companies such as OTOC that are in a diversification and growth phase and small to mid-capitalised are unique in their operations and appropriate and relevant comparator groups are difficult to identify. It is the Board's intention to review the suitability of both the rTSR and the EPS CAGR performance measures and the suitability of these performance criteria and settings on a regular basis to ensure they best serve shareholder's interests.

Subject to the terms and conditions of a grant of a Performance Right, the Board has discretion determine that all or a portion of the unvested Performance Rights automatically vest and automatically exercise on the occurrence of a Change of Control.

c) Performance Linked Compensation

The following table shows key performance indicators for the Group over the last five years.

	Financial Year Ended 30 June	2016	2015	2014	2013	2012
LTI	Closing Share Price ($)	0.23	0.07	0.14	0.12	0.12
	EPS (cents)	7.44	(3.6)	2.8	2.5	4.2
STI	Profit/(Loss) from Continuing Operations ($'000)	19,698	(8,786)	5,496	5,208	6,213
	Average % of Maximum STI awarded to Executives [(i)] (%)	92%	34%	59%	-	-
	Dividends paid ($'000)	-	-	-	-	950

[(i)] Represents STI payable/paid as a percentage of the maximum STI payable.

9 REMUNERATION REPORT - Audited (continued)

d) Details of share-based compensation and bonuses

(i) Options

No options were granted to directors and key management personnel during or since the end of the reporting period.

(ii) Performance Rights issued, held and transacted by directors and key management personnel

The following Performance Rights over ordinary shares were granted to key management personnel during the reporting period:

Key Management Personnel	Number of Performance Rights granted during 2016	Vesting Condition[(A)]	Vesting Hurdle [(B)]	Grant Date	Fair value at grant date [(C)]	Expiring date
Simon Thomas	1,368,750	25%Yr2	50% rTSR and	20 Jan 2016	$0.174	30-Jun-17
	4,106,250	75%Yr3	50% EPS CAGR	20 Jan 2016	$0.172	30-Jun-18
	5,475,000					
Brian Mangano	650,077	25%Yr2	50% rTSR and	20 Jan 2016	$0.174	30-Jun-17
	1,950,229	75%Yr3	50% EPS CAGR	20 Jan 2016	$0.172	30-Jun-18
	2,600,306					
Lisa Wynne	220,588	25%Yr2	50% rTSR and 50% EPS	20 Jan 2016	$0.174	30-Jun-17
	661,765	75%Yr3	CAGR	20 Jan 2016	$0.172	30-Jun-18
	882,353					

(A) All Performance Rights granted under the Plan during the reporting period will not vest until the Vesting Conditions imposed by the Board are satisfied.

(B) Vesting is conditional on the Group achieving certain performance hurdles. Details of the performance criteria and vesting are included in the long-term incentives discussion on page 13 and 14 of this report.

(C) The fair value of the Performance Rights has been calculated at grant date and measured using Monte Carlo simulation model incorporating the probability of the relative TSR vesting condition being met. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2015 to 30 June 2018).

An unexercised Performance Right will lapse upon the earlier to occur of:

i. failure to satisfy the applicable vesting conditions;
ii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
iii. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
iv. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
v. the expiry date; or
vi. the seven year anniversary of the date of grant of the Performance Rights.

9 REMUNERATION REPORT - Audited (continued)

(iii) Details equity incentives affecting current and future remuneration

Key Management Personnel	Instrument	#	Grant date	% vested in year	% forfeited in year (A)	Financial years in which grant vests	Face value of vested rights (B)
Simon Thomas	Performance Rights	1,195,313	12 Nov 2014	100%	-	2016	$274,922
		2,390,625	12 Nov 2014	-	-	2017	-
		1,368,750	20 Jan 2016	-	-	2017	-
		4,106,250	20 Jan 2016	-	-	2018	-
		9,060,938					
Brian Mangano	Performance Rights	435,000	12 Nov 2014	100%	-	2016	$100,050
		870,000	12 Nov 2014	-	-	2017	-
		650,077	20 Jan 2016	-	-	2017	-
		1,950,229	20 Jan 2016	-	-	2018	-
		3,905,306					
Lisa Wynne	Performance Rights	73,973	12 Nov 2014	100%	-	2016	$17,014
		147,945	12 Nov 2014	-	-	2017	-
		220,588	20 Jan 2016	-	-	2017	-
		661,765	20 Jan 2016	-	-	2018	-
		1,104,271					

(A) The percentage forfeited in the year represents the reduction from the maximum number of instruments available to vest due to performance criteria not being achieved.

(B) The face value of the vested rights is based on the share price as at 30 June 2016 of 23 cents multiplied by the number of rights vested.

(iv) Vesting and Exercise of Performance Rights Granted as Remuneration

25% of the LTI performance rights issued to KMP's in FY14 were subject to the Group achieving the EPSCAGR and rTSR growth rates set out in the table below over the two year period 1 July 2014 to 30 June 2016.

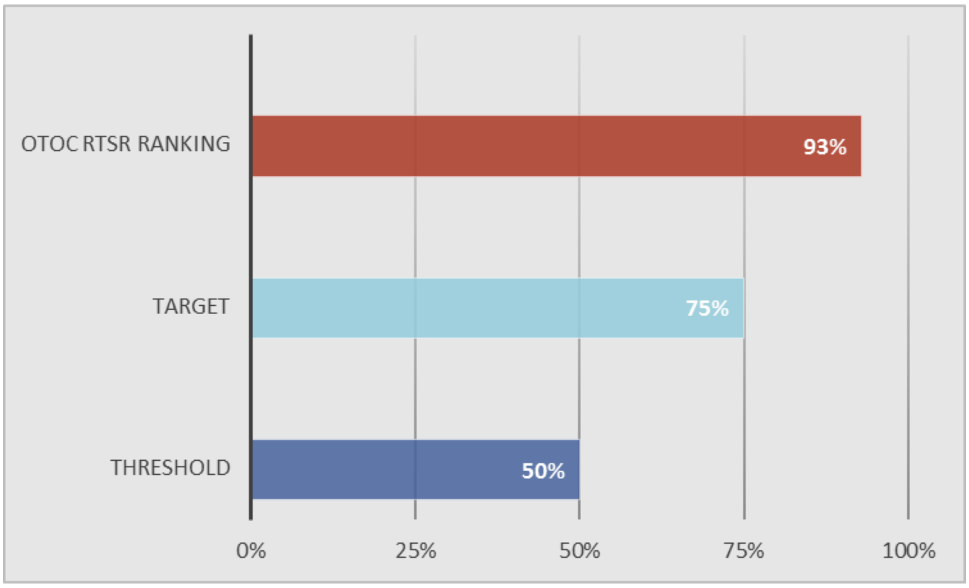
	50% rTSR**		50% EPS CAGR	
*Performance Vesting Hurdles:	< 50% percentile	Nil	<6%	Nil
	>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile	>6%-<24%	pro rata vesting between 25%-100%
	75th percentile or more	100%	25%>	100%

These growth rates were assessed in August 2016 against the FY14 reported EPS of 2.8 cents and starting share price of OTOC at 1 July 2014 of 10 cents. 2,149,491 Performance Rights vested during the financial year following the achievement of 50% EPS CAGR and OTOC's share price performance resulting in OTOC ranking in the ninety third percentile compared to the ASX All Ordinaries Index. The following graphs summarise the outcomes of the two performance measures.

9 REMUNERATION REPORT - Audited (continued)

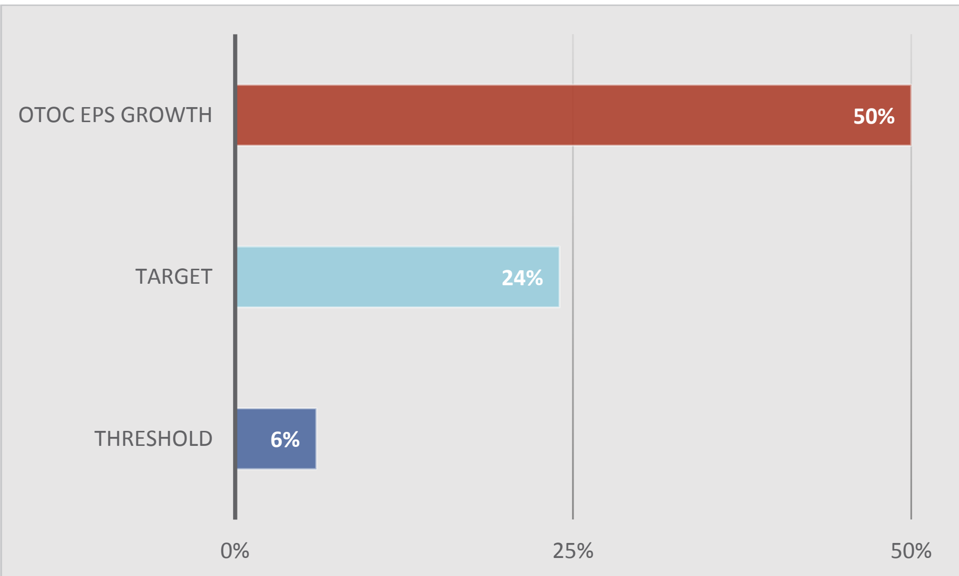
Total Shareholder Return

OTOC's TSR was 130% during the performance period 1 July 2014 to 30 June 2016 ranking OTOC in the 93rd percentile against the ASX All Ordinaries Index.



Normalised Earnings Per Share

OTOC'S normalised EPS has increased by 50% since the beginning of the performance period of 1 July 2014 to 30 June 2016, exceeding the 25% growth target by 100%.



e) Voting and comments made at the Company's 2015 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 30 June 2015 was put to the shareholders of the Company at the Annual General Meeting held 17 November 2015. The Company received more than 99% of votes, of those shareholders who exercised their right to vote, in favour of the remuneration report for the 2015 financial year. The resolution was passed without amendment on a show of hands.

REMUNERATION REPORT - Audited (continued)

f) Contractual Arrangements

On appointment to the board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

Remuneration and other terms of employment for the chief executive officer, chief financial officer and other key management personnel are also formalised in service agreements. Major provisions of the agreements relating to remuneration are set out below.

Name	Term of agreement	Base salary including superannuation	Termination
Derek La Ferla	Mr La Ferla will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$125,744	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Adam Lamond (B)	Until validly terminated in accordance with the terms of the Agreement.	$126,650	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Tom Lawrence	Mr Lawrence will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$77,305	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Karl Paganin	Mr Paganin will hold office until the next annual general meeting of the Company where he may be subject to retirement by rotation under the company's constitution.	$77,305	In accordance with the company's constitution and the Corporations Act 2001 (Cth).
Simon Thomas (A) (B) & (C)	Until validly terminated in accordance with the terms of the Agreement.	$465,374	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)

9 REMUNERATION REPORT - Audited (continued)

Name	Term of agreement	Base salary including superannuation	Termination
Brian Mangano [(A) (B) & (C)]	Until validly terminated in accordance with the terms of the Agreement.	$331,538	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)
Lisa Wynne [(A) (B) & (C)]	Until validly terminated in accordance with the terms of the Agreement.	$200,000	Termination by Company with reason – 1 months' notice Termination by Company without reason – 3 months' notice (or payment of the equivalent of 5 months' salary to dispense of the notice period)

(A) Key management personnel are also entitled to receive on termination of employment their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits.

(B) Key management personnel's contracts allow for participation in the Company's Long-Term Incentive Plan (subject to Board and Shareholder approval, if applicable).

(C) These contracts provide for the provision of short-term incentives by way of a cash bonus subject to key performance indicators to be determined by the Remuneration & Nomination Committee annually.

9 REMUNERATION REPORT - Audited (Continued)

g) Remuneration of directors and key management personnel of the group for the current and previous financial year

		Short-term employee benefits			Post-employment benefits	Share-based Payments		
		Salary & fees $	STI Cash bonus (A) $	Non-monetary $	Superannuation $	Performance Rights $	Total $	Proportion of remuneration performance related
Executive Director								
Adam Lamond	**2016**	**120,000**	–	–	**6,650**		**126,649**	–
	2015	120,000	–	–	6,650		126,649	–
Non-Executive Chairman								
Derek La Ferla	**2016**	**114,834**	–	–	**10,909**		**125,744**	–
	2015	97,020	–	–	9,217		106,237	–
Non-Executive Directors								
Tom Lawrence	**2016**	**77,305**	–	–	–		**77,305**	–
	2015	65,928	–	–	–		65,928	–
Karl Paganin (Appointed 19 October 2015)	**2016**	**47,588**	–	–	–	–	**47,588**	–
	2015	–	–	–	–	–	–	
Other Key Management								
Simon Thomas	**2016**	**446,067**	**172,189**	–	**19,308**	**461,651**	**1,099,215**	**58%**
	2015	425,000	175,599	–	40,375	221,925	862,899	–
Brian Mangano	**2016**	**291,130**	**126,648**	–	**33,163**	**196,652**	**647,593**	**50%**
	2015	300,564	57,953	–	34,533	80,763	473,813	26%
Lisa Wynne(C)	**2016**	**126,093**	**36,724**	–	**11,400**	**54,186**	**228,403**	**40%**
	2015	124,350	–	–	4,604	13,734	142,688	10%
Total	**2016**	**1,223,017**	**335,561**	–	**81,430**	**712,489**	**2,352,497**	**45%**
	2015	1,132,862	233,552	–	95,378	316,422	1,778,215	35%

Notes in relation to the table of directors' and executive officers' remuneration

(A) Short-term incentive bonus is for the achievement of financial and safety targets and personal performance within their individual roles for the financial year ended 30 June 2016. The performance evaluation in respect of the year ended 30 June 2016 has taken place and the short-term incentive bonuses have been accrued but not yet paid.

(B) Salary and Fees includes annual leave and long service leave.

(C) Pro-rata based on annual salary of $200,000.

9 REMUNERATION REPORT - Audited (Continued)

h) Analysis of bonuses included in remuneration - audited

Details of the vesting profile of the short-term incentive cash bonuses awarded as remuneration to each director of the Company, and other key management personnel are detailed below.

	Short-term incentive bonus		
	Included in remuneration $[(A)]	% vested in year	% forfeited in year [(B)]
Key Management Personnel			
Simon Thomas	172,189	93%	7%
Brian Mangano	126,648	91%	9%
Lisa Wynne	36,724	93%	7%

(A) Amounts included in remuneration for the financial year is for the achievement of financial and safety targets and an average of 80% achievement of personal performance within their individual roles for the financial year ended 30 June 2016 as assessed in accordance with the targets outlined in the table below. The performance evaluation in respect of the year ended 30 June 2016 has taken place however the short-term incentive bonuses have been accrued but not yet paid.

(B) The amounts forfeited are due to a portion of the personal performance criteria not being met in relation to the financial year.

The KPI's cover financial, non-financial, company and individual objectives, chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value. The KPI's for the KMP's are as follow:

Measure	Weighting	KPI	Rationale
Safety	10%	TRIFR	Safety is paramount and the inclusion of safety in the incentive plan reflects the Company's commitment to provide an incident-free work environment.
Financial	60%	EBITDA	Key profitably driver
Individual	30%	Based on individual objectives set annually which align with the Company's strategy and assist with the Company meeting its overall performance targets	Drives focus on key performance elements that align to overall company performance targets yet are within the executives control

i) Equity Instrument Disclosure Relating to Key Management Personnel

Analysis of movements in Performance Rights issued, held and transacted by directors and key management personnel

KMP	# Held 1 July 2015	Granted in year	Grant Value [(A)]	Face Value [(B)]	Number Vested in year	Number exercised in year	Number forfeited in year	Number held at 30 June 2016
Simon Thomas	3,585,938	5,475,000	$944,438	$766,500	1,195,313	-	-	7,865,625
Brian Mangano	1,305,000	2,600,306	$448,553	$364,042	435,000	-	-	3,470,306
Lisa Wynne	221,918	882,353	$152,206	$123,529	73,973	-	-	1,030,298

9 REMUNERATION REPORT – Audited (Continued)

(A) The value of the Performance Rights granted in the year is the fair value of the rights calculated at grant date. This amount is allocated to remuneration over the vesting period (i.e. in years 1 July 2015 to 30 June 2018). The fair value of the Performance Rights has been measured using Monte Carlo simulation model incorporating the probability of the relative TSR vesting condition being met.

(B) The face value of the rights is based on the share price as at grant date of 14 cents multiplied by the number of rights granted.

Analysis of movements in Shares issued, held and transacted by directors and key management personnel

The number of ordinary shares in the Company held during the reporting period by each director and other key management personnel of the Group, including their personally related parties are set out below. There were no shares granted as compensation during the reporting period.

	Balance at 30/06/2015	Movement	Balance at 30/06/2016
Directors			
Derek La Ferla	562,500	–	562,500
Adam Lamond	55,115,500	(4,848,685)	50,266,815
Tom Lawrence [A]	2,089,998	1,572,598	3,662,596
Karl Paganin	4,013,927	733,002	4,746,929
	Balance at 30/06/2015	**Movement**	**Balance at 30/06/2016**
KMP's			
Simon Thomas [B]	50,000	–	50,000
Brian Mangano [B]	200,000	1,100,000	1,300,000
Lisa Wynne [B]	–	–	–
Total	62,031,925	(1,443,085)	60,588,840

(A) Includes 439,998 shares held by OTC ESP Pty Ltd as trustee of the OTOC Employee Share Plan of which Tom Lawrence is a Director but in which shares Tom Lawrence has no beneficial interest.

(B) KMP shareholdings do not include the Performance Rights which have vested during the period as Performance Rights do not convert to ordinary shares until the Board notifies the employee and provides a vesting notification advising them that the Performance Rights have vested. The vesting notice will be provided following the finalisation of the audit for the period.

THIS CONCLUDES THE AUDITED REMUNERATION REPORT

10 SHARES UNDER OPTION

As at 30 June 2016 there are no shares under option.

11 INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year the Group paid insurance premiums of $24,000 (2015: $22,000) to insure the directors, secretaries and executive officers of the Group and its subsidiary companies.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of OTOC Limited and its subsidiary companies, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Group.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

12 NON-AUDIT SERVICES

During the year KPMG, the Group's auditor, has performed certain other services in addition to its statutory duties.
The board has considered the non-audit services provided during the year by the auditor and in accordance with advice provided by the Audit Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Committee to ensure they do not impact the integrity and objectivity of the auditor; and the non-audit services provided do not undermine the general principals relating to the auditor independence as set out in APES110 *Code of Ethics for the Professional Accountants*, as they did not involve reviewing or auditing the auditors own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details for the amounts paid to KPMG, the Group's auditor, and its related practices for audit and non-audit services to the Group provided during the year are set out below.

	Consolidated	
	2016	**2015**
	$000	**$000**
Audit services:		
Audit and review of the financial reports	195	212
Services other than audit services:		
Other services (Due Diligence)	76	75
Earn out audit	25	-
	296	287

13 ENVIRONMENTAL REGULATIONS AND PERFORMANCE

It is the Group's policy to comply with all environmental regulations applicable to it. The Company confirms, for the purposes of section 299(1)(f) of the Corporations Act 2001 that it is not aware of any breaches by the Group of any environmental regulations under the laws of the Commonwealth of Australia, or of a State of Territory of Australia.

In the majority of the OTOC's business situations, OTOC is not the owner or operator of plant and equipment requiring environmental licences. OTOC typically assists its clients with the management of their environmental responsibilities, rather than holding those responsibilities directly.

The Group is not aware of any breaches by OTOC of any environmental regulations under the laws of the Commonwealth of Australia, or of a State or Territory.

14 PROCEEDINGS ON BEHALF OF THE GROUP

There are no proceedings on behalf of the Group under Section 237 of the Corporations Act 2001 in the financial year or at the date of the report.

15 LEAD AUDITORS INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 64 and forms part of the directors' report for the year ended 30 June 2015.

16 ROUNDING

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the Financial Report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

17 CORPORATE GOVERNANCE STATEMENT

OTOC is committed to implementing sound standards of corporate governance. In determining what those standards should involve, the Group has had regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) ("ASX Recommendations"). This corporate governance statement outlines the key principles and practices of the Company which in the terms of the Group's Corporate Governance Charter, define the Group's system of governance. A copy of the Group's Corporate Governance Statement has been placed on the Group's website under the Investors tab in the corporate governance section www.otoc.com.au.

Signed in accordance with a resolution of the directors.

Derek La Ferla
Chairman
Perth, 16 August 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income *For The Year Ended 30 June 2016*

	Note	2016	2015
		$000	**$000**
Revenue	2	120,858	68,878
Expenses		(104,682)	(64,197)
		16,176	**4,681**
Depreciation	13	(2,550)	(3,982)
Amortisation	14	(3,040)	(2,069)
Acquisition costs	3	1,336	(1,219)
Restructuring costs		(173)	(1,515)
Share-based payment		(1,050)	(399)
Impairment expense	13/14	-	(8,468)
Results from operating activities		**10,699**	**(12,971)**
Financial income		69	88
Finance costs		(820)	(786)
Net finance costs		(751)	(698)
Profit (loss) before income tax		9,948	(13,669)
Income tax benefit (expense)	15	9,750	4,883
Profit (loss) from continuing operations		19,698	(8,786)
Profit (loss) for the year		19,698	(8,786)
Total comprehensive income (loss) for the year		19,698	(8,786)
Earnings per share			
Basic earnings/(loss) per share (cents per share)	4	7.4	(3.6)
Diluted earnings/(loss) per share (cents per share)	4	7.4	(3.6)

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As At 30 June 2016

	Note	2016 $000	2015 $000
Assets			
Current assets			
Cash and cash equivalents	17	12,968	10,182
Trade and other receivables	10	14,353	15,106
Work in progress		6,750	2,839
Other current assets		1,856	2,065
Current tax asset		42	–
Total current assets		35,969	30,192
Non-current assets			
Plant and equipment	13	8,048	7,899
Deferred tax asset	16	6,716	–
Intangible assets	14	31,844	30,358
Total non-current assets		46,608	38,257
Total assets		82,577	68,449
Liabilities			
Current liabilities			
Trade and other payables	11	10,384	6,910
Deferred vendor payments	3	2,700	5,262
Loans and borrowings	19	7,799	6,125
Employee benefits	12	4,092	3,061
Current tax liability		–	1,721
Total current liabilities		24,975	23,079
Non-current liabilities			
Loans and borrowings	19	3,593	9,915
Deferred vendor payments	3	300	2,038
Deferred tax liability	16	–	926
Employee benefits	12	411	408
Total non-current liabilities		4,304	13,287
Total liabilities		29,279	36,366
Net assets		53,298	32,083
Equity			
Share capital	20	22,622	22,155
Share based payment reserve		1,449	399
Retained earnings		29,227	9,529
Total equity		53,298	32,083

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Changes In Equity

For The Year Ended 30 June 2016

	Note	Share capital	Share based payment reserve	Retained earnings	Total equity
		$000	**$000**	**$000**	**$000**
Balance at 1 July 2015		22,155	399	9,529	32,083
Total comprehensive profit for the year					
Profit for the year		–	–	19,698	19,698
Total comprehensive profit for the year		–	–	19,698	19,698
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	20	467	–	–	467
Share based payment transactions		–	1,050	–	1,050
Total transactions with owners		–	–	–	–
Balance at 30 June 2016		22,622	1,449	29,227	53,298

Balance at 1 July 2014		9,188	–	18,315	27,503
Total comprehensive loss for the year					
Loss for the year		–		(8,786)	(8,786)
Total comprehensive loss for the year		–		(8,786)	(8,786)
Transactions with owners, recorded directly in equity					
Issue of ordinary shares	20	12,967	–	–	12,967
Share based payment transactions		–	399	–	399
Total transactions with owners		–	–	–	–
Balance at 30 June 2015		22,155	399	9,529	32,083

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flow

For The Year Ended 30 June 2016

	Note	2016	2015
		$000	$000
Cash flow from operating activities			
Receipts from customers		130,133	88,785
Payments to suppliers and employees		(113,765)	(76,465)
Cash generated from operations		16,368	12,320
Tax received		160	–
Interest paid		(820)	(786)
Interest received		69	88
Net cash from operating activities	18	15,777	11,622
Cash Flows from investing activities			
Proceeds from sale of property, plant and equipment		547	287
Purchase of property, plant and equipment		(1,348)	(3,157)
Deferred vendor payment		(2,400)	–
Acquisition of subsidiaries net of cash acquired		(3,158)	(21,665)
Net cash (used in) investing activities		(6,359)	(24,535)
Cash flow from financing activities			
Proceeds from share issues (net of costs)		–	9,868
Repayment of borrowings and lease liabilities		(6,632)	(4,217)
Proceeds from borrowings		–	10,641
Net cash from (used in) financing activities		(6,632)	16,292
Net increase in cash held		2,786	3,379
Cash and cash equivalents at 1 July		10,182	6,803
Cash and cash equivalents at 30 June	17	12,968	10,182

Notes to The Consolidated Financial Statements

BASIS OF PREPARATION

Reporting Entity

OTOC Limited (the "Company") is a for-profit company domiciled in Australia. The Company's registered office is at Level 12, 3 Hasler Road, Osborne Park, WA 6017. The consolidated financial report of the Company as at and for the year ended 30 June 2016 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group is a diversified infrastructure and survey solutions company.

Statement of Compliance

The consolidated financial statements are general purpose financial statements and have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

This consolidated annual report was approved by the board of directors on 15 August 2016.

NOTE INDEX

GROUP PERFORMANCE

1. Operating segments

The Group has two reportable segments that are managed separately by the service provided. Internal management reports on the performance of these reportable segments are reviewed at least monthly by the Chief Executive Officer who is the Chief Operating Decision maker (CODM) of the Group. The operations in each of the Group's reportable segments are:

- Surveying – provides surveying, mapping and town planning services throughout Western Australia, Victoria, Queensland, New South Wales and Sydney.
- Infrastructure – provides turnkey construction and installation services to the resources and infrastructure sectors.

Information regarding the results of each reportable segment is detailed below.

	Surveying		Infrastructure		Total	
	2016 $000	**2015 $000**	**2016 $000**	**2015 $000**	**2016 $000**	**2015 $000**
Revenue	**49,382**	38,939	**73,080**	31,384	**122,462**	70,323
Inter-segment revenues	**(1,565)**	(819)	**(39)**	(626)	**(1,604)**	(1,445)
External revenues	**47,817**	38,120	**73,041**	30,758	**120,858**	68,878
Costs	**(39,960)**	(31,427)	**(61,920)**	(30,565)	**(101,880)**	(61,922)
Inter-segment costs	**267**	626	**1,337**	819	**1,604**	1,445
External costs	**(39,693)**	(30,801)	**(60,583)**	(29,746)	**(100,276)**	(60,547)
Underlying EBITDA*	**8,124**	7,320	**12,458**	1,012	**20,582**	8,332
Depreciation	**(1,986)**	(1,906)	**(552)**	(2,028)	**(2,538)**	(3,934)
Amortisation	**(3,040)**	(2,069)	**-**	-	**(3,040)**	(2,069)
Underlying EBIT for reportable segments	**3,098**	3,345	**11,906**	(1,016)	**15,004**	2,329
Segment assets	**52,777**	48,158	**18,043**	14,455	**70,820**	62,613
Segment liabilities	**11,988**	12,361	**10,736**	13,388	**22,724**	25,749

1. Operating segments (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2016 $000	2015 $000
Revenues		
Total revenue for reportable segments	122,445	70,323
Elimination of inter-segment revenue	(1,587)	(1,455)
Consolidated revenue	120,858	68,878
Expenses		
Total expenses for reportable segments	101,880	61,922
Elimination of inter-segment expenses	(1,604)	(1,445)
Unallocated amounts – other corporate expenses	4,406	4,119
Consolidated expenses	104,682	64,596
Profit or loss		
Underlying EBIT for reportable segments	15,004	(4,008)
Unallocated amounts - Other corporate expenses	(5,468)	(4,160)
Acquisition related cost/income	1,336	(1,219)
Restructuring costs	(173)	(1,515)
Impairment	-	(8,406)
Net finance expense	(751)	(698)
Profit (loss) before income taxes	9,948	(13,669)
Assets		
Total assets for reportable segments	70,820	62,613
Other unallocated amounts	11,757	5,836
Consolidated total assets	82,577	68,449
Liabilities		
Total liabilities for reportable segments	22,724	25,749
Other unallocated amounts	6,555	10,617
Consolidated total liabilities	29,279	36,366

2. Revenue

	2016 $000	2015 $000
Surveying rendering of services	47,817	38,120
Resources and Infrastructure rendering of services	73,041	30,758
	120,858	68,878

3. Acquisitions

During the period, the Company made one acquisition as part of its national surveying and strategic plan as detailed below:

Acquisition of business - Linker Surveying Pty Ltd

On 29 April 2016, the Group acquired the business of Linker Surveying Pty Ltd, a leading Sydney surveying firm. Consideration paid was $3.9 million cash, issue of $0.5 million ordinary shares and potential future performance consideration of up to $0.6 million, subject to the achievement of financial hurdles.

The acquisition of Linker Surveying provides the Group with an exposure to the Sydney residential market and consolidates the Group's national footprint consistent with the Group's strategy to develop a national premium surveying and town planning business and enhances the Group's earnings.

In the 2 months following the acquisition to 30 June 2016, Linker Surveying contributed revenue of $0.7 million and profit before tax of $0.2 million to the Group's results. Management estimates that if the acquisition occurred on 1 July 2015, then Linker Surveying revenue would have been $4.5 million. In determining these amounts, management has assumed that the provisional fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2015.

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2016 **$000**
Cash	3,945
Equity instruments (2.2 million ordinary shares)	467
Deferred vendor payment	600
	5,012

Equity instruments issued

The fair value of the ordinary shares issued was based on the share price of the Company at 29 April 2016 of $0.21 per share.

Deferred vendor payment

As part of the purchase price the Company has agreed to pay the vendors of Linker Surveying an earn out of $0.6 million cash in two tranches over 2 years subject to meeting certain EBITDA hurdles of at least $0.8 million in a performance period. A full provision of $0.6 million has been recognised as deferred consideration at acquisition on the basis that management forecasts targets will be reached. If the targets are not reached, the fair value amount of the deferred consideration will be reduced in accordance with the asset sale agreement.

Acquisition of business - Linker Surveying Pty Ltd (continued)

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	2016 $000
Cash	788
Customer Relationships	980
Trade and other receivables	708
Property, plant and equipment	319
Trade and other payables	(96)
Employee benefits	(452)
Loans and borrowings	(323)
Deferred tax liability	(204)
Current tax liability	(23)
	1,697

The fair values of intangible assets and contingent liabilities have been determined on a provisional basis.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2016 $000
Total consideration transferred	5,012
Fair value of identifiable assets and liabilities	(1,697)
Goodwill	3,315

The goodwill is attributable mainly to the skills and technical talent of Linker Surveying's workforce, and the synergies expected to be achieved from integrating the company into the Group's existing surveying business.

Acquisition-related costs

The Group incurred acquisition related costs of $0.3 million relating to external legal fees, due diligence, consulting fees, staff costs and travel costs. These amounts have been included in acquisition costs.

Acquisition of business - Lawrence Group Pty Ltd

On 29 July 2016, the Group entered into an agreement to acquire Lawrence Group Pty Ltd, a Sydney-based surveying consultancy. The purchase price comprises $3.9 million in cash and $1.5 million in OTOC shares. A further $1.0 million in cash will be paid if Lawrence achieves performance milestones. A net adjustment will be paid (refunded) following completion of the acquisition.

3. **Acquisitions (continued)**

Acquisition of business - Lawrence Group Pty Ltd (continued)

The acquisition of Lawrence Group enhances the Group's surveying businesses in New South Wales, adding scale and capability to the Group's existing surveying businesses in civil infrastructure (Geo-metric) and expertise in construction surveying that is complementary to existing strata and urban development capability (Linker).

Consideration transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred.

	2016
	$000
Cash	3,850
Equity instruments (4.9 million ordinary shares)	1,535
Deferred vendor payment	1,000
	6,385

Equity instruments issued

The fair value of the ordinary shares issued was based on the share price of the Company at 29 July 2016 of $0.31 per share.

Deferred vendor payment

As part of the purchase price the Company has agreed to pay the vendors of Lawrence Group an earn out of up to $1.0 million cash over 2 years subject to meeting certain EBITDA hurdles of at least $1.2 million in a performance period.

Identifiable assets acquired and liabilities assumed

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date.

	2016
	$000
Cash	136
Customer Relationships	1,980
Trade and other receivables	1,208
Other current assets	33
Property, plant and equipment	1,046
Trade and other payables	(485)
Employee benefits	(262)
Loans and borrowings	(818)
Current tax liability	(173)
	2,665

The fair values of intangible assets and contingent liabilities have been determined on a provisional basis.

3. Acquisitions (continued)

Acquisition of business - Lawrence Group Pty Ltd (continued)

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2016
	$000
Total consideration transferred	6,385
Fair value of identifiable assets and liabilities	(2,665)
Goodwill	3,720

The goodwill is attributable mainly to the skills and technical talent of Lawrence Group's workforce, and the synergies expected to be achieved from integrating the company into the Group's existing surveying business.

Acquisition costs

Incurred acquisition costs of $1.2 million to acquire new surveying businesses which is recognised in the Statement of Profit and Loss and Other Comprehensive Income are offset by a $2.5 million write-back of deferred vendor payment for a surveying business. Net position ($1.3 million).

Prior Year Acquisitions

In FY 2015, OTOC acquired three surveying businesses; Bosco Jonson Pty Ltd, a leading Victorian surveying, town planning and urban design business on 30 September 2014 (total consideration of $16.7 million), Geo-metric Surveying Pty Ltd on 5 December 2014, a specialist provider of surveying solutions for civil infrastructure and resources projects (total consideration of $11.8 million), and THG WSG Pty Ltd, a leading Queensland surveying and planning consultancy business on 14 May 2015 (total consideration of $4.2 million). The fair value of these acquisitions was done on a provisional basis. During FY2016 an additional amount of goodwill of $0.2m was recorded in relation to Geo-metric.

4. Earnings per share (EPS)

	2016	2015
Earnings used to calculate basic EPS ($000)	19,698	(8,786)
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS (number of shares)	264,625,881	241,305,965
Basic earnings per share (cents per share)	7.4	(3.6)

4. Earnings per share (EPS) (continued)

Diluted Earnings per share

There is no impact on EPS calculation by dilutive potential shares.

5. Subsequent events

Subsequent to 30 June 2016 the Group entered into an agreement to acquire Lawrence Group Pty Ltd, a Sydney-based surveying consultancy. For further information, refer Note 3. The Group also entered into an agreement to acquire the assets of WKC Spatial on 05 August 2016 (assets acquired included business name, fixed assets, property, plant and equipment, and customer contracts).

WKC provides surveying and geospatial services for pipeline infrastructure, construction and engineering, land and cadastral projects. WKC will be integrated with Whelans, OTOC's Western Australian surveying business, creating enhanced scale and service capability. The acquisition of WKC is consistent with OTOC's national surveying strategy. The purchase price is a cash payment of $1.9m.

OTOC Limited has declared after the balance sheet date that it will pay a fully franked dividend for 2016 of 0.5 cents per share on 12 September 2016.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

RISK MANAGEMENT

6. Critical accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs require management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements relate to contract revenue, contract work in progress and deferred vendor payments. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimates are revised and in any future periods affected.

Contract revenue and work in progress

Revenue from construction contracts is recognised using the percentage of completion method. Judgement is exercised in determining the stage of completion of the contract and in reliably estimating the total contract revenue and contract costs to completion. The stage of contract completion is generally measured by reference to physical completion. An assessment of total labour hours and other costs incurred to date as a percentage of estimated total costs for each contract is used if it is an appropriate proxy for physical completion. Task lists and milestones are also used to calculate or confirm the percentage of completion if appropriate.

The key judgement in determining revenue from construction contracts is estimating the unapproved variations and claims to be included in project forecast revenue and work in progress. The Company uses its best estimate and its expertise to determine the value included supported by qualified external experts where necessary. The outcome of the events which are the subject of these judgements are by nature uncertain such that final positions resolved with clients can differ materially from original estimates which may impact the recoverability of work in progress.

6. Critical accounting estimates and judgements (continued)

Deferred vendor payments

As part of the purchase price of the three acquisitions during the year, the Group agreed to pay the vendors performance payments subject to the acquisitions reaching certain targeted earn out values based on EBIT and EBITDA measures. The value for deferred vendor payment is estimated based on actual results to date plus forecasts. Actual results may differ from these estimates. This information is set out under Note 3.

7. Financial instruments

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee, which is responsible for overseeing how manage monitors risk and reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Committee reports regularly to the Board of Directors on its activities.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The fair values and carrying amounts of various financial instruments recognised at reporting date are noted below:

		2016		2015	
	Note	Carrying Amount	Fair values	Carrying Amount	Fair values
		$000	$000	$000	$000
Cash and cash equivalents	17	12,968	12,968	10,182	10,182
Trade and other receivables	10	14,353	14,353	15,106	15,106
Trade and other payables	11	10,384	10,384	(6,910)	(6,910)
Hire purchase liabilities	19	(6,811)	(6,811)	(8,540)	(8,540)
Commercial bills (drawn)	19	(4,582)	(4,582)	(7,500)	(7,500)
Deferred vendor payments – Bosco Jonson	3	(1,500)	(1,500)	(3,000)	(3,000)
Deferred vendor payments – Geo-metric	3	-	-	(2,500)	(2,500)
Deferred vendor payments – THG	3	(900)	(900)	(1,800)	(1,800)
Deferred vendor payments – Linker	3	(600)	(600)	-	-

The carrying amounts of the financial instruments are a reasonable approximation of their fair values, on account of their short maturity cycle.

Measurement at fair values

i. Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring Level 3 fair values at 30 June 2016, as well as the significant unobservable inputs used.

7. **Financial instruments (continued)**

Type	Valuation Technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Deferred vendor payments	At acquisition management have forecasted that all acquisitions will reach their targeted earn out values and therefore have recognised the maximum amount payable under the contract for contingent consideration, with the exception of Geo-metric. Given that payments are due within two years of acquisition the amount recognised approximates to fair value.	For Bosco Jonson Forecast EBITDA target $4.25m per earn-out period, for Geo-metric forecast EBIT target $4m per earn-out period, for THG forecast EBIT target of $1.2m per earn-out period and for Linker forecast EBITDA target of $0.8m per earn-out period.	The estimated fair value of the deferred vendor payments would decrease if EBITDA for Bosco Jonson and Linker, and EBIT for Geo-metric and THG were lower. Generally, a change in the annual revenue is accompanied by a directionally similar change in EBITDA margin for Bosco Jonson and Linker, and EBIT margin for Geo-metric and THG.

ii. Level 3 fair values

Sensitivity analysis

For the fair values of deferred vendor payments, reasonably possible changes at 30 June 2016 to one of the significant unobservable inputs, holding other inputs constant, would have the following effects.

Deferred vendor payment

		Bosco Jonson **			Geo-metric ***	
	EBITDA Target	Tranche 1 Period 1 Payout 1/10/14-30/9/15	Tranche 2 Period 2 Payout 1/10/15-30/9/16	EBIT Target	Tranche 1 Period 1 Payout 1/02/15-31/01/16	Tranche 2 Period 2 Payout 1/02/16-31/01/17
In thousands of dollars						
Target equals	3,500	-	750	3,000	-	750
Target between*	3,500-4,250	-	750	3,000-4,000	-	500
Target greater than	4,250	-	-	4,000	-	-
Total		-	1,500		-	1,250

7. Financial instruments (continued)

		THG **			Linker	
	EBIT Target	Tranche 1 Period 1 Payout 1/10/14– 30/9/15	Tranche 2 Period 2 Payout 1/10/15– 30/9/16	EBITDA Target	Tranche 1 Period 1 Payout 1/05/16– 30/04/17	Tranche 2 Period 2 Payout 1/05/17– 30/04/18
In thousands of dollars						
Target equals	800	–	800	810	100	100
Target between*	800–1,200	–	100	810–1,010	200	200
Target greater than	1,200	–	–	1,010	–	–
Total		–	900		300	300

*In this range the deferred vendor payment will be earned on a dollar for dollar basis up to a maximum of $0.75 million for Bosco Jonson, $0.1 million for Queensland Surveying and $0.2 million for Linker. If the minimum targets are not met, then no vendor payment is made.

**The first earn out payments for Bosco and THG were paid during the year for $1.5 million and $0.9 million respectively.

***The earn out targets for Geo-metric were not achieved and hence no payments have been made.

Risk management strategies

The Group is primarily exposed to (i) credit risks; (ii) liquidity risks; and (iii) interest rate risks. The nature and extent of risk exposure, and the Group's risk management strategies are noted below.

Credit risks

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

As detailed in Note 1, revenue from one major customer of the Group (Canstruct Pty Ltd), individually represents more than 10% of total Group revenue, and was approximately $49 million during the year ended 30 June 2016 (2015: two major customers $24 million). The Company is implementing its diversification strategy to mitigate this risk, through its acquisition surveying businesses.

Credit risk is kept continually under review and managed to reduce the incidence of material losses being incurred by the non-receipt of monies due.

Credit risk is managed through monitoring and follow-up of accounts receivable on a regular basis, and follow up on overdue customer balances.

Bad debts are written off in the year in which they are identified. Specific provisions are made against identified doubtful debts. An assessment of expected losses is made based on past experience and customer payment history patterns.

There has been no change in the above policy since the prior year. The Group typically trades with counterparts that are considered blue-chip as a means of mitigating credit risk.

7. **Financial instruments (continued)**

The Group's maximum exposure to credit risk is:	2016	2015
	$000	$000
Cash and cash equivalents	12,968	10,182
Trade and other receivables	14,353	15,106
	27,321	25,288

The Group does not hold collateral against the credit risks, however, management considers the credit risks to be low on account of the risk management policy noted above. The trading terms generally offer 30 days credit from the date of invoice. As of the reporting date, none of the receivables have been subject to renegotiated terms.

The ageing analysis of past due trade receivables at reporting date are:

	2016	2015
	$000	$000
0 - 30 days not past due	10,753	9,543
Past due 1 - 30 days	2,064	3,344
Past due 31 – 60 days	504	690
Past due 61 – 90 days	675	377
Past due 90 days	355	1,064
Provision for impairment	(152)	(64)
Total	14,199	14,954

The Group is also subject to credit risks arising from the failure of financial institutions that hold entity's cash and cash equivalents. However, the management considers this risk to be negligible.

The Group's maximum exposure to credit risk for trade and other receivables at the reporting date by geographic region was $14,353,000 (2015: $15,106,000) for Australia. The allowance for impairment for 2016 amounted to ($152,000) (2015: $64,000).

Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days.

The movement in the allowance for impairment in respect trade receivables during the year was as follows:

	2016	2015
	$000	$000
Balance 1 July	64	480
Impairment loss provided/(reversed)	88	(416)
Balance at 30 June	152	64

Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

7. Financial instruments (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements. Liquidity risk is the risk that the Group will encounter difficulties to meet its contractual obligations arising from the financial liabilities.

Liquidity risk is constantly monitored and managed through forecasting short term operating cash requirements and the committed cash outflows on financial liabilities.

Maturity analysis of contractual undiscounted cash flows on financial liabilities at reporting date. There has been no change in the above policy since prior year.

The following are the contractual maturities of financial liabilities including interest:

2016

Non-derivative financial liabilities	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 yrs	2-5 yrs	> 5 yrs
	$000	$000	$000	$000	$000	$000	$000
Hire purchase liabilities	6,811	7,339	1,800	1,706	3,125	708	-
Trade and other payables	10,384	10,384	10,384	-	-	-	-
Commercial Bill	4,582	4,827	4,827	-	-	-	-
	21,777	22,550	17,011	1,706	3,125	708	-

2015

Non-derivative financial liabilities	Carrying Amount	Contractual Cash Flows	6 months or less	6-12 months	1-2 yrs	2-5 yrs	> 5 yrs
	$000	$000	$000	$000	$000	$000	$000
Hire purchase liabilities	8,540	9,514	1,875	1,781	3,108	2,750	-
Trade and other payables	6,910	6,910	6,910	-	-	-	-
Commercial Bill	7,500	7,864	1,573	1,573	4,718	-	-
	22,950	24,288	10,358	3,354	7,826	2,750	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Interest rate risk is the risk that the fair values and cash-flows of the Group's financial instruments will be affected by changes in the market interest rates.

The Group's cash and cash equivalents, and loans and borrowings are exposed to interest rate risks. The average nominal interest rate is 5.85% for loans and borrowings (2015: 4.24%), for all current facilities in note 19, and sensitivity is calculated for a 1% change.

7. Financial instruments (continued)

	2016		2015	
	+1%	-1%	+1%	-1%
	$000	$000	$000	$000
Consolidated Group				
Cash and cash equivalents	129	(129)	101	(101)
Loans and borrowings	(114)	114	(160)	160
	15	(15)	(59)	59

Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors has not implemented a formal capital management policy or a dividend policy.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements. Capital comprises share capital and retained earnings.

Currency risk

The Group receivables are all denominated in Australian dollars and accordingly no currency risk exists.

8. Commitments

(a) Operating leases

Commitments in relation to future minimum lease payments under non-cancellable operating leases:

	2016	2015
	$000	$000
Not later than one year	2,220	2,527
Later than one year but not later than five years	1,282	2,674
Later than five years	-	-
Total commitments not recognised in financial statements	3,502	5,201

The non-cancellable operating leases are predominately for the lease of office and staff accommodation. The leases are generally for a term of between 1 to 5 years.

9. Contingent Liabilities

There were no contingent liabilities as at the date of this report.

WORKING CAPITAL

10. Trade and other receivables

	2016 $000	2015 $000
Trade receivables	14,199	14,954
Other receivables	154	152
	14,353	15,106

At 30 June 2016 trade receivables included $19,000 retentions (2015: $19,000) related to surveying contracts. The Group's exposure to credit and currency risk is disclosed in note 7.

11. Trade and other payables

	2016 $000	2015 $000
Trade and other payables	10,384	6,910
	10,384	6,910

The Group's exposure to liquidity risk related to trade and other payables is disclosed in note 7.

CAPITAL EMPLOYED

12. Employee benefits

	2016 $000	2015 $000
Current		
Annual leave	2,057	1,540
Long service leave	1,398	992
Other employee provisions	637	529
	4,092	3,061
Non-current		
Long service leave	411	408
	411	408

13. Plant and equipment

	2016 $000	2015 $000
Leasehold Improvements, at cost	64	88
Less: accumulated depreciation	(8)	(14)
	56	74
Plant and equipment, at cost	16,190	14,302
Less: accumulated depreciation	(10,619)	(9,254)
	5,571	5,048
Motor vehicles, at cost	6,236	5,767
Less: accumulated depreciation	(3,815)	(2,990)
	2,421	2,777
Total written down value	8,048	7,899

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

2016	Leasehold Improvements $000	Plant & Equipment $000	Motor Vehicles $000	Construction in Progress $000	Total $000
Carrying amount at 1 July 2015	74	5,048	2,777	–	7,899
Acquired through business acquisition (note 3)	–	118	202	–	320
Additions at cost	–	2,380	275	–	2,655
Disposals at carrying value	–	(256)	(20)	–	(276)
Depreciation	(18)	(1,719)	(813)	–	(2,550)
Transfers between classes at carrying value	–	–	–	–	–
Carrying amount at 30 June 2016	56	5,571	2,421	–	8,048

13. Plant and equipment (continued)

2015	**Leasehold Improvements**	**Plant & Equipment**	**Motor Vehicles**	**Construction in Progress**	**Total**
	$000	**$000**	**$000**	**$000**	**$000**
Carrying amount at 1 July 2014	466	9,949	2,533	1,091	14,039
Acquired through business acquisition (note 3)	81	1,674	1,029	-	2,784
Additions at cost	7	2,266	884	-	3,157
Disposals at carrying value	-	(79)	(94)	-	(173)
Depreciation	(110)	(3,164)	(708)	-	(3,982)
Impairment	(370)	(6,689)	(867)	-	(7,926)
Transfers between classes at carrying value	-	1,091	-	(1,091)	-
Carrying amount at 30 June 2015	74	5,048	2,777	-	7,899

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the comparative financial year are set out below.

The carrying value of finance leased assets at 30 June 2016 is $3.4 million (2015: $4.1 million).

Impairment Loss

The Group assesses whether there are indicators that assets, or groups of assets, may be impaired at each reporting date (goodwill is assessed annually regardless of indicators, refer Note 14). No impairment indicators were identified during the year ended 30 June 2016.

Where an indicator of impairment exists, a formal estimate of the recoverable amount is made. OTOC has made an assessment of the recoverable amount of its assets as at 30 June 2016. No impairment loss was recognised in the year ended 30 June 2016 (2015: impairment losses recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2015 were $7.9 million Property, Plant and Equipment and $0.5 million Goodwill).

14. Intangible assets

2016	**Goodwill**	**Customer Relationships**	**Contribution Assets**	**Total**
	$000	**$000**	**$000**	**$000**
Carrying value 1 July 2014	761	54	11	826
Additions	21,703	10,440	-	32,143
Amortisation	-	(2,058)	(11)	(2,069)
Impairment	(542)	-	-	(542)
Carrying value 1 July 2015	21,922	8,436	-	30,358
Addition through business acquisitions (see Note 3)	3,546	980	-	4,526
Amortisation	-	(3,040)	-	(3,040)
Net carrying value at 30 June 2016	25,468	6,376	-	31,844

Goodwill has arisen on businesses purchased during the course of the year and an impairment review will be carried out on their twelve month anniversary. At present there are no indicators to suggest an impairment is necessary.

Impairment Review

The Group tests annually whether the above intangible assets are impaired, in accordance with the accounting policy stated in note 29 d(i). An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of goodwill and other intangible assets, including those with indefinite useful lives are determined based on value in use of the company's CGU's which management have assessed to be its business operations. The business operations with a significant carrying value are Geo-metric, Bosco Jonson, Queensland Surveying and Linker Surveying and each represent a CGU. The discounted cash flow method (value in use) estimates the value of the CGU as being equal to the present value of the future cash flows which are expected to be derived from the CGU.

14. Intangible assets (continued)

Allocation of goodwill to CGUs:

Goodwill has been allocated to these CGUs as follows:

	2016 $000	2015 $000
Carrying value of consolidated goodwill		
Geo-metric	7,022	6,791
Bosco Jonson	11,693	11,693
Queensland Surveying	3,219	3,219
Linker Surveying	3,315	-
Whelans	219	219
Carrying value of consolidated goodwill	25,468	21,922

The recoverable amount of goodwill is tested at the CGU level. Value in use calculations are performed to assess the recoverable amount of the CGU. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Recoverable amount testing - Key assumptions

In determining value in use, it is necessary to make a series of assumptions to estimate future cash flows. The key assumptions requiring judgement include projected cash flows, growth rate estimates, discount rates, working capital and capital expenditure. The key assumptions utilised in the "value in use" calculations across all CGUs are budgeted EBITDA, long term growth rate (1.3%) and discount rate (8.2%) due to the similar nature of the businesses.

(i) Projected cash flows

The Group determines the recoverable amount based on a "value in use" calculation, using five years cash flow projections based on the budget for the year ending 30 June 2017 and the management forecast for the subsequent financial years ending 30 June 2021.

Budgeted EBITDA has been based on past experience and the Group's assessment of economic and regulatory factors affecting the industry within which the Group operates.

(ii) Long term growth rate

The future annual growth rates for FY 2022 onwards to perpetuity are based on the weighted average cost of capital less historic growth rate (1.3%).

14. Intangible assets (continued)

(ii) Discount rate

Post tax discount rates of 8.2% reflect the Group's estimate of the time value of money and risks specific to each CGU.

Sensitivities

The directors and management have performed an assessment of reasonably possible changes in the key assumptions and have not identified any instances which could cause the carrying amount of the Group's sole CGU to exceed its recoverable amount.

Following impairment testing for the current reporting period, no impairment of intangible assets has been recognised as the recoverable amount of the Group's CGU which all of its assets are assigned exceeds the carrying amount of the CGU.

TAXATION

15. Income tax expenses

Current tax expense	**2016**	**2015**
Tax recognised in profit or loss	**$000**	**$000**
Current tax	–	1,752
Deferred tax	(2,009)	(5,382)
Adjustment for prior periods	(7,558)	(1,253)
Adjustment – other	(183)	–
Income tax benefit reported in the income statement	(9,750)	(4,883)

The prima facie tax on the result from ordinary activities before income tax is reconciled to the income tax as follows:

Reconciliation of effective tax rate		
(Loss)/Profit before income tax	9,948	(13,669)
Income tax at 30% (2015: 30%)	2,984	(4,101)
Add (less) tax effect of:		
Other non-allowable/ assessable items	(4,493)	471
Research and development offset	(500)	–
Adjustment – other	(183)	–
Adjustment for prior periods	(7,558)	(1,253)
Income tax benefit attributable to the Group	(9,750)	(4,883)

16. Deferred Tax Assets/Liabilities

(a) Deferred tax liability	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
	$000	$000	$000	$000	$000	$000
Work in Progress	–	–	(573)	(791)	(573)	(791)
Plant & Equipment	607	1,125	(70)	–	537	1,125
Employee Benefits	1,329	999	–	–	1,329	999
Provisions	259	171	–	–	259	171
Intangibles	–	–	(1,932)	(2,520)	(1,932)	(2,520)
Carried forward R&D offset available	6,942	–	–	–	6,942	–
Other	134	172	20	(82)	154	90
Tax assets/ (liabilities)	9,271	2,467	(2,555)	(3,393)	6,716	(926)

(b) Movement in deferred tax balances	2016	2015
Opening Balance	(926)	(4,955)
Raising deferred tax liability on intangibles – Business Combinations	(294)	(3,130)
Subsidiaries opening balances	90	524
Prior year adjustments	5,837	1,253
Charge to profit or loss	2,009	5,382
Closing deferred tax asset/(liability)	6,716	(926)

The Company has provided construction and installation services external to Australia through a permanent establishment in another country. The earnings from this permanent establishment are subject to the taxation regime within that country and are considered exempt from Australian income tax. This income has been previously included in the Company's assessable income for Australian Taxation. The Company has lodged amended income tax returns for the relevant years, which has resulted in an income tax credit of $7.0 million being recognised in the statement of comprehensive income and a deferred tax asset of $7.0 million being reflected in the balance sheet as at 30 June 2016. Whilst these amended returns remain subject to normal Australian Taxation compliance, the Directors are satisfied with this position based on specialist advice.

The current year impact of this tax treatment is a $4.2 million income tax credit being recognised in the statement of comprehensive income and a deferred tax asset of $4.2 million being reflected in the balance sheet as at 30 June 2016.

The Research and Development claim for the financial year 2015 of $0.5 million is booked as part of the adjustment for prior periods.

NET DEBT

17. Cash and cash equivalents

	2016	2015
	$000	$000
Cash at bank and in hand	12,968	10,182
Cash and cash equivalents in the statement of cash flows	12,968	10,182

17. Cash and cash equivalents (continued)

The Group's exposure to interest rate risk and a sensitivity analysis for the financial assets and liabilities disclosed in note 7.

18. Reconciliation of cash flow from operations with profit after income tax

	2016 $000	2015 $000
Cash flows from operating activities		
Profit/(loss) after income tax	19,698	(8,786)
Non-cash flows in profit:		
Depreciation (Note 13)	2,550	3,981
Amortisation of intangible assets (Note 14)	3,040	2,069
Impairment expense (Note 13)	–	8,468
Deferred vendor payment adjustment	(2,500)	–
Other	(328)	(47)
Share based payment	1,050	399
Income tax expense/(benefit)	(9,750)	(4,883)
	13,760	1,201
Change in trade and other debtors	1.461	(5,315)
Change in other assets	361	(1,408)
Change in work in progress	(3,911)	18,384
Change in trade creditors	3,755	(1,263)
Change in provisions and employee benefits	351	23
Change in tax movement	–	–
Net cash provided by operating activities	15,777	11,622

Significant non-cash investing and financing transactions

Property, plant and equipment of $1.2 million (2015: $1.1 million) was acquired under finance leases.

19. Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings which are measured at amortised cost.

	2016 $000	2015 $000
Current liabilities		
Hire purchase liabilities (HP)	3,217	3,125
Commercial Bill	4,582	3,000
	7,799	6,125
Non-current liabilities		
Hire purchase liabilities	3,593	5,415
Commercial Bill	–	4,500
	3,593	9,915

19. Loans and borrowings (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Nominal interest rate %	Year of maturity	2016 $000 Face value	2016 $000 Carrying amount	2015 $000 Face value	2015 $000 Carrying amount
Hire purchase liabilities (HP)	4.7-7.68	2016 - 2019	6,810	6,810	8,540	8,540
Commercial bill	4.64%	2017	4,582	4,582	7,500	7,500
			11,392	11,392	16,040	16,040

All loans and borrowings are denominated in Australian Dollars.

Details of facilities

	Facility Available 2016 $000	Used 2016 $000	Unused 2016 $000	Facility Available 2015 $000	Used 2015 $000	Unused 2015 $000
Commercial bills (a)	4,582	(4,582)	-	7,500	(7,500)	-
Insurance Bonds	20,000	(1,783)	18,217	22,000	(2,689)	19,311
Other (b)	10,700	-	10,700	5,200	-	5,200
Total financing facilities	35,282	(6,365)	28,917	34,700	(10,189)	24,511

a) The Group has a secured bank loan with carrying amount of $4.6 million as at 30 June 2016 (2015: $7.5 million). This loan is repayable in tranches over the next year. The loan contains covenants stating that at the end of each quarter the Group is to maintain cash and debtors (less than 90 days excluding related party transactions) of no less than $15 million, the Group's Leverage Ratio (defined in the covenant as the Group's Total Debt plus 50% of drawn Bank Guarantees and Insurance Bonds) is to be less than 2.5 times EBITDA and the Group will maintain an Interest Coverage Ratio of not less than 4 times. The Group is in compliance with the covenants at 30 June 2016.

b) Other facilities include a $5 million bank overdraft, $5 million acquisition facility, bank guarantees and credit card facility.

19. Loans and borrowings (continued)

Lease liabilities are effectively secured as the rights to leased assets revert to the lessor in the event of default.

Hire Purchase Liabilities

Hire purchase liabilities of the Group are payable as follows:

	Future minimum HP payments 2016	Interest 2016	Present value of minimum HP payments 2016	Future minimum HP payments 2015	Interest 2015	Present value of minimum HP payments 2015
	$000	$000	$000	$000	$000	$000
Less than 1 year	3,458	(307)	3,151	3,650	(525)	3,125
Between 1 & 5 years	3,881	(222)	3,659	5,849	(434)	5,415
	7,339	(529)	6,810	9,499	(959)	8,540

EQUITY

20. Capital and reserves

Share capital

	2016	2015	2016	2015
	$000	$000	No. Of Shares	No. Of Shares
Balance at the beginning of the year	22,155	9,188	264,248,408	193,062,512
Issued for cash (net of costs)	–	9,359	–	50,000,000
Issued as consideration for business combinations	467	3,608	2,222,222	21,185,896
Balance at the end of the year	22,622	22,155	266,470,630	264,248,408

Issues of ordinary shares

On 29 April 2016, 2.2 million fully paid ordinary shares were issued at $0.18 per share as purchase consideration for the acquisition of Linker Surveying (see note 3).

The Group does not have authorised capital or par value in respect of its issued shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group. All shares rank equally with regard to the Group's residual assets.

21. Dividends

No dividends were declared or paid by the Company for the years ended 30 June 2016 and 2015.

Franking Credit Balance

The amount of franking credits available for the subsequent financial year are:	2016	2015
Franking account balance as at the end of financial year at 30% (2015:30%)	$5,599,788	$4,811,725

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

- franking credits that will arise from the payment of the current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the year-end;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year-end; and
- franking credits that the entity may be prevented from distributing in subsequent years.

22. Share-based payments

(a) Share-Based Payment Arrangements

As at 30 June 2016, the Group had the following share-based payment arrangements.

(i) 2015 Performance Rights

On 12 November 2014, the Group granted Performance Rights to eligible employees under the Group's Long Term Incentive Plan to motivate and reward their performance in achieving specified performance milestones in respect of the three financial years ended 30 June 2015 to 30 June 2017. The Performance Rights are subject to continued employment and achievement of (relative total shareholder return and compounded earnings per share growth), and vesting times as follows:

Number of Performance Rights granted during 2015	Vesting Date(A)	Lapsed during 2015(B)	Lapsed during 2016	Vested during 2016	Vesting Hurdles			
					50% rTSR**		50% EPS CAGR	
2,149,490	30 June 2015	(2,149,490)	-	-	< 50% percentile	Nil	<6%	Nil
2,149,491	30 June 2016	-	-	2,149,491	>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile	>6%- <24%	pro rata vesting between 25%-100%
4,298,981	30 June 2017	-	-	-	75th percentile or more	100%	24%>	100%
8,597,962		(2,149,490)		2,149,491				

22. **Share-based payments (continued)**

(a) **Share-Based Payment Arrangements (continued)**

(i) **2015 Performance Rights (continued)**

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse.
An unvested Performance Right will lapse upon the earlier to occur of:

vii. failure to satisfy the applicable vesting conditions;
viii. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
ix. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
x. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
xi. the expiry date; or
xii. the seven year anniversary of the date of grant of the Performance Rights.

(B) During the prior period, 2,149,490 Performance Rights lapsed due to the 2015 rTSR and EPSCAGR financial performance hurdles not being achieved.

(ii) **2016 Performance Rights**

On 20 January 2016, the Group granted further Performance Rights to eligible employees under the Group's Long Term Incentive Plan in respect of the three financial years ended 30 June 2016 to 30 June 2018. Subject to continued employment and achievement of financial performance hurdles (relative total shareholder return and compounded earnings per share growth), the Performance Rights will vest as follows:

Number of Performance Rights granted during 2016	Vesting Date[A]	Lapsed during 2016[B]	Vested during 2016	Vesting Hurdles			
				50% rTSR		50% EPS CAGR	
				< 50% percentile	Nil	5%	Nil
2,239,415	30 June 2017	-	-	>50th percentile, <75th percentile	50%, plus 2% for every one percentile increase above 50th percentile	>5 %-<25%	pro rata vesting between 25%-100%
17,405,535	30 June 2018	(1,706,897)	-				
				75th percentile or more	100%	25%>	100%
19,644,950		(1,706,897)	-				

23. Share-based payments (continued)

(a) Share-Based Payment Arrangements (continued)

(A) On vesting, Performance Rights will automatically convert to ordinary shares on a one for one basis. Performance Rights that do not vest will lapse. An unvested Performance Right will lapse upon the earlier to occur of:

xiii. failure to satisfy the applicable vesting conditions;
xiv. the holder purporting to transfer the Performance Right otherwise than with the consent of the Board or by force of law;
xv. the employment of the holder ceasing, where such a condition was imposed on the grant of the Performance Right;
xvi. in the opinion of the Board, the holder commits any fraudulent or dishonest act or is in breach of his or her obligations to the Company or subsidiary;
xvii. the expiry date; or
xviii. the seven year anniversary of the date of grant of the Performance Rights.

(B) During the period, 1,706,897 Performance Rights lapsed on cessation of employment of an employee.

(b) Measurement of Fair Values of Share-Based Payments

The fair value of the 2016 Performance Rights issued under the Group's Long Term Incentives Plan during 2016 has been measured using Monte Carlo simulation model incorporating the probability of the relative TSR vesting condition being met. The inputs used in the measurement of the fair values at grant date of the equity-settled share-based payments plans were as follows:

	Tranche 1		**Tranche 2**		**Tranche 3(1)**	
Performance Measure	**rTSR**	**EPSCAGR**	**rTSR**	**EPSCAGR**	**rTSR**	**EPSCAGR**
Share price at grant date	$0.175	$0.175	$0.175	$0.175	$0.175	$0.175
Exercise price	N/A	N/A	N/A	N/A	N/A	N/A
Volatility	85%	85%	85%	85%	85%	85%
Performance Period	1 Jul 2015 – 30 Jun 2017		1 Jul 2015 – 30 Jun 2018		1 Jul 2015 – 30 Jun 2018	
Risk Free Rate	2.06%	2.06%	2.13%	2.13%	2.13%	2.13%
Remaining Life (years)	1	1	2	2	2	2
Fair value at grant date	**$0.173**	**$0.175**	**$0.169**	**$0.175**	**$0.170**	**$0.175**

(1) Performance Rights Issued to non KMP's

The measure of expected volatility used is the annualised standard deviation of the historical TSR for OTOC and each constituent of the ASX All Ords for the length of time equal to the corresponding vesting period prior to the grant date.

(c) Unvested Unlisted Performance Rights

Of the 19,644,950 Performance Rights issued during 2016, 1,706,897 lapsed due to cessation of employment of an individual and 17,938,053 remain unvested at 30 June 2016. 4,298,981 of the Performance Rights issued during 2015, remain unvested at 30 June 2016.

OTHER INFORMATION

23. Related parties

(b) Key management personnel compensation

The key management personnel compensation included in 'employee benefits' is as follows:

	2016 $	2015 $
Short-term employee benefits	1,558,578	1,242,064
Post-employment benefits	81,430	90,774
Share-based payment	712,489	302,688
	2,352,497	1,635,526

During the period, the Company did not repay any loans from related parties (2015: $0).

Individual directors and executives compensation disclosures

Information regarding individual directors and executive's compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report on pages 8 to 16.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

24. Auditor's remuneration

Audit and review services

	2016	2015
KPMG	$	$
Audit and review of financial reports	195,500	211,600
Due diligence services	75,950	75,044
Earn out audit	25,000	-
	296,450	286,644

GROUP STRUCTURE

25. Subsidiaries

The following entities are consolidated:

Name of Entity	Country of Incorporation	Ownership Interest 2016 %	2015 %
Parent Entity			
OTOC Limited	Australia		
Controlled Entity			
OTOC Australia Pty Ltd	Australia	100	100
Emerson Stewart Pty Ltd	Australia	100	100
Whelans Australia Pty Ltd	Australia	100	100
Whelans International Pty Ltd	Australia	100	100
Bosco Jonson Pty Ltd	Australia	100	100
Geo-metric Surveying Pty Ltd	Australia	100	100
Linker Surveying Pty Ltd	Australia	100	–
Queensland Surveying Pty Ltd	Australia	100	100
Southern Hemisphere Investments Pty Ltd	Australia	100	100
A Perfect Day Elise Pty Ltd	Australia	100	100
TBBK Pty Ltd	Australia	100	100

26. Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, all the wholly-owned subsidiaries (listed below) of OTOC Limited are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports, and Directors' report.

- OTOC Australia Pty Ltd
- Emerson Stewart Pty Ltd
- Whelans Australia Pty Ltd
- Whelans International Pty Ltd
- Bosco Jonson Pty Ltd
- Southern Hemisphere Investments Pty Ltd
- A Perfect Day Elise Pty Ltd
- TBBK Pty Ltd
- Geo-Metric Pty Ltd
- Queensland Surveying Pty Ltd

It is a condition of the Class Order that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee ("the Deed"). The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

On 7 June 2016, Linker Surveying Pty Ltd became a party to the Deed by virtue of a Deed of Assumption.

The consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed as at 30 June 2016, after eliminating all transactions between parties to the Deed of Cross Guarantee, as of and for the year ended 30 June 2016 is the same as the consolidated statement of comprehensive income and consolidated statement of financial position of the Group as of and for the year ended 30 June 2015.

27. Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2016 the parent company of the Group was OTOC Limited.

Results for the Period	**2016**	**2015**
	$000	**$000**
Profit/(loss) for the year	2,201	(26,814)
Other comprehensive income	-	-
Total comprehensive profit/(loss) for the year	2,201	(26,814)

27. Parent entity disclosures (continued)

Financial position of parent entity at year end	2016	2015
	$000	$000
Current assets	4,707	5,717
Total assets	46,923	42,654
Current liabilities	4,388	9,888
Total liabilities	13,676	13,124
Total equity of the parent entity comprising of:		
Share capital	22,622	22,155
Reserves	40,143	39,095
Accumulated loss	(29,518)	(31,719)
Total equity	33,247	29,531

28. Basis of preparation

(a) Presentation Currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191 dated 1 April 2016. All financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- financial instruments at fair value through profit or loss are measured at fair value

29: Summary of Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

29: Summary of Significant accounting policies (continued)

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(iii) Transactions eliminated on consolidation

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

29: Summary of Significant accounting policies (continued)

(b) Financial instruments

(i) Non-derivative financial assets (continued)

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(i) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at fair value for performance shares, and amortised cost using the effective interest rate method for all others.

(ii) Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

29: Summary of Significant accounting policies (continued)

(c) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is recognised in profit or loss on either a straight-line or diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment. Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use.

The depreciation rates for the current and comparative periods are as follows:

- Plant and equipment 25%
- Motor vehicles 20%
- Leasehold Improvements 20%

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(d) Intangible assets and goodwill

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill acquired in a business combination is not amortised. Instead goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to individual cash generating units for the purpose of impairment testing.

(ii) Other intangible assets

Other intangible assets including customer relationships that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Customer relationships 3-5 years

29: Summary of Significant accounting policies (continued)

(e) Impairment

(i) Non-derivative financial assets (including receivables)

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Group considers evidence of impairment for receivables and are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

29: Summary of Significant accounting policies (continued)

(e) Impairment (continued)

(ii) Non-financial assets (continued)

Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains of losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated.

(f) Employee benefits

(i) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. That benefit is discounted to determine its present value.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iii) Share-based payment transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

(g) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(h) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Construction contract revenue is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity.

29: Summary of Significant accounting policies (continued)

(i) Work in progress

Work in progress represents the gross unbilled amount expected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(j) Leased assets

(i) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Lease classification

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised on the Group's statement of financial position at its fair value.

(k) Finance income and expense

Finance income comprises interest income on funds invested and fair value gains on remeasurement to fair value of financial liabilities. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Finance expenses comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit and loss using the effective interest method.

(l) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

29: Summary of Significant accounting policies (continued)

(l) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(i) Tax consolidation

The Group and its wholly-owned entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity from that date. The head entity within the tax-consolidated group is OTOC Limited.

The Group recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised. Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(ii) Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. The head entity in conjunction with other members of the tax-consolidated group has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(iii) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(m) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Following the reverse acquisition, earnings per share have been calculated in accordance with the specific guidance provided in AASB 3 *Business Combination*.

29: Summary of Significant accounting policies (continued)

(n) Segment reporting

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.
An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial
Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

(o) Prior year comparatives

Certain comparative information has been re-presented so it is in conformity with the current year classification.

(p) Changes in accounting policies

OTOC has adopted all of the new and revised Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of OTOC and effective for reporting periods beginning on or after 1 July 2015. The Group applied for the first time *Withdrawal of AASB 1031 Materiality*, this has no impact on the financial report.

30. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations which are effective for annual periods beginning after 1 July 2015, have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

The Group is assessing the potential impact of the application of AASB 16 on its financial statements, including the potential impact of the various transition provisions available to the group. AASB 16 removes the lease classification test for lessees and requires all leases (including those classified as operating leases) to be brought onto the balance sheet. There is new guidance on when an arrangement would meet the definition of a lease. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019.

The Group is assessing the potential impact of the application of AASB 15 on its financial statements. AASB 15 establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction contracts, and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the methods set out below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

(ii) Intangible assets

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

(iii) Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(iv) Share-based payment transactions

The fair value of employee stock options is measured using a binomial option pricing model. The fair value of share performance rights is measured using the Monte Carlo formula.

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Independent auditor's report to the members of OTOC Limited

Report on the financial report

We have audited the accompanying financial report of OTOC Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 31 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In the basis of preparation note, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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

Independence

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

KPMG

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in the basis of preparation note.

Report on the remuneration report

We have audited the Remuneration Report included in section 9 of the directors' report for the year ended 30 June 2016. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of OTOC Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG.

KPMG

R Gambitta
Partner

Perth

16 August 2016

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of OTOC Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG.

KPMG

R Gambitta
Partner

Perth

16 August 2016

Directors' Declaration

1. In the opinion of the directors of OTOC limited ("the Company"):

   (a) the consolidated financial statements and notes set out on pages 23 to 68 and the Remuneration report in section 9 in the Directors' report, are in accordance with the Corporations Act 2001 including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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

2. There are reasonable grounds to believe that the Company and the group entities identified in note 25 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and the chief financial officer for the financial year ended 30 June 2015.

4. The directors draw attention to page 29 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Perth, 16 August 2016.

Derek La Ferla
Chairman

Additional Information

Additional Information per ASX Listing Rules [Unaudited]

Additional information requires by ASX Listing Rules and not disclosed elsewhere in this report is set out below.

Corporate Governance Statement

The Group's Corporate Governance Statement can be found at:
www.otoc.com.au/Investors/2016_Corporate_Governance_Statement.pdf

Shareholder Information as at 10 August 2016

Top 20 Shareholders of Quoted Securities

	Shareholder	Shares	% of Issued Capital
1	OCEAN TO OUTBACK ELECTRICAL PTY LTD <AP & TL LAMOND FAMILY A/C>	49,629,315	18.28%
2	NATIONAL NOMINEES LIMITED	28,185,973	10.38%
3	J P MORGAN NOMINEES AUSTRALIA LIMITED	18,027,583	6.64%
4	CONCEPT WEST COMMUNICATIONS PTY LTD <T YOUNG FAMILY A/C>	11,320,000	4.17%
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,690,754	2.83%
6	INSIDE-OUT CARPENTRY SERVICES PTY LTD <THE MCNEILL FAMILY A/C>	7,320,000	2.70%
7	REINDEER INVESTMENTS PTY LIMITED <BRUEGGEMANN FAMILY A/C>	7,105,081	2.62%
8	BERTOLI CONTRACTING PTY LTD <THE BERTOLI FAMILY A/C>	6,220,000	2.29%
9	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	6,115,968	2.25%
10	REINDEER INVESTMENTS PTY LTD <BRUEGGEMANN FAMILY TRUST>	5,408,654	1.99%
11	MR DARIO ANGELO AMARA <AMARA FAMILY A/C>	5,200,000	1.92%
12	MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	4,200,000	1.55%
13	SILCHESTER INVESTMENTS PTY LTD	4,000,000	1.47%
14	MANDEL PTY LTD <MANDEL SUPER FUND A/C>	3,425,000	1.26%
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,740,294	1.01%
16	MR CHRISTOPHER KEVIN MONTGOMERIE + MRS GENEVIEVE MONTGOMERIE <MONTGOMERIE FAMILY A/C>	2,700,000	0.99%
17	TELDAR CORPORATION PTY LIMITED <TELDAR INVESTMENT A/C>	2,500,000	0.92%
18	S & C LAWRENCE PTY LTD <THE S&C LAWTENCE FAMILY A/C>	2,475,248	0.91%
19	MR SHANE LAWRENCE	2,475,247	0.91%
20	MR THOMAS BRIAN LAWRENCE + MS FRANCINE MAREE HUGHES <LAWRENCE FAMILY SUPER A/C>	2,220,940	0.82%
		178,960,057	65.93%

Substantial holders of 5% or more of fully paid ordinary shares

Shareholder	Number	Person's votes	Voting Power
OCEAN TO OUTBACK ELECTRICAL < AP & TL LAMOND FAM>	50,266,815	50,266,815	18.52%
ACORN CAPITAL LTD	19,264,096	19,264,096	7.10%
PARADICE INVESTMENT MANAGEMENT PTY LTD	15,049,640	15,049,640	5.54%
REINDEER INVESTMENTS PTY LIMITED	13,829,524	13,829,524	5.10%

Distribution of Shareholders

Spread of Holdings	Ordinary Shares	Performance Rights
1 – 1,000	28	-
1,001 – 5,000	60	-
5,001 – 10,000	73	-
10,001 – 100,000	307	-
100,001 –	182	14
Total on Register	650	14

Non-Marketable Parcels

Number of shareholders holding less than a marketable parcel is 30.

Voting Rights

Ordinary Shares

Voting rights on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Performance Rights

There are no voting rights attached to Performance Rights

Restricted Securities

Number of Securities	Type of Securities	Escrow Type	Period Escrow Ends
2,500,000	Ordinary Shares	Voluntary	1 October 2016
6,006,615	Ordinary Shares	Voluntary	6 December 2016
4,950,495	Ordinary Shares	Voluntary	30 July 2017
2,222,222	Ordinary Shares	Voluntary	1 May 2018

Unquoted Equity Securities

There are 24,386,523 unquoted Performance Rights on issue with 14 holders.

Securities Exchange

The Group is listed on the Australian Securities Exchange. The Home exchange is Perth. The ticker code is OTC.

Corporate Information

The registered office of the Group is:
OTOC Limited
Level 12, 3 Hasler Road
Osborne Park WA 6017

Company Secretary
Lisa Wynne

The principal place of business is:
OTOC Limited
Level 12, 3 Hasler Road
Osborne Park WA 6017
Telephone:(08) 9317 0600

Share Registry:
Computershare
Level 11,
172 St Georges Terrace
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P: +61 8 9323 2005
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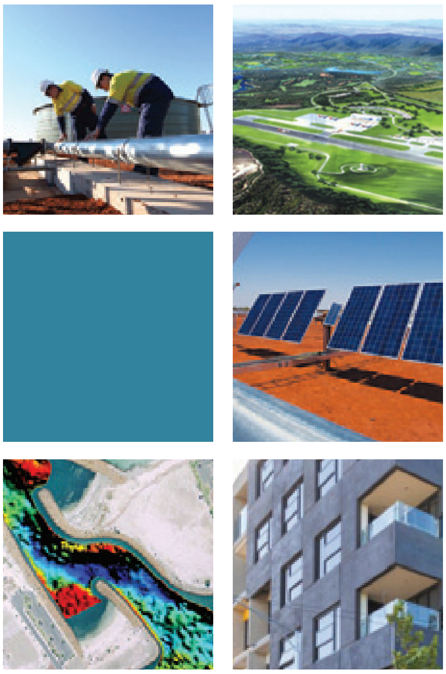

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