ANNUAL REPORT 2014

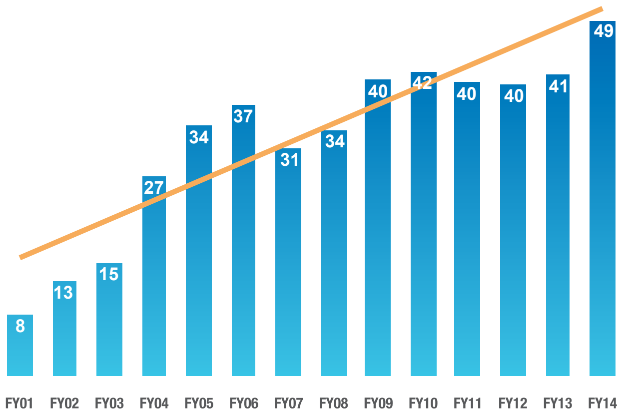
Objective

OUR MISSION
IS TO DELIVER SOLUTIONS THAT EMPOWER EFFICIENCY AND EFFECTIVENESS FOR THE BENEFIT OF STAKEHOLDERS AND THE COMMUNITY.

CONTENTS

ACHIEVEMENTS AND FINANCIAL PERFORMANCE

REVENUE OF $48.6m



WITH 18% REVENUE GROWTH FROM PRIOR YEAR

20% ASIA PACIFIC GROWTH

15% EUROPEAN GROWTH

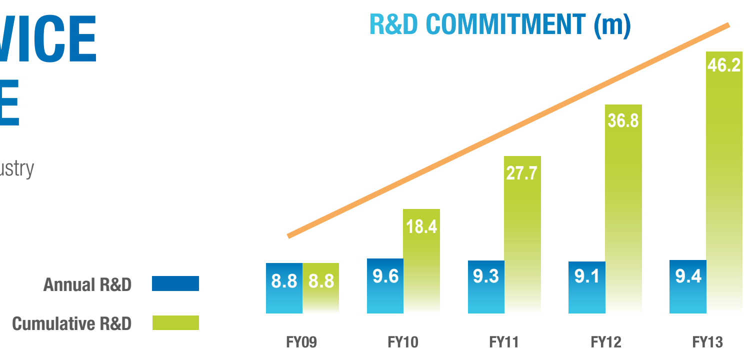
STRONG RECURRENT REVENUE

Solid growth in recurrent revenue.
In FY14 recurrent revenue was 50%.

46% NPAT INCREASE

INVESTMENT IN R&D TWICE THE INDUSTRY AVERAGE

Continual investment in Research and Development at nearly twice the industry average for the last five years to support growth plans.



50% OF CUSTOMERS IN THE CLOUD

Demand for secure cloud solutions is growing in all markets.

EXCELLENT CUSTOMER RELATIONSHIPS

83%

CUSTOMER SATISFACTION

We strive to deliver long term value to our customers. The continued investment in R&D and Account Management continues to increase Customer Satisfaction.

FINANCIAL PERFORMANCE

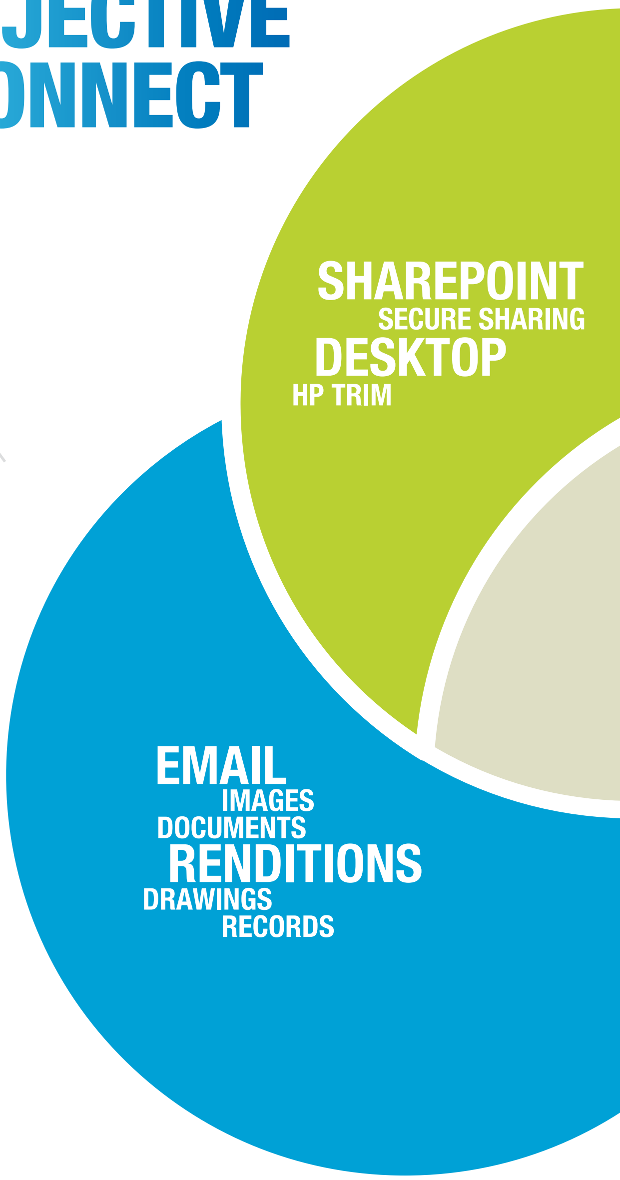
RESULTS SUMMARY FOR YEAR ENDED 30 JUNE	FY2014 $m	FY2013 $m	CHANGE
Revenue	48.6	41.0	^ 18%
EBITDA	7.1	4.1	^ 75%
Net profit after tax	5.7	3.9	^ 46%
Asia Pacific revenue	40.3	33.5	^ 20%
European revenue	7.6	6.6	^ 15%
R & D (fully expensed)	9.7	9.4	^ 4%
Earnings per share	6.0 cps	3.9 cps	^ 54%
Final dividend	3.5 cents FF	2.0 cents UF	
Special dividend	–	1.0 cents FF	

SOLUTIONS ENABLING EFFICIENT GOVERNMENT

OBJECTIVE ENTERPRISE CONTENT MANAGEMENT (ECM)

- Financial Engine Room
- 80% of customers on current version
- Strong recurrent revenue
- Enabling business process improvement solutions for customers

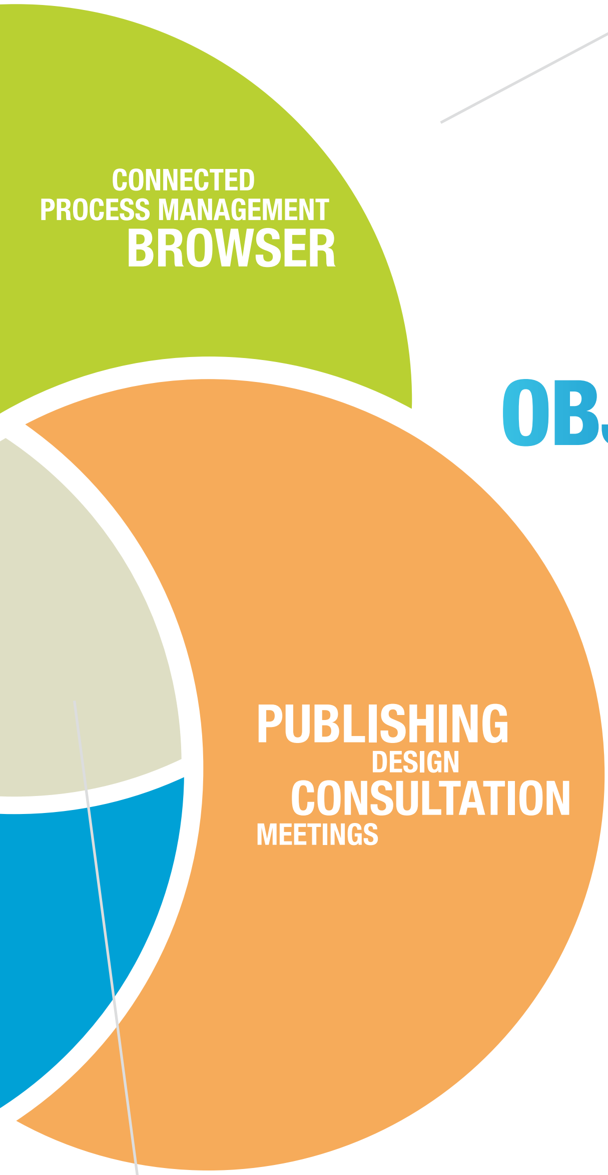
OBJECTIVE CONNECT



OBJECTIVE ECM

OBJECTIVE MANAGED SERVICES

- Doubled annual revenue
- Delivering execution excellence for our customers
- 100% customer retention
- Enabling customers to focus on their core business



OBJECTIVE CONNECT

Steady acquisition of new customers

Cloud based application with geographical expansion with customers in 57 countries

Objective Connect is being used by many vertical industry neutral and is used in many new verticals

Enabling connected process management solutions for customers

OBJECTIVE ECC

OBJECTIVE ENTERPRISE CONTENT CREATION (ECC)

After substantial R&D the solution is now suited to use in the Financial Services and Insurance (FSI) verticals which we are pursuing with vigour

Cloud based application with over 200 customers and 6,000 content authors

Increasing Alliance interest

Enabling collaborative authoring and publishing of business critical documents

OBJECTIVE FOUNDATION

WORKFLOW
MOBILITY INTEGRATION
CASE MANAGEMENT
CORRESPONDENCE MINISTERIALS

BUILDING ON OUR MOMENTUM

CEO REVIEW

Dear Fellow Shareholders

We present Objective Corporation's annual report for the financial year ending 30 June 2014.

Revenue increased by 18% to $48.6 million (FY2013: $41.0 million) and net profit after tax (NPAT) increased by 46% to $5.7 million (FY2013: $3.9 million) for the year ended 30 June 2014.

Asia Pacific revenue grew by 20% to $40.3 million (FY2013: $33.5 million). European revenue grew by 15% to $7.6 million (FY2013: $6.6 million).

Objective's statement of financial position remains very strong. At 30 June 2014 the company had cash and cash equivalents of $15.0 million with no external borrowings, and after completing a buyback of 12.5 million shares during the year.

Directors declared a fully franked dividend of 3.5 cents per share.

As a company, we are very pleased with the progress that we made during financial year 2014, with growth in all major revenue lines.

Particularly satisfying was seeing evidence of our significant investment in research and development translating into tangible results.

OPERATIONS

RESEARCH & DEVELOPMENT

Our commitment to local research and development continued with significant investments in all of our product lines.

Demonstrating the effectiveness of Objective's Enterprise Content Management (ECM) 8 platform, more than 80% of all customers have upgraded to the current generation product. During the year, the company released the latest version of Objective ECM 8.2, which addressed the demand for more business process management capabilities.

We accelerated the development of the next generation Objective Enterprise Content Creation (ECC) 5 platform. This is to service existing Public Sector customers and to extend the feature set to meet the requirements of the Financial Services and Insurance sector, where the solution continues to attract substantial interest. ECC 5 will be released during the 2015 Financial Year.

Objective Connect has had outstanding growth since its launch. Engineering efforts continued to deliver against our vision of Connected Process Management for the Public Sector. During 2014, the geographic reach of Objective Connect was outstanding with adoption in 57 countries. Our investment in this strategic platform continues with some very large opportunities on the horizon.

> "Demand for our solutions is increasing, we are confident in our competitive position in the marketplace and we expect solid growth in all business lines in the year ahead."

ASIA PACIFIC

Our Asia Pacific performance was excellent, with a 20% increase in revenue from FY2013, on the back of stronger market demand and improvements in execution.

The company's focus on delivering results for Local Government was rewarded with new customers: Sutherland Shire Council, Redland City Council and Ipswich City Council. In each organisation, a competitor system was replaced. Multiple implementations of the Objective Committees solution were also achieved in this market. We expect this momentum to continue in FY2015.

Other significant new customers during the year included South Australian Department for Education and Child Development, Australian Skills Quality Authority, NSW Crime Commission and Gallagher Bassett. Our success with Australian Port Authorities also continued with Mid West Ports and Port Hedland Port becoming Objective ECM customers.

EUROPE

Improvements in business conditions in the United Kingdom helped achieve a 15% improvement in European revenue from the previous financial year.

Local Government success was not confined to Asia Pacific, with new UK local authority customers including Middlesbrough Borough Council, Cumbria County Council and Falkirk Council.

Other new UK Central Government customers joining us during the year included: the UK Cabinet Office, Companies House and the Northern Ireland Department of the Environment.

We continued to work closely with a number of existing UK customers extending solutions for The Bar Council, Thurrock Council, Welsh Government, University of Portsmouth, Natural Environment Research Council and Medical Research Council.

OUTLOOK

During the 2014 financial year, the company made progress in all major revenue lines and this momentum is continuing into 2015.

Given our long term commitment to R&D and execution excellence, our FY2014 results serve as evidence of our ability to deliver a return on investment in our people and the solutions we implement for our valued customers. We are pleased to deliver value to all of our stakeholders and we continue to look for opportunities for improvement in execution.

Looking forward, we remain committed to our strategy of prioritising revenue growth ahead of profitability. Demand for our solutions is increasing, we are confident in our competitive position in the marketplace and we expect solid growth in all business lines in the year ahead.

The Board and management of Objective Corporation would like to thank our loyal customers, staff and shareholders, for their commitment and valuable contribution to the success of the company.

Tony Walls
Chief Executive Officer

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Objective Corporation Limited (ABN 16 050 539 350) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

The Directors in office at any time during the financial year up to the date of this report were as follows:

Mr Tony Walls

Mr Gary Fisher

Mr Leigh Warren

Mr Nick Kingsbury

INFORMATION ON DIRECTORS

MR TONY WALLS

Chairman and Chief Executive Officer

Tony founded the business in 1987 and has extensive experience in the IT industry. Tony has a B.Math (Computing Science), a Grad.Dip in Applied Finance (SIA) and is a Fellow of the Australian Institute of Company Directors.

MR GARY FISHER

Non Executive Director

Gary was appointed a Director of Objective Corporation Limited in March 1991. In October 2007 Gary became a Non Executive director. Gary has an extensive background in Finance, IT Management and global product software sales. Gary has a B.Economics and further tertiary education in Law and Business Administration.

MR LEIGH WARREN

Independent Non Executive Director

Leigh was appointed as a Non-Executive Director in August 2007 and is Chairman of the Audit Committee. Leigh has over 20 years' experience in the IT Industry and has held Executive roles for several multinational companies, including SAP where he was Chief Operating Officer for North Asia, Oracle where he was the Managing Director for Australia and New Zealand, Ventyx where he was President for the EMEA region and Bluecoat Systems where he is Vice President Asia Pacific Field Operations. Leigh also serves on the Board of ASX/NZX listed Gentrack and Hong Kong based Solution Access.

MR NICK KINGSBURY

Independent Non Executive Director

Nick was appointed as a Non Executive Director in July 2008 and is a member of the Audit Committee. Nick is an experienced international software entrepreneur, strategist and venture capitalist. Nick founded, led and then sold a leading UK Business Process Management company. Nick then spent 7 years with the international venture capital company 3i, where he headed up the software sector. As well as his role with Objective, he now chairs the board of Accumuli plc, a UK listed Managed Security Services Provider, and also sits on the boards of the UK operation of Growthpoint Technology Partners, a US investment bank, and two early stage businesses YooDoo Media and PushFor Limited.

MR ROB PATERSON

Company Secretary

Rob was appointed Company Secretary in May 2013. Rob has over 15 years' experience in financial roles within software, technology and consulting businesses both in Australia and the UK. Rob is a fellow member of the Association of Chartered Certified Accountants.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the supply of information technology software and services. There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

An ordinary final and special dividend of $3,023,000 was paid on 13 September 2013.

Since the end of the financial year, the Directors have declared a final fully franked dividend of 3.5 cents per ordinary share (2013: unfranked dividend 2.0 cent per ordinary share). There has been no special dividend declared (2013: special franked dividend of 1.0 cents per share). The aggregate amount of the dividends expected to be paid by 15 September 2014 is $3,089,000 (2013: $3,023,000). There is no conduit foreign income attributed to the final dividend declared.

REVIEW OF OPERATIONS

Operating result

The consolidated operating profit attributable to members increased by 46 per cent to $5,685,000 (2013: $3,892,000).

The Group continued to invest significantly in Research and Development ("R&D") with expenditure of $9,699,000 (2013: $9,356,000). This investment in R&D was fully expensed during the year.

Revenue

Consolidated revenue from sales and services increased by 19 per cent from the prior financial year to $47,936,000 (2013: $40,148,000). Total consolidated revenue has also increased by 18 per cent from the last financial year to $48,581,000 (2013: $41,023,000). Asia Pacific revenues increased by 20 per cent to $40,333,000 (2013: $33,524,000). European revenues increased by 15 per cent to $7,579,000 (2013: $6,610,000).

See Note 24 for more details of the financial performance of the group's key geographic segments. The group is a key participant in its market, with a diverse customer base; the group does not have any dependencies on key customers.

Financial position

Objective's statement of financial position remains strong. At 30 June 2014, cash and cash equivalents is $15.0 million and there continues to be no external borrowings.

The Group's receivables and cash flow management also continue to support overall strength in working capital. With a diverse customer base, the group continues to focus on receivables management.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

SHARE CAPITAL

As at 30 June 2014 the Company had 88,253,277 (2013: 100,753,277) fully paid ordinary shares on issue.

Voting rights are detailed in Note 13 to the financial statements.

SHARE OPTIONS

The number of options over the unissued ordinary shares of Objective Corporation Limited at the date of this report were:

	2014		2013	
Options on Issue at Balance Date	Number	Expiry Date	Number	Expiry Date
Employee options exercisable at $1.00	590,000	30/06/2014	740,000	30/06/2014
Employee options exercisable at $0.50	–	30/06/2014	100,000	30/06/2014
Employee options exercisable at $0.50	500,000	31/12/2014	500,000	31/12/2014
Employee options exercisable at $0.50	300,000	30/06/2015	300,000	30/06/2015
Employee options exercisable at $0.50	–	01/11/2015	500,000	01/11/2015
Employee options exercisable at $0.50	550,000	15/07/2016	550,000	15/07/2016
Employee options exercisable at $0.50	618,000	01/09/2016	623,000	01/09/2016
Employee options exercisable at $0.50	200,000	25/10/2016	200,000	25/10/2016
Employee options exercisable at $0.50	250,000	12/07/2017	250,000	12/07/2017
Employee options exercisable at $0.50	400,000	05/02/2024	–	–
Total options on issue	3,408,000		3,763,000	

Details of the options on issue are contained in Note 13 to the financial statements. There were 400,000 options issued during the financial year ended 30 June 2014 to Leigh Warren and Nick Kingsbury. No options have been issued subsequent to the year end.

LIKELY DEVELOPMENTS

During the 2014 financial year, the company made progress in all major revenue lines and this momentum is continuing into 2015.

Its long term commitment to R&D and execution excellence serves as evidence of its ability to deliver a return on investment in people and the solutions implemented for valued customers. It will continue to look for opportunities for improvement in execution.

Objective is committed to a strategy of prioritising revenue growth ahead of profitability. Demand for their solutions is increasing and it is confident in its competitive position in the marketplace. Solid growth in all business lines in the year ahead is expected.

EVENTS SUBSEQUENT TO BALANCE DATE

The Directors have not become aware of any matter or circumstance not otherwise dealt with in the report or in the financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year the Company has paid an insurance premium for a Directors' and Officers' insurance policy. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors or Company Secretary as a result of the work performed in their capacity as officers of entities in the Group to the extent permitted by law. The Directors have not disclosed the amount of the premium as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred.

CORPORATE GOVERNANCE STATEMENT

The Directors aspire to the highest standards of corporate governance that could be deemed appropriate for a Company the size of Objective Corporation Limited, the extent of its activities and the number of Directors.

The Board's primary role is the protection and enhancement of long-term shareholder value. The Directors take ultimate responsibility for corporate governance and operate in accordance with the Company's constitution, Australian Stock Exchange (ASX) Rules, the Corporations Act, and other applicable laws.

The Board has delegated responsibility for the operation and administration of the Company and its controlled entities to its Chief Executive Officer. Responsibilities are delineated by authority delegations. The company has an established process of objective setting and performance review of all staff, which is conducted on an annual basis. Future development, along with training needs are discussed and agreed. Performance against previous goals is also reviewed.

The Directors possess a broad range of skills, qualifications and experience. The Board meets regularly, usually on a monthly basis, and all information in connection with items being discussed at a meeting of the Board is provided to each Director prior to the meeting. With the approval of the Chairman, each Director has the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors.

In addition to formal Board meetings, during the year, the Directors held frequent informal discussions and reviews of the Company's affairs. These include matters pertaining to the Company's assets, budgets, investments, acquisitions, remuneration of executives, staff and consultants, independent professional advice, accounting, audit, internal financial controls, risk assessment and ethical standards.

At the date of this report the Board comprises three Non Executive Directors and one Executive Director. Directors appointed by the Board are subject to election by shareholders at the following annual general meeting, and thereafter, Directors (other than the Chief Executive Officer) are subject to re-election at least every three years. The independent Directors are Nick Kingsbury and Leigh Warren.

The composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience. The aim is that the board's membership should reflect a balance between extensive experience in the industry and a broad range of general commercial experience and expertise.

DIRECTORS' REPORT CONTINUED

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board then determines the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities. The Board identifies potential candidates with advice from an external consultant where necessary. The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders. All new Directors will take part in an induction program to educate new Directors on the Company's business and allow them to fully participate in the Board decision making at the earliest opportunity. Directors are given access to opportunities to update and enhance their skills and knowledge.

The performance of each Director is reviewed annually. The Board undertakes ongoing self-assessment process to review its performance.

The Company has established an Audit Committee, which has a formal charter approved by the Board of Directors. The Audit Committee reviews the financial statements and considers and recommends accounting policies to be adopted by the Company to the Board of Directors. The members of the Committee during the financial year were Leigh Warren and Nick Kingsbury. The qualifications of the members are disclosed in the Directors Report. The Chief Executive Officer, Chief Financial Officer and the external auditors are invited to Committee meetings, at the discretion of the Committee. The number of meetings held during the financial year ended 30 June 2014 and attendances is disclosed in the Directors' Report.

The Directors are responsible for the strategic direction of the Company, the setting of the corporate objectives, monitoring of the operational and financial performance of the Company's activities, and the Company's system of internal control. In addition, the Board investigates ways of enhancing existing risk management strategies, including appropriate segregation of duties and the employment of suitable qualified and experienced personnel.

The Company has developed a business operations manual, which includes detailed policies and procedures and a system of formal reporting to assist it to manage and monitor operating, financial and compliance risk for the Group. The Company is also ISO9001 certified, meaning the company is operating a Quality Management System that complies with the standard. The registration covers the design, development, implementation and support of our software and the supporting administration processes for our business. Maintaining certification is achieved through regular monthly internal audits and a bi-annual audit by an external certification body.

The Company's risk profile is minimised by established practices such as:

- Rolling forecasts and monthly reporting systems to enable the monitoring of key performance indicators
- Business transactions are properly authorised and executed
- Attracting and retaining quality and ethical personnel through recruitment practices; training and development plans; and annual performance reviews for staff
- Occupational health and safety standards are stringently managed throughout the business
- A comprehensive insurance program.

The Chief Executive Officer has declared in writing to the Board that the financial risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively.

In accordance with the *Corporations Act 2001* and the Company's constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant board papers and will not participate in the consideration of the item.

The Company has a policy for trading in the shares of the Company.

The Company acknowledges that from time to time, Directors and members of Management and Staff may in the course of their duties become aware of Inside Information (information not generally known to the market and, if known publicly, would likely have a material impact on the price of shares) in respect of the Company.

The Company requires Directors, Management and Staff not to buy or sell the Company's shares (or other securities) at any point in time where the person involved has knowledge which constitutes Inside Information. This requirement also includes a restriction not to trade in other company securities where Inside Information has been obtained in relation to negotiations that the Company may be involved in.

Additional restrictions apply to the Directors and certain employees – "Designated Officers". The Designated Officers are Company Directors (including Executive Directors), the Chief Executive Officer, the Executive Team and employees specifically notified by their Executive Team Member.

Designated Officers are not permitted to buy or sell shares in the Company other than in exceptional circumstances approved by the Board during the period commencing 15 days prior to the last day of the half year or full year as the case may be and ending 24 hours after the release of the corresponding results announcement.

Designated Officers are permitted to buy or sell shares in the Company at any other time so long as they are not in possession of "Inside Information" (as the insider trading prohibitions continue to apply at all times); and follow the notification requirements set out in the updated share trading policy. Short term buying and selling of shares in the Company should be avoided where possible. Designated officers are not permitted to buy and sell shares in the Company within any three month period unless approval is provided by the Company.

Directors and senior management must notify the Company Secretary before they sell or buy shares in the Company. Details of all security transactions by Directors must be notified to the Company Secretary prior to their occurrence and are publicly reported to the ASX.

The Board has a policy to identify matters that may have a material effect on the price of the Company's securities and ensuring disclosure to the ASX and posting on the official Objective Corporation Limited's website. The Company's website contains copies of the Company's announcements and this information will be emailed to shareholders who lodge their contact details with the Company. The Executive Chairman and the Company Secretary are responsible for interpreting the Company's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and understanding of the Company's strategies and goals. The Company requests its external auditor attend the Annual General Meeting and to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report.

The Board has adopted a Code of Conduct that applies to all Directors and employees of the Company. The Code provides guidance for Directors and employees on the standards that Objective expects in the conduct of its operations. The Code covers items such as:

- The way in which we must discharge our duties
- Compliance with laws
- Conflicts of interest
- Confidentiality
- Dealing in company securities
- The use of the Company's resources
- The environment, health and safety.

The Code is published on the Company's website.

The company has a commitment to diversity and seeks to promote an inclusive culture where people are encouraged to succeed to the best of their ability. This commitment means that the company has policies and procedures to ensure it has an environment supportive of equal opportunity and equal access to career development, remuneration, and benefits. The company's workforce is split female 24% (2013 – 26%) and male 76% (2013 – 74%). Currently there are no female senior executives.

Objective's commitment to diversity means that it works to ensure that it has an environment supportive of equal opportunity and with equal access to career development, remuneration and benefits through the implementation of practices, procedures and policies which support, among other matters, diversity.

Objective believes that diversity is about recognising and valuing the contribution of people from different backgrounds, with different perspectives and experiences. Diversity includes but is not limited to gender, age, disability, ethnicity, religion and cultural background.

Objective operates in a number of countries, and, to date, diversity initiatives have been focused at the local level, having regard to the legislative requirements of those countries.

ASX Corporate Governance Council recommendations

For the year ended 30 June 2014, the Company did not meet ASX Corporate Governance Council recommendations in the following areas:

Composition of the Board and Chairman

Due to the fact that the Directors control approximately 85% of the Company's shares it is inappropriate that a majority of the Board should be independent Directors and the Chairman should be independent. The Board believes it is appropriate that the role of the Chairman and Chief Executive Officer are both filled by Tony Walls. Compliance costs would be significant with questionable benefits for the Company and its stakeholders.

Audit Committee

The Company has an Audit Committee, as detailed previously, but does not fully comply with the best practice recommendation in regards to the composition of the Committee. The Company believes that the cost of compliance would surpass any benefits from having additional independent Non-Executive Directors appointed to comply with the ASX Corporate Governance Council recommendations.

Remuneration and Nomination Committee

Due to the size of the Board of the Company, the formation of Independent Remuneration and Nomination Committee is not considered practical. As stated previously, the existing members of the Board review remuneration and nomination for vacancies.

Options issued to Non-Executive Directors

To attract and retain a high quality board, Non-Executive Directors are eligible to participate in the Employee Option Plan (subject to shareholder approval).

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or a State or Territory.

DIRECTORS' INTEREST

Directors' beneficial interest in shares and options at the date of this report were:

	Ordinary Shares	Options
Tony Walls	62,000,000	–
Gary Fisher	12,500,000	–
Nick Kingsbury	120,000	200,000
Leigh Warren	100,000	200,000
	74,720,000	400,000

DIRECTORS' MEETINGS

The number of Director's and Audit Committee meetings held during the financial year and the number of meetings attended by each of the Directors are as follows:

	Directors' Meetings		Audit Committee Meetings	
Meeting Director	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Tony Walls	7	7	1	1
Gary Fisher	7	5	–	–
Nick Kingsbury	7	7	1	1
Leigh Warren	7	7	1	1

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the financial year is included on page 42.

AUDITOR'S NON AUDIT SERVICES

The Company has not engaged the auditor, Pitcher Partners to provide non audit services during the financial year.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC class order 98/100 applies and accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless specifically stated to be otherwise.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

REMUNERATION REPORT

The Board from time to time reviews the remuneration packages of all Directors and Executive Officers with due regard to performance and other relevant factors. The remuneration policy generally is to ensure the remuneration package properly reflects the person's duties and responsibilities and that the remuneration is competitive to attract, retain and motivate employees of the highest calibre.

The remuneration of Directors and other key management personnel is not directly linked to the company's performance. The remuneration of Directors and the other key management personnel is fixed annually with some of the specified Executives being entitled to a performance bonus based on achievement of targets based on individual Key Performance Indicators ("KPIs"). The KPIs generally include measures relating to the relevant segment, covering financial, sales, and development measures. Ultimately, bonuses and discretionary payments to key management personnel are at the discretion of the Board.

Non Executive Directors' retirement payments are limited to compulsory employer superannuation. There are no retirement and termination benefits for Executive Directors or Executives apart from those that accrue from the relevant laws such as unpaid annual leave, superannuation, long service leave and notice of termination. The Group may consider payments on termination even though legally not required, to protect its rights if it is commercially beneficial to its interests.

DIRECTORS' REPORT CONTINUED

The key management personnel of the Group for the year ended 30 June 2014 were:

Directors	
Tony Walls	Chairman and Chief Executive Officer
Gary Fisher	Non-Executive Director
Nick Kingsbury	Independent Non Executive Director
Leigh Warren	Independent Non Executive Director
Executives	
Stephen Bool	Chief Operating Officer
Jeremy Goddard	Global Vice President, Enterprise Solutions
Adrian Rudman	Global Vice President, Industry Solutions
Scott McIntyre	Managing Director EMEA

Remuneration and other terms of employment of the Executive Director and the other key management personnel are formalised in employment agreements. These agreements may be terminated by either party with between one and three months' notice. In the event of termination of Mr Walls' services, Mr Walls is entitled to be paid six months' salary.

The individual details of remuneration of the key management personnel, for the year ended 30 June 2014 are listed in the table following:

	Short-Term				Share Based Payment	Post Employment			
	Salary and Fees $	Motor Vehicle $	Bonus $	Other $	Options $	Super-annuation $	Total $	Portion of Remuneration Performance Related %	Value of Options as Proportion of Remuneration %
2014									
G Fisher	–	–	–	4,946	–	–	4,946	–	–
N Kingsbury	36,205	–	–	–	26,434	–	62,639	–	42.2
T Walls	280,000	–	–	–	–	17,775	297,775	–	–
S McIntyre[1]	269,827	–	58,000	1,342	1,765	15,203	346,137	16.8	0.5
L Warren	30,435	–	–	–	26,434	2,815	59,684	–	44.3
S Bool	257,225	–	160,000	–	648	17,775	435,648	36.7	0.1
J Goddard[1]	131,296	–	143,000	–	–	15,570	289,866	49.3	–
A Rudman	214,425	–	51,613	–	1,471	17,775	285,284	18.1	0.5
2013									
G Fisher	–	–	–	3,328	–	–	3,328	–	–
N Kingsbury	30,247	–	–	–	92	–	30,339	–	0.3
T Walls	280,000	–	–	–	–	16,470	296,470	–	–
L Warren	22,936	–	–	–	–	2,064	25,000	–	–
D Barnes[2]	257,377	–	27,750	–	3,687	16,470	305,284	9.1	1.2
S Bool	255,998	2,532	120,000	–	1,398	16,470	396,398	30.3	0.4
S Etherington[2]	207,279	19,959	95,687	3,184	2,700	19,052	347,861	27.5	0.8
D Gordon	219,780	–	25,000	–	1,656	16,470	262,906	9.5	0.6
A Rudman	215,730	–	72,500	–	1,844	16,470	306,544	23.7	0.6

1 S McIntyre assumed new role on 1st July 2013 and J Goddard commenced on 9th December 2013.
2 D Barnes and S Etherington ceased employment on the 17th May 2013 and 9th August 2013 respectively.

The bonuses in the above tables are short-term incentives fully vested to the Executive for that year.

The fair value of options have been determined using the Black-Scholes method, taking into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the price at grant date of the underlying share and the expected price volatility of that share, the expected dividend yield and the risk free interest rate for the term of the option. The value of the option at grant date is then amortised over the relevant vesting period. The value included in remuneration of key management personnel above relates to the amortised value of options granted that have either vested in the current year or are yet to vest.

ANALYSIS OF MOVEMENT IN OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

	Number of Options at 30 June 2013	Number Granted	Number Exercised	Number Cancelled	Number of Options at 30 June 2014
N Kingsbury	200,000	200,000	–	(200,000)	200,000
L Warren	–	200,000	–	–	200,000
S Bool	800,000	–	–	–	800,000
S Etherington	500,000	–	–	(500,000)	–
S McIntyre	300,000	–	–	–	300,000
A Rudman	500,000	–	–	–	500,000

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

	Number of Shares at 30 June 2013	Purchase of shares	Shares sold	Number of Shares at 30 June 2014
G Fisher	25,000,000	–	(12,500,000)	12,500,000
N Kingsbury	120,000	–	–	120,000
T Walls	62,000,000	–	–	62,000,000
L Warren	100,000	–	–	100,000
S Bool	–	–	–	–
J Goddard	–	113,357	–	113,357
A Rudman	62,000	–	–	62,000
S McIntyre	–	–	–	–

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

Tony Walls
Director
Date: 27 August 2014

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	CONSOLIDATED 2014 $'000	CONSOLIDATED 2013 $'000
Revenue	2	48,581	41,023
Cost of sales		(1,124)	(871)
Gross profit		47,457	40,152
Distribution expenses		(25,179)	(20,924)
Research and development expenses		(9,699)	(9,356)
Administration expenses		(5,433)	(5,641)
Foreign exchange loss		(37)	(10)
Finance expenses		–	(2)
Profit from continuing operations before income tax		7,109	4,219
Income tax expense	4	(1,424)	(327)
Profit after tax attributable to members of the Company		5,685	3,892

		CENTS	CENTS
Basic earnings per share	22	6.0	3.9
Diluted earnings per share	22	6.0	3.9

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2014

	CONSOLIDATED	
	2014 $'000	2013 $'000
Profit for the year	5,685	3,892
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Foreign currency translation differences for foreign operations	528	585
Total comprehensive income for the year	6,213	4,477
Attributable to members of the Company	6,213	4,477

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2014

		CONSOLIDATED	
	Note	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	5	14,969	18,000
Receivables	6	7,719	5,914
Other	7	2,193	2,041
Total current assets		24,881	25,955
Non current assets			
Property, plant and equipment	8	911	851
Deferred tax assets	4	309	397
Intangible assets	9	6,923	6,576
Total non current assets		8,143	7,824
Total assets		33,024	33,779
Current liabilities			
Payables	10	7,635	6,617
Tax liabilities	4	1,029	26
Provisions	11	832	686
Other	12	9,950	9,656
Total current liabilities		19,446	16,985
Non current liabilities			
Provisions	11	629	1,034
Other	12	967	1,383
Total non current liabilities		1,596	2,417
Total liabilities		21,042	19,402
Net assets		11,982	14,377
Equity			
Contributed equity	13	1,601	1,826
Retained profits and reserves	14	10,381	12,551
Total equity		11,982	14,377

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

		CONSOLIDATED	
	Note	2014 $'000	2013 $'000
Total equity at the beginning of the year		14,377	12,419
Profit for the year	14	5,685	3,892
Exchange differences on translation of foreign operations	14	528	585
Total comprehensive income for the year		6,213	4,477
Transactions with owners in their capacity as owners:			
Recognition of share-based payments		77	–
Share buyback, including of transaction costs	13/14	(5,662)	–
Dividends provided for or paid	19	(3,023)	(2,519)
Total equity at the end of the year		11,982	14,377

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2014

		CONSOLIDATED	
	Note	2014 $'000	2013 $'000
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		50,521	47,063
Payments to suppliers and employees (inclusive of GST)		(44,634)	(39,879)
Interest received		574	791
Interest and other finance costs paid		–	(2)
Income tax paid		(333)	(1,059)
Net cash generated from operating activities	15	6,128	6,914
Cash flow from investing activities			
Payments for property, plant and equipment		(432)	(513)
Net cash used in investing activities		(432)	(513)
Cash flow from financing activities			
Payment for share buy-back costs (including transaction costs)		(5,662)	–
Dividends paid		(3,023)	(2,519)
Net cash used in financing activities		(8,685)	(2,519)
Net (decrease)/increase in cash and cash equivalents		(2,989)	3,882
Cash and cash equivalents at the beginning of the financial year		18,000	13,533
Effects of exchange rate changes on the balance of cash held in foreign currencies		(42)	585
Cash and cash equivalents at the end of the financial year	5	14,969	18,000

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1. BASIS OF PREPARATION

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

The financial report covers Objective Corporation Limited and controlled entities as a consolidated entity. Objective Corporation Limited is a company limited by shares, incorporated and domiciled in Australia. It is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by resolution of the Directors on 27 August 2014.

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

Summary of significant accounting policies

A. Basis of preparation of the financial report

Compliance with IFRS

The financial statements comply with International Financial Reporting Standards (IFRS's).

Basis of measurement

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value through profit or loss.

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Objective Corporation Limited's functional and presentation currency.

B. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company at the end of the financial year and the results of all controlled entities for the year then ended. Objective Corporation Limited and its controlled entities together are referred to in this financial report as the Group. The effects of all transactions between entities in the Group are eliminated in full.

Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement from the date on which control commences. Where control ceases during a financial year its results are included for that part of the year during which control existed.

C. Financial instruments

Classification

The consolidated entity classifies its financial instruments based on the purpose for which the financial instruments were acquired. Management determines the classification of its investments at initial recognition.

Loans and receivables

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading or those designated as such upon initial recognition. Gains or losses are recognised in profit or loss and the related assets are classified as current assets in the statement of financial position. Financial assets at fair value through profit and loss are classified as cash in the financial statements as they meet the definition under Note 1G.

Financial liabilities

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

Investments in controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and net realisable value. The carrying amount of investments is assessed annually to ensure that they are not in excess of the recoverable amount.

D. Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, any accumulated depreciation. Property, plant and equipment is measured on a cost basis. The carrying value of property, plant and equipment is reviewed annually to ensure that they are not in excess of the net recoverable amount.

Property, plant and equipment are depreciated over their estimated useful life to the Group (2 to 6 years) on a straight line basis.

E. Leased assets

Leases of property, plant and equipment of the Group, which assume substantially all the risks and benefits of ownership, are classified as finance leases. Other leases are classified as operating leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the period in which they are incurred.

F. Receivables, payables and provisions

Trade debtors

Trade debtors are carried at amounts due less any allowance for impairment.

An impairment allowance is raised for any doubtful debts based on a review of all outstanding amounts at the reporting date. Bad debts are written off during the period in which they are identified.

Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. Trade payables are unsecured and are generally settled within the time agreed with suppliers.

Employee entitlements

Liabilities for wages and salaries, and annual leave expected to be settled within twelve months of the reporting date are recognised, and are measured as the amount unpaid at the reporting date at the remuneration rate expected to apply at the time of settlement, including allowances for on costs if applicable, in respect of employees' services up to that date. Benefits expected to be settled after twelve months from the reporting date are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. The Group does not operate any defined benefit superannuation plan.

The Company operates an Employee Incentive Plan details of which are disclosed in Note 18. The Company does not record profits or losses incurred by employees, being the difference between market value and the par value of the shares acquired, as remuneration paid to employees. The Company charges as an expense the notional value of the options at the time they are granted and or vest to employees.

Dividends

A provision is recognised for dividends at the date they are declared.

G. Cash

For the purposes of the statement of cash flows, cash includes:

- Cash on hand and cash on deposit with banks or financial institutions, net of bank overdrafts; and
- Investments in money market instruments or investments in floating rate interest bearing securities listed on the ASX.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 1. BASIS OF PREPARATION CONTINUED

H. Revenue

Sales represent revenue from the sale of the Group's products, net of returns and duties paid and consulting and support service fees. Other revenue includes interest income on short-term deposits.

Revenues are recognised at the fair value of the consideration received or receivable net of goods and services tax. The following specific revenue recognition criteria have been applied in the preparation of financial statements:

Product sales

Revenue from the sale of product or licence fees is recognised at the earliest of when the Group has passed control of the relevant product or granted a right or licence for the use of the product to a buyer.

Rendering of services

Revenue from services is recognised on a time or percentage complete basis for the period during which the relevant services are performed.

Online subscription revenue

Income in respect of hosting and support services is deferred and released over the period of the contract with the customer.

Upgrade and Support Program (USP)/ maintenance support

Revenue from USP and maintenance support is recognised over the period during which the relevant service is provided.

Interest revenue

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

I. Foreign currency transactions and balances

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

J. Capital raising costs

Capital raising costs is deducted from contributed equity.

K. Research and development expenditure

Research and development expenditure ("R&D") is expensed to the income statement as and when incurred.

L. Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

M. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the amount of GST incurred is not recoverable from the relevant taxation authority;
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

N. Earnings per share

Basic earnings per share is determined by dividing the profit after income tax attributable to members of Objective Corporation Limited by the weighted average number of ordinary shares on issue during the financial year.

Diluted earnings per share is determined by dividing the profit after income tax attributable to members of Objective Corporation Limited by the weighted average number of ordinary shares and dilutive potential ordinary shares.

O. Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries. Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill and intangible assets arising on the acquisition of a foreign operation shall be treated as assets and liabilities of the foreign operation. Thus they shall be expressed in the functional currency of the foreign operation and shall be translated at the closing rate. For the purpose of impairment testing, goodwill acquired in a business combination, from the acquisition date, is allocated to each of the Group's cash-generating units, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated includes the cash generating units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Intangibles

Intangible assets acquired are capitalised at cost, unless acquired as part of a business combination in which case they are capitalised at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less provision for impairment. Useful lives are established for all non-goodwill intangible assets. Amortisation charges are expensed in the income statement on a straight line basis over those useful lives. Estimated useful lives are reviewed annually.

Intellectual Property is amortised over a period of 10 years.

P. Adoption of new and amended accounting standards that are first operative at 30 June 2014

AASB 10: Consolidated Financial Statements

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent controls. The group controls an entity when it is exposed, 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 consolidated entity concluded that the adoption of AASB 10 did not change the consolidation status of its subsidiaries. Therefore, no adjustments to any of the carrying amounts were required.

AASB 13: Fair Value Measurement

AASB 13 introduces a fair value framework for all fair value measurements as well as the enhanced disclosure requirements. Application of AASB 13 does not materially change the company's fair value measurements. However, the additional disclosures required under AASB 13 are provided in Note 5: Fair Value Measurements.

AASB 119: Employee Benefits

The amendments to AASB 119 revise the definitions of short and long term employee benefits, placing the emphasis on when the benefit is expected to be settled rather than when it is due to be settled. The group has assessed its impact and concludes that the adoption of AASB 119 has no material effect on the amounts recognised in current or prior years.

No other new and amended accounting standards effective for the financial year beginning 1 July 2013 affected any amounts recorded in the current or prior year.

Q. Accounting standards and interpretations issued but not operative at 30 June 2014

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below;

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosure and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (effective from 1 January 2017)

AASB 9 Financial Instruments

This standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139. When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. Most of the requirements for financial liabilities were carried forward unchanged. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. Therefore there will be no impact on the consolidated entity's accounting for financial liabilities.

The consolidated entity has decided not to early adopt AASB 9 at 30 June 2014.

Other standards and interpretations, including; AASB 1031 'Materiality' (2013), AASB 2012-3 'Amendments to Australian Accounting Standards: Offsetting Financial Assets and Financial Liabilities', AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets', AASB 2013-4 'Amendments to Australian Accounting Standards: Novation of Derivatives and Continuation of Hedge Accounting', AASB 2013-5 'Amendments to Australian Accounting Standards: Investment Entities', AASB 2013-9 'Amendments to Australian Accounting Standards: Conceptual Framework, and Materiality and Financial Instruments' and INT 21 'Levies' have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented; however the assessment of impact has not yet been completed.

R. Comparative figures

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

Where the Group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

S. Rounding of amounts

The parent entity has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial statements and directors' report have been rounded off to the nearest $1,000.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 2. REVENUE

	CONSOLIDATED	
	2014 $'000	2013 $'000
Sales and service revenue	47,936	40,148
Other revenue		
Interest receivable/received	574	791
Sundry revenue	71	84
Total revenue	48,581	41,023

NOTE 3. PROFIT FROM CONTINUING OPERATIONS BEFORE INCOME TAX

Profit from continuing operations before income tax has been determined after including the following items:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Auditors remuneration:		
Group auditor – audit and review fees	65	63
Other auditors – audit fees	26	26
Other auditors – other	3	3
Auditors remuneration – total	94	92
Depreciation of furniture, fittings and office equipment	76	72
Depreciation of computer equipment	244	268
Depreciation of leasehold improvements	57	80
Amortisation of intangible assets	218	186
Rental expense on operating leases	2,030	1,975
Net loss on disposal of plant and equipment	–	6
Employee benefits expense	31,736	28,061
Employee share based payment expense	77	–
Doubtful debts	–	(62)
Research and development expenditure	9,699	9,356

Depreciation and Amortisation expense is included in Administrative expenses as per the Consolidated Income Statement.

NOTE 4. INCOME TAX

a) Components of tax expense:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Current tax paid/payable	1,482	356
Current tax benefit received/receivable[1]	(103)	(72)
Deferred tax asset	74	31
(Over)/under provision in prior years	(29)	12
Total income tax expense	1,424	327

1 Current tax receivable of $103,000 (2013: $103,000) is included in Other Receivables per Note 6 to the financial statements.

b) Prima facie tax on profit before income tax is reconciled to income tax as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Prima facie tax on profit before income tax at 30%	2,133	1,266
Tax effect of amounts which are not assessable/deductible in calculating taxable income		
Research and development deductions	(940)	(939)
Amortisation of intangibles	65	56
Non allowable deductions	42	17
Sundry items/difference in tax rates	55	(21)
Deferred tax asset not recognised	98	–
Effect of unused tax losses not recognised previously recognised as deferred tax assets	–	(37)
Change in unrecognised temporary differences	–	(27)
	1,453	315
(Over)/under provision in prior years	(29)	12
Income tax expense	1,424	327
c) Deferred tax asset relates to the following:		
Unrealised foreign exchange losses	(481)	(450)
Employee benefits	634	575
Other provisions	12	12
Accrued interest receivable	(27)	(35)
Accrued expenses	33	25
Tax depreciation	(37)	–
Rent incentive	175	270
Total deferred tax asset	309	397
d) Deferred tax assets not recognised in the statement of financial position:		
Unused tax losses (tax effected)	921	859

The benefit for tax losses will only be obtained if the Group:

(i) Derives future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised; or

(ii) Continues to comply with the conditions of deductibility imposed by tax legislation and no change in tax legislation adversely affects the Group in realising the benefit from the deductions for the losses.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 5. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash at bank	6,408	6,693
Cash on deposit	8,109	9,655
Cash on deposit[1]	452	1,652
Total cash and cash equivalents	14,969	18,000

1 The Group's cash on deposit is held as security for rental guarantees.

NOTE 6. RECEIVABLES

	CONSOLIDATED	
	2014 $'000	2013 $'000
Current		
Trade receivables	6,841	5,392
Other receivables	878	522
Total current receivables	7,719	5,914

Trade and other receivables generally have 30 day terms. The carrying values of these receivables are assumed to approximate their fair value.

NOTE 7. OTHER ASSETS

	CONSOLIDATED	
	2014 $'000	2013 $'000
Current		
Work in progress	1,166	1,355
Prepayments	924	573
Current tax receivable	103	113
Total other assets	2,193	2,041

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2014 $'000	2013 $'000
Furniture, fittings and office equipment	1,875	1,705
Less accumulated depreciation	(1,702)	(1,530)
Computer equipment	2,618	2,268
Less accumulated depreciation	(2,039)	(1,794)
Leasehold improvements	1,085	1,069
Less accumulated depreciation	(926)	(867)
Total property, plant and equipment	911	851
Reconciliation of carrying amounts		
Furniture, fittings and office equipment at cost		
Opening balance	175	114
Additions	73	133
Disposals	(13)	–
Depreciation	(76)	(72)
Depreciation on disposal	13	–
Exchange difference	1	–
Balance at year end	173	175
Computer equipment at cost		
Opening balance	474	376
Additions	346	374
Disposals	(11)	(11)
Depreciation	(244)	(268)
Depreciation on disposal	11	5
Exchange difference	3	(2)
Balance at year end	579	474
Leasehold improvements at cost		
Opening balance	202	276
Additions	13	6
Depreciation	(57)	(80)
Exchange difference	1	–
Balance at year end	159	202

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 9. INTANGIBLE ASSETS

	CONSOLIDATED	
	2014 $'000	2013 $'000
Goodwill on acquisition of subsidiaries		
Opening balance	5,399	4,981
Exchange difference	466	418
Balance at year end	5,865	5,399
Intellectual Property at cost		
Opening balance	2,029	1,872
Exchange difference	175	157
Balance at year end	2,204	2,029
Accumulated amortisation		
Opening balance	(852)	(663)
Exchange difference	(76)	(3)
Amortisation	(218)	(186)
Balance at year end	(1,146)	(852)
Total intangible assets, at cost	8,069	7,428
Total intangible assets, net	6,923	6,576

Impairment Testing Of Goodwill

Goodwill and intellectual property acquired through business combinations have been allocated to the Limehouse Software cash-generating unit. The recoverable amount of the Limehouse Software unit has been determined based on a value-in-use calculation using cash flow projections based on financial forecasts approved by senior management.

The key assumptions used in value-in-use calculations for 30 June 2014 are:

- The discount rate applied to cash flow projections is 15% (pre-tax)
- Forecast margins are based on past performance and managements expectation for the future
- The forecast cash flows are based on a forecast for financial year 2015. For subsequent periods assumptions vary by market. In the established UK market which represents the majority of current net cash inflows, revenue growth has been forecast at 10% per annum with expenses remaining constant. In the US market revenue growth has been forecast at -15% per annum with expenses remaining constant. For new markets representing the balance of current cash inflows, higher growth rates in net income have been applied as the anticipated growth is from a lower base. The revenue in new markets reflects an identified anticipated pipeline of customers
- Terminal value at end of year 5 of 5 times EBITDA

There are no impairment losses in the current year. No reasonable change in the key assumptions of the value in use calculations would result in impairment

Intellectual Property (IP)

The IP was acquired as part of the Limehouse acquisition in April 2009 and amortised over 10 years.

NOTE 10. PAYABLES

	CONSOLIDATED	
	2014 $'000	2013 $'000
Trade and sundry creditors	3,825	3,296
Goods and services taxes	2,154	1,795
Employee entitlements	1,399	1,320
Dividends payable	257	206
Total payables	7,635	6,617

Trade and sundry creditors are unsecured and generally have 30 day terms. The carrying values of these payables are assumed to approximate their fair value.

NOTE 11. PROVISIONS

	CONSOLIDATED	
	2014 $'000	2013 $'000
Current		
Employee entitlements	483	336
Rent incentive[1]	349	350
Total current provisions	832	686
Non current		
Employee entitlements	340	360
Rent incentive[1]	249	634
Other provisions	40	40
Total non current provisions	629	1,034

1 The rent incentive will reverse over the remaining period of the leases.

Movements in each class of provision during the current financial year are set out below:

	Employee entitlements $'000	Rent incentive $'000	Other provisions $'000
Opening balance	696	983	40
Provision for the current year	155	1,044	–
Payment during the year	(28)	(1,429)	–
Balance at year end	823	598	40

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 12. OTHER LIABILITIES

	CONSOLIDATED	
	2014 $'000	2013 $'000
Current		
Unearned income	9,950	9,656
Total current unearned income	9,950	9,656
Non current		
Unearned income	967	1,383
Total non current unearned income	967	1,383

NOTE 13. CONTRIBUTED EQUITY

	2014 Number of shares	2013 Number of shares	2014 $'000	2013 $'000
Ordinary shares fully paid	88,253,277	100,753,277	1,601	1,826
Total contributed equity	88,253,277	100,753,277	1,601	1,826
Movements in ordinary share capital				
Opening balance	100,753,277	100,753,277	1,826	1,826
Share buy-back [1]	(12,500,000)	–	(225)	–
Closing balance	88,253,277	100,753,277	1,601	1,826

1 During the current financial year, the Company bought back a total of 12,500,000 shares at $0.45 cents per share. The total cost was $5,662,000 including transaction costs.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of shares held. On a show of hands every holder of ordinary shares present (whether in person or by proxy) at a meeting of shareholders is entitled to one vote, and upon a poll each share is entitled to one vote. The ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Options issued during the year under the Employee Incentive Plan

The Company issues employee share options pursuant to the Employee Incentive Plan. Each option entitles the holder to the right to acquire one share at the nominated exercise price during the period commencing on the vesting date of the options. At 30 June 2014 there are 3,408,000 (2013: 3,763,000) employee options outstanding. During the year no options were exercised into ordinary shares (2013: Nil). There were 755,000 options cancelled and 400,000 options issued during the year.

	2014		2013	
Options on Issue at Balance Date	Number	Expiry Date	Number	Expiry Date
Employee options exercisable at $1.00	590,000	30/06/2014	740,000	30/06/2014
Employee options exercisable at $0.50	–	30/06/2014	100,000	30/06/2014
Employee options exercisable at $0.50	500,000	31/12/2014	500,000	31/12/2014
Employee options exercisable at $0.50	300,000	30/06/2015	300,000	30/06/2015
Employee options exercisable at $0.50	–	01/11/2015	500,000	01/11/2015
Employee options exercisable at $0.50	550,000	15/07/2016	550,000	15/07/2016
Employee options exercisable at $0.50	618,000	01/09/2016	623,000	01/09/2016
Employee options exercisable at $0.50	200,000	25/10/2016	200,000	25/10/2016
Employee options exercisable at $0.50	250,000	12/07/2017	250,000	12/07/2017
Employee options exercisable at $0.50	400,000	05/02/2024	–	–
Total options on issue	3,408,000		3,763,000	

NOTE 14. RETAINED PROFITS AND RESERVES

	CONSOLIDATED	
	2014 $'000	2013 $'000
Retained profits	20,717	18,055
Share buy-back reserve	(9,300)	(3,863)
Share-based payment reserve	120	43
Foreign currency translation reserve	(1,156)	(1,684)
Retained profits and reserves at year end	10,381	12,551
Movements in retained profits and reserves		
a) Retained profits		
Opening balance	18,055	16,682
Net profit for the year	5,685	3,892
Total available for appropriation	23,740	20,574
Dividends paid	(3,023)	(2,519)
Balance at year end	20,717	18,055
b) Share buy-back reserve		
Opening balance	(3,863)	(3,863)
Movement during the year	(5,437)	–
Balance at year end	(9,300)	(3,863)
This reserve represents the premium received on the share buy-back transaction.		
c) Share-based payment reserve		
Opening balance	43	43
Movement during the year	77	–
Balance at year end	120	43
This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.		
d) Foreign currency translation reserve		
Opening balance	(1,684)	(2,269)
Movement during the year	528	585
Balance at year end	(1,156)	(1,684)
This reserve records exchange differences arising on translation of foreign controlled entities.		
Total retained profits and reserves	10,381	12,551

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 15. CASH FLOW INFORMATION

Reconciliation of profit after tax to net cash flow from operating activities:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Profit from operating activities after tax	5,685	3,892
Add/(Less): Non cash items		
Depreciation/amortisation	595	606
Non-cash employee benefits expense share-based payments	77	–
Loss on disposal of plant and equipment	–	6
(Increase)/decrease in receivables	(1,805)	1,833
(Increase)/decrease in other assets	(152)	570
Decrease in deferred tax assets	88	42
Increase/(decrease) in income tax payable	1,003	(671)
Increase in payables	1,018	30
Decrease in provisions	(259)	(71)
(Decrease)/increase in unearned income	(122)	677
Net cash generated from operating activities	6,128	6,914

NOTE 16. RELATED PARTIES

a) Directors

The Directors in office at any time during the financial year up to the date of this report were as follows:

Tony Walls

Gary Fisher

Nick Kingsbury

Leigh Warren

b) The consolidated entity

The consolidated entity comprises the parent entity, being Objective Corporation Limited, and the following controlled entities:

		Ownership	
Direct Interest	Country of Incorporation	2014	2013
Objective Corporation Solutions NZ Limited	New Zealand	100%	100%
Objective Corporation Singapore Pte Limited	Singapore	100%	100%
Objective Corporation North America Inc	United States of America	100%	100%
Objective Corporation USA Inc	United States of America	100%	100%
Objective Corporation UK Limited	United Kingdom	100%	100%
Limehouse Software Limited	United Kingdom	100%	100%

c) Transactions with other related parties

(i) During the year the Group was provided management consulting services and was charged $79,207 (2013: $50,572) by Kingsbury Ventures Limited, a company associated with Nick Kingsbury, a Non-Executive Director of the Company. These transactions were conducted on normal commercial terms and conditions.
At 30th June 2014 $3,349 was owing to Kingsbury Ventures Limited (2013: Nil).

d) Directors' and executives compensations

	CONSOLIDATED	
	2014 $'000	2013 $'000
Short-term employment benefits	1,638	1,859
Post-employment benefits	87	103
Share-based payments	57	11
Total	1,782	1,973

NOTE 17. EMPLOYEE ENTITLEMENTS

	CONSOLIDATED	
	2014 $'000	2013 $'000
Amounts payable as in Note 10	1,399	1,320
Provisions – current as in Note 11	483	336
Provisions – non current as in Note 11	340	360
Total employee entitlements	2,222	2,016

NOTE 18. EMPLOYEE INCENTIVE PLAN

Objective Corporation Limited has an Employee Incentive Plan which was approved at the 2003 Annual General Meeting of the Company. The Plan is described as follows:

Offers

Under the Plan the Board may offer to any employee either options to acquire shares or loans to acquire shares in the Company. Tony Walls, Chief Executive Officer and Gary Fisher, Non-Executive Director will not be participating in the Plan.

Price

The Board has discretion to grant options for a fee and set the exercise price and term of the options.

Quotation

Options issued under the Plan will not be quoted on the ASX. Where the Company issues options and the options are exercised, the Company will apply to have the issued shares quoted on the ASX.

Maximum number of shares or options

The Company must not issue shares or options to any employee if to do so would contravene applicable laws or result in any employee holding an interest in more than 5% of the shares in the Company.

Sales restrictions

Options issued under the Plan are not transferable. Shares acquired under the Plan are not transferable unless any loan to acquire the shares has been repaid in full.

New shares

All shares issued on the exercise of options will rank equally with all existing shares from the date of issue.

Dividends

All shares acquired pursuant to the Plan rank equal in all respects and will be entitled to any dividends declared by the Company. Any dividends paid on shares acquired under the Plan will be offset against the loan balance outstanding to acquire shares under the Plan. Options issued under the Plan are not entitled to dividends.

Restrictions

The Board may impose vesting and performance conditions before which options cannot be exercised or the shares sold. The options issued pursuant to the Plan will usually lapse and the loans to acquire shares will usually become repayable if the holder ceases to be an employee.

Participation in future issues

Under the Employee Option Plan's rules, the number of shares over which an option is granted and or the exercise price of the options may be altered in the event of a reconstruction of the Company's share capital or a bonus or rights issue of shares to shareholders. Shares acquired under the Plan will rank equal in all respects with existing shares.

Loans

The Board has discretion to provide a loan for the acquisition of shares in the Company with a term of up to five years, together with further terms and conditions attaching to the loan. There are currently no loans outstanding.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 19. DIVIDENDS

	CONSOLIDATED	
	2014 $'000	2013 $'000
Dividends paid during the year:		
The Company/Group paid the 2013 final dividend of 2.0 cents per share unfranked and a special franked dividend of 1.0 cents per share on 13 September 2013. (2013: Payment of 2012 final dividend of 2.0 cents per share franked and a special unfranked dividend of 0.5 cents per share)	3,023	2,519
Dividends proposed and not recognised as a liability at year end:		
Since the end of the financial year, the Directors have declared the following dividend:		
Final fully franked dividend of 3.5 cents per ordinary share (2013: unfranked dividend 2.0 cent per ordinary share)	3,089	2,015
2013: special franked dividend of 0.5 cents per share	–	1,008
Total Dividend	3,089	3,023
As the dividends were declared after year end, the financial effect has not been brought to account in the financial statements for the year ended 30 June 2014. There is no Conduit Foreign Income (CFI) attributed to the final dividend.		
The balance of franking credit account at balance date adjusted for the payment of the provision for income tax.	1,215	356

NOTE 20. FINANCIAL COMMITMENTS

The Group has the following financial commitments which are not recognised as liabilities at the end of the financial year as these expenses related to future periods:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Operating leases		
Payable less than one year	2,086	2,033
Payable later than one year but less than five years	3,045	3,123
Total	5,131	5,156

The Group pays rental on property as occupancy costs under operating leases. Leases generally provide the Group with rights of renewals at which time all terms will be renegotiated.

NOTE 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Group's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Group's operations. The Group has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, and liquidity risk. The Group uses different methods to manage the different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, price and foreign exchange risk and assessments of market forecasts. Ageing analysis is undertaken to manage credit risk while liquidity risk is monitored through business performance and cash flow forecasts.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of these risks as summarised below.

Interest rate risk

The Group's exposure to market interest rates relates to the Group's cash and cash equivalents. The Group regularly monitors its interest rate exposure and the mix between fixed and floating interest rates on cash held.

At balance date, the Group had the following exposure to interest rate risk:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash at bank	6,407	6,693
Cash on deposit – Within one year	8,562	8,307
Cash on deposit – Between one and five years	–	3,000
	14,969	18,000

At 30 June, if interest rates had moved, with all other variables held constant, post tax profit and equity would have been affected as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Post Tax Profit		
+10% (100 basis points) in interest rates	105	126
-10% (100 basis points) in interest rates	(105)	(126)
Equity		
+10% (100 basis points) in interest rates	105	126
-10% (100 basis points) in interest rates	(105)	(126)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

Foreign currency risk

As a result of operations in the Asia Pacific region, the United Kingdom and the United States of America, the Group's statement of financial position can be affected by exchange rate movements. The Group also has transactional currency exposures which arise from sales or purchases by an operating entity in currencies other than the functional currency.

Foreign currency risk is defined as the fair value of future cash flows of a financial instrument fluctuating because of changes in foreign exchange rates. The sensitivity analysis provided does not include the currency risk of financial assets and liabilities of the controlled entities denominated in the controlled entity's functional currency or their conversion into the functional currency of Objective Corporation Limited on consolidation as outside the scope of the definition. The conversion of these financial assets and liabilities on consolidation may result in a gain or loss to the consolidated entity.

The Group's main exposure is to the British Pound and New Zealand Dollar which is partly mitigated by a natural hedge arising from operations in these countries. The Group regularly monitors its foreign currency exposure which includes considering the level of cash in foreign currency.

At 30 June, the Group had the following exposure to foreign currency risk:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash and cash equivalents	1,573	3,053
Trade and other receivables	2,724	1,853
Trade and other payables	(2,690)	(3,187)
Net foreign currency exposure	1,607	1,719

At 30 June, if the Australian Dollar ("AUD") had moved, with all other variables held constant, post tax profit and equity for material foreign exchange exposures would have been affected as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
NEW ZEALAND DOLLAR EXPOSURE		
Post Tax Profit		
+10% favourable movement in AUD	9	44
-10% adverse movement in AUD	(9)	(44)
Equity		
+10% favourable movement in AUD	41	78
-10% adverse movement in AUD	(41)	(78)
BRITISH POUND EXPOSURE		
Post Tax Profit		
+10% favourable movement in AUD	–	–
-10% adverse movement in AUD	–	–
Equity		
+10% favourable movement in AUD	90	130
-10% adverse movement in AUD	(90)	(130)

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Cash and cash equivalents are spread amongst a number of financial institutions to minimise the risk of default. The Group trades only with recognised, creditworthy third parties with no significant concentrations of credit risk. As the majority of the Group's customers are government organisations, collateral is not requested nor is it the Group's policy to securitise its trade and other receivables. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

At 30 June, the Group had the following exposure to credit risk:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash and cash equivalents	14,969	18,000
Trade and other receivables (before provision for doubtful debt)	7,719	5,914
At 30 June, the analysis of trade and other receivables is as follows:		
Fully performing debts	7,143	5,363
Past due more than 30 days	310	219
Past due more than 60 days	21	304
Past due more than 90 days	245	28
Total	7,719	5,914

Liquidity risk

Liquidity risk is monitored through business performance and cash flow forecasts. The Group continues to assess its liquidity risk as low. Assuming that all financial assets and liabilities of the Group fall due within 12 months, the net exposure of the Group to liquidity risk is as follows:

	CONSOLIDATED	
	2014 $'000	2013 $'000
Cash and cash equivalents	14,969	18,000
Receivables	7,719	5,914
Payables	(7,635)	(6,617)
Tax assets/(liabilities)	(1,029)	(26)
Net financial assets	14,024	17,271

As the Group is in a net financial assets position, the Directors are of the opinion that the Group is in low risk and will be able to pay off its debts as and when they are due and payable.

	CONSOLIDATED	
	2014 $'000	2013 $'000
Net financial assets	14,024	17,271
Cash not available for use	(452)	(1,652)
	13,572	15,619

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 business. The Board monitors the return on capital and the level of dividends to ordinary shareholders. There were no significant changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 22. EARNINGS PER SHARE

	CONSOLIDATED	
	2014	2013
Basic earnings per share – cents	6.0	3.9
Net profit used in calculating basic earnings per share – $'000	5,685	3,892
Weighted average number of shares used as the denominator in calculating basic earnings per share	94,109,441	100,753,277
Diluted earnings per share – cents	6.0	3.9
Net profit used in calculating diluted earnings per share – $'000	5,685	3,892
Weighted average number of shares used as the denominator in calculating diluted earnings per share	94,475,277	100,753,277

NOTE 23. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of goodwill and intangibles

The Group tests annually whether goodwill and other intangibles have suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash generating units have been determined based on discounted cash flow calculations. These calculations require the use of assumptions.

Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTE 24. SEGMENT INFORMATION

The consolidated entity's chief operating decision maker has identified the reportable segments based on geographical areas. All these operating segments have been identified based on internal reports reviewed by the consolidated entity's chief executive officer in order to allocate resources to the segment and assess its performance. The consolidated entity's chief executive officer uses segment revenue, segment result, segment assets and segment liabilities to assess each operating segment's financial performance and position. Amounts reported for each operating segment are the same amount recorded in the internal reports to the chief executive officer. Amounts of segment information are measured in the same way in the financial statements. They include items directly attributable to the segment and those that can reasonably be allocated to the segment based on its operations.

a) Geographic segments

	Asia Pacific $'000	Europe $'000	Unallocated $'000	Consolidated $'000
2014				
Segment Revenue				
Sales to external customers	40,262	7,579	95	47,936
Interest revenue	–	–	574	574
Other revenue	71	–	–	71
Total revenue	40,333	7,579	669	48,581
Expenses (not including R&D)	23,266	6,671	1,836	31,773
Profit/(Loss) before R&D	17,067	908	(1,167)	16,808
R&D expenses	–	–	9,699	9,699
Income tax expense	–	–	1,424	1,424
Net profit/(loss)	17,067	908	(12,290)	5,685
Assets	22,523	3,840	6,661	33,024
Liabilities	15,202	2,327	3,513	21,042
Capital expenditure	349	83	–	432
Depreciation and amortisation	339	38	218	595
2013				
Segment Revenue				
Sales to external customers	33,440	6,610	98	40,148
Interest revenue	–	–	791	791
Other revenue	84	–	–	84
Total revenue	33,524	6,610	889	41,023
Expenses (not including R&D)	19,410	5,604	2,432	27,446
Profit/(Loss) before R&D	14,114	1,006	(1,543)	13,577
R&D expenses	–	–	9,356	9,356
Finance expenses	–	–	2	2
Income tax expense	–	–	327	327
Net profit/(loss)	14,114	1,006	(11,228)	3,892
Assets	23,390	4,249	6,140	33,779
Liabilities	12,993	3,213	3,196	19,402
Capital expenditure	488	25	–	513
Depreciation and amortisation	368	52	186	606

b) Industry segments

The Group operates in the information technology software and services industry.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

NOTE 25. CONTINGENT LIABILITIES

There are no material contingent liabilities other than as disclosed elsewhere in the financial statements.

NOTE 26. SUBSEQUENT EVENTS

There are no material subsequent events other than as disclosed elsewhere in the financial statements.

NOTE 27. PARENT ENTITY DETAILS

As at, and throughout, the financial year ending 30 June 2014 the parent company of the Group was Objective Corporation Limited. A summary of the financial performance and financial position of the parent entity is detailed below:

	THE COMPANY	
	2014 $'000	2013 $'000
a) Summarised statement of comprehensive income		
Profit for the year after tax	5,564	3,345
Total comprehensive income for the year	5,564	3,345
b) Summarised statement of financial position		
Assets		
Current assets	19,818	20,393
Non current assets	4,862	4,858
Total assets	24,680	25,251
Liabilities		
Current liabilities	12,553	10,116
Non current liabilities	1,597	1,500
Total liabilities	14,150	11,616
Net assets	10,530	13,635
Equity		
Contributed equity	1,601	1,826
Retained profits and reserves	8,929	11,809
Total equity	10,530	13,635

c) Guarantees entered into by the parent entity

The parent entity Objective Corporation Limited continues to support its subsidiaries in their operations, by way of financial support.

NOTE 28. COMPANY DETAILS

The registered office and principal place of business of the company is:

Level 37, 100 Miller Street
North Sydney NSW 2060
Australia

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes set out on pages 14 to 38 are in accordance with the *Corporations Act 2001*; and
   a) Comply with Accounting Standards in Australian and the Corporations Regulations 2001;
   b) As stated in note 1, the consolidated financial statements also comply with International Reporting Standards; and
   c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and its performance for the year ended on that date.
2. The Chief Executive Officer and Interim Chief Financial Officer have each declared that:
   a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
   b) The financial statements and notes for the financial year comply with the Accounting Standards; and
   c) The financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay their debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

Tony Walls
Director
Date: 27 August 2014

INDEPENDENT AUDITOR'S REPORT

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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Pitcher Partners, including Johnston Rorke,
is an association of independent firms
Melbourne | Sydney | Perth | Adelaide | Brisbane

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED

We have audited the accompanying financial report of Objective Corporation Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

PITCHER PARTNERS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED

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

Independence

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

Opinion

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Objective Corporation Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Mark Godlewski

M A GODLEWSKI
Partner
27 August 2014

Pitcher Partners

PITCHER PARTNERS
Sydney

AUDITOR'S INDEPENDENCE DECLARATION

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

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Melbourne | Sydney | Perth | Adelaide | Brisbane

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OBJECTIVE CORPORATION LIMITED

In relation to the independent audit for the year ended 30 June 2014, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of any applicable code of professional conduct.

M A GODLEWSKI
Partner

PITCHER PARTNERS

Sydney

27 August 2014

An independent New South Wales Partnership ABN 35 415 759 892
Liability limited by a scheme approved under Professional Standards Legislation

BAKER TILLY INTERNATIONAL

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable on the 24th September 2014.

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below:

A) DISTRIBUTION OF EQUITY SECURITIES

SECURITY CLASSES

FULLY PAID ORDINARY SHARES

SIZE OF HOLDINGS	ORDINARY SHARES
1-1,000	55
1,001-5,000	236
5,001-10,000	74
10,001-100,000	194
100,001 and over	20
	579

There were 40 holders of less than a marketable parcel of ordinary shares.

B) VOTING RIGHTS

The voting rights attaching to ordinary shares are that every member in person or by proxy, attorney or representative shall have one vote on a show of hangs and one vote for each share held on a poll. There are no voting rights attaching to options over un-issued shares.

C) TWENTY LARGEST QUOTED EQUITY SECURITY HOLDERS

ORDINARY SHARES

NAME	NUMBER OF ORDINARY SHARES HELD	% OF LISTED SHARES
TBW TRUSTEES LIMITED	62,000,000	70.173
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,513,992	14.164
CLAPSY PTY LTD	1,638,102	1.854
HAWKLEY LLC	1,000,000	1.132
ARRAS PTY LTD	800,000	0.905
MRS ELAINE WALLS & MS MICHELLE ROBYN WALLS	535,000	0.606
AUST EXECUTOR TRUSTEES LTD	499,257	0.565
CITICORP NOMINEES PTY LIMITED	429,358	0.486
MYALL RESOURCES PTY LTD	300,000	0.340
KYELAH PTY LIMITED	270,000	0.306
MR MITCHELL JAMES HARRISON & DR ROSALIND FRANCES MENZIES	237,609	0.269
MRS JOAN CAMERON FISHER	219,000	0.248
MRS EMMA JANE GRACEY	217,000	0.246
MOAT INVESTMENTS PTY LTD	208,115	0.236
JOHN HENRY PASCOE	200,000	0.226
DUTSON & CO PTY LIMITED	196,665	0.223
UPLANDS GROUP PTY LTD	161,482	0.183
MS WENDY MAREE JINKS	118,330	0.134
CFB NOMINEES PTY LTD	111,000	0.126
MAST FINANCIAL PTY LTD	108,400	0.123
	81,763,310	92.541

D) SUBSTANTIAL HOLDERS IN THE COMPANY

ORDINARY SHARES

NAME	NUMBER OF ORDINARY SHARES HELD	% OF LISTED SHARES
TBW TRUSTEES LIMITED	62,000,000	70.173
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,513,992	14.164

CORPORATE DIRECTORY

REGISTERED OFFICE
Level 37 Northpoint
100 Miller Street
North Sydney NSW 2060
Australia

Tel: +61 2 9955 2288
Fax: +61 2 9955 5011

ASX CODE
OCL

ABN
16 050 539 350

DIRECTORS
Tony Walls
Gary Fisher
Nick Kingsbury
Leigh Warren

COMPANY SECRETARY
Rob Paterson

STOCK EXCHANGE LISTING
The Company's shares are listed on the ASX.

ELECTRONIC ANNOUNCEMENTS
Shareholders who wish to receive a copy of announcements made to the ASX are invited to provide their email address to the Company. This can be done by emailing us at enquiries@objective.com or writing to us at our registered office.

SHARE REGISTRY
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AUDITOR
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