



ANNUAL REPORT 2011

Objective

CONTENTS

- 2 Highlights & Financial Performance
- 4 CEO's Review
- 8 Board of Directors
- 9 Directors' Report
- 14 Financial Statements
- 19 Notes to the Financial Statements
- 36 Directors' Declaration
- 37 Independent Auditor's Report
- 38 Auditor's Independence Declaration
- 39 Shareholder Information
- 40 Corporate Directory

MISSION

To deliver solutions that **empower** public sector **efficiency** and **effectiveness** for the benefit of the **community**.





“The Objective solution has provided significant efficiencies across the organisation, both in terms of staff being able to find and retrieve accurate information when required and also in terms of managing the business.”

Tony Hayes, IT Director, Places for People

HIGHLIGHTS

2011 was highlighted by the success of our **new products and solutions** delivering **positive outcomes** for our customers.

ACHIEVEMENTS:

- » Delivery of an unprecedented number of new and upgraded solutions:
 - » Objective ECM 8
 - » Objective Online 4
 - » Objective Enterprise Search
- » APAC region delivered a double digit increase in revenue
- » Strategic new ECM customers in the United Kingdom
- » Award of a long term contract with NSW Roads and Traffic Authority for an enterprise wide ECM rollout
- » Continued successful project outcomes for our existing customer base
- » Strategic partnership with Exalead has enabled us to deliver a superior Enterprise Search experience

FINANCIAL PERFORMANCE

RESULTS SUMMARY YEAR ENDED 30 JUNE	FY2011\$M	FY2010\$M	CHANGE(%)
Revenue	40.0	41.5	▼ 4
Profit before amortisation and tax	3.7	2.7	▲ 37
Net profit after tax	3.1	2.1	▲ 46
Asia Pacific revenue	31.7	28.6	▲ 11
European revenue	7.4	11.9	▼ 37
R&D (fully expensed)	9.3	9.4	▼ 1
Earnings per share	2.6 cps	1.7 cps	▲ 53
Final dividend (unfranked)	1.5 cents	1.3 cents	▲ 15



“With Objective, we now have a great capacity to search for information. I was recently asked by a staff member to help find a document. Searching our physical filing system took me two and a half hours to locate the document and complete the search. However using Objective to search for the same file took three seconds”

Roland Parotte, Manager Information Technology, LandCorp

CEO'S REVIEW



Tony Walls Chief Executive Officer

Dear Fellow Shareholders,

We present Objective Corporation's annual report for the Financial Year ending 30 June 2011.

We are pleased to report that our strategy of commitment to the public sector has led to an increase in revenue in the Asia Pacific region and that despite austerity programs across the United Kingdom public sector we continued to acquire new customers in the region.

During the year we delivered our next generation enterprise content management platform Objective 8 ECM, a new version of our cloud based solution Objective Online 4 and launched Objective Enterprise Search all of which will deliver new revenue opportunities for the Company.

Net profit after tax (NPAT) increased by 46% to \$3.1 million (\$2.1 million FY10).

Asia Pacific revenue grew by 11% to \$31.7 million (FY10: \$28.6 million). European revenue decreased by 37% to \$7.4 million (FY10: \$11.9 million) with UK business conditions being stymied by UK Government austerity measures. Overall, global revenues decreased by 4% to \$40.0m (FY10:\$41.5 million).

Objective's statement of financial position remains strong. At 30 June 2011, the company had \$10.7 million in cash and cash equivalents and no external borrowings.

The Directors have declared a final unfranked dividend of 1.5 cents per share.

OPERATIONS

Asia Pacific

The Asia Pacific region once again experienced growth in revenue.

The year's highlights include being awarded a strategic long-term contract with the NSW Roads and Traffic Authority to rollout an enterprise-wide solution for 6,500 users. We also achieved success with the signing of Victorian State Trustees which was our first new Victorian State Government customer in some years.

Other new customers in the Asia Pacific region include: MidCoast Water, Growth Management Queensland, Canterbury Earthquake Recovery Authority, Department of Trade and Economic Development, South Australia, Department of Planning and Local Government, South Australia, Department of State Development, Western Australia and Logan City Council.

Our penetration of the New Zealand Local Government sector continues to deepen, with further sales of both our Online and ECM offerings. New customers in this market include: Christchurch City Council, Clutha District Council, Queenstown Lake District Council and Environment Southland.

Our ongoing commitment to service excellence meant that we were able to deliver a high number of successful project outcomes for our customers. This was evidenced by the decision of the Australian Department of Defence, to extend their contract and implement a large scale upgrade of Objective ECM.

Following on from the success of our Value Insight Program in the United Kingdom, FY11 saw the launch of the program in the Asia Pacific region, enabling us to bring our deep public sector industry experience, technical skills, and extensive knowledge of information and content management to identify financial, social and political returns within customers' key business processes.

The Value Insight Program brings new opportunities to engage with the public sector and identifies our value as a core business solution.



“Our ongoing commitment to **service excellence** meant that we were able to deliver a **high number of successful project outcomes** for our customers.”

Europe and The United States

The prevailing weak economic conditions across the United Kingdom and the United States created a challenging environment in which to acquire new customers.

However despite these circumstances, we were pleased to welcome, amongst others, Bedford Borough Council, University of Portsmouth in the UK and Allegheny County in the US to our customer community.

The continued investment in our Value Insight Program further strengthened Objective's long held domain expertise in the public sector and enabled us to demonstrate the return on investment for our existing customers.

Market confidence in our innovation strategy was evidenced by one of Objective's largest European customers, Welsh Government's early upgrade plan to Objective ECM 8.

RESEARCH AND DEVELOPMENT

Objective has continued to make a significant investment in research and development. This year's investment was \$9.3 million, approximately 23 per cent of revenue (FY10: \$9.4 million) and concentrated on strengthening our core technologies, developing new capabilities and creating a series of new web based applications that benefit the public sector.

The release of Objective ECM 8 marks the next generation in Objective's world class enterprise content, collaboration and process management solution.

Objective entered into a strategic partnership with Exalead enabling the provision of superior Enterprise Search. This is a significant long-term investment for Objective and one that we expect will deliver benefits for our stakeholders into the future.

OUTLOOK

The Outlook for FY2012 is encouraging. Our business strategy of focusing on the needs of the public sector and our expertise in this vertical market well positions us to deliver improved results in the coming financial year.

On behalf of the board and management of Objective Corporation I would like to thank our customers, staff and shareholders, for their commitment and valuable contribution to the ongoing success of the company.



Tony Walls
Chief Executive Officer

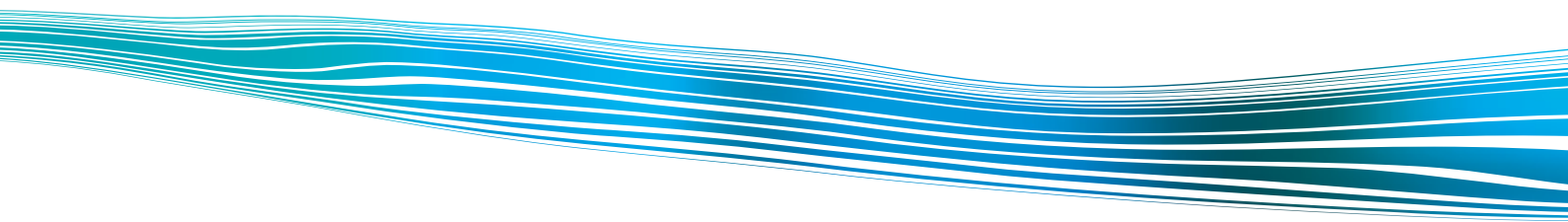
OBJECTIVE

Objective Corporation is an established leader and specialist provider of proven content, collaboration and process management solutions for the public sector.

Our solutions empower public sector effectiveness, efficiency and transparency, helping governments deliver better services at a lower cost to the community.

Through direct customer engagement, Objective is committed to delivering outcomes that have a positive effect on the public sector, its citizens and the community.





“Objective was selected because it meets the needs of the Moreton Bay Region both now and into the future.”

John Rauber, Chief Executive Officer, Moreton Bay Regional Council

BOARD OF DIRECTORS



MR TONY WALLS

Chairman & Chief Executive Officer

Tony founded the business in 1987. He has been a Director of Objective Corporation Limited since 1991. Tony has extensive experience in the IT industry, 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. He 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 and Oracle where he was the Managing Director for Australia and New Zealand. He currently serves on the Boards of four private companies and advises several software companies particularly in the area of developing high performance sales organisations.

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. He founded, led and then sold a leading UK Business Process Management company. He then spent 7 years with the international venture capital company 3i, where he headed up the software sector. He now advises a number of software companies, serving on the boards of two of them.

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 2011.

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

Refer to Page 8

None of the Directors held directorships in other listed entities during the past three years.

MR DAVID BARNES – COMPANY SECRETARY

David was appointed General Manager, Corporate Operations, Chief Financial Officer and Company Secretary on 3 September 2010. He has previous experience as a Company Secretary, is a Chartered Accountant and holds a degree in Business. David has a significant track record in senior financial and operational positions in Australia and overseas including working for SAP as Chief Financial Officer and Chief Operating Officer for United Kingdom and

then as Chief Operating Officer for SAP Europe, Middle East and Africa.

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 dividend of \$1,570,000 was paid on 28 September 2010 as recommended in last year's annual report. No interim dividend was declared or paid during the current financial year.

Since the end of the financial year, the Directors have declared an unfranked final dividend of 1.5 (2010: 1.3) cents per ordinary share. The aggregate amount of the dividend expected to be paid by 28 September 2011 is \$1,811,000 (2010: \$1,570,000).

REVIEW OF OPERATIONS

Revenue

Consolidated revenue from sales and services decreased by 3% to \$39,150,000 (2010: \$40,361,000). Total consolidated revenue decreased by 4% to \$40,006,000 (2010: \$41,544,000). Asia Pacific revenues increased 11% to \$31,701,000 (2010: \$28,628,000). European revenues decreased by 37% to \$7,418,000 (2010: \$11,860,000).

Operating result

The consolidated operating profit attributable to members increased by 46% to \$3,090,000 (2010: \$2,119,000).

The Group continued to invest significantly in Research and Development ("R&D") with expenditure of \$9,346,000 (2010: \$9,445,000). This investment in R&D was fully expensed during the year.

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 2011 the Company had 120,753,277 (2010: 120,753,277) 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 was:

Options on Issue at Balance Date	2011		2010	
	Number	Expiry Date	Number	Expiry Date
Employee options exercisable at \$0.50	–	–	757,000	18/08/2010
Employee options exercisable at \$0.50	50,000	02/10/2012	50,000	02/10/2012
Employee options exercisable at \$1.00	–	–	200,000	24/10/2010
Employee options exercisable at \$1.00	100,000	30/06/2012	100,000	30/06/2012
Employee options exercisable at \$1.00	790,000	30/06/2014	1,300,000	30/06/2014
Employee options exercisable at \$1.00	100,000	30/06/2014	100,000	30/06/2014
Employee options exercisable at \$0.50	100,000	30/06/2014	100,000	30/06/2014
Employee options exercisable at \$0.50	500,000	31/12/2014	1,000,000	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	500,000	01/11/2015	500,000	01/11/2015
Employee options exercisable at \$0.50	1,200,000	15/07/2016	–	–
Employee options exercisable at \$0.50	657,000	01/09/2016	–	–
Employee options exercisable at \$0.50	200,000	25/10/2016	–	–
Total options on issue	4,497,000		4,407,000	

Details of the options on issue are contained in Note 13 to the financial statements. 2,057,000 options (2010: 800,000 options) were issued during the financial year ended 30 June 2011 pursuant to the Employee Incentive Plan. No options have been issued subsequent to the year end.

LIKELY DEVELOPMENTS

Further information as to likely developments in the operations of the Group and the expected results of those operations in subsequent years have not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Group.

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.

DIRECTORS' REPORT CONTINUED

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 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 composition of the Board is reviewed regularly to ensure that the Board has the appropriate mix of expertise and experience. 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.

The performance of each Director is reviewed annually. 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 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 Chief Executive Officer, Chief Financial Officer and the external auditors are invited to Committee meetings, at the discretion of the Committee.

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 we are 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 establishing practices such as:

- Annual budgeting 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 and the Chief Financial Officer have 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.

During the current financial year the Company issued an updated policy for trading in the shares of the Company and lodged this policy in compliance with ASX requirements.

In summary, 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 (CEO), the Executive Team and employees specifically notified by the Chief Financial Officer (CFO) or 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 3 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 in place 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.

ASX Corporate Governance Council recommendations

For the year ended 30 June 2011, 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 89% 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	45,000,000	–
Nick Kingsbury	120,000	200,000
Leigh Warren	100,000	100,000
	107,220,000	300,000

DIRECTORS' MEETINGS

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

Meetings Director	Directors' Meetings		Audit Committee Meetings	
	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Tony Walls	10	10	–	–
Gary Fisher	10	8	–	–
Nick Kingsbury	10	10	1	1
Leigh Warren	10	10	1	1

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the financial year is included on page 38.

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 the other key management personnel is fixed annually with some of the specified Executives being entitled to a performance bonus based on achievement of specified targets based on the individual Key Performance Indicators ("KPIs"). The KPIs generally include measures relating to the relevant segment, covering financial, sales, and development measures. These measures are chosen as they directly align the individual's reward to the objectives of the Group and its performance. The individual performance is compared to the targeted level and KPIs at the time the annual budgets are set.

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 2011 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

David Barnes	General Manager, Corporate Operations, Chief Financial Officer and Company Secretary
Stephen Bool	General Manager, Global Services
Simon Etherington	General Manager, UK
John Giddings ¹	Chief Financial Officer and Company Secretary
David Gordon	General Manager, Engineering
Tony Hughes ¹	General Manager, Sales Asia Pacific
Adrian Rudman	General Manager, Sales Asia Pacific

1 J Giddings and T Hughes left on 26 October 2010 and 31 May 2011 respectively.

Remuneration and other terms of employment of the Executive Directors 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 by the company following a change of ownership of more than 50%, Mr Walls is entitled to be paid one year's salary.

The individual details of remuneration of the key management personnel, which include the five highest remunerated Executives, for the year ended 30 June 2011 are listed in the table following:

	Short-Term				Share Based Payment	Post Employment	Total	Portion of Remuneration Performance Related	Value of Options as Proportion of Remuneration
	Salary and Fees	Motor Vehicle	Bonus	Other	Options	Super-annuation			
	\$	\$	\$	\$	\$	\$	\$	%	%
2011									
G Fisher	–	–	–	3,004	–	–	3,004	–	–
N Kingsbury	36,646	–	–	–	168	–	36,814	–	0.5
T Walls ¹	155,164	–	–	–	–	13,965	169,129	–	–
L Warren	22,936	–	–	–	340	2,064	25,340	–	1.3
D Barnes	274,800	–	90,000	–	3,950	15,200	383,950	23.4	1.0
S Bool	246,526	10,129	90,000	–	2,918	15,200	364,773	24.7	0.8
S Etherington	219,160	21,103	22,681	2,895	8,945	20,144	294,928	7.7	3.0
J Giddings ⁴	72,845	1,200	–	60,127	–	3,436	137,608	–	–
D Gordon	200,790	–	25,000	–	5,435	15,200	246,425	10.1	2.2
T Hughes ⁴	231,161	11,000	66,255	–	–	15,200	323,616	20.5	–
A Rudman ²	222,129	–	40,289	–	849	6,510	269,777	14.9	0.3
2010									
G Fisher	–	–	–	3,804	–	–	3,804	–	–
N Kingsbury	35,714	–	–	–	172	–	35,886	–	0.5
T Walls ¹	155,164	–	–	–	–	13,965	169,129	–	–
L Warren	22,936	–	–	–	600	2,064	25,600	–	2.3
M Bailey ⁴	80,077	3,279	–	18,875	–	3,508	105,739	–	–
D Barnes ³	23,195	–	–	–	–	2,087	25,282	–	–
S Bool	218,078	18,271	90,000	–	845	14,461	341,655	26.3	0.2
S Etherington ³	158,287	15,242	90,138	2,330	9,224	14,549	289,770	31.1	3.2
J Giddings	208,239	7,200	–	–	600	14,461	230,500	–	0.3
D Gordon	183,044	–	–	–	4,690	14,461	202,195	–	2.3
T Hughes	243,573	12,000	66,800	–	2,482	14,461	339,316	19.7	0.7
A Rudman	219,450	–	–	–	1,500	–	220,950	–	0.7

1 Remuneration includes remuneration paid to the spouse of the specified Director or Executive.

2 During part of the current financial year A Rudman contracted to the company through Binary Light Pty Ltd.

3 S Etherington and D Barnes commenced on 2 November 2009 and 31 May 2010 respectively.

4 M Bailey, J Giddings and T Hughes ceased employment on 31 August 2009, 26 October 2010 and 31 May 2011 respectively.

The bonuses in the above tables are short-term incentives fully vested to the Executive for that year. The payment of bonuses for a specified executive is based on achievement of their individual KPIs.

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. The options granted during the year vest over four years. The Directors have valued these options at grant date as follows:

Number of Options Granted	Exercise Price (Cents)	Value Per Option (Cents)
500,000	50	2.9
250,000	50	2.9
200,000	50	2.9

ANALYSIS OF MOVEMENT IN OPTIONS HELD BY KEY MANAGEMENT PERSONNEL

	Number of Options at 30 June 2010	Number Granted	Number Exercised	Number Cancelled	Number of Options at 30 June 2011
N Kingsbury	200,000	–	–	–	200,000
L Warren	100,000	–	–	–	100,000
D Barnes	–	500,000	–	–	500,000
S Bool	800,000	200,000	–	(200,000)	800,000
S Etherington	500,000	–	–	–	500,000
J Giddings	100,000	–	–	(100,000)	–
D Gordon	400,000	–	–	–	400,000
T Hughes	750,000	–	–	(750,000)	–
A Rudman	250,000	250,000	–	–	500,000

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL

	Number of Shares at 30 June 2010	Exercise of Options	Net Purchased/Sold	Number of Shares at 30 June 2011
G Fisher	45,000,000	–	–	45,000,000
N Kingsbury	120,000	–	–	120,000
T Walls	62,000,000	–	–	62,000,000
L Warren	100,000	–	–	100,000
D Barnes	–	–	–	–
S Bool	65,000	–	–	65,000
S Etherington	–	–	–	–
J Giddings	68,000	–	–	68,000
D Gordon	20,000	–	–	20,000
T Hughes	15,000	–	–	15,000
A Rudman	62,000	–	–	62,000

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



Tony Walls

Director

30 August 2011

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Note	CONSOLIDATED	
		2011 \$'000	2010 \$'000
Revenue	2	40,006	41,544
Cost of sales		(1,092)	(1,677)
Gross profit		38,914	39,867
Distribution expenses		(19,669)	(20,227)
Research and development expenses		(9,346)	(9,445)
Administration expenses		(6,437)	(7,294)
Finance costs			
Net gain on financial asset at fair value through profit or loss		252	100
Foreign exchange loss		(39)	(207)
Finance expenses		(191)	(428)
Profit from continuing operations before income tax		3,484	2,366
Income tax expense	4	(394)	(247)
Profit after tax attributable to members of the Company		3,090	2,119
		CENTS	CENTS
Basic earnings per share	22	2.6	1.7
Diluted earnings per share	22	2.6	1.7

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 2011

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Profit for the period	3,090	2,119
Other comprehensive income		
Foreign currency translation differences for foreign operations	56	133
Total comprehensive income for the period	3,146	2,252
Attributable to members of the Company	3,146	2,252

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 2011

	Note	CONSOLIDATED	
		2011 \$'000	2010 \$'000
Current assets			
Cash and cash equivalents	5	10,709	11,560
Receivables	6	10,055	15,634
Total current assets		20,764	27,194
Non current assets			
Property, plant and equipment	7	1,105	1,696
Deferred tax assets	4	630	1,227
Intangible assets	8	8,684	8,938
Total non current assets		10,419	11,861
Total assets		31,183	39,055
Current liabilities			
Payables	9	6,005	7,118
Interest bearing liabilities	10	21	3,630
Tax liabilities	4	152	–
Provisions	11	418	321
Other	12	8,062	13,179
Total current liabilities		14,658	24,248
Non current liabilities			
Interest bearing liabilities	10	–	21
Provisions	11	412	249
Total non current liabilities		412	270
Total liabilities		15,070	24,518
Net assets		16,113	14,537
Equity			
Contributed equity	13	2,186	2,186
Retained profits and reserves	14	13,927	12,351
Total equity		16,113	14,537

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 2011

	Note	CONSOLIDATED	
		2011 \$'000	2010 \$'000
Total equity at the beginning of the year		14,537	15,820
Profit for the year	14	3,090	2,119
Exchange differences on translation of foreign operations	14	56	133
Total comprehensive income for the year		3,146	2,252
Transactions with owners in their capacity as owners:			
Acquisitions of equity, net of transaction costs	13	–	(1,000)
Dividends provided for or paid	19	(1,570)	(2,535)
Total equity at the end of the year		16,113	14,537

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 2011

	Note	CONSOLIDATED	
		2011 \$'000	2010 \$'000
Cash flow from operating activities			
Receipts from customers		44,354	47,242
Payments to suppliers		(40,156)	(43,011)
Interest received		612	583
Interest paid		(191)	(428)
Income tax refund received		2	3
Net cash generated from operating activities	15	4,621	4,389
Cash flow from investing activities			
Purchase of plant and equipment		(328)	(264)
Net cash outflow from purchase of subsidiary		–	(742)
Net cash used in investing activities		(328)	(1,006)
Cash flow from financing activities			
Repayment of loan facilities		(3,400)	(600)
Finance lease payments		(230)	(505)
Share buy-back		–	(1,000)
Dividends paid		(1,570)	(2,535)
Net cash used in financing activities		(5,200)	(4,640)
Net decrease in cash and cash equivalents		(907)	(1,257)
Cash and cash equivalents at the beginning of the year		11,560	12,684
Net foreign exchange differences		56	133
Cash and cash equivalents at the end of the year	5	10,709	11,560

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

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.

The financial report was authorised for issue by resolution of the Directors on 29 August 2011.

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 other entities in the Group and 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 it is not in excess of the recoverable amount.

D. Plant and equipment

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

Plant and equipment are depreciated over their estimated useful life to the Group (2 to 6 years) on a straight line basis or reducing balance method.

E. Leased assets

Leases of 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 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, or with a maturity date of less than 90 days.

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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

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.

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.

Government grants

Government grant revenue is recognised when the relevant criteria have been met and there is reasonable assurance that the income will be received.

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 have been 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 income tax expense charged to profit or loss is the tax payable on taxable 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 as 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 service 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.

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. New standards and interpretations not yet adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting year ended 30 June 2011. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

i. AASB 2009–12 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments make numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, which have no major impact on the requirements of the amended pronouncements. The main amendment is to AASB 8 'Operating Segments' and requires an entity to exercise judgement in assessing whether a government and entities known to be under the control of, that government are considered a single customer for the purposes of certain operating segment disclosures. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

ii. AASB9 Financial Instruments, 2009–11 Amendments to Australian Accounting Standards arising from AASB 9 and 2010–7 Amendments to Australian Accounting Standards arising from AASB 9

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013 and completes phase 1 of the IASB's project to replace IAS 39 (being the international equivalent to AASB 139 'Financial Instruments: Recognition and Measurement'). This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The consolidated entity will adopt this standard from 1 July 2013 but the impact of its adoption is yet to be assessed by the consolidated entity.

iii. AASB 2010–4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments are a consequence of the annual improvements project and make numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provide clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instrument; clarifies that an entity can present an analysis of other comprehensive income for each component

of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provides guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

iv. AASB 2010–5 Amendments to Australian Accounting Standards

These amendments are applicable to annual reporting periods beginning on or after 1 January 2011. These amendments makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretation, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity.

v. AASB 124 Related Party Disclosures (December 2009)

This revised standard is applicable to annual reporting periods beginning on or after 1 January 2011. This revised standard simplifies the definition of a related party by clarifying its intended meaning and eliminating inconsistencies from the definition. The definition now identifies a subsidiary and an associate with the same investor as related parties of each other; entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other and whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other. This revised standard introduces a partial exemption of disclosure requirement for government-related entities. The adoption of this standard from 1 July 2011 will not have a material impact on the consolidated entity.

vi. AASB 2010–6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets

These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 July 2011 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale.

vii. AASB 2010–8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets

These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The adoption of these amendments from 1 July 2011 will not have a material impact on the consolidated entity as no investment property or revaluation models exist.

Q. 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.

R. 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	
	2011 \$'000	2010 \$'000
Sales and service revenue	39,150	40,361
Other revenue		
Interest receivable/received	612	583
Sundry revenue	244	600
Total revenue	40,006	41,544

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	
	2011 \$'000	2010 \$'000
Auditors remuneration:		
Group auditor – audit and review fees	60	60
Other auditors – audit fees	36	44
Other auditors – other	2	3
Auditors remuneration – total	98	107
Depreciation of plant and equipment	551	821
Amortisation of leased assets	106	106
Amortisation of intangible assets	254	305
Rental expense on operating leases	1,594	2,040
Net loss on disposal of plant and equipment	192	–
Employee benefits expense	27,198	27,832
Doubtful Debts	193	–
Research and development expenditure	9,346	9,445

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

NOTE 4. INCOME TAX

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
a) Components of tax expense:		
Current tax payable	152	–
Current tax receivable	(236)	–
Deferred tax asset	635	107
Under/(over) provision in prior years	(157)	140
Total income tax expense	394	247
Current tax receivable 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:		
Prima facie tax on profit before income tax at 30%	1,045	711
Tax effect of amounts which are not assessable/ deductible in calculating taxable income		
Research and development deductions	(781)	(777)
Amortisation of intangibles	76	91
Non allowable deductions	15	38
Sundry items/Difference in Tax Rates	52	27
Recognition of previously unrecognised tax losses from prior years	(51)	(156)
Change in unrecognised temporary differences	64	163
Current year losses for which no deferred tax asset has been recognised	131	10
	551	107
Under/(over) provision in prior years	(157)	140
Income tax expense	394	247
c) Deferred tax asset relates to the following:		
Tax losses recognised	44	362
Unrealised foreign exchange losses	33	69
Employee benefits	459	464
Post employment benefits	35	40
Leased plant and equipment	(9)	(9)
Differences between depreciation and tax written down values	–	(4)
Unrealised loss on securities	–	271
Other provisions	68	34
Total deferred tax asset	630	1,227
d) Deferred tax assets not recognised in the statement of financial position:		
Unused tax losses (tax effected)	998	1,038

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	
	2011	2010
	\$'000	\$'000
Cash at bank	3,163	3,254
Cash on deposit	3,124	3,124
Cash on deposit ¹	4,422	2,392
Floating rate interest securities ¹	–	2,790
Total cash and cash equivalents	10,709	11,560

¹ The Group's cash on deposit and floating rate interest securities where noted above are held as security for rental guarantees and the loan facilities as disclosed in Note 10 to the financial statements and therefore not available for use.

NOTE 6. RECEIVABLES

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Current		
Trade receivables	7,966	13,639
Provision for Doubtful Debts	(193)	–
Other receivables	1,716	1,450
Prepayments	566	545
Total current receivables	10,055	15,634

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

NOTE 7. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Furniture, fittings and office equipment at cost	3,703	4,711
Less accumulated depreciation	(2,658)	(3,153)
	1,045	1,558
Furniture, fittings and office equipment under finance lease	711	813
Less accumulated amortisation	(651)	(675)
	60	138
Total Property, plant and equipment	1,105	1,696
Reconciliation of carrying amounts		
Furniture, fittings and office equipment at cost		
Opening balance	1,558	2,081
Additions	288	492
Disposals	(192)	(194)
Depreciation/amortisation	(551)	(821)
Exchange Difference	(58)	–
Balance at year end	1,045	1,558
Furniture, fittings and office equipment under finance lease		
Opening balance	138	278
Additions	40	–
Disposals	–	(34)
Depreciation/amortisation	(106)	(106)
Exchange Difference	(12)	–
Balance at year end	60	138

NOTE 8. INTANGIBLE ASSETS

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Intellectual Property Cost		
Opening balance	2,544	2,544
Additions	–	–
Balance at year end	2,544	2,544
Accumulated amortisation		
Opening balance	(305)	–
Amortisation	(254)	(305)
Balance at year end	(559)	(305)
Net book value	1,985	2,239
Goodwill on acquisition of subsidiaries		
Opening balance	6,699	6,699
Additions	–	–
Balance at year end	6,699	6,699
Total intangible assets, at cost	9,243	9,243
Total intangible assets, net	8,684	8,938

Impairment Testing Of Goodwill

Goodwill acquired through business combinations has 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 budgets approved by senior management.

The key assumptions used in value-in-use calculations for 30 June 2011 are:

- The discount rate applied to cash flow projections is 15.5% (pre tax).
- Budgeted margins are based on past performance and Managements expectation for the future
- The forecast cash flows are based on a budget for 2012, with subsequent annual growth rates in revenue of 5% and expenses of 3% in the established market which represents the majority current cash inflows. For new markets representing the balance of current cash inflows, accelerated growth rates in net income have been applied as the anticipated growth is from a low base. The revenue in new markets reflects an identified anticipated pipeline of customers and is based on previous experience in conversion.
- Terminal value at end of year 5 of 5 times EBITDA

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

NOTE 9. PAYABLES

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Trade creditors and sundry creditors	3,167	4,136
Goods and services taxes	1,571	1,691
Employee entitlements	1,267	1,291
Total payables	6,005	7,118

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

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****NOTE 10. INTEREST BEARING LIABILITIES**

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Current		
Loan facility – secured	–	3,400
Credit card liabilities – unsecured	–	3
Lease liabilities – secured	21	227
Total current interest bearing liabilities	21	3,630
Non current		
Lease liabilities – secured	–	21
The loan facility consists of a floating rate bill facility from a licensed financial institution and is secured by the Group's cash on deposit. The weighted average interest rate for the current year is 6.4% per annum (2010: 6.2%). In addition, a 1.6% interest per annum is payable on the unused portion of the facility. The total for the Group is as follows:		
Loan facility	6,000	8,000
Drawdown	–	(3,400)
Total unused facility	6,000	4,600
Credit card liabilities are unsecured.		
Lease liabilities are effectively secured as rights to the leased assets revert to the lessor in the event of default. The carrying value of these interest bearing liabilities is assumed to approximate their fair value. The lease liabilities are payable as follows:		
Payable less than one year	21	227
Payable later than one year but less than five years	–	21
Payable later than five years	–	–
	21	248

NOTE 11. PROVISIONS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Current		
Employee entitlements	262	172
Other provisions	156	149
Total current provisions	418	321
Non current		
Employee entitlements	259	209
Other provisions	153	40
Total non current provisions	412	249

The movements in other provisions are as follows:

	Other Provisions
	2011
	\$'000
Opening balance	189
Provision for the current year	1,697
Payment during the year	(1,577)
Balance at year end	309

NOTE 12. OTHER LIABILITIES

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Unearned Income	8,062	13,179

NOTE 13. CONTRIBUTED EQUITY

	2011	2010	2011	2010
	Number of Shares	Number of Shares	\$'000	\$'000
Ordinary shares fully paid	120,753,277	120,753,277	2,186	2,186
Total contributed equity	120,753,277	120,753,277	2,186	2,186
Movements in ordinary share capital				
Opening balance	120,753,277	125,753,277	2,186	3,186
Share buy-back ¹	–	(5,000,000)	–	(1,000)
Closing balance	120,753,277	120,753,277	2,186	2,186

¹ During the prior financial year, the Company bought back a total of 5,000,000 shares at \$0.20 per share. The total cost of \$1,000,000 including transaction costs have been deducted from ordinary contributed equity. There is no current on market share buy-back.

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.

Options issued during the year under the Employee Incentive Plan

The Company issued 2,057,000 employee options during the year pursuant to the Employee Incentive Plan. The options were issued at no cost to the employee and vest over four years, one quarter each year.

	Number Issued	Expiry Date
Employee options exercisable at \$0.50	1,200,000	15/07/2016
Employee options exercisable at \$0.50	657,000	01/09/2016
Employee options exercisable at \$0.50	200,000	25/10/2016
	2,057,000	

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 2011 there are 4,497,000 (2010: 4,407,000) employee options outstanding. During the year no options were exercised into ordinary shares (2010: Nil). 1,967,000 options were cancelled during the year (2010: 400,000).

Options on Issue at Balance Date	2011		2010	
	Number	Expiry Date	Number	Expiry Date
Employee options exercisable at \$0.50	–	–	757,000	18/08/2010
Employee options exercisable at \$0.50	50,000	02/10/2012	50,000	02/10/2012
Employee options exercisable at \$1.00	–	–	200,000	24/10/2010
Employee options exercisable at \$1.00	100,000	30/06/2012	100,000	30/06/2012
Employee options exercisable at \$1.00	790,000	30/06/2014	1,300,000	30/06/2014
Employee options exercisable at \$1.00	100,000	30/06/2014	100,000	30/06/2014
Employee options exercisable at \$0.50	100,000	30/06/2014	100,000	30/06/2014
Employee options exercisable at \$0.50	500,000	31/12/2014	1,000,000	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	500,000	01/11/2015	500,000	01/11/2015
Employee options exercisable at \$0.50	1,200,000	15/07/2016	–	–
Employee options exercisable at \$0.50	657,000	01/09/2016	–	–
Employee options exercisable at \$0.50	200,000	25/10/2016	–	–
Total options on issue	4,497,000		4,407,000	

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****NOTE 14. RETAINED PROFITS AND RESERVES**

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Retained profits	13,808	12,288
Share-based payment reserve	43	43
Foreign currency translation reserve	76	20
Retained profits and reserves at year end	13,927	12,351
Movements in retained profits and reserves		
a) Retained profits		
Opening balance	12,288	12,704
Net profit for the year	3,090	2,119
Total available for appropriation	15,378	14,823
Dividends paid	(1,570)	(2,535)
Balance at year end	13,808	12,288
b) Share-based payment reserve		
Opening balance	43	43
Movement during the year	–	–
Balance at year end	43	43
This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.		
c) Foreign currency translation reserve		
Opening balance	20	(113)
Movement during the year	56	133
Balance at year end	76	20
This reserve records exchange differences arising on translation of foreign controlled entities.		
Total retained profits and reserves	13,927	12,351

NOTE 15. CASH FLOW INFORMATION

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

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Profit from operating activities after tax	3,090	2,119
Add/(Less): Non cash items		
Depreciation/amortisation	911	1,232
Loss on disposal of plant and equipment	192	–
Add/(Less): Working capital changes		
Decrease in receivables	5,649	1,842
Decrease in deferred tax assets	597	151
Increase in Income Tax Payable	152	–
Decrease in payables	(1,113)	(840)
Increase in provisions	260	123
Decrease in unearned income	(5,117)	(238)
Net cash generated from operating activities	4,621	4,389

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

Directors' interest in shares and options at balance date were:

	2011	2010
	Number	Number
Shares	107,220,000	107,220,000
Options	300,000	300,000

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 of Directors and key management personnel is fixed annually with some of the key management personnel being entitled to a performance bonus based on achievement of specified targets.

The details of the remuneration of Directors and key management personnel are disclosed in the Remuneration report section of the Directors' Report.

No options were issued to Directors during the year.

b) The consolidated entity

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

Direct Interest	Country of Incorporation	Ownership	
		2011	2010
Objective Corporation UK Limited	United Kingdom	100%	100%
Objective Corporation USA Inc	United States of America	100%	100%
Objective Corporation Solutions NZ Limited	New Zealand	100%	100%
Objective Corporation Singapore Pte Limited	Singapore	100%	100%
Objective Corporation Consolidated UK Limited	United Kingdom	100%	100%
Indirect Interest			
Limehouse Software Limited	United Kingdom	100%	100%
Limehouse Software Inc	United States of America	100%	100%

c) Transactions with other related parties

During the year the Group was provided management consulting services and was charged \$132,520 (2010: \$252,472) 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.

NOTE 17. EMPLOYEE ENTITLEMENTS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Amounts payable as in Note 9	1,267	1,291
Provisions – current as in Note 11	262	172
Provisions – non current as in Note 11	259	209
Total employee entitlements	1,788	1,672

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****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 replaces the Employee Option Plan that the Company had in place. 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.

NOTE 19. DIVIDENDS

	CONSOLIDATED	
	2011	2010
	\$'000	\$'000
Dividends paid during the year:		
In 2011, the Company/Group paid the 2010 final dividend of 1.3 cents per share unfranked on 24 September 2010. (2010: Payment of 2009 final dividend of 2.1 cents per share unfranked)	1,570	2,535
Dividends proposed and not recognised as a liability at year end:		
Since year end, the Directors have declared a final dividend of 1.5 cents per share unfranked (2010: 1.3 cents per share unfranked). As the dividend was declared after year end, the financial effect has not been brought to account in the financial statements for the year ended 30 June 2011.	1,811	1,570

Franked dividends

The final dividend declared after the year end in respect of the financial year 30 June 2011 is unfranked. There are no franking credits available. There is no Conduit Foreign Income (CFI) included in the final unfranked dividend.

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	
	2011 \$'000	2010 \$'000
Operating leases		
Payable less than one year	1,686	1,924
Payable later than one year but less than five years	5,250	886
Total	6,936	2,810

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 and finance leases. 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, price 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 and interest bearing liabilities. 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	
	2011 \$'000	2010 \$'000
Cash at bank	3,163	3,254
Cash on deposit – Within one year	6,457	2,392
Cash on deposit – Between one and five years	1,089	3,124
Floating rate interest securities	–	2,790
Credit card liabilities	–	(3)
Lease liabilities	(21)	(248)
Loan facility	–	(3,400)
	10,688	7,909
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:		
Post Tax Profit		
+1% (100 basis points) in interest rates	75	55
-1% (100 basis points) in interest rates	(75)	(55)
Equity		
+1% (100 basis points) in interest rates	75	55
-1% (100 basis points) in interest rates	(75)	(55)

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 significantly 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.

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED**

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	
	2011	2010
	\$'000	\$'000
Cash and cash equivalents	3,757	2,929
Trade and other receivables	2,755	4,506
Trade and other payables	(1,284)	(2,654)
Net foreign currency exposure	5,228	4,781
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:		
NEW ZEALAND DOLLAR EXPOSURE		
Post Tax Profit		
+10% favourable movement in AUD	(191)	(115)
-10% adverse movement in AUD	191	115
Equity		
+10% favourable movement in AUD	(212)	(168)
-10% adverse movement in AUD	212	168
BRITISH POUND EXPOSURE		
Post Tax Profit		
+10% favourable movement in AUD	-	-
-10% adverse movement in AUD	-	-
Equity		
+10% favourable movement in AUD	(96)	(175)
-10% adverse movement in AUD	96	175

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	
	2011	2010
	\$'000	\$'000
Cash and cash equivalents	10,709	11,560
Trade and other receivables	9,489	15,089
At 30 June, the analysis of trade and other receivables is as follows:		
Fully performing debts	8,880	11,921
Past due more than 30 days	370	2,072
Past due more than 60 days	9	276
Past due more than 90 days	230	820
Total	9,489	15,089

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
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:		
Cash and cash equivalents	10,709	11,560
Receivables	10,055	15,634
Payables	(6,005)	(7,118)
Tax Liabilities	(152)	–
Interest bearing liabilities	(21)	(3,651)
Net financial assets	14,586	16,425

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. The Group continues to adhere to all debt covenants and therefore liquidity at balance date also includes borrowing facilities.

	CONSOLIDATED	
	2011 \$'000	2010 \$'000
Net financial assets	14,586	16,425
Unused facility	6,000	4,600
Cash not available for use	(4,422)	(5,182)
	16,164	15,843

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.

NOTE 22. EARNINGS PER SHARE

	CONSOLIDATED	
	2011	2010
Basic earnings per share – cents	2.6	1.7
Net profit used in calculating basic earnings per share – \$'000	3,090	2,119
Weighted average number of shares used as the denominator in calculating basic earnings per share	120,753,277	121,438,209
Diluted earnings per share – cents	2.6	1.7
Net profit used in calculating basic earnings per share – \$'000	3,090	2,119
Weighted average number of shares used as the denominator in calculating diluted earnings per share	120,753,277	121,438,209

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

The Group tests annually whether goodwill has 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. Refer to note 8.

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.

NOTES TO THE FINANCIAL STATEMENTS **CONTINUED****NOTE 24. SEGMENT INFORMATION****a) Geographic segments**

	Asia Pacific	Europe	Unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
2011				
Segment Revenue				
Sales to external customers	31,619	7,256	275	39,150
Interest revenue	–	–	612	612
Other revenue	82	162	–	244
Total revenue	31,701	7,418	887	40,006
Expenses (not including R&D)	17,169	7,226	2,590	26,985
Profit/(Loss) before R&D	14,532	192	(1,703)	13,021
R&D expenses	–	–	9,346	9,346
Finance expenses	–	–	191	191
Income tax expense	–	–	394	394
Net profit/(loss)	14,532	192	(11,634)	3,090
Assets	19,839	3,141	8,203	31,183
Liabilities	5,691	6,535	2,844	15,070
Capital expenditure	282	44	2	328
Depreciation and amortisation	360	269	282	911
2010				
Segment Revenue				
Sales to external customers	28,490	11,398	473	40,361
Interest revenue	–	–	583	583
Other revenue	138	462	–	600
Total revenue	28,628	11,860	1,056	41,544
Expenses (not including R&D)	16,541	9,298	3,466	29,305
Profit/(Loss) before R&D	12,087	2,562	(2,410)	12,239
R&D expenses	–	–	9,445	9,445
Finance Expenses	–	–	428	428
Income tax expense	–	–	247	247
Net profit/(loss)	12,087	2,562	(12,530)	2,119
Assets	14,339	7,896	16,820	39,055
Liabilities	14,797	5,770	3,951	24,518
Capital expenditure	380	–	8	388
Depreciation and amortisation	422	488	322	1,232

b) Industry segments

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

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 2011 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	
	2011 \$'000	2010 \$'000
a) Summarised statement of comprehensive income		
Profit for the year after tax	2,445	1,933
Total comprehensive income for the year	2,445	1,933
b) Summarised statement of financial position		
Assets		
Current assets	17,164	22,096
Non current assets	2,051	7,089
Total assets	19,215	29,185
Liabilities		
Current liabilities	4,204	15,456
Non current liabilities	656	249
Total liabilities	4,860	15,705
Net assets	14,355	13,480
Equity		
Contributed equity	2,186	2,186
Retained profits and reserves	12,169	11,294
Total equity	14,355	13,480

NOTE 28: COMPANY DETAILS

The registered office of the company is:

Objective Corporation Limited
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 35 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 2011 and its performance for the year ended on that date.
2. The Chief Executive Officer and 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 Group and 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

30 August 2011

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OBJECTIVE CORPORATION LIMITED



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

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

We have audited the accompanying financial report of Objective Corporation Limited and controlled entities. The financial report comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

AUDITOR'S RESPONSIBILITY

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

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

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

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion:

- (a) the financial report of Objective Corporation Limited and controlled entities 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 2011 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
- (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 pages 11 to 13 of the report of the directors for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

AUDITOR'S OPINION

In our opinion, the remuneration report of Objective Corporation Limited and controlled entities for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

R M SHANLEY
Partner

PITCHER PARTNERS
Sydney
30 August 2011

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF OBJECTIVE CORPORATION LIMITED



PITCHER PARTNERS

ACCOUNTANTS AUDITORS & ADVISORS

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Australia

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Pitcher Partners, including Johnston Rorke,
is an association of independent firms
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In relation to the independent audit for the year ended 30 June 2011, 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.

R M SHANLEY
Partner
PITCHER PARTNERS
Sydney
30 August 2011

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 15 September 2011.

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

Analysis of number of equity security holders by size of holding:

SIZE OF HOLDINGS	ORDINARY SHARES
1 – 1,000	33
1,001 – 5,000	154
5,001 – 10,000	76
10,001 – 100,000	140
100,001 and over	28
	431

There were 116 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 hands 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	51.344
MARLAINE LTD	45,000,000	37.266
CLAPSY PTY LTD	1,136,360	0.941
HAWKLEY LLC	1,000,000	0.828
ARRAS PTY LTD	650,000	0.538
MRS ELAINE WALLS & MS MICHELLE ROBYN WALLS	535,000	0.443
MRS EMMA JANE GRACEY	512,500	0.424
ROGER DIXON ARMSTRONG	442,569	0.367
MRS MADELINE THOMSON	430,000	0.356
KYELAH PTY LIMITED	300,000	0.248
MR STEPHEN WALKER	247,400	0.205
DUTSON & CO PTY LIMITED	246,665	0.204
MR MITCHELL JAMES HARRISON & DR ROSALIND FRANCES MENZIES	237,609	0.197
EMSDA NOMINEES PTY LTD	210,000	0.174
MAST FINANCIAL PTY LTD	200,000	0.166
JOHN HENRY PASCOE	200,000	0.166
UPLANDS GROUP PTY LTD	161,482	0.134
MR BENJAMIN YOUNGMAN GRAHAM & MRS KATERINA GRAHAM	150,000	0.124
TMX PTY LTD	140,000	0.116
SIMKAR PTY LTD	135,475	0.112
	113,935,060	94.353

D) SUBSTANTIAL HOLDERS IN THE COMPANY

ORDINARY SHARES

TBW TRUSTEES LIMITED	62,000,000	51.344
MARLAINE LTD	45,000,000	37.266

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

David Barnes

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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