Objective Corporation Limited

ABN: 16 050 539 350

Appendix 4D

Preliminary final report

for the six months ended 31 December 2005
(previous corresponding period being the six months ended 31 December 2004)

Objective

Results for announcement to the market

Key information

	Dec 2005 $A '000	Dec 2004 $A '000	% Change
Revenue from ordinary operations	17,256	15,040	15%
Profit from ordinary activities after income tax attributable to members	3,199	3,038	5%
Net profit for the year attributable to members	3,199	3,038	5%

Dividends

	Amount per security	Franked amount per security
Interim dividend	N/A	N/A
Total amount per ordinary share	N/A	N/A

No interim dividend is payable or proposed.

Earnings per share

	Dec 2005	Dec 2004
Earnings per share	2.4 cents	2.3 cents

Net tangible assets

	Dec 2005	Dec 2004
Net tangible assets	13.8 cents	10.0 cents

The information contained in this report should be read in conjunction with the 30 June 2005 Annual Report of Objective Corporation Limited.

Review of operations

	31-Dec-05 $'000	31-Dec-04 $'000	% Change
Revenue			
Asia Pacific	10,726	7,071	52%
Europe	5,892	7,712	(24)%
Unallocated	638	257	149%
Total revenue	17,256	15,040	
Profit before income tax			
Asia Pacific	5,626	3,747	50%
Europe	1,170	2,778	(58)%
Unallocated	(2,556)	(2,501)	2%
Profit before income tax	4,240	4,024	

The profit of the consolidated entity after income tax expense increased 5% to $3,199,000 (2004 $3,038,000) for the half year ended 31 December 2005. Revenue for the consolidated entity increased 15% to $17,256,000 (2004 $15,040,000) while total expenses increased by 18%. The Company continued to investment a record amount in research and development during the half year with expenditure increased by 18%.

Asia Pacific operations maintained its strong growth with revenue increasing by 52% to $10,726,000 (2004 $7,071,000) and profit before tax increasing by 50% to $5,626,000 (excluding unallocated income and expenses) for the half year ended 31 December 2005 (2004 $3,747,000).

European operations were adversely effected by the delay in TNA certification with revenue decreasing by 28% to $5,892,000 (2004 $7,712,000). Accordingly the segment profitability before tax (excluding unallocated income and expenses) for the half year decreased by 58% to $1,170,000 (2004 $2,778,000).

Performance trend analysis

1st Half

Financial Year	Revenue $'000	Net profit after tax $'000	Net assets $'000
FY 2006 1st Half	17,256	3,199	18,651
FY 2005 1st Half	15,040	3,038	13,364
FY 2004 1st Half	11,014	1,904	8,551
FY 2003 1st Half	6,521	408	5,494
FY 2002 1st Half	5,758	207	3,843
FY 2001 1st Half	4,411	(424)	4,590

2nd Half

Financial Year	Revenue $'000	Net profit after tax $'000	Net assets $'000
FY 2005 2nd Half	19,031	4,965	18,153
FY 2004 2nd Half	16,137	3,412	11,964
FY 2003 2nd Half	8,848	1,712	7,197
FY 2002 2nd Half	7,183	1,503	5,346
FY 2001 2nd Half	3,910	(889)	3,636

Full year performance

Financial year	Revenue $'000	Net profit after tax $'000	Net assets $'000
FY 2005	34,071	8,003	18,153
FY 2004	27,151	5,316	11,839
FY 2003	15,369	2,120	7,197
FY 2002	12,941	1,710	5,346
FY 2001	8,321	(1,313)	3,636

Please note the previous years figures have been restated to take account of accounting policies under AIFRS.

Audit/Review

The financial statements and notes thereto have been subject to review and the auditor's review report is attached.

The remainder of the information requiring disclosure to comply with listing rule 4.2A is contained in the attached financial statements and notes thereto.

Half year Financial Report

Objective Corporation Limited

and its controlled entities

ABN 16 050 539 350

31 December 2005

Directors' Report

Your Directors submit their report together with the consolidated financial statements of Objective Corporation Limited, for the half year ended 31 December 2005 and the Auditors' review report thereon.

Principal Activities

The principal activities of the corporations in the consolidated entity during the financial half year were the supply of information technology software and services. The principal activities of the consolidated entity did not change during the half year.

Review of Operations

	31-Dec-05 $'000	31-Dec-04 $'000	% Change
Revenue			
Asia Pacific	10,726	7,071	52%
Europe	5,892	7,712	(24)%
Unallocated	639	257	149%
Total revenue	17,257	15,040	
Profit before income tax			
Asia Pacific	5,626	3,747	50%
Europe	1,170	2,778	(58)%
Unallocated	(2,555)	(2,501)	2%
Profit before income tax	4,241	4,024	

The profit of the consolidated entity after income tax expense increased 5% to $3,199,000 (2004 $3,038,000) for the half year ended 31 December 2005. Revenue for the consolidated entity increased 15% to $17,256,000 (2004 $15,040,000) while total expenses increased by 18%. The Company continued to investment a record amount in research and development during the half year with expenditure increased by 18%.

Asia Pacific operations maintained its strong growth with revenue increasing by 52% to $10,726,000 (2004 $7,071,000) and profit before tax increasing by 50% to $5,626,000 (excluding unallocated income and expenses) for the half year ended 31 December 2005 (2004 $3,747,000).

European operations were adversely effected by the delay in TNA certification with revenue decreasing by 28% to $5,892,000 (2004 $7,712,000). Accordingly the segment profitability before tax (excluding unallocated income and expenses) for the half year decreased by 58% to $1,170,000 (2004 $2,778,000).

Outlook

The outlook for the Company for the remainder of the 2006 financial year is positive. The Company expects a significant increase on its results from last year with organic growth delivering record revenues for the 2006 financial year.

Directors

The names of the Directors in office at the date of this report are:

Tony Walls
Gary Fisher
Scott Brown
Mark Braithwaite

Auditor's Independence Declaration

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

Rounding Off

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

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

Tony Walls
Director
Dated this 21st day of February 2005.

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

	Consolidated	
	Half year ended 31-Dec-05 $'000	**Half year ended 31-Dec-04 $'000**
Revenue from ordinary activities	17,256	15,040
less		
Cost of goods sold	558	1,184
Gross profit	16,698	13,856
Audit and accounting fees	55	82
Borrowing costs	4	5
Communications expenses	157	135
Depreciation and amortisation	199	131
Insurance	74	99
Marketing expenses	901	357
Occupancy costs	493	484
Payroll tax	296	237
Salaries and employee benefits	7,714	6,973
Travel & accommodation	674	512
Other expenses from ordinary activities	1,891	817
Profit/(loss) from ordinary activities before income tax	4,240	4,024
Income tax expense	1,041	986
Profit (loss) from ordinary activities after income tax attributable to members of Objective Corporation Limited	3,199	3,038
	Cents	Cents
Basic earnings per share	2.4	2.3
Diluted earnings per share	2.3	2.2

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

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2005

	Consolidated	
	31-Dec-05 $'000	30-Jun-05 $'000
CURRENT ASSETS		
Cash	16,549	19,026
Receivables	10,687	7,754
TOTAL CURRENT ASSETS	27,236	26,780
NON CURRENT ASSETS		
Receivables	-	24
Property, plant and equipment	1,131	1,032
Deferred tax assets	339	246
TOTAL NON CURRENT ASSETS	1,470	1,302
TOTAL ASSETS	28,706	28,082
CURRENTS LIABILITIES		
Payables	2,558	2,711
Interest bearing liabilities	125	126
Current tax liability	2,832	2,749
Provisions	813	751
Other	3,505	3,423
TOTAL CURRENT LIABILITIES	9,834	9,760
NON CURRENT LIABILITIES		
Interest bearing liabilities	57	30
Provisions	164	139
TOTAL NON CURRENT LIABILITIES	221	169
TOTAL LIABILITIES	10,055	9,929
NET ASSETS	18,651	18,153
EQUITY		
Contributed equity	5,253	5,180
Retained profits and reserves	13,398	12,973
	18,651	18,153

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES

CONSOLIDATED CASH FLOW

FOR HALF YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	Half year ended 31-Dec-05 $'000	Half year ended 31-Dec-04 $'000
Cash flow from operating activities		
Receipts from customers	15,724	11,701
Payments to suppliers and employees	(13,250)	(10,576)
Interest received	488	256
Goods and services tax paid	(1,490)	(454)
Interest paid	(4)	(5)
Income tax paid	(1,063)	(53)
Net Cash provided/(used) in operating activities	405	869
Cash flow from investing activities		
(Payments)/receipts for advances or deposits	3	(1)
(Payments)/receipts for plant & equipment	(296)	(271)
Net cash used in investing activities	(293)	(272)
Cash flow from financing activities		
Increase/(decrease) in borrowings	25	(30)
Receipts from share issues	71	170
Dividends paid	(2,685)	(1,665)
Net cash used in financing activities	(2,589)	(1,525)
Net increase/(decrease) in cash held	(2,477)	(928)
Cash at the beginning of the half year	19,026	10,595
Cash at the end of the half year	16,549	9,667

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

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES

STATEMENT OF CONSOLIDATED CHANGES IN EQUITY

FOR HALF YEAR ENDED 31 DECEMBER 2005

	Consolidated	
	Half year ended 31-Dec-05 $'000	**Half year ended 31-Dec-04 $'000**
Total equity at the beginning of the half year	18,279	11,839
Net exchange differences relating to self sustaining foreign operations	(83)	-
Net income recognised directly in equity	(83)	-
Net profit for half year	3,199	3,038
Total recognised income and expense for the half year	3,116	3,038
Transactions with shareholders in their capacity of shareholders:		
Contributions of equity	73	170
Share based employee benefits	(108)	2
Dividends provided for or paid	(2,709)	(1,685)
	(2,744)	(1,513)
Total equity at the end of the half year	18,651	13,364

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

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

Note 1. Basis of preparation of the half year financial report

This half year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards AASB 134 "Interim Financial Reporting", together with the Corporations Act 2001. The half year financial report is to be read in conjunction with the 30 June 2005 Annual Financial Statements and any public announcement by Objective Corporation Limited to the ASX under the continuous disclosure obligations arising under the Corporation Act 2001.

The half year report does not include full note disclosures of the type that is included in the annual financial statements.

Adoption of Australian equivalents to International Financial Reporting Standards

The financial report complies with the Australian Accounting Standards, which include the Australian equivalents to International Financial Reporting Standards (AIFRS). This is the first financial report prepared based on AIFRS and comparatives have been restated accordingly.

The financial reports of the Company for the period up to 30 June 2005 were prepared in accordance with the previous Generally Accepted Accounting Principals (AGAAP). There are certain differences between accounting policies under AIFRS and AGAAP. A summary of significant accounting policies under AIFRS is disclosed below.

The Company has made the following elections in relation to the transitional exemptions allowed by
AASB 1 " First time Adoption of Australian equivalents to International Financial Reporting Standards"

- Share based payment transactions (AASB 2) is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.
- Financial Instruments (AASB 132) are required to be recognised at fair value rather than cost. The Company has taken advantage of the exemption so that the comparative information is presented in accordance with the previous AGAAP.

Summary of significant accounting policies

A. Basis of accounting

The financial information has been prepared on the basis of historical costs and except where stated do not take into account current valuations of non current assets.

Non Current assets are revalued from time to time as considered appropriate by the Directors and are not stated at amounts in excess of their recoverable amounts.

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 consolidated entity. The effects of all transactions between entities in the consolidated entity 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. Income tax

The income tax expense or revenue for the period is the tax payable on the current period taxable income based on the national income tax rate for each jurisdiction adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused income tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates that expected to apply when the assets are recovered or liabilities settled.

The Directors elected that all wholly owned Australian entities would join a tax consolidated group. As a result all income tax expenses, revenue, assets and liabilities of the members of the tax consolidation group are recognised in the financial statements of the parent entity. The income tax expense of the Australian subsidiary companies is generally paid by the parent entity.

D. Investments

Controlled entities

Investments in controlled entities are carried in the Company's financial statements at the lower of cost and net realisable value. Dividends are brought to account in the consolidated income statement when they are declared by the controlled entities. The carrying amount of investments is assessed annually to ensure that it is not in excess of the recoverable amount.

E. Property, plant & equipment

Each class of property, 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 property, plant and equipment is reviewed annually to ensure that it is not in excess of the net recoverable amount.

Depreciation

Property plant and equipment, other than freehold land, are depreciated over their estimated useful life to the consolidated entity using the straight line method.

The principal depreciation rates used are:

Computer equipment	40%
Plant and equipment	20%

F. Leased assets

Leases of plant and equipment of the Company or its controlled entities, 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.

G. Receivables, payables, and provisions

Trade debtors

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

An 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 consolidated entity 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 12 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 consolidated entity to employee superannuation funds and are charged as expenses when incurred. The Company does not operate any defined benefit superannuation plan.

The Company operates an Employee Incentive Plan details of which are disclosed in note 19 of the 2005 Annual report. 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 when they are approved pursuant to AASB 110.

H. Operating revenue

Sales represent revenue from the sale of the consolidated entitiy's products, net of returns and duties paid and consulting and support service fees. Other revenue is 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 is applied in preparation of the financial statements:

Product sales

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

Rendering of services

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

Upgrade and support program (USP)

Revenue from USP is recognised over the period during which the relevant USP is provided.

I. Foreign currency transactions and balances

Foreign currency transactions during the year are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.
Resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year.
The financial statements of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- All resulting exchange differences are recognised as a separate component of equity.

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve as a separate component of equity in the balance sheet.

J. Earnings per share

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

K. Cash

For the purposes of the Statement of cash flow, cash includes:

(i) cash on hand and cash on deposit with banks or financial institutions, net of bank overdrafts; and
(ii) 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.

L. Listing expenses

Listing expenses have been deducted from the contributed equity in accordance with AASB 132.

M. Research and development expenditure

Research and development expenditure is charged to profit from ordinary activities before income tax as incurred.

N. Goods and service tax

Revenues, expenses and assets are recognised net of the amount of goods and service tax (GST) except:

1. Where the amount of GST incurred is not recoverable from the relevant taxation authority.
2. 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 flow on a gross basis. The GST component of cash flow arising from investing and financing activities is classified as operating cash flows.

Key differences under AIFRS

The key differences in the consolidated entity's accounting policies compared with the accounting policies under AGAAP are:

Impairment of assets

The consolidated entity previously determined the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. Under AASB 136: Impairment of Assets, the recoverable amount of an asset will be determined as the higher of fair value less costs to sell and value in use.

Non-current investments

Under the new standard AASB 139: Financial Instruments: Recognition and measurement, financial instruments that are classified as available for sale instruments must be carried at fair value. Unrealised gains or losses may be recognised either in income or directly to equity. Previous accounting policy was to measure non current investments at cost, with an annual review by Directors to ensure that the carrying amounts were not in excess of the recoverable value of the instrument.

Income tax
Under AASB 112, the consolidated entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit. Previously, the consolidated entity adopted the liability method of tax-effect accounting whereby the income tax expense was based on the accounting profit adjusted for any permanent differences. Timing differences were previously brought to account as either a provision for deferred income tax or future income tax benefit.

Derivative financial instruments
Under AASB 139: Financial Instruments: Recognition and Measurement will require that derivative financial instruments and hedging activities are recorded in the financial statements. Previously the consolidated entity did not currently recognise derivative financial instruments in the financial statements. The Company currently does not use derivative financial instruments.

Employee incentive plan
Under AASB 2 Share Based Payments, the company will be required to determine the fair value of equity settled transactions and recognise an expense in the consolidated income statement. Share-based payments to employees (such as the grant of options under the Employee Incentive Plan) are to be expensed under AIFRS. During the half year the Company issued shares following the exercising of options by employees as outlined in Note 3.

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

Note 2. Segment Reporting

	Asia/Pacific	Europe	Unallocated	Consolidated
	$'000	$'000	$'000	$'000
For half year ended 31 December 2005				
Revenue				
- external customers/other income	10,730	5,888	150	16,768
- interest received	-	-	488	488
	10,730	5,888	638	17,256
Expenses (not including R & D)	5,104	4,718	675	10,497
Profit before R & D	5,626	1,170	(37)	6,759
R & D expenses	-	-	2,494	2,494
less Interest expense & foreign exchange loss			25	25
less income tax			1,041	1,041
Profit after income tax	5,626	1,170	(3,597)	3,199
Segment assets and liabilities				
Assets excluding property, plant and equipment	7,399	3,088	17,088	27,575
Property, plant and equipment				
Opening balance	810	222	-	1,032
Additions	255	43	-	298
Depreciation/amortisation/disposals	(145)	(54)	-	(199)
Closing balance	920	211	-	1,131
Liabilities	5,070	1,989	2,996	10,055
Net assets for each segment	3,249	1,310	14,092	18,651

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

	Asia/Pacific	Europe	Unallocated	Consolidated
	$'000	$'000	$'000	$'000
For half year ended 31 December 2004				
Revenue				
- external customers/other income	7,072	7,712	-	14,784
- interest received	-	-	256	256
	7,072	7,712	256	15,040
Expenses (not including R & D)	3,325	4,934	532	8,791
Profit before R & D	3,747	2,778	(276)	6,249
R & D expenses	-	-	2,107	2,107
less Interest expense & foreign exchange gain			118	118
less income tax			986	986
Profit (losses) before tax	3,747	2,778	(3,487)	3,038
Segment assets and liabilities				
Assets excluding property, plant and equipment	5,620	4,806	10,092	20,518
Property, plant and equipment				
Opening balance	395	238	-	633
Additions	256	15	-	271
Depreciation/amortisation/disposals	69	42	-	111
Closing balance	582	211	-	793
Liabilities	3,519	2,052	2,376	7,947
Net assets for each segment	2,683	2,965	7,716	13,364

(b) Industry Segment

The consolidated entity operates in the information technology software and services industry during the financial half year.

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

	Consolidated		Consolidated	
	Half year ended 31-Dec-05	Half year ended 31-Dec-04	Half year ended 31-Dec-05	Half year ended 31-Dec-04

Note 3. Contributed equity

	Shares	*Shares*	$'000	$'000
Ordinary Shares	135,595,500	135,300,500	5,253	5,119
Total contributed equity	135,595,500	135,300,500	5,253	5,119

	Shares	*Shares*	$'000	$'000
Opening balance	135,449,000	134,834,500	5,180	4,949
Shares issued from the conversion of employee options at 50 cents each	146,500	340,000	73	170
Shares issued pursuant to employee Incentive plan	-	126,000	-	-
Closing Balance	135,595,500	135,300,500	5,253	5,119

Options issued during the year

During the half year ended 31 December 2005 250,000 options in the Company were issued pursuant to the Employee Incentive Plan. The options have an exercise price of $1.00 and with a expiry date of 24th of September 2010. The options have performance hurdles and the employees must remain as an employee before the options vest. During the half year ended 31 December 2005 $8,000 was expensed in the consolidated income statement in respect of the 250,000 options issued in the half year.

	31-Dec-05		31-Dec-04	
Options on issue at balance date	**Number**	**Expiry Date**	**Number**	**Expiry Date**
Employee Options exercisable at 50 cents	879,000	18/08/2010	1,117,000	18/08/2010
Employee Options exercisable at 50 cents	128,500	02/10/2012	159,500	02/10/2012
Employee Options exercisable at $1.00	250,000	24/09/2010	-	24/09/2010
Total options on issue	1,257,500		1,276,500	

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

Note 4. Earnings per Share

	Half year ended 31-Dec-05 cents	Half year ended 31-Dec-04 cents
Basic earnings per share	**2.4**	**2.3**
Diluted earnings per share	**2.3**	**2.2**
	$'000	**$'000**
Net profit used in calculating basic and diluted earnings per share	3,199	3,038
	Number	**Number**
Weighted average number of shares used as the denominator in calculating basic earnings per share	135,513,543	134,996,511
	Number	**Number**
Weighted average number of shares used as the denominator in calculating diluted earnings per share	136,327,661	135,545,140

Note 5. Dividends

	Half year ended 31-Dec-05 cents	Half year ended 31-Dec-04 cents	Half year ended 31-Dec-05 $'000	Half year ended 31-Dec-04 $'000
Ordinary shares				
Fully franked dividend (at 30% franking)	2.00	1.25	2,709	1,685

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

Note 6. First time adoption of AIFRS – reconciliation of equity reported under AGAAP

(a) At the date of transition to AIFRS – 1 July 2004

	Note	AGAAP $	Adjustment $	AIFRS $
CURRENT ASSETS				
Cash		10,595		10,595
Receivables	(a)	6,862	(100)	6,762
Total current assets		17,457	(100)	17,357
NON CURRENT ASSETS				
Receivables		24		24
Property, plant and equipment		633		633
Deferred tax assets	(b)	176	10	186
Total non current assets		833	10	843
TOTAL ASSETS		18,290	(90)	18,200
CURRENT LIABILITIES				
Payables		2,500		2,500
Interest bearing liabilities		93		93
Current tax liability		1,354		1,354
Provisions	(c)	535	35	570
Other		1,688		1,688
Total current liabilities		6,170	35	6,205
NON CURRENT LIABILITIES				
Interest bearing liabilities		64		64
Provisions		92		92
Total non current liabilities		156		156
TOTAL LIABILITIES		6,326	35	6,361
NET ASSETS		11,964	(125)	11,839
EQUITY				
Contributed equity		4,949		4,949
Retained profits and reserves		7,015	(125)	6,890
TOTAL EQUITY		11,964	(125)	11,839

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

(b) At the end of the half-year reporting period under AGAAP – 31 December 2004

	Note	AGAAP $	Adjustment $	AIFRS $
CURRENT ASSETS				
Cash		9,666		9,666
Receivables	(a)	10,693	(96)	10,597
Total current assets		20,359	(96)	20,263
NON-CURRENT ASSETS				
Receivables		52		52
Property, plant and equipment		793		793
Deferred tax assets	(b)	192	10	202
Total non-current assets		1,037	10	1,047
TOTAL ASSETS		21,396	(86)	21,310
CURRENT LIABLITIES				
Payables		2,142		2,142
Interest bearing liabilities		71		71
Current tax liabilities		2,304		2,304
Provisions	(c)	563	40	603
Other		2,652		2,652
Total current liabilities		7,732	40	7,772
NON-CURRENT LIABILITIES				
Interest bearing liabilities		55		55
Provisions		120		120
Total non-current liabilities		175		175
TOTAL LIABILITIES		7,907	40	7,947
NET ASSETS		13,489	(126)	13,364
EQUITY				
Contributed equity		5,119		5,119
Retained profits and reserves		8,370	(126)	8,244
TOTAL EQUITY		13,489	(126)	13,363

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

(c) At the date of transition to AIFRS – 30 June 2005

	Note	AGAAP $	Adjustment $	AIFRS $
CURRENT ASSETS				
Cash		19,026		19,026
Receivables	(a)	7,850	(96)	7,754
Total current assets		26,876	(96)	26,780
NON-CURRENT ASSETS				
Receivables		24		24
Property, plant and equipment		1,032		1,032
Deferred tax assets	(b)	236	10	246
Total non-current assets		1,292	10	1,302
TOTAL ASSETS		28,168	(86)	28,082
CURRENT LIABLITIES				
Payables		2,711		2,711
Interest bearing liabilities		126		126
Current tax liabilities		2,749		2,749
Provisions	(c)	711	40	751
Other		3,423		3,423
Total current liabilities		9,720	40	9,760
NON-CURRENT LIABILITIES				
Interest bearing liabilities		30		30
Provisions		139		139
Total non-current liabilities		169		169
TOTAL LIABILITIES		9,889	40	9,929
NET ASSETS		18,279	(126)	18,153
EQUITY				
Contributed equity		5,180		5,180
Retained profits and reserves		13,099	(126)	12,973
TOTAL EQUITY		18,279	(126)	18,153

Objective Corporation Limited and its controlled entities

NOTES TO THE FINANCIAL STATEMENT

for the six months ended 31 December 2005

Note 7. First time adoption of AIFRS – reconciliation of profit reported under AGAAP to profit under AIFRS

	Note	AGAAP $	Adjustment $	AIFRS $
Revenue from ordinary activities	(a)	15,037	3	15,040
less				
Cost of goods sold		1,184		1,184
Gross Profit		13,853		13,856
Expenses from ordinary activities				
Accounting fees		82		82
Borrowing costs		5		5
Communication expenses		135		135
Depreciation and amortization		131		131
Insurance		99		99
Marketing expenses		357		357
Occupancy costs	(c)	479	5	484
Payroll tax		237		237
Salaries and employee benefits		6,973		6,973
Travel & accommodation		512		512
Other expenses from ordinary activities		817		817
Profit/(loss) from ordinary activities before income tax		4,026	(2)	4,024
Income tax expense		986		986
Profit/(loss) from ordinary activities after income tax attributable to members of Objective Corporation Limited		3,040	(2)	3,038
Total changes in equity other than those resulting from transactions with owners as owners		3,040	(2)	3,038

The first time adoption of AIFRS resulted in no material reconciling items to the profit reported under AGAAP for the period from 1 January 2005 to 30 June 2005.

(a) Derecognising of employee incentive loan receivable. The Company has derecognised the loan receivable under the Employee Incentive Plan. Under AIFRS an expense will be required to be made when employees are paid through a share based payment. Previously under AGAAP no expense was recognised for equity based compensation.

(b) Under AGAAP income tax was calculated by reference to the accounting profit adjusted for permanent differences. The adoption of AIFRS has resulted in a change in accounting policy which also affects the recognisition of income tax balances in the opening balances.

(c) Under AIFRS the Company is required to recognise expected costs on the termination of rental property that it occupies. Accordingly we have adjusted opening balances to reflect the expected costs to the Company on termination of its leases.

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statement.

Directors' declaration

The Directors declare that the attached financial statements and notes thereto :

(a) comply with Australian Accounting Standards, Corporations Regulations and other mandatory professional reporting requirements;

(b) give a true and fair view of the consolidated entities financial position at 31 December 2005 and of it's performance, as represented by the results of it's operations and it's cash flows, for the half year ended on that date.

In the Directors' opinion

(a) the financial statements are in accordance with the Corporation Act 2001; and

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

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

Dated 21st February 2006

T.B. Walls

Tony Walls
Director

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D S McGILL
Y E PIETSCH
R M SHANLEY
D W STAPLES
D G YOUNG

CONSULTANTS:
J S YOUNG
D G BARNSDALL
P S ROWE

Auditor's independence declaration

In relation to the independent review for the six months to 31 December 2005, to the best of my knowledge and belief there have been:

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

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

Pitcher Partners

Mark Godlewski

Mark Godlewski

Partner

Sydney 21st February 2006

Pitcher Partners
ACCOUNTANTS AUDITORS & ADVISORS

Independent review report to the members of Objective Corporation Limited

Scope

We have reviewed the consolidated financial report of Objective Corporation Limited for the half-year ended 31 December 2005 comprising the Directors' Declaration, Consolidated Income Statement, Consolidated Balance Sheet, Consolidated Cash Flow, Statement of Consolidated Changes in Equity, and notes to the financial statements. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 134: "Interim Financial Reporting" and other mandatory professional reporting requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position and performance, as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the company's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Objective Corporation Limited is not in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and
(ii) complying with Accounting Standard AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory professional requirements in Australia.

Pitcher Partners

Mark Godlewski

Mark Godlewski

Partner

Sydney Dated 21st February 2006