Objective Corporation Limited

ABN: 16 050 539 350

Appendix 4E

Preliminary final report

for the year ended 30 June 2006
(previous corresponding period being the year ended 30 June 2005)

Objective

Results for announcement to the market

Key information

	June 2006 $A '000	June 2005 $A '000	% Change
Revenue from ordinary operations	**38,025**	34,068	11.6
Profit from ordinary activities after income tax attributable to members	**7,206**	8,005	(10.0)
Net profit for the year attributable to members	**7,206**	8,005	(10.0)

Dividends

Year ended 30 June 2006	Amount per security	Franked amount per security
Final dividend payable	2.25	2.25
Interim dividend	N/A	N/A
Total amount per ordinary share	2.25	2.25

Year ended 30 June 2005	Amount per security	Franked amount per security
Final dividend payable	2.0	2.0
Interim dividend	N/A	N/A
Total amount per ordinary share	2.0	2.0

The record date for determining entitlement to the final dividend is 4th September 2006. The final dividend will be paid by 18 September 2006. Objective Corporation's Dividend Reinvestment Plan ('DRP') is currently suspended.

Earnings per share

	June 2006	June 2005
Earnings per share	5.3 cents	5.9 cents

Net tangible assets per share

	June 2006	June 2005
Net tangible assets	16.8 cents	13.5 cents

The Annual General Meeting

The annual general meeting will be held at Objective Corporation Limited, at 10am Level 37 100 Miller Street North Sydney on 23 November 2006.

Review of operations

	30-Jun-06 $'000	30-Jun-05 $'000	% Change
Revenue			
Asia Pacific	24,744	17,043	45.2%
Europe	12,205	16,435	(25.7)%
Unallocated	1,076	590	82.4%
Total revenue	38,025	34,068	11.6%
Operating profit before income tax[1]			
Asia Pacific	12,940	9,426	37.3%
Europe	2,464	6,066	(59.4)%
Unallocated	(8,198)	(7,487)	9.5%
Profit before income tax	7,206	8,005	(10.0)%

1. Excludes unallocated income and expenses.

The profit of the consolidated entity after income tax expense decreased 10% to $7,206,000 (2005 $8,005,000) for the year ended 30 June 2006. Revenue for the consolidated entity increased 11.6% to $38,025,000 (2005 $34,068,000) while total expenses increased by 22.5%. The Company continued to invest a record amount in research and development during the year with expenditure increased by 30.8% to $5,667,000.

Asia Pacific operations maintained its strong growth with revenue increasing by 45.2% to $24,744,000 (2005 $17,043,000) and net profit before tax increasing by 37.4% to $12,940,000 (excluding unallocated income and expenses) for the year ended 30 June 2006 (2005 $9,426,000).

European operations were adversely affected by the delay in TNA certification with revenue decreasing by 25.7% to $12,205,000 (2005 $16,435,000). Accordingly the segment profitability before tax (excluding unallocated income and expenses) for the year decreased by 59.4% to $2,464,000 (2005 $6,066,000).

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 2006 2nd Half	20,769	4,007	22,721
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 2006	38,025	7,206	22,721
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 audited and the auditor's 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.

Financial Report

Objective Corporation Limited

and its controlled entities

ABN 16 050 539 350

30 June 2006

Directors' Report

Your Directors submit their report together with the consolidated financial statements of Objective Corporation Limited, for the year ended 30 June 2006 and the Auditors' review report thereon.

Directors

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

Mr Tony Walls – Executive Chairman, CEO Asia Pacific

Tony is Executive Chairman and Chief Executive Officer - Asia Pacific. Tony founded the business in 1987 and in 1991 began operating the business in the current company structure. Tony 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 – CEO Europe/North America

Gary is Chief Executive Officer - Europe and North America. Gary was appointed a Director of Objective Corporation Limited in March 1991. Gary has an extensive background in Finance, IT Management and global product software sales. Gary has a B.Economics and further tertiary education in Law and Business Administration.

Mr Mark Braithwaite – Non Executive Director

Mark was appointed as a Non-Executive director in March 2000 and is Chairman of the Audit Committee. He is a director and founder of Braithwaite Steiner and Pretty, a Management Consulting firm specialising in Leadership and Executive Search for high growth multi-national technology companies.

Mr Scott Brown – Finance Director

Scott was appointed Chief Financial Officer and Company Secretary in 2000 and a director in February 2001. He has an extensive background in finance and the management of public companies. Scott has a Masters Degree in Commerce and a Business Degree majoring in accounting and is also a member of the Institute of Chartered Accountants. Currently, he is also a Non-Executive Director of Optima ICM Limited (since February 1999) .

Principal activity

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

Dividends

A fully franked dividend (at 30% tax rate) of 2.0 cents per ordinary share was declared on 24th August 2005 and paid in October 2005.

A fully franked dividend (at 30% tax rate) of 2.25 cents per ordinary share was declared on 22nd August 2006.

Results and review of operations

	30-Jun-06 $'000	30-Jun-05 $'000	% Change
Revenue			
Asia Pacific	24,744	17,043	45.2%
Europe	12,205	16,435	(25.7)%
Unallocated	1,076	590	82.4%
Total revenue	38,025	34,068	11.6%
Operating profit before income tax[1]			
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1. Excludes unallocated income and expenses.

The profit of the consolidated entity after income tax expense decreased 10% to $7,206,000 (2005 $8,005,000) for the year ended 30 June 2006. Revenue for the consolidated entity increased 11.6% to $38,025,000 (2005 $34,068,000) while total expenses increased by 22.5%. The Company continued to invest a record amount in research and development during the year with expenditure increased by 30.8% to $5,667,000.

Asia Pacific operations maintained its strong growth with revenue increasing by 45.2% to $24,744,000 (2005 $17,043,000) and net profit before tax increasing by 37.4% to $12,940,000 (excluding unallocated income and expenses) for the year ended 30 June 2006 (2005 $9,426,000).

European operations were adversely affected by the delay in TNA certification with revenue decreasing by 25.7% to $12,205,000 (2005 $16,435,000). Accordingly the segment profitability before tax (excluding unallocated income and expenses) for the year decreased by 59.4% to $2,464,000 (2005 $6,066,000).

Significant changes in state of affairs

During the financial year there was no significant change in the state of affairs other than that referred to in the financial statements and the notes thereto.

Share Capital

As at 30 June 2006 the Company had 135,615,500 fully paid ordinary shares on issue. During the year the following shares were issued :

Conversion of employee options	166,500
Total shares issued during the year	166,500

Voting rights are detailed in Note 15 to the financial statements.

Share Options

The number of options at the date of this report was:

	Number	Expiry Date
Employee Options exercisable at 50 cents	859,000	18/08/2010
Employee Options exercisable at 50 cents	128,500	02/10/2012
Employee Options exercisable at $1.00	250,000	24/10/2010
Total options on issue	1,237,500	

Details of the options on issue are contained in Note 15 to the financial statements. 250,000 options were issued during the financial year ended 30 June 2006 pursuant to the Employee Incentive Plan. The options had an exercise price of $1.00 and are subject to performance hurdles expiring 24 October 2010.

Events subsequent to balance date

Since the end of the financial year 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years apart from the issue of ordinary shares resulting from the conversion of 95,000 employee options on the 18 August 2006.

Likely developments

The Company will continue to undertake its activities described in this report with major emphasis on expanding the Company's business through organic growth.

Further information as to likely developments in the operations of the consolidated entity 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 consolidated entity.

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 Secretaries in their capacity as officers of entities in the consolidated entity. 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 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 Executive Directors. 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 had 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 one non-executive Director, and three executive Directors. 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.

Objective has established an Audit Committee, which has a formal charter approved by the Board of Directors. The Audit Committee reviews the financial statements of the Company prior to them being released to the ASX. It also 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 Mr Mark Braithwaite (Chairman of the Audit Committee) and Mr Scott Brown.

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 manage and monitor operating, financial and compliance risk for the consolidated entity. The CEO Asia Pacific and the CEO Europe North America together with the Finance Director 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.

Directors and senior management may acquire shares in the Company, but are prohibited from dealing in Company shares or exercising options under the following circumstances:

- prior to any major announcement; or
- whilst in possession of information that requires disclosure pursuant to ASX listing rule 3.1 and has not been announced to the market.

Directors and senior management must notify the Company Secretary before they sell or buy shares in the Company. Directors must advise the ASX of any transactions conducted by them in relation to shares in the Company.

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 web site. 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 auditor is invited to attend the Annual General Meeting and answer any questions from shareholders.

Objective has advised each Director, Manager and Employee they must comply with the Company's policy of ethical standards.

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of Objective. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board reviews the policy regularly and processes are in place to promote and communicate these policies.

ASX Corporate Governance Council recommendations

In March 2003 the ASX Corporate Governance Council released best practice recommendations in respect of corporate governance. For the year ended 30 June 2006, 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 Executive Directors control about 88% 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 the CEO Asia Pacific are both filled by Tony Walls. Compliance costs would be significant with questionable benefits for the Company and its stakeholders.

Audit Committee
The Company does have 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 an additional two independent Non-Executive Directors appointed to comply with the ASX Corporate Governance Council recommendations.

Remuneration & Nomination Committee
Due to the size of the Board of the Company, the formation of Independent Remuneration and Nomination Committee is neither feasible nor practical. As stated previously, the existing members of the Board review remuneration and nomination for vacancies.

Environmental issues

The consolidated entity'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 and at one year prior was:

	22-Aug-06 Ordinary shares	Options	22-Aug-05 Ordinary shares	Options
Tony Walls	62,000,000	-	62,000,000	-
Gary Fisher	56,350,000	-	56,350,000	-
Mark Braithwaite	-	-	-	-
Scott Brown	506,000	-	506,000	-
	118,856,000	-	118,856,000	-

Directors' Meetings

The number of Directors' and committee meetings held, including meetings held by circular resolution, during the financial year and the number of meetings attended by each of the Directors were:

	Audit Committee		Board Meetings	
Director	**No of meetings held**	**No of meetings attended**	**No of meetings held**	**No of meetings attended**
Tony Walls	-	-	14	14
Gary Fisher	-	-	14	14
Mark Braithwaite	2	2	14	14
Scott Brown	2	2	14	14

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 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 ("KPI's"). The KPI's generally include measures relating to the relevant segment, covering financial, sales, and development measures. The measures are chosen as they directly align the individual's reward to the objectives of the consolidated entity and its performance. The individual performance is compared to the targeted and KPI's at the time the annual budgets are set.

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 consolidated entity may consider payments on termination even though legally not required, to protect its rights if it is commercially beneficial to its interests. Specific performance based policies have not been developed that link either director and key management's remunerations to the Company's performance.

The Directors consider that for the year ended 30 June 2006 there were only eight executives for the consolidated entity including three Executive Directors, for the requirements of both the Corporations Act and accounting standard AASB 1046. The following persons plus their area of responsibilities were considered key management personnel for the year ended 30 June 2006:

Directors

Tony Walls	Executive Chairman & CEO Asia Pacific
Gary Fisher	CEO Europe & North America
Scott Brown	Finance Director
Mark Braithwaite	Independent Non executive Director

Executives

Stephen Bool	General Manager of Consulting Asia Pacific
Gerry Williams	General Manager of Sales Asia Pacific
Andrew Bowen	General Manager of Technology
Marc Bailey	Chief Technology Officer
David Gordon	General Manager Engineering

The individual details of remuneration of the key management personnel for the year ended 30 June 2006 are listed below :

Directors' remuneration
for the year ended 30 June 2006

		Primary			*Post Employment*	
Name	Salary	Motor vehicle benefit	Bonus	Other	Superannuation/ pension benefit	Total
Mark Braithwaite	22,936	-	-	-	2,064	25,000
Scott Brown	157,689	17,724	-	7,200	10,770	193,383
Gary Fisher	165,891	-	-	48,141	19,727	233,759
Tony Walls*	148,513	-	-	-	13,771	162,284
	495,029	17,724	-	55,341	46,332	614,426

for the year ended 30 June 2005

		Primary			*Post Employment*	
Name	Salary	Motor vehicle benefit	Bonus	Other	Superannuation/ pension benefit	Total
Mark Braithwaite	13,761	-	-	-	1,239	15,000
Scott Brown	126,696	17,724	-	10,686	10,929	166,035
Gary Fisher	171,289	-	-	57,259	-	228,548
Tony Walls*	154,673	-	-	4,486	13,749	172,908
Total	466,419	17,724	-	72,431	25,917	582,491

Key management remuneration (not including Directors)
for the year ended 30 June 2006

		Primary		*Equity*		*Post Employment*	
Name	Salary	Motor vehicle benefit	Bonus	Shares	Other	Superannuation/ pension benefit	Total
Stephen Bool[1]	155,019	9,663	30,000	7,046	-	12,139	213,867
Andrew Bowen*	205,629	-	-	-	-	14,427	220,056
Marc Bailey[5]	51,390	-	-	-	-	3,035	54,425
David Gordon[6]	26,053	-	-	-	-	2,023	28,076
Gerry Williams[4]	124,642	15,000	169,867	10,570	58,691	11,128	389,898
	562,733	24,663	199,867	17,616	58,691	42,752	847,632

The bonuses in the above table are short term incentives for the year ended 30 June 2006 and is fully vested to the executive. The payment of bonuses for each specified executive is based on achievement of their individual KPI's.

Key management remuneration (not including Directors)
for the year ended 30 June 2005

		Primary		*Equity*		*Post Employment*	
Name	Salary	Motor vehicle benefit	Bonus	Shares	Other	Superannuation/ pension benefit	Total
Stephen Bool[1]	67,901	-	25,000	-	-	6,462	99,363
Andrew Bowen*	164,591	7,789	9,000	2,800	-	15,171	199,351
Damain Hyland[2]	231,363	11,554	-	-	-	964	243,881
Adrian Rudman[3]	123,763	-	36,000	1,400	-	9,654	170,817
Gerry Williams[4]	2,534	-	28,000	-	25,585	9,415	65,534
	590,152	19,343	98,000	4,200	25,585	41,666	778,946

Notes
* Note remuneration includes remuneration paid to the spouse of the specified director or executive.
1. Stephen Bool commenced employment on the 1 February 2005
2. Damian Hyland ceased employment on 30 April 2005.
3. Adrian Rudman provided services up to 31st March 2005.
4. Gerry Williams commenced employment on 1 May 2005.
5. Marc Bailey commenced employment on the 1st of April 2006. Prior to his commencement he contracted to the company via Fountainhead Industries Pty Ltd and these payments have not been included.
6. David Gordon commenced employment on the 1st of May 2006.

Analysis of movement of options

Name	Number of Options as 01-Jul-05	Number Granted	Number Exercised	Number Lapsed	Number of Options as 30-Jun-06
Directors					
Mark Braithwaite	-	-	-	-	-
Scott Brown	-	-	-	-	-
Gary Fisher	-	-	-	-	-
Tony Walls	-	-	-	-	-
Executives	-	-	-	-	-
Stephen Bool[1]	-	100,000	-	-	100,000
Andrew Bowen*	222,000	-	-	-	222,000
Marc Bailey[5]	-	-	-	-	-
David Gordon[6]	-	-	-	-	-
Gerry Williams[4]	-	150,000	-	-	150,000
Total	222,000	250,000	-	-	472,000

The options granted during the year have been estimated by the directors to have a value of $70,373 at the time of issue. The options had an exercise price of $1.00 and were subject to performance hurdles expiring 24 October 2010. A charge of $17,616 was recorded as an expense in the year ended 30 June 2006 in relation to these share based payments.

Auditor's independence declaration

A copy of the auditor's independence declaration in relation to financial year ended 30 June 2006 is attached.

Auditor's non audit services

The Company has not engaged the auditor, Pitcher Partners to provide non audit services during the year ended 30 June 2006.

Rounding of amounts

The Company is an entity to which ASIC class order 98/0100 applies and accordingly, amounts in the financial statements and Director's Report have been rounded to the nearest thousand dollars.

Proceedings on behalf of the Company

No person has applied to the Court for leave to bring proceedings on behalf of the Company or 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 any of those proceedings. The Company was not a party to any such proceedings during the year.

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

Tony Walls
Director
Dated this 22nd day of August 2006.

Objective Corporation Limited
and its controlled entities
Income Statements
For the year ended 30 June 2006

	Notes	Consolidated		The Company	
		Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Revenue from ordinary activities	2	38,025	34,068	27,736	24,959
less					
Cost of goods sold		1,137	2,653	387	228
Gross profit		36,888	31,415	27,349	24,731
Expenses from ordinary activities					
Accounting fees		116	145	83	124
Borrowing costs		34	8	4	6
Communications expenses		396	323	235	213
Depreciation and amortisation		442	274	321	193
Insurance		140	175	133	171
Marketing expenses		1,332	841	873	392
Occupancy costs		925	1,127	600	757
Payroll tax		612	443	612	443
Salaries and employee benefits		19,138	15,311	11,748	9,113
Travel & accommodation		1,392	1,200	752	611
Expenses charged by controlled entities		-	-	718	2,774
Other expenses from ordinary activities		2,944	889	2,000	841
Profit from ordinary operations before income tax		9,417	10,679	9,270	9,093
Income tax expense	4	2,211	2,674	2,058	2,277
Profit from ordinary activities after income tax attributable to members of Objective Corporation Limited		7,206	8,005	7,212	6,816
Basic earnings per share – cents		5.3	5.9		
Diluted earnings per share – cents		5.3	5.9		

The above Income Statements should be read in conjunction with the accompanying notes.

Objective Corporation Limited
and its controlled entities
Balance Sheets
as at 30 June 2006

	Notes	Consolidated		The Company	
		Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Current assets					
Cash and cash equivalents	5	17,930	19,026	17,101	16,932
Receivables	6	12,800	7,754	9,032	4,901
Total current assets		30,730	26,780	26,133	21,833
Non current assets					
Receivables	6	179	24	179	24
Property, plant and equipment	7	1,467	1,032	1,202	810
Deferred tax assets	8	361	246	361	246
Total non current assets		2,007	1,302	1,742	1,080
Total assets		32,737	28,082	27,875	22,913
Current liabilities					
Payables	9	3,381	2,711	2,059	1,415
Interest bearing liabilities	10	159	126	100	104
Current tax liabilities	11	1,277	2,749	1,130	2,364
Provisions	12	1,064	711	841	580
Other	13	3,457	3,423	1,911	1,648
Total current liabilities		9,338	9,720	6,041	6,111
Non current liabilities					
Interest bearing liabilities	10	66	30	-	5
Provisions	12	245	179	245	179
Deferred tax liabilities	14	367	-	367	-
Total non current liabilities		678	209	612	184
Total liabilities		10,016	9,929	6,653	6,295
Net assets		22,721	18,153	21,222	16,618
Equity					
Contributed equity	15	5,263	5,180	5,263	5,180
Retained profits and reserves	16	17,458	12,973	15,959	11,438
		22,721	18,153	21,222	16,618

The above Balance Sheets should be read in conjunction with the accompanying notes.

Objective Corporation Limited
and its controlled entities
Statements of Changes in Equity
for the year ended 30 June 2006

	Note	Consolidated		The Company	
		Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Total equity at the beginning of the year		18,153	11,964	16,618	11,382
Exchange differences on translation of foreign operations		(30)	(236)	-	-
AIFRS adjustments to opening balances			(126)	-	(126)
Share based payment reserve		18	-	18	-
Net income recognised directly in equity		-	-	-	-
Profit/loss for the year		7,206	8,005	7,212	6,816
Total equity before transaction with equity holders in their capacity as equity holders		25,347	19,607	23,848	18,072
Attributable to:					
Members of the parent		25,347	19,607	23,848	18,072
Minority interest		-	-	-	-
Transactions with equity holders in their capacity as equity holders:					
Contributions		83	231	83	231
Buy-backs		-	-	-	-
Dividends provided for or paid	23	(2,709)	(1,685)	(2,709)	(1,685)
Total equity at the end of the year		22,721	18,153	21,222	16,618

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Objective Corporation Limited
and its controlled entities
Statements of Cash Flows
for the year ended 30 June 2006

	Note	Consolidated		The Company	
		Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Cash flow from operating activities					
Receipts from customers		35,998	38,493	25,970	26,752
Payments to suppliers		(27,931)	(23,244)	(18,044)	(15,285)
Interest received		926	527	889	511
Goods and services tax paid		(3,091)	(3,876)	(1,631)	(1,129)
Interest paid		(34)	(8)	(4)	(6)
Income tax paid		(3,502)	(1,339)	(3,111)	(1,169)
Net cash provided by operating activities	18	2,366	10,553	4,069	9,674
Cash flow from investing activities					
(Payments)/receipts for advances or deposits		(41)	(9)	(21)	(2)
(Payments)/receipts for plant & equipment		(778)	(652)	(713)	(607)
Repayments of advances from controlled entities		-	-	-	2,167
Advances to controlled entities		-	-	(554)	(461)
Net cash provided by/(used in) investing activities		(819)	(661)	(1,288)	1,097
Cash flow from financing activities					
Increase/(decrease) in borrowings		(40)	(22)	(9)	(19)
Proceeds from the issue of shares		83	231	83	231
Dividends paid		(2,686)	(1,670)	(2,686)	(1,670)
Net cash used in financing activities		(2,643)	(1,461)	(2,612)	(1,458)
Net increase/(decrease) in cash held		(1,096)	8,431	169	9,313
Cash at the beginning of the year		19,026	10,595	16,932	7,619
Cash at the end of the financial year	5	17,930	19,026	17,101	16,932

The above Statements of Cash Flows should be read in conjunction with the accompanying notes.

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

Note 1. Basis of preparation

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

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

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 consolidated entity and the company also comply with IFRSs and interpretations adopted by the International Accounting Standards Board.

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 financial reports of the Company were authorised by the directors on 22nd August 2006. The following is a summary of material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

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

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

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.

Objective Corporation Limited and its controlled entities
Notes to the financial statements
for the year ended 30 June 2006

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 20. 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 declared.

H. Operating 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 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 group'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.

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

Exchange differences arising on translation of foreign operations are transferred directly to the group'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 flows, 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 statements 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.

O. Accounting estimates and judgements

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires the Consolidated entity to exercise its judgement in the process of applying the Company's accounting policies.

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

(a) Critical accounting estimates and assumptions

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

(b) Critical judgements in applying the consolidated entity's accounting policies

There were no judgements, apart from those involving estimations, that management has made in the process of applying the consolidated entity's accounting policies that had a significant effect on the amounts recognised in the financial report.

Key differences under AIFRS

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

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

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 noncurrent 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.

Adoption of new accounting standards

The consolidated entity has the option not to apply new and revised accounting standards prior to their application date. The following table summarises the standards the consolidated entity has elected not to early adopt and the estimate of the impact on these financial statements:

Standard	*Application date*	*Estimated financial impact on the consolidated entity*
AASB 7 Financial Instruments: Disclos ures	1 July 2007	$nil – disclosure requirement only, replacing the presentation requirements of financial instruments in AASB 132 Financial Instruments: Disclosure and Presentation.
AASB 119 Employee benefits	1 July 2006	$nil – recognition of actuarial gains and losses associated with a defined benefit plan.
AASB 2004-3 Amendments to Australian Accounting Standards	1 July 2006	$nil – adopting the "corridor" approach to accounting for defined benefit plans or recognize all cumulative actuarial gains and losses in equity at the date of transition.
AASB 2005-1 Amendments to Australian Accounting Standards	1 July 2006	Impact not yet estimated – amends cashflow hedging requirements for a highly probable intra-group forecast transaction.

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Notes to the financial statements

for the year ended 30 June 2006

AASB 2005-4 Amendments to Australian Accounting Standards	1 July 2006	$nil – restricts the option to fair value through profit and loss.
AASB 2005-5 Amendments to Australian Accounting Standards	1 July 2006	$nil – arises as a consequence of the approval of UIG 4 and UIG 5.
AASB 2005-6 Amendments to Australian Accounting Standards	1 July 2006	$nil – amends the scope to exclude business combinations involving entities or businesses under common control.
AASB 2005-9 Amendments to Australian Accounting Standards	1 July 2006	Impact not yet estimated – relative to issuers of financial guarantee contracts.
AASB 2005-10 Amendments to Australian Accounting Standards	1 July 2006	$nil – disclosure requirements only, amending existing standards for the release of AASB 7 Financial Instruments: Disclosure.
AASB 2006-1 Amendments to Australian Accounting Standards	1 July 2006	Impact not yet estimated – a monetary item can be denominated in any currency.
AASB 2006-2 Amendments to Australian Accounting Standards	1 July 2006	$nil – disclosure item for not-for-profit public sector entities.

The consolidated entity will adopt these new and revised accounting standards in the financial years commencing on the above application dates, if applicable.

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

Note 2. Revenue

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Sales and service revenue	36,944	33,327	23,227	15,511
Inter group sales and services	-	-	3,165	8,723
Other revenue				
Interest receivable/received	926	527	889	511
Grants	150	150	150	150
Sundry revenue	5	1	5	1
Net foreign exchange gain	-	63	-	63
Total revenue	38,025	34,068	27,736	24,959

Note 3. Profit from ordinary activities

Profit from ordinary activities before income tax includes the following specific net gains and expenses :

(I) Charging as expenses

Depreciation of property, plant and equipment	423	235	302	169
Amortisation of leased assets	19	39	19	25
Rental expense on operating leases	1,123	1,010	744	732
Auditors remuneration – company auditor - audit fees	46	53	46	53
Other auditors – audit fees	31	7	-	-
Auditors remuneration – other auditors – other	6	9	-	-
Auditors remuneration - total	83	69	46	53
Exchange losses	-	-	-	-
Research & development	5,667	4,332	5,667	4,332

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Note 4. Income tax				
(a) The components of tax expense:				
Current tax	2,478	2,614	2,444	2,217
Deferred tax	(252)	60	(252)	60
Under (over) provision in prior years	(15)	-	(134)	-
Total income tax expense	2,211	2,674	2,058	2,277
Effective income tax rate %	23.5%	25.0%	22.2%	25.0%
(b) The prima facie tax, using tax rates applicable in the country of operation, on profit differs from the income tax provided in the financial statements as follows:				
Profit before tax from continuing operations	9,417	10,679	9,270	9,093
Profit/loss before tax from discontinued operations	-	-	-	-
Total profit before income tax	9,417	10,679	9,270	9,093
At the statutory income tax rate of 30% (2005: 30%)	2,825	3,203	2,781	2,728
Tax effect of amounts which are not assessable/ deductible in calculating taxable income				
Research & development deductions	(540)	(436)	(540)	(436)
Non allowable deductions	4	14	4	3
Share based payments	5	-	5	-
Future income tax benefits not previously brought to account	(58)	(32)	(58)	-
Provision for write down of advance to controlled entities	-	(18)	-	(18)
Marginal tax relief in overseas subsidiary	(10)	(57)	-	-
	2,226	2,674	2,192	2,277
Under/(over) provision on prior years	(15)	-	(134)	-
Income tax expense	2,211	2,674	2,058	2,277
(c) Deferred tax relates to the following:				
Deferred tax liabilities				
Unbilled work in progress	302	-	302	-
Differences in asset values/depreciation for accounting and tax	65	-	65	-
Total Deferred tax liabilities	367	-	367	-
Deferred tax assets				
Employee benefits	285	208	285	208
Post employment benefits	14	-	14	-
Make good provision	12	-	12	-
Lease Liability	1	13	1	13
Differences in asset values/depreciation for accounting and tax	49	25	49	25
Total deferred tax assets	361	246	361	246

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Note 5. Cash and cash equivalents				
Cash at bank	6,397	10,447	5,751	8,367
Cash on hand	1	1	1	1
Cash on deposit	5,457	5,189	5,274	5,175
Floating rate interest securities	6,075	3,389	6,075	3,389
Total cash	17,930	19,026	17,101	16,932
Note 6. Receivables - current				
Other debtors and prepayments	5,491	3,009	2,347	917
Trade debtors	7,309	4,745	4,817	2,671
Amounts receivable from wholly owned entities	-	-	1,868	1,313
Total current receivables	12,800	7,754	9,032	4,901
Receivables - non current				
Prepayments	179	24	179	24
Total non current receivables	179	24	179	24
NOTE 7. Property, plant and equipment				
Plant and equipment at cost	2,270	1,442	1,780	1,067
Less accumulated depreciation	(973)	(528)	(638)	(336)
Total property, plant and equipment	1,297	914	1,142	731
Plant and equipment under finance lease	312	201	150	150
Less accumulated amortisation	(142)	(83)	(90)	(71)
Total leased plant and equipment	170	118	60	79
Total property, plant and equipment	1,467	1,032	1,202	810

Reconciliations	Consolidated -2006		The Company -2006	
Carrying amounts	Plant & equipment	Leased plant & equipment	Plant & equipment	Leased plant & equipment
Opening value at 30 June 2005	914	118	731	79
Additions	771	111	713	-
Disposals	-	(1)	-	-
Depreciation/amortisation	(388)	(58)	(302)	(19)
Balance at 30 June 2006	1,297	170	1,142	60

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

	Consolidated -2005		The Company -2005	
Carrying amounts	Plant & equipment	Leased plant & equipment	Plant & equipment	Leased plant & equipment
Opening value at 30 June 2004	502	131	291	104
Additions	652	26	612	0
Disposals	(5)	-	(3)	-
Depreciation/amortisation	(235)	(39)	(169)	(25)
Balance at 30 June 2005	914	118	731	79

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Note 8. Deferred tax assets				
Future income tax benefit comprising timing differences	361	246	361	246
Total deferred tax asset	361	246	361	246
Note 9. Payables				
Trade creditors and sundry creditors	1,836	1,610	1,127	588
Goods and services taxes	1,545	1,101	932	827
Total payables	3,381	2,711	2,059	1,415
Note 10. Interest bearing liabilities - current				
Credit card facilities - unsecured	100	69	96	64
Lease liabilities - secured	59	57	4	40
Total current interest bearing liabilities	159	126	100	104
Interest bearing liabilities - non current				
Lease liabilities - secured	66	30	-	5
Total non current interest bearing liabilities	66	30	-	5

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

Note 11. Current tax liabilities				
Provision for income tax	1,277	2,749	1,130	2,364
Total current tax liabilities	1,277	2,749	1,130	2,364

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Note 12. Provisions - current				
Employee entitlements	1,014	685	791	554
Other provisions	50	26	50	26
Total current provisions	1,064	711	841	580
Note 12. Provisions - non current				
Employee entitlements	205	179	205	179
Other provisions	40	-	40	-
Total non current provisions	245	179	245	179
	2006 Number	**2005 Number**	**2006 Number**	**2005 Number**
Number of employees	208	148	144	100
Aggregate employee entitlements :				
Current	1,014	685	791	554
Non current	205	93	205	93
Total employee entitlements	1,219	778	996	647
Note 13. Other liabilities				
Unearned Income	3,457	3,423	1,911	1,648
Total other liabilities	3,457	3,423	1,911	1,648
Note 14. Deferred tax liabilities				
Deferred tax liabilities	367	-	367	-
Total other liabilities	367	-	367	-

Note 15. Contributed equity	**The Company**		**The Company**	
	Shares 2006	*Shares* 2005	*$'000* 2006	*$'000* 2005
Ordinary shares	135,615,500	135,449,000	5,263	5,180
Total contributed equity	135,615,500	135,449,000	5,263	5,180

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

Movements in ordinary share capital

Details	Number of Shares 2006	Number of Shares 2005	$'000 2006	$'000 2005
Opening balance	135,449,000	134,834,500	5,180	4,949
Conversion of director's options	-	200,000	-	100
Conversion of employee options	166,500	262,500	83	131
Shares issued pursuant to employee incentive plan	-	152,000	-	-
Closing balance	135,615,500	135,449,000	5,263	5,180

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 250,000 employee options during the year ended 30 June 2006 pursuant to the Employee Incentive Plan. The options had an exercise price of $1 and were subject to performance hurdles expiring 24/10/2010.

Each option entitles the holder to the right to acquire 1 share at the nominated exercise price during the period commencing on the vesting date of the options and expiring no more than 10 years of when they were granted. At 30 June 2006 there are 1,237,500 (2005 1,154,000) employee options outstanding. During the year 166,500 options under the Employee Incentive Plan were exercised into ordinary shares at 50 cents each. No Options expired or were forfeited during the year ended 30 June 2006.

Options on issue at balance date	2006 Number	Expiry Date	2005 Number	Expiry Date
Employee Options exercisable at 50 cents	859,000	18/08/2010	997,000	18/08/2010
Employee Options exercisable at 50 cents	128,500	02/10/2012	157,000	02/10/2012
Employee Options exercisable at $1.00	250,000	24/10/2010	-	-
Total options on issue	**1,237,500**		**1,154,000**	

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Note 16. Retained profits and reserves				
Opening retained profits	12,973	7,015	11,438	6,433
Net profits attributable to member of the Company	7,206	8,005	7,212	6,816
Dividends paid	(2,709)	(1,685)	(2,709)	(1,685)
Share based payment reserve	18	-	18	-
AIFRS adjustments	-	(126)	-	(126)
Foreign currency translation reserve	(30)	(236)	-	-
Retained profits and reserves at reporting date	17,458	12,973	15,959	11,438

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Notes to the financial statements

for the year ended 30 June 2006

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Retained profits and reserves movements				
(a) Foreign currency translation reserve				
Opening Balance	(236)	-	-	-
Movement during the year	(30)	(236)	-	-
Balance at year end	(266)	(236)	-	-
(b) Share based payment reserve				
This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.				
Opening Balance	-	-	-	-
Movement during the year	18	-	18	-
Balance at year end	18	-	18	-
(c) Retained profits				
Opening Balance	13,209	7,015	11,438	6,432
Net profits attributable to members of the company	7,206	8,005	7,212	6,816
AIFRS Adjustments	-	(126)	-	(126)
Total available for appropriation	20,415	14,894	18,650	13,123
Dividends paid	(2,709)	(1,685)	(2,709)	(1,685)
Balance at year end	17,706	13,209	15,941	11,438
Total retained profits and reserves	17,458	12,973	15,959	11,438

Note 17. Equity

Opening equity	18,153	11,964	16,618	11,382
Changes in equity recognised in the income statement of the Company	7,206	8,005	7,212	6,816
Foreign currency translation	(30)	(236)	-	-
Share based payments reserve	18	-	18	-
AIFRS adjustments	-	(126)	-	(126)
Transactions with owners as owners :				
Contributions of equity	83	231	83	231
Dividends paid	(2,709)	(1,685)	(2,709)	(1,685)
Total equity at the reporting date	22,721	18,153	21,222	16,618

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	**Year ended 30-Jun-2005 $'000**	**Year ended 30-Jun-2006 $'000**	**Year ended 30-Jun-2005 $'000**
NOTE 18. Cash flow information				
(a) Reconciliation of cash flow from operations with profits from ordinary activities after tax				
Profit from ordinary activities after tax	7,206	8,005	7,212	6,816
(Increase)/Decrease in debtors/prepayments	(5,092)	(1,043)	(3,645)	(108)
Increase/(Decrease) in creditors	281	133	603	207
Increase/(Decrease) in goods and services tax	444	(109)	105	301
Depreciation/amortisation	452	274	321	193
Increase/(Decrease) in income tax payable	(1,544)	1,395	(1,305)	1,169
Increase/(Decrease) in deferred tax balance	367	-	367	-
Increase/(Decrease) in provisions	5	15	5	15
Increase/(Decrease) in employee benefit provisions	328	208	257	181
Increase/(Decrease) in unearned income	34	1,735	264	960
(Increase)/Decrease in deferred tax assets	(115)	(60)	(115)	(60)
Cash flows from operations	2,366	10,553	4,069	9,674

During the year the consolidated entity acquired plant and equipment with a value of $109,000 by way of a finance lease.

Note 19. Related parties

a) Directors

The names of each person holding the position of Director of Objective Corporation Limited during the year were:

Tony Walls
Gary Fisher
Mark Braithwaite
Scott Brown

Directors interest in shares and options at balance date were :

	2006 Number	**2005 Number**
Shares	118,856,000	118,856,000
Options	-	-

The Board from time to time reviews the remuneration packages of all Directors and Executive Officers with

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

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 Directors consider that for the year ended 30 June 2006 there were only eight executives for the consolidated entity including three Executive Directors. The details of the remuneration of Directors and key management personnel are disclosed in Remuneration report section of the Directors' Report.

	Consolidated		The Company	
	Year ended	Year ended	Year ended	Year ended
	30-Jun-2006	30-Jun-2005	30-Jun-2006	30-Jun-2005
	$'000	$'000	$'000	$'000
Loans to directors	90	96	90	96

The loan is on an interest free basis and was advanced to acquire shares pursuant to the Company's Employee Incentive Plan. The Company has a lien over the shares acquired under the plan.

b) Amounts receivable from related parties

Amounts receivable from controlled entities:

	The company	
	Year ended	Year ended
Name of Entity	30-Jun-2006	30-Jun-2005
	$'000	$'000
Objective Corporation UK Limited	1,241	783
Objective Corporation Solutions NZ Limited	605	530
Objective Corporation Singapore Pte Limited	22	-
Total receivable from controlled entities	1,868	1,313

Amounts receivable from related parties are interest free and unsecured.

c) Transactions with wholly owned subsidiaries

Sales & charges, including reimbursement of expenses made by the Company to its wholly owned subsidiaries

Name of entity		
Objective Corporation UK Limited	3,084	7,413
Objective Corporation Solutions NZ Limited	81	1,315
	3,165	8,728

These transactions were conducted on normal commercial terms and conditions. These transactions have been eliminated on consolidation.

Charges and the reimbursement of expenses made by wholly owned subsidiaries to the Company

Name of entity		
Objective Corporation UK Limited	622	2,775
Objective Corporation Solutions NZ Limited	103	-
	725	2,775

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

These transactions were conducted on normal commercial terms and conditions. These transactions have been eliminated on consolidation.

d) The consolidated entity

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

	Country of Incorporation	Ownership
Objective Corporation UK Limited	United Kingdom	100%
Objective Corporation USA Inc	USA	100%
Objective Corporation Solutions NZ Limited	New Zealand	100%
Objective Corporation Singapore Pte Limited	Singapore	100%

These entities were controlled for the whole of the year.

e) Transactions with other related parties

During the financial year the Company was provided executive recruitment services and was charged $8,000 (2005 $61,719) by Q4 Executive Search Pty Limited, a company associated with Mr Mark Braithwaite, a non executive director of Objective Corporation Limited. These transactions were conducted on normal commercial terms and conditions.

Note 20. 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. The CEO Asia Pacific and the CEO Europe/North America will not be participating in the plan.

Price

The Board has a 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.

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

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 Objective'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 a discretion to provide a loan for the acquisition of shares in the Company with a term of up to 5 years, together with further terms and conditions attaching to the loan.

Note 21. Earnings per share

	2006	2005
Basic earnings per share -cents	5.3	5.9
	$'000	$'000
Net profit used in calculating basic earnings per share	7,206	8,005
Weighted average number of shares used as the denominator in calculating basic earnings per share	135,556,629	135,108,190
Diluted earnings per share – cents	5.3	5.9
Number of shares for diluted earnings per share		
Weighted average number of ordinary shares on issue	135,556,629	135,108,190
The effective additional shares from the employee options	642,500	559,045
Weighted average number of shares used as the denominator in calculating diluted earnings per share	136,199,129	135,667,235

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

Note 22. Commitments for expenditure

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Payable no later than one year	819	816	772	616
Payable later than one year but no later than five years	2,307	1,358	2,270	1,169
Total	3,126	2,174	3,042	1,785

Entities in the consolidated entity lease property under operating leases expiring from one to five years. Leases generally provide the entity with a right of renewal at which time all terms are renegotiated.

Finance lease commitments				
Payable no later than one year	59	57	4	40
Payable later than one year but no later than five years	66	30	-	4
	125	87	4	44
add Future finance charges	10	5	-	4
Minimum lease payments	135	92	4	48

Note 23. Dividends

Ordinary shares

Dividends Paid				
Dividend declared 24 August 2004 Franked @ 30% at $0.0125 per share	-	1,685	-	1,685
Dividend declared 24 August 2005 Franked @ 30% at $0.02 per share	2,709	-	2,709	-
	2,709	1,685	2,709	1,685
Proposed Dividend	**30-Jun-2007**	**30-Jun-2006**	**30-Jun-2007**	**30-Jun-2006**
A dividend of $.0225 per share is proposed to be paid in September 2006	3,051	-	3,051	-
All dividends were paid in cash.	**30-Jun-2006**	**30-Jun-2005**	**30-Jun-2006**	**30-Jun-2005**
Franking credits available for subsequent financial years based on a tax rate of 30%	4,243	2,820	4,243	2,820

With effect from 1 July 2002, Australian tax law requires companies to maintain franking accounts on a tax paid basis. The disclosure above, including the prior year comparatives, reflects the new tax paid basis of measuring franking credits.

Objective Corporation Limited and its controlled entities
Notes to the financial statements
for the year ended 30 June 2006

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	**Year ended 30-Jun-2005 $'000**	**Year ended 30-Jun-2006 $'000**	**Year ended 30-Jun-2005 $'000**
Note 24. Non hedged foreign currency balances				
The Australian dollar equivalent of foreign currency balances included in the financial statements which are not effectively hedged are as follows :				
Cash				
UK £	481	3,918	41	2,040
NZ $	717	961	348	759
Sing $	19	-	-	-
Current receivables				
UK £	5,374	2,036	-	-
NZ $	931	370	734	331
Sing $	4	-	3	-
Current payables				
UK £	4,683	791	109	-
NZ $	850	318	239	230
Sing $	23	-	-	-

Note 25. Financial instruments

a) Interest rate risk exposures

Amounts receivable from related parties are interest free and unsecured. The consolidated entity is exposed to interest rate risk through a short tem deposit held. The following table summarises interest rate for the consolidated entity.

30-June-06	Note	Weighed avg int rate	Floating int rate	Fixed rate 1 year or less	Fixed rate Over 1 to 5 years	Non interest bearing	Total
Financial assets							
Cash	5	5.91%	17,930	-	-	-	17,930
Receivables	6	N/A	-	-	-	12,800	12,800
Financial liabilities							
Payables	9	N/A	-	-	-	3,381	3,381
Credit cards	10	16.25%	100	-	-	-	100
Lease liabilities	10	7.86%	-	59	66	-	125

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

30-June-05	Note	Weighed avg int rate	Floating int rate	Fixed rate 1 year or less	Over 1 to 5 years	Non interest bearing	Total
Financial assets							
Cash	5	5.18%	19,026	-	-	-	19,026
Receivables	6	N/A	-	-	-	7,850	7,850
Financial liabilities							
Payables	9	N/A	-	-	-	2,711	2,711
Credit cards	10	16.25%	69	-	-	-	69
Lease liabilities	10	9.36%	-	57	30	-	87

The consolidated entity's maximum exposures to credit risk at balance date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Cash classified under the floating rate interest rate exposures includes bank securities and floating rate interest bearing securities listed on the ASX that have a maturity of 90 days or less.

b) Net fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in Note 1 of the financial statements. Aggregate net fair values of financial assets and financial liabilities are not materially different to amounts stated in a) above.

Note 25. Segment Information

(a) Geographic Segments

	Asia/Pacific $'000	Europe $'000	Unallocated $'000	Consolidated $'000
For Year ended 30 June 2006				
Revenue				
- external customers	24,744	12,205	-	36,949
- other segments	3,019	-	-	3,019
Elimination	(3,019)	-	-	(3,019)
	24,744	12,205	-	36,949
Expenses (not including R & D)	11,804	9,741	1,362	22,907
Profit before R & D	12,940	2,464	(1,362)	14,042
R & D expenses	-	-	5,667	5,667
Add Net Interest & foreign exchange gain	-	-	1,042	1,042
less income tax	-	-	2,211	2,211
Profit after income tax	12,940	2,464	(8,198)	7,206

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

	Asia/Pacific	Europe	Unallocated	Consolidated
	$	$	$	$
Segment assets and liabilities				
Current assets	7,360	5,440	17,930	30,730
Non Current Assets excluding property, plant and equipment	179	-	361	540
Property, plant and equipment				
Opening balance	838	194	-	1,032
Foreign exchange translation	(2)	7	-	5
Additions	756	119	-	875
Depreciation/amortisation/disposals	(337)	(108)	-	(445)
Closing balance	1,255	212	-	1,467
Liabilities	5,143	3,130	1,743	10,016
Net assets for each segment	3,651	2,522	16,548	22,721

For Year ended 30 June 2005

	Asia/Pacific	Europe	Unallocated	Consolidated
Revenue				
- external customers	17,043	16,435	-	33,478
- other segments	7,413	-	-	7,413
Elimination	(7,413)	-	-	(7,413)
	17,043	16,435	-	33,478
Expenses (not including R & D)	7,617	10,369	1,057	19,043
Profit before R & D	9,426	6,066	(1,057)	14,435
R & D expenses	-	-	4,338	4,338
Add Net Interest & foreign exchange gain	-	-	582	582
less income tax	-	-	2,674	2,674
Profit after income tax	9,426	6,066	(7,487)	8,005
Segment assets and liabilities				
Current assets	4,715	3,818	18,243	26,776
Non Current Assets excluding property, plant and equipment	24	-	246	270
Property, plant and equipment				
Opening balance	395	238	-	633
Foreign exchange translation	-	(20)	-	(20)
Additions	641	75	-	716
Depreciation/amortisation/disposals	(198)	(99)	-	(297)
Closing balance	838	194	-	1,032
Liabilities	3,982	3,167	2,776	9,925
Net assets for each segment	1,595	845	15,713	18,153

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

Note 27. Contingent liabilities

	Consolidated		The Company	
	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000	Year ended 30-Jun-2006 $'000	Year ended 30-Jun-2005 $'000
Bank guarantee and indemnity in relation to rental premises – maximum which may be called	254	199	254	199

Note 28. 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 statements

for the year ended 30 June 2006

(b) 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	(95)	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 liabilities				
Payables		2,711		2,711
Interest bearing liabilities		126		126
Current tax liability		2,749		2,749
Provisions	(c)	711		711
Other		3,423		3,423
Total current liabilities		9,720		9,720
Non current liabilities				
Interest bearing liabilities		30		30
Provisions		139	40	179
Total non current liabilities		169	40	209
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 statements

for the year ended 30 June 2006

(c) First time adoption of AIFRS – reconciliation of profit reported under AGAAP to profit under AIFRS - Consolidated Income Statement for year ended 30 June 2006

	Note	AGAAP $	Adjustment $	AIFRS $
Revenue from ordinary activities	(a)	38,022	3	38,025
less				
Cost of goods sold		1,137		1,137
Gross Profit		36,885	3	36,888
Expenses from ordinary activities				
Accounting fees		116		116
Borrowing costs		34		34
Communication expenses		396		396
Depreciation and amortization		442		442
Insurance		140		140
Marketing expenses		1864		1,864
Occupancy costs	(c)	920	5	925
Payroll tax		612		612
Salaries and employee benefits	(d)	19,120	18	19,138
Travel & accommodation		1,392		1,392
Other expenses from ordinary activities		2,412		2,412
Profit/(loss) from ordinary activities before income tax		9,437	(20)	9,417
Income tax expense		2,211	-	2,211
Profit/(loss) from ordinary activities after income tax attributable to members of Objective Corporation Limited		7,226	(20)	7,206
Total changes in equity other than those resulting from transactions with owners as owners		7,226	(20)	7,206

Objective Corporation Limited and its controlled entities

Notes to the financial statements

for the year ended 30 June 2006

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.

(d) 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.

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 30 June 2006 and of it's performance, as represented by the results of it's operations and it's cash flows, for the 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 22nd August 2006

T R Walls

Tony Walls
Director

PITCHER PARTNERS
ACCOUNTANTS AUDITORS & ADVISORS

Level 3
60 Castlereagh Street
Sydney NSW 2000
Australia

Tel: 02 9221 2099
Fax: 02 92231762

www.pitcher.com.au
partners@pitcher-nsw.com.au

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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

Auditors' independence declaration

In relation to our audit of the financial report of Objective Corporation Limited for the financial year ended 30 June 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Mark Godlewski

Mark Godlewski
Pitcher Partners
Partner
Sydney 22nd August 2006

Independent audit report to the members of Objective Corporation Limited

Scope

We have audited the financial report of Objective Corporation Limited ("the Company") for the financial year ended 30 June 2006 comprising the Directors' Declaration, Income Statements Balance Sheets, Statements of Changes in Equity, and Statements of Cash Flows and Notes to the financial statements.

The financial report includes the consolidated financial statements 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. The company's Directors are responsible for the financial report. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Objective Corporation Limited is in accordance with:

(a) the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance for the financial year ended on that date; and
- (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory professional requirements in Australia.

Pitcher Partners

Mark Godlewski

Mark Godlewski

Partner

Sydney 22nd August 2006