OBJECTIVE CORPORATION LIMITED
ABN: 16 050 539 350

APPENDIX 4D
HALF-YEAR REPORT

For the half-year ended 31 December 2014

(Previous corresponding period being the half-year ended 31 December 2013)

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	Half-year ended 31-Dec-14 A$'000	Half-year ended 31-Dec-13 A$'000	% Change
Revenue from ordinary activities	24,002	21,674	11%
Profit from ordinary activities after income tax attributable to members	1,677	2,105	(20%)
Net profit for the half-year attributable to members	1,677	2,105	(20%)

DIVIDENDS

	Amount per security	Franked amount per security
Interim dividend	-	-
Previous corresponding period	-	-

The dividends paid during the half year and shown in the consolidated statement of changes in equity were the final dividends paid in respect of the year ended 30 June 2014.

EARNINGS PER SHARE

	Half-year ended 31-Dec-14	Half-year ended 31-Dec-13
Earnings per share (EPS)	1.9 cents	2.1 cents

NET TANGIBLE ASSETS PER SHARE

	Half-year ended 31-Dec-14	Half-year ended 31-Dec-13
Net tangible assets per share (NTA)	5.0 cents	1.0 cents

The information contained in this report should be read in conjunction with the 30 June 2014 Annual Report of Objective Corporation Limited.

COMMENTS BY DIRECTORS

Objective Corporation (ASX: OCL), a specialist provider of content, collaboration and process management solutions, today announced its financial results for the half year 31 December 2014.

Revenue for the six months to 31 December 2014 was $24.0 million, an increase of 11% over the previous corresponding period (FY14 H1: $21.7 million).

Asia Pacific revenue was $19.8 million, representing an increase of 11% over the corresponding period (FY14 H1: $17.9 million). European revenue increased by 12% to $3.8 million (FY14 H1: $3.4 million).

Net profit after tax (NPAT) for the six months to 31 December 2014 was $1.7 million, a decrease of 20% over the previous corresponding period (FY14 H1: $2.1 million).

The company achieved a solid operating cash flow of $5.5 million (FY14 H1: $4.5 million) in the half. As at 31 December 2014, the company's statement of financial position remained strong with $17.3 million in cash and cash equivalents and no debt.

Consistent with prior years, an interim dividend was not declared, however the company expects to declare a franked dividend with the full financial year results.

FINANCIAL SUMMARY

Results summary for half year ended	31 Dec 2014 $m	31 Dec 2013 $m	Change (%)
Revenue	24.0	21.7	11%
Net profit after tax	1.7	2.1	(20%)
Asia Pacific revenue	19.8	17.9	11%
European revenue	3.8	3.4	12%
Earnings per share	1.9 cps	2.1 cps	(10%)
EBITDA	1.8	2.3	(22%)
R & D Expense	5.5	4.7	17%
Operating cash flow	5.5	4.5	24%
No interim dividend was declared			

Mr Tony Walls, CEO, Objective Corporation said: "Our first half results were broadly in line with our expectations with both Asia Pacific and European operations reporting double digit revenue growth.

"Finalising contracts at the end of the calendar year again proved to be challenging given that it is off cycle with the public sector budget year. Contracts that were expected to close in the half were unable to be concluded, which had a material impact on the profit result. These contracts are expected to conclude in the second half.

"As outlined in previous announcements, we continue to prioritise revenue growth and long term value generation ahead of near term profitability. As a direct result we increased our sales and marketing investment by approximately 25% over the previous corresponding period. However, as with most investments in our business, there is a latency in translation into reportable results."

Evidence of market demand remained strong. Significantly, we witnessed growing interest from the financial services sector in our cloud subscription solution, Objective Enterprise Content Creation (ECC). New wins recorded in this segment included AMP. To support this activity we committed to an accelerated R&D program for the ECC solution during the current financial year. This has had the effect of increasing our R&D investment by approximately $1.4 million for this financial year only, half of which has already been expensed in the first half results. Our commitment to R&D was 23% of total revenue, which is substantially above industry norms of 10-15%.

OUTLOOK

The comparative outlook for the second half is encouraging. Historically, the second half is materially stronger than the first half and we anticipate that outcome for this financial year again.

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

AUDIT REVIEW

The half-year financial report has been subject to review and the independent auditor's review report is attached to the report.

The remainder of the information requiring disclosure to comply with listing rule 4.2A.3 is contained in the attached half-year financial report.

HALF-YEAR FINANCIAL REPORT

OBJECTIVE CORPORATION LIMITED
AND ITS CONTROLLED ENTITIES
ABN 16 050 539 350

31 DECEMBER 2014

DIRECTORS' REPORT

Your directors present their report together with the financial statements of the consolidated entity consisting of Objective Corporation Limited and the entities it controlled, for the half-year ended 31 December 2014 and the independent auditor's review report thereon.

DIRECTORS

The following persons were directors of Objective Corporation Limited at any time during or since the end of the half-year:

- Tony Walls
- Gary Fisher
- Leigh Warren
- Nick Kingsbury

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the half-year were the supply of information technology software and services. There was no significant change in the nature of the consolidated entity's activities during the half-year.

REVIEW OF OPERATIONS

Revenue
The consolidated revenue from sales and services for the half increased to $23,667,000 (FY14 H1: $21,255,000). Asia Pacific operations revenue from sales and services increased to $19,795,000 (FY14 H1: $17,831,000). European operations revenue from sales and services increased to $3,843,000 (FY14 H1: $3,366,000). Total revenue for the half was $24,002,000 which increased from $21,674,000 in the previous corresponding period.

Operating Result
The consolidated operating result after tax attributable to members for the half was a profit of $1,677,000 (FY14 H1: $2,105,000).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration is provided with this report.

ROUNDING OF AMOUNTS

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

Signed in accordance with a resolution of the directors.

Tony Walls
Director
Date: 24 February 2015

Objective

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Half-year ended 31-Dec-14 $'000	Half-year ended 31-Dec-13 $'000
Revenue	2	24,002	21,674
Cost of sales		(219)	(83)
Gross profit		23,783	21,591
Distribution expenses		(13,490)	(11,696)
Administrative expenses		(2,958)	(2,797)
Research and development expenses		(5,456)	(4,683)
Foreign exchange loss		(70)	(25)
Profit from continuing operations before income tax		1,809	2,390
Income tax expense		(132)	(285)
Profit after tax attributable to members of the Company		1,677	2,105

		Cents	Cents
Basic earnings per share	5	1.9	2.1
Diluted earnings per share	5	1.9	2.1

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

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year ended 31-Dec-14 $'000	Half-year ended 31-Dec-13 $'000
Profit for the period	1,677	2,105
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Foreign currency translation differences for foreign operations, net of tax	328	690
Total comprehensive income for the period	2,005	2,795
Attributable to members of the Company	2,005	2,795

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

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	31-Dec-14 $'000	30-Jun-14 $'000
Current Assets			
Cash and cash equivalents		17,255	14,969
Receivables		6,614	7,719
Other		2,530	2,193
Total Current Assets		26,399	24,881
Non Current Assets			
Intangible assets		7,170	6,923
Property, plant and equipment		1,013	911
Deferred tax assets		448	309
Receivables		975	-
Total Non Current Assets		9,606	8,143
Total Assets		36,005	33,024
Current Liabilities			
Payables		5,623	7,635
Current tax liabilities		1,323	1,029
Provisions		911	832
Other		14,269	9,950
Total Current Liabilities		22,126	19,446
Non Current Liabilities			
Other		1,105	629
Provisions		625	967
Total Non Current Liabilities		1,730	1,596
Total Liabilities		23,856	21,042
Net Assets		12,149	11,982
Equity			
Contributed equity	4	2,787	1,601
Retained profits and reserves		9,362	10,381
Total Equity		12,149	11,982

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

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year ended 31-Dec-14 $'000	Half-year ended 31-Dec-13 $'000
Balance at 1 July	11,982	14,377
Profit for the half-year	1,677	2,105
Exchange differences on translation of foreign operations	328	690
Total comprehensive income for the half-year	2,005	2,795
Other equity movements:		
Recognition of share based payment	64	-
Transactions with members in their capacity as members:		
Proceeds from share options exercised	1,186	-
Acquisitions of equity, net of transaction costs	-	(5,662)
Dividends paid	(3,088)	(3,023)
Total equity at the end of the half-year	12,149	8,487

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

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Half-year ended 31-Dec-14 $'000	Half-year ended 31-Dec-13 $'000
Cash flow from operating activities		
Receipts from customers (inclusive of GST)	31,903	28,535
Payments to suppliers and employees (inclusive of GST)	(26,490)	(24,092)
Interest received	335	368
Income tax paid	(215)	(350)
Net cash provided in operating activities	5,533	4,461
Cash flow from investing activities		
Purchase of property, plant & equipment	(327)	(165)
Net cash used in investing activities	(327)	(165)
Cash flow from financing activities		
Share Buy Back (including transaction costs)	-	(5,662)
Proceeds from share options exercised	211	-
Dividends paid	(3,088)	(3,023)
Net cash used in financing activities	(2,877)	(8,685)
Net increase in cash held	2,329	(4,389)
Cash at the beginning of the half-year	14,969	18,000
Net foreign exchange differences	(43)	(69)
Cash at the end of the half-year	17,255	13,542

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

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

Note 1. Summary of significant accounting policies

A. Basis of preparation of the half-year financial report

This general purpose financial report for the interim half year reporting period ended 31 December 2014 has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Objective Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Note 2. Revenue

	Half-year ended 31-Dec-14 $'000	Half-year ended 31-Dec-13 $'000
Sales and services revenue	23,667	21,255
Interest revenue	335	368
Sundry revenue	-	51
Total revenue	24,002	21,674

Note 3. Segment information

(a) Geographic segments

For half-year ended 31 December 2014	Asia/Pacific $'000	Europe $'000	Unallocated $'000	Consolidated $'000
Segment Revenue				
Sales and Services Revenue	19,795	3,843	29	23,667
Interest revenue	-	-	335	335
Sundry revenue	-	-	-	-
Total Revenue	19,795	3,843	364	24,002
Expenses (not including R & D)	11,917	3,783	1,037	16,737
Profit(loss) before R & D	7,878	60	(673)	7,265
R & D expenses	-	-	5,456	5,456
Income tax expense	-	-	132	132
Net profit (loss)	7,878	60	(6,261)	1,677

For half-year ended 31 December 2013	Asia/Pacific $'000	Europe $'000	Unallocated $'000	Consolidated $'000
Segment Revenue				
Sales and Services Revenue	17,831	3,366	58	21,255
Interest revenue	-	-	368	368
Sundry revenue	51	-	-	51
Total Revenue	17,882	3,366	426	21,674
Expenses (not including R & D)	10,694	2,951	956	14,601
Profit(loss) before R & D	7,188	415	(530)	7,073
R & D expenses	-	-	4,683	4,683
Income tax expense	-	-	285	285
Net profit (loss)	7,188	415	(5,498)	2,105

(b) Industry segments

The consolidated entity operates in the information technology software and services industry.

Note 4. Contributed equity

	31-Dec-14 Number	30-June-14 Number	31-Dec-14 $'000	30-June-14 $'000
Ordinary Shares	90,275,277	88,253,277	2,787	1,601
Total contributed equity[1]	90,275,277	88,253,277	2,787	1,601

[1] During the current financial year, the Company issued a total of 2,022,000 shares (350,000 shares at $1.00 per share and 1,672,000 shares at $0.50 per share). Proceeds from the issue of 422,000 shares totalled $211,000. The remainder were funded by way of interest free limited recourse loans.

Options issued during the half year

During the half-year ended 31 December 2014, 1,290,000 new shares in the Company were issued pursuant to the Employee Incentive Plan. 590,000 options expired and 2,022,000 options were exercised during the period.

	31-Dec-14		30-June-14	
Options on issue at balance date	Number	Expiry Date	Number	Expiry Date
Employee Options Exercisable at $1.00	-	-	590,000	30/06/2014
Employee Options Exercisable at $0.50	-	-	500,000	31/12/2014
Employee Options Exercisable at $0.50	300,000	30/06/2015	300,000	30/06/2015
Employee Options Exercisable at $0.50	546,000	01/09/2016	618,000	01/09/2016
Employee Options Exercisable at $0.50	-	-	200,000	25/10/2016
Employee Options Exercisable at $0.50	-	-	550,000	15/07/2016
Employee Options Exercisable at $0.50	-	-	250,000	12/07/2017
Employee Options Exercisable at $0.50	300,000	05/02/2024	400,000	05/02/2024
Employee Options Exercisable at $1.00	240,000	07/10/2024	-	-
Employee Options Exercisable at $0.50	200,000	07/10/2024	-	-
Employee Options Exercisable at $0.75	500,000	24/03/2024	-	-
Total options on issue	2,086,000		3,408,000	

Note 5. Earnings per share

	Half-year ended 31-Dec-14 Cents	Half-year ended 31-Dec-13 Cents
Basic earnings per share	1.9	2.1
Diluted earnings per share	1.9	2.1
	$'000	$'000
Net profit used in calculating basic and diluted earnings per share	1,677	2,105
	Number	Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	89,153,603	99,870,125
	Number	Number
Weighted average number of shares used as the denominator in calculating diluted earnings per share	90,646,528	99,966,971

DIRECTORS' DECLARATION

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

(a) comply with Australian Accounting Standard AASB *134 Interim Financial Reporting* and Corporations Regulations 2001; and

(b) gives a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance, as represented by the results of its operations and its 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 the directors.

Tony Walls
Director
Date: 24 February 2015

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AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Objective Corporation Limited

I declare that, to the best of my knowledge and belief there has been:

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

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

Mark Godlewski

M A GODLEWSKI
Partner

PITCHER PARTNERS

Sydney
24 February 2015

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Objective Corporation Limited and controlled entities, which comprises the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Objective Corporation Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Objective Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

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 the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Mark Godlewski

M A GODLEWSKI

Partner

24 February 2015

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