OBJECTIVE CORPORATION LIMITED
ABN: 16 050 539 350

APPENDIX 4D
HALF-YEAR REPORT

For the half-year ended 31 December 2015

(Previous corresponding period being the half-year ended 31 December 2014)

CONNECTED.
COLLABORATIVE.
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Objective

RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY INFORMATION

	Half-year ended 31-Dec-15 A$'000	Half-year ended 31-Dec-14 A$'000	% Change
Revenue from ordinary activities	22,785	24,002	(5%)
Profit from ordinary activities after income tax attributable to members	1,461	1,677	(13%)
Net profit for the half-year attributable to members	1,461	1,677	(13%)

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 2015.

EARNINGS PER SHARE

	Half-year ended 31-Dec-15	Half-year ended 31-Dec-14
Earnings per share (EPS)	1.6 cents	1.9 cents

NET TANGIBLE ASSETS PER SHARE

	Half-year ended 31-Dec-15	Half-year ended 31-Dec-14
Net tangible assets per share (NTA)	6.8 cents	5.0 cents

The information contained in this report should be read in conjunction with the 30 June 2015 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 to 31 December 2015.

Revenue for the six months to 31 December 2015 was $22.8 million (FY14 H1: $24.0 million) and Net Profit After Tax (NPAT) for the six months to 31 December 2015 was $1.5 million (FY15 H1: $1.7 million).

As at 31 December 2015, the company's statement of financial position remained strong with $19.8 million in cash and cash equivalents and no debt.

Recurrent revenue increased by 12% to $14.2m (FY15 H1: $12.7) during the period, which represented 63% of total revenues.

Mr Tony Walls, CEO, Objective Corporation said: "As a result of contract timing, we experienced an uncharacteristic pause in project services during the half. This lull, which has since re-gained momentum, had a material negative impact on the first half results. Whilst the headline numbers were slightly off the previous corresponding period, the company is in a strong position and we expect a very strong skew to the second half of the financial year which is consistent with our historical results".

"Cash flow generation continued to be very strong in our core ECM business and we maintain our focus on building both the Keystone and Connect businesses."

"2016 is a year of expansion for Objective, results from our investment in all product lines are evident. We are encouraged by opportunities presented by target markets and partners and we look forward to further growth" said Mr Walls.

ACQUISITION OF ONSTREAM SYSTEMS

Today we are also very pleased to announce the unconditional agreement to purchase the entire share capital of Onstream Systems Ltd (Onstream), a New Zealand domiciled company specialising in the capture and management of large documents. Onstream's Trapeze products are used predominantly by government organisations; They have in excess of 2 million users across more than 2,000 customers around the world and generates revenues of approximately NZD2.5m. Please refer to the separate ASX Announcement for further details.

FINANCIAL SUMMARY

Results summary for half year ended	31 Dec 2015 ($m)	31 Dec 2014 ($m)	Change (%)
Revenue	22.8	24.0	(5%)
Net Profit After Tax	1.5	1.7	(13%)
Asia Pacific revenue	18.2	19.8	(8%)
European revenue	4.2	3.8	10%
R & D Expense	5.4	5.5	(1%)
Earnings per share	1.6 cps	1.9 cps	(16%)
No interim dividend was declared			

Objective's solution portfolio is growing and the company is increasingly focussed and measured around business lines. To provide our stakeholders with greater visibility of our underlying financial performance, commencing this reporting period we are providing more transparency in the contribution of each business line.

BUSINESS LINE SUMMARY

Results summary for half year ended	31 Dec 2015 ($m)
Objective ECM	
Sales Revenue	20.0
Operating Profit	3.8
Objective Keystone (ECC)	
Sales Revenue	2.0
Operating Profit	(1.0)
Objective Connect	
Sales Revenue	0.5
Operating Profit	(1.5)

OBJECTIVE ECM

During the first half a highlight for the company was the award of a significant new 11.5 year contract for the Gold Coast City Council in partnership with Infor. As this was based on a cloud subscription licence contract there was no meaningful financial contribution to the current reporting period. We expect a progressive increase in cloud subscription licence revenue over the next 5 years, which will ultimately improve revenue and earnings visibility.

We continue to be excited by our partnership with Microsoft with both organisations contributing significant resources to the development and marketing of Objective's next generation of Enterprise Content Management solutions. Customers are already enjoying early release preview products and we are preparing for the global launch in calendar 2016 Q3. The feedback to date has been outstanding.

In the second half we will deploy a number of new customer ECM solutions on the Microsoft Azure cloud, commencing with Infrastructure NSW.

As is evident from our business line results summary, margin performance from our ECM business remains solid even during the soft first half reporting period.

OBJECTIVE KEYSTONE (ECC)

We remain confident in the transformation of our Keystone business, formerly Enterprise Content Creation (ECC), to address the Financial Services and Insurance market in addition to our traditional Public Sector market.

During the reporting period Colonial First State, the wealth management arm of the Commonwealth Bank, extended its use of Objective Keystone, as did AMP Financial Services.

Finalising the first contracts for these innovative solutions has proven to take longer than originally anticipated, however we do expect to contract with more household names in this market in the second half.

We have recently appointed experienced Objective executive, Mr Adrian Rudman, as Global VP Keystone Solutions to guide the on-going transformation.

After a period of sustained investment, our target is for this business line to reach profitability in FY2017.

OBJECTIVE CONNECT

Objective Connect has had another excellent period of achievement. Although coming from a small base, revenue growth in the first half has again exceeded 100% over the previous corresponding period and we expect this growth rate to continue through the full year.

The Connect solution has proven to be strong in our traditional public sector markets, and the use of the solution in Health Care is also gathering pace.

Most recently we have published case studies in conjunction with our customers; the National Blood Authority and ACT Health, which are available from our website.

Given the opportunity and growth rate in Objective Connect, we continue to prudently invest in every aspect of this business and expect this business line to run at a managed loss for at least the next 18 months.

ON MARKET BUYBACK

Today we also announce an on market share buyback. Whilst we are aware that trading liquidity is a concern for some shareholders, the buyback is only intended to be used opportunistically in times of increased volatility. We view the implementation of the buyback as a prudent capital management tool.

OUTLOOK

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

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

"The Board and management of Objective Corporation would like to thank our loyal customers, our people and our shareholders, for their on-going commitment to the success of the company," said Mr Walls.

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.

ABOUT OBJECTIVE CORPORATION

Objective Corporation (ASX:OCL) is an established leader and specialist provider of content, collaboration and process management solutions for the public sector and regulated industries. Its solutions empower effectiveness, efficiency and transparency, helping organisations deliver better customer outcomes at a lower cost.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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Half-year Financial Report

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

31 DECEMBER 2015

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 2015 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 decreased to $22,465,000 (FY15 H1: $23,667,000). Asia Pacific operations revenue from sales and services decreased to $18,220,000 (FY15 H1: $19,795,000). European operations revenue from sales and services increased to $4,221,000 (FY15 H1: $3,843,000). Total revenue for the half was $22,785,000 which decreased from $24,002,000 in the previous corresponding period.

Operating Result
The consolidated operating result after tax attributable to members for the half was a profit of $1,461,000 (FY15 H1: $1,677,000).

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: 26 February 2015

OBJECTIVE CORPORATION LIMITED AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Note	Half-year ended 31-Dec-15 $'000	Half-year ended 31-Dec-14 $'000
Revenue	2	22,785	24,002
Cost of sales		(185)	(219)
Gross profit		22,600	23,783
Distribution expenses		(12,858)	(13,490)
Administrative expenses		(3,021)	(2,958)
Research and development expenses		(5,417)	(5,456)
Foreign exchange loss		(62)	(70)
Profit from continuing operations before income tax		1,242	1,809
Income tax benefit/(expense)		219	(132)
Profit after tax attributable to members of the Company		1,461	1,677

		Cents	Cents
Basic earnings per share	5	1.6	1.9
Diluted earnings per share	5	1.6	1.9

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 2015

	Half-year ended 31-Dec-15 $'000	Half-year ended 31-Dec-14 $'000
Profit for the period	1,461	1,677
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Foreign currency translation differences for foreign operations, net of tax	10	328
Total comprehensive income for the period	1,471	2,005
Attributable to members of the Company	1,471	2,005

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 2015

	Note	31-Dec-15 $'000	30-Jun-15 $'000
Current Assets			
Cash and cash equivalents		19,832	20,245
Receivables		5,672	8,923
Other		3,427	2,553
Total Current Assets		28,931	31,721
Non Current Assets			
Intangible assets		7,368	7,604
Property, plant and equipment		745	883
Deferred tax assets		415	329
Receivables		755	935
Total Non Current Assets		9,283	9,751
Total Assets		38,214	41,472
Current Liabilities			
Payables		4,466	6,883
Current tax liabilities		3	881
Provisions		836	1,049
Other		16,656	13,541
Total Current Liabilities		21,961	22,354
Non Current Liabilities			
Provisions		751	453
Other		1,575	3,043
Total Non Current Liabilities		2,326	3,496
Total Liabilities		24,287	25,850
Net Assets		13,927	15,622
Equity			
Contributed equity	4	3,243	3,048
Retained profits and reserves		10,684	12,574
Total Equity		13,927	15,622

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 2015

	Half-year ended 31-Dec-15 $'000	Half-year ended 31-Dec-14 $'000
Balance at 1 July	15,622	11,982
Profit for the half-year	1,461	1,677
Exchange differences on translation of foreign operations	10	328
Total comprehensive income for the half-year	1,471	2,005
Other equity movements:		
Recognition of share based payment	48	64
Transactions with members in their capacity as members:		
Proceeds from share options exercised	195	1,186
Dividends paid	(3,409)	(3,088)
Total equity at the end of the half-year	13,927	12,149

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 2015

	Half-year ended 31-Dec-15 $'000	Half-year ended 31-Dec-14 $'000
Cash flow from operating activities		
Receipts from customers (inclusive of GST)	29,281	31,903
Payments to suppliers and employees (inclusive of GST)	(26,170)	(26,490)
Interest received	320	335
Income tax paid	(544)	(215)
Net cash provided by operating activities	2,887	5,533
Cash flow from investing activities		
Purchase of property, plant & equipment	(96)	(327)
Net cash used in investing activities	(96)	(327)
Cash flow from financing activities		
Proceeds from share options exercised	195	211
Dividends paid	(3,409)	(3,088)
Net cash used in financing activities	(3,214)	(2,877)
Net increase/(decrease) in cash held	(423)	2,329
Cash at the beginning of the half-year	20,245	14,969
Net foreign exchange differences	10	(43)
Cash at the end of the half-year	19,832	17,255

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 2015

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 2015 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 2015 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-15 $'000	Half-year ended 31-Dec-14 $'000
Sales and services	22,465	23,667
Interest	320	335
Total revenue	22,785	24,002

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Note 3. Segment information

(a) Geographic segments

For half-year ended 31 December 2015	Asia/Pacific $'000	Europe $'000	Unallocated $'000	Consolidated $'000
Segment Revenue				
Sales and Services	18,220	4,221	24	22,465
Interest	-	-	320	320
Total Revenue	18,220	4,221	344	22,785
Expenses (not including R & D)	11,872	3,592	662	16,126
Profit (loss) before R & D	6,348	629	(318)	6,659
R & D	-	-	5,417	5,417
Income tax benefit	-	-	(219)	(219)
Net profit (loss)	6,348	629	(5,516)	1,461

For half-year ended 31 December 2014	Asia/Pacific $'000	Europe $'000	Unallocated $'000	Consolidated $'000
Segment Revenue				
Sales and Services	19,795	3,843	29	23,667
Interest	-	-	335	335
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	-	-	5,456	5,456
Income tax	-	-	132	132
Net profit (loss)	7,878	60	(6,261)	1,677

(b) Industry segments

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

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Note 4. Contributed equity

	31-Dec-15 Number	30-June-15 Number	31-Dec-15 $'000	30-June-15 $'000
Ordinary Shares	91,027,277	90,797,277	3,243	3,048
Total contributed equity[1]	91,027,277	90,797,277	3,243	3,048

[1] During the current financial year, the Company issued a total of 230,000 shares (160,000 shares at $1.00 per share, 70,000 shares at $0.50 per share). Proceeds from the issue of 230,000 shares totalled $35,000. 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 2015, 230,000 new shares in the Company were issued pursuant to the Employee Incentive Plan. 230,000 options were exercised during the period.

	31-Dec-15		30-June-15	
Options on issue at balance date	Number	Expiry Date	Number	Expiry Date
Employee Options Exercisable at $0.50	304,000	01/09/2016	324,000	01/09/2016
Employee Options Exercisable at $0.50	200,000	07/10/2024	200,000	07/10/2024
Employee Options Exercisable at $0.50	250,000	05/02/2024	300,000	05/02/2024
Employee Options Exercisable at $1.00	80,000	07/10/2024	240,000	07/10/2024
Employee Options Exercisable at $0.75	500,000	24/03/2024	500,000	24/03/2024
Employee Options Exercisable at $1.17	150,000	24/02/2025	150,000	24/02/2025
Employee Options Exercisable at $1.20	1,000,000	5/03/2025	1,000,000	5/03/2025
Total options on issue	2,484,000		2,714,000	

Note 5. Earnings per share

	Half-year ended 31-Dec-15 Cents	Half-year ended 31-Dec-14 Cents
Basic earnings per share	1.6	1.9
Diluted earnings per share	1.6	1.9
	$'000	$'000
Net profit used in calculating basic and diluted earnings per share	1,461	1,677
Weighted average number of shares used as the denominator in	Number	Number
calculating basic earnings per share	90,976,570	89,153,603
Weighted average number of shares used as the denominator in	Number	Number
calculating diluted earnings per share	93,306,800	90,646,528

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 2015 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: 26 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

26 February 2016

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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 2015, 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 2015 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 2015 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

Pitcher Partners

PITCHER PARTNERS

Sydney

26 February 2016