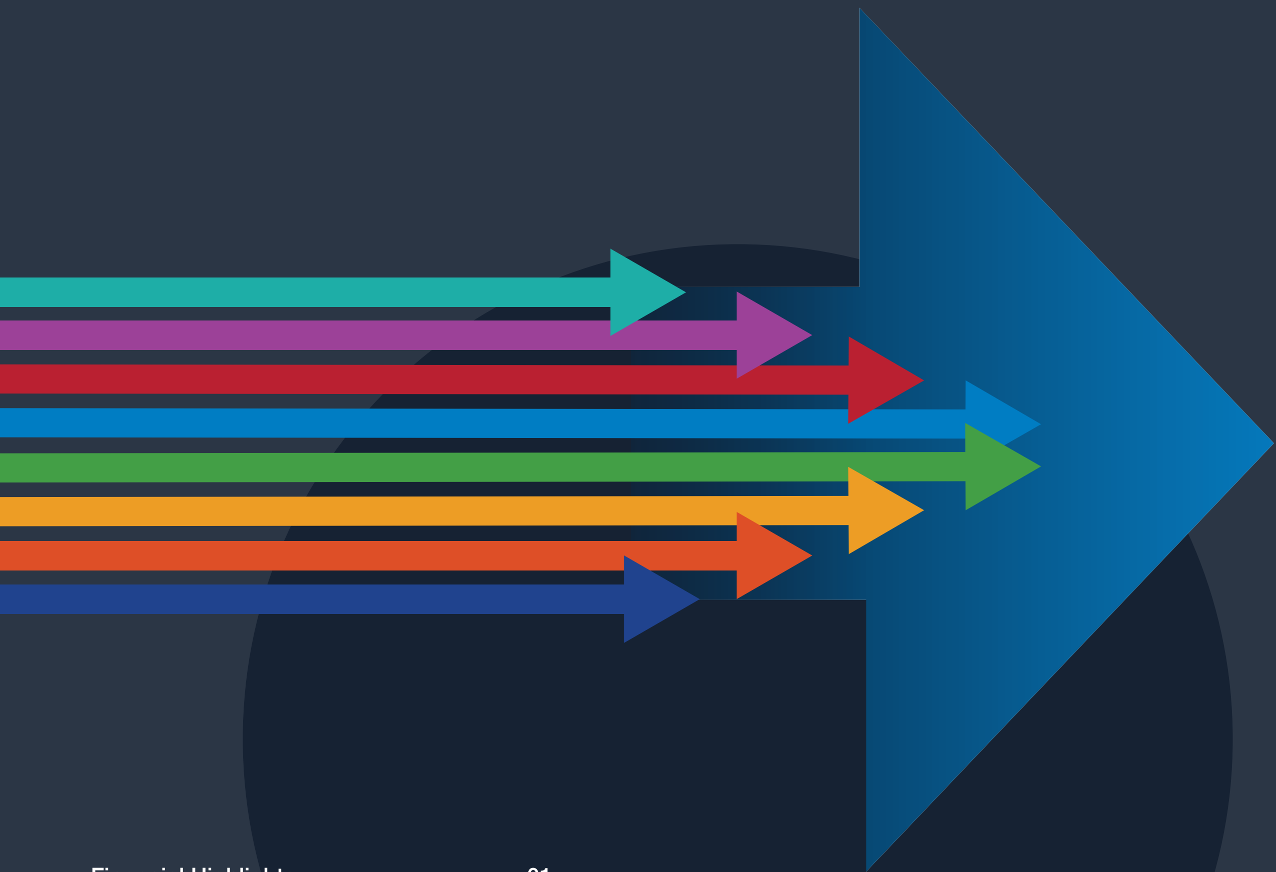
Objective

Annual Report **2019**

World class products. Unified user experience.



Financial Highlights

Revenue

$62m

70% recurring

Annual recurring revenue

$46.6m

15% growth

Research & development

$13.2m

21% of revenue

Operating cash flow

$23.4m

166% of EBITDA

EBITDA

$14.1m

Net profit after tax

$9.1m

23% growth

Cash

$34.6m

$21.5m at 30 June 2018

Dividend

6.0cps

5.0cps fully franked

In FY2019, whilst revenue remained flat, the Company delivered material growth in Annual Recurring Revenue (ARR), operating cash flow and profit, in addition to sustained investment in research and development. The Company continues a transition to a subscription model and the increasing proportion of recurring revenue provides significantly greater predictability around future revenue and earnings. This facilitates better planning and management of the Company's resources and supporting further investment in the business in FY2020, both internally and through acquisition.

Commitment to Outstanding Solutions

Investing to develop outstanding software supporting customers’ complex business interactions with a powerful, unified user experience.

Powerful, Integrated User Experience

As the content management industry transitions to modular content services, many companies face a challenge of disjointed and inconsistent user experiences across modules. The Objective Design Language (ODL), is the design foundation for all Objective products and a strong differentiator in the market. During FY2019, Objective IQ was launched as a common, ODL-based experience across every product, ensuring consistent look, feel and behaviours throughout the product suite.

Transforming Complex Business Interactions

Customers continue to seek efficiencies in business processing. Whether processes are ad hoc or formally defined, optimised processes enable organisations to achieve more with less, meet and exceed targets and deliver better customer and community outcomes. Developing outstanding process solutions is key to our product strategy to ensure we continue to deliver real business value to our customers and long-term loyalty.

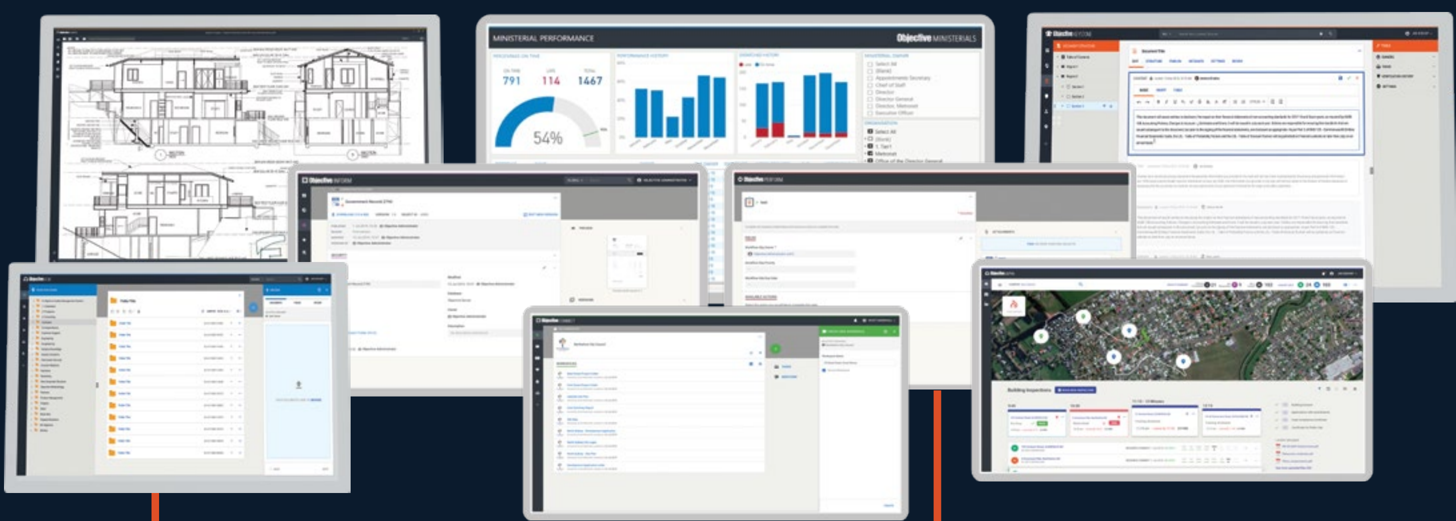
From formal end-to-end process control using Objective Perform or Objective Alpha, ad-hoc team collaboration using tools such as Microsoft Teams or trusted interactions with external parties through Objective Connect, our solutions deliver information, collaboration and communication capabilities underpinned by strong information governance, security and traceability.

Industry Solutions

Across our target markets, there are many complex and regulated processes that are common including Ministerial correspondence processing, information access requests (such as Freedom of Information, GDPR) and responding to citizen or customer correspondence. Objective’s Industry Solutions provide a suite of out-of-the-box processes that can be applied to these challenges with a high degree of flexibility to support customers’ specific business structures and deliverables without custom coding. This speeds implementation and delivers a sustainable, supportable platform to which new modules can be added over time, creating a foundation for ongoing digital transformation.

Artificial Intelligence and Machine Learning

Embracing emerging technologies such as artificial intelligence (AI), machine learning (ML) and natural language processing (NLP) in content management and content processing provides significant opportunities to enhance the utility of information and apply intelligence to processes, driving better business outcomes and greater user adoption. Many of the innovations released as new features across the Objective product suite apply the latest technologies to provide context to content, automate classification, speed the comparison of versions and analyse past activity to recommend actions.



The cohesive visual and behavioural framework of Objective IQ provides a consistent user experience for all products.

As users develop familiarity with one product they can move seamlessly to others, accelerating adoption of additional products within customers.

A Year of Innovation

Objective ECM

Content Services – an integrated suite of Content Services combining Objective Inform delivering high grade document and records management, and Objective Perform delivering rich, business process management capabilities.

ECM 10.5 – delivers an exceptional experience covering the full life cycle of content for business users, including capture, search, use and collaboration while ensuring seamless governance in the background.

Enhanced Integration with Microsoft Office 365 – delivers seamless content and process governance for Microsoft Office, Microsoft Office365 and Microsoft Teams.

Objective INFORM

Federated Records – delivers governance for content wherever it resides in the organisation (e.g. shared network drives, SharePoint document libraries, email), without the need for costly migrations.

Capture – enhanced capabilities from high volume digitisation, to "drag and drop" capture of emails, to integrated save and co-authoring functions in Microsoft Office and Office online.

Governance for Microsoft Teams – full records interaction and archive of Microsoft Teams activity, messages and documents.

Objective PERFORM

Electronic Forms – configuration options allow tasks to be delivered and actioned by users via email, online or mobile with flexibility to define task specific descriptions, check lists and actions.

Frictionless Content Integration – content attached to a task can be automatically saved to an integrated repository, redacted using Objective Redact and shared to external parties via Objective Connect.

Management Controls – powerful dashboards allow live review of progress and workloads, as well as tracking of KPIs and service levels.

Objective MINISTERIALS

Objective Ministerials V3 – delivers a flexible application leveraging the ODL user experience and enhanced forms features to streamline and simplify processing of Ministerial requests across the organisation. Updates to the dynamic dashboards provides full visibility and KPI reporting.

Objective OPENGOV

Objective OpenGov Launch – enables organisations to streamline and automate the processes relating to Information Access Requests (e.g. FOI, GIPA, RTI, OIA) reducing time spent on administration, secure sensitive content, collaborating with internal and external stakeholders to supporting better decisions.

Objective CONNECT

Workspace Record – know exactly who's done what and when. An easy-to-consume report produced in seconds containing a complete timeline of all actions across a collaboration event.

Bulk Download – enhanced transmittal of large numbers of files. Users can now download the contents of an entire workspace in a single click. Files are added to a single zip file for simplicity and efficiency.

Revised Product Editions and Premium Support – to elevate value and encourage uptake of larger subscriptions, Standard and Enterprise editions were added. Enterprise Edition customers access an enhanced feature set and Premium Support.

Objective KEYSTONE

Stakeholder Engagement V5 – enhancements to poll and survey features, social media login integration and user interface updates for both council staff and the public, support better council-to-community engagement.

Editable PDF Forms – enables financial services institutions to improve customer experience and reduce the time taken to capture and process form data.

Portfolio Management Capabilities – enables customers to manage very large sets of content, at scale.

Objective TRAPEZE

Launch of Trapeze Professional – major new version of Objective Trapeze sold via subscription licensing only.

Performance Enhancements – user experience and performance enhancements deliver speed improvements of more than 50%.

Plan Comparison – automatically identifies changes between multiple versions of plans, saving significant time for planners and reducing the risk of missing changes to plans.

Printing Enhancements – greater control over printing and improvements to performance.

Objective ALPHA

Complete Online Consent Process – from initial application to issue of Code Compliance Certificate. Results in efficient processing for councils and a modern, digital experience for the community.

Smart Checklists – inspection checklists automatically customised for each project as it progresses.

Self-Contained Email and Messaging – communication captured and associated with the project, never goes missing.

Objective REDACT

Unified Experience – redact documents directly from Objective Inform and Objective ECM, with redacted versions stored alongside originals.

Bulk Redaction – a project view for managing and redacting multiple documents delivers improved user experience and efficiency.

Delivering Outcomes for Our Customers

Underpinning Victoria's Smart Planning Program

Department of Environment, Land, Water and Planning, Victoria, Australia

Focused on creating thriving environments and communities, the Victorian Department of Environment, Land, Water and Planning (DELWP) aspired to make the state's planning system the most efficient and responsive in the country.

DELWP maintains approximately 65,000 pages of documents, for 82 planning schemes throughout the state. Making amendments to a planning scheme is a statutory process initiated via a network of 79 local councils and other planning authorities.

Formerly drafted and maintained using word processing software and manual forms, a laborious and inconsistent method; amendments are now drafted by councils, reviewed and published by DELWP completely online, using Objective Keystone – a single central system to store, amend and publish the planning schemes for Victoria.

The benefits of the solution extend from state government into councils, out to the community and industry. For councils submitting amendments, the process is faster with built in quality and version control. For the department, managing 82 schemes is far more efficient with greater visibility, transparency and governance across the system. For the general public and industry, there is improved accessibility to a greater range of planning information and rules.

Modern, engaging information governance for 10,000 users

The Scottish Government, Scotland, United Kingdom

The Scottish Government has been using Objective ECM as its core information management solution for more than 15 years. 10,000 users rely on ECM to securely store, access and share information across more than 60 Directorates and Agencies including health, social security, education, justice, rural affairs and transport. Its workforce is rapidly moving towards a fully mobilised and flexible model of working practices, the 'digital workplace'.

Scottish Government also uses Objective Connect as its corporate cloud collaboration solution. Adoption and use has been a great success with more than 700 digital workspaces supporting their work with external partners and customers. The organisation is also expanding its use of workflow, with Objective Perform now automating many information governance processes.

Scottish Government's strategic vision 'SG2020' is to be open, capable and inclusive in the development of policy and delivery of excellent public services. A core component of this has been significant investment in a technology enabled programme to improve its business operating model and infrastructure around information management; users need digital solutions that deliver an experience which keeps pace with business change and supports quick, flexible and mobile working.

To meet these high expectations the Scottish Government is upgrading Objective ECM to the latest version, based on the Objective IQ design language, to provide a greatly improved experience to its users, and consistent with Objective Connect. Feedback from the first wave of users adopting ECM via Objective IQ has been overwhelmingly positive. Upon full rollout Scottish Government will be positioned well to deliver their SG2020 vision and other technology strategies such as Microsoft Office 365.

Government of **Western Australia**
Department of **Communities**

Machinery of Government Changes Drive Digital Initiatives For 6000 Staff

Department of Communities, Western Australia

Objective ECM Objective PERFORM Objective CONNECT

Following Western Australian (WA) machinery of government changes in 2017, six government agencies were merged to form the Department of Communities.

One of the agencies, the Department for Child Protection and Family Support, had been an Objective customer since 2009 and grown its use of Objective ECM to 3000 users for both enterprise information management and case management in its role to protect and care for Western Australian children, young people and families who are in need, at risk or in crisis.

In an independent external evaluation of existing "in-house" systems which balanced considerations such as existing investment, integrations and change management, Objective ECM was selected as the enterprise-wide information management platform for the newly formed department, adding an additional 3000 users from Department of Housing, Disability Services Commission, Regional Services Reform Unit and parts of the Department of Local Government and Community Services and Department of Aboriginal Affairs.

Department of Communities upgraded to Objective ECM 10.5 and spearheaded a digital-first initiative, known as the Paper Light Program, with a goal of reducing or eliminating paper altogether from its operations.

Objective ECM is also used to streamline content-driven processes that span multiple agencies during the amalgamation phase, managing Ministerial and Director General correspondence, Parliamentary Questions on Notice and Cabinet Submissions across the department. While Objective Connect is used for collaboration with external parties and to support staff in the field with access to information.

WHAKATĀNE
District Council
Kia Whakatāne au i ahau

Digital Foundation Delivering Outstanding Services to the Community

Whakatāne District Council, New Zealand

Objective INFORM Objective PERFORM Objective KEYSTONE

Objective ALPHA Objective TRAPEZE

An Objective customer since 2008, Whakātane District Council aims to be a leader in the adoption of technology for truly digital operations and modern service delivery to its community.

Objective Inform manages digital information and records for corporate administration, currently focusing on property related information for the district. It aims to provide a foundation of information governance, compliant recordkeeping and a single source of the truth for council staff.

Objective Perform automates and streamlines a range of content-driven functions for the council including: new property file creation and updates, building consent approvals and accounts payable information, as well as a range of other operational workflows.

Objective Keystone supports collaborative authoring for Agendas for Council, Committee and Community meetings. Managed by its Governance Support and Executive Administration teams, Agendas for these meetings are made accessible to the public through the council's website.

Objective Alpha (formerly Alpha One) efficiently manages the process of building consent approval. From capturing applications online, through guided review and approval stages, to communication with the applicants and subsequent inspections of building progress, the guided, completely digital process applies best practice to every application.

Objective Trapeze is used during the building consent assessment process managed by Objective Alpha. Objective Trapeze provides the Environmental Services, Building and Monitoring team with the tools they need to measure, review and assess building consent applications as digital documents.

Go-to-Market Strategy

Direct Customer Engagement

A direct engagement model with prospects and customers ensures we remain focused on delivering an outstanding experience to our customers. It also retains a connection with market demand that we feed back into product design and development.

Sales

- Single team selling all products.
- Subscription licensing – single procurement model with unified terms, unified contracts.

Account Management

- Single account manager per customer.
- Cross-sell, upsell opportunities.

Customer Support

- Single support portal for all products.
- Single support team, across geographies.

Subscription Licensing

The transition to a subscription licensing model continued for all products. Subscription licensing is an accepted model in the industry for cloud products, and increasingly on-premise installations. Customers benefit from access to new functionality and the latest user experience. Objective benefits from improved predictability of earnings via annual recurring revenue (ARR).

Positioning for Growth

Cross-sell and expanded adoption of products –
As a result of the consistent user experience across products delivered by Objective IQ together with increased integration between Objective products to deliver high value customer outcomes.

Expanded market opportunity in Local Government –
As a result of the acquisition of Alpha Group, our local government customer base has expanded and we are accelerating development of planning solutions for this sector.

Inside Objective

Fostering a Culture of Collaboration, Innovation, Inclusion and Purpose

Workspaces for Innovation and Collaboration

Fostering a culture of innovation and collaboration starts with modern, welcoming and flexible workspaces. True remote working supports effective, cross-functional teams that span geographical boundaries, ensuring an outstanding experience for customers, wherever they are located. The new Objective Planning Solutions Centre of Excellence will open in Palmerston North, New Zealand by the end of calendar year 2019.

Purpose

Creating a great place to work takes more than sleek offices. Every year, every day, we reinforce the company values in all that we do; in recruiting our people we seek diverse skills, experiences and perspectives; we don't look for a cultural fit, we look for culture-add. We encourage feedback and recognition through all levels of the business, not just top down. And each individual is heard and respected for their unique contributions.

Each year the company comes together in person, at Activate, a company-wide event to communicate strategy for the year ahead, celebrate achievements from the year past and workshop new ideas; large and small.

Innovation

Innovation doesn't just happen. It needs nurturing and time to grow. At Objective we recognise this and dedicate time every fortnight, every quarter and every year to ideation. Innovate Friday every second Friday afternoon, Innovate Hackathon days every quarter for engineers and 50 Great Ideas a day of workshops that involves the entire company.

Healthy Workplace

The health and wellbeing of our people, both physical and mental, is something we take seriously and encourage all staff to do the same. Our Wellness Program includes events to raise awareness of the importance of mental health, we invite guest speakers, participate in national awareness days including; R U OK Day, World Mental Health Day, Walk for Autism. Objective provides access to an external, confidential coaching and counselling service to all employees and their families, at no cost to them.

We encourage participation in and financially support fitness bootcamps, yoga classes, running clubs, annual running events such as the City to Surf in Sydney. We host games evenings, social events, staff recognition events and more.

Objective Gives

Contributing to the community through volunteer work and charity fundraising is important for a vast number of our employees, fully supported by Objective. Each regional office runs fundraising events for a nominated charity in their region, giving every individual the opportunity to contribute at a local level, with funds raised, matched by Objective. We've run Christmas Hamper days, coffee drives, Lego building competitions, personal toiletries packs and even participated in the Variety Bash car rally. And with Time2Give leave, employees can take a day each year to work for a charity-based organisation.

GREAT PLACE TO WORK® CERTIFIED 2019 AUSTRALIA

Great Place to Work – 2019

The Great Place to Work (GPTW) certification is based on an independent assessment by the GPTW of our policies, practices and programs – that all contribute to our workplace culture.

Being certified as a Great Place to Work is fantastic recognition that as an organisation, we are investing in creating an environment which enables our people to feel valued and do their best work.

CEO's Report

Dear fellow shareholders,

I am pleased to present Objective Corporation's Annual Report for the financial year ended 30 June 2019 (FY2019). A truly progressive year with great outcomes for all of our stakeholders.

Whilst the headline reported revenue remained flat, the underlying narrative was significant enhancements across our suite of solutions, margin expansion and material growth in annual recurring revenue (ARR). We welcomed many new customers and worked with existing customers to expand their solutions to deliver further value.

We are delighted to have Objective IQ delivering our customers an outstanding, consistent user experience across all products. We are also delivering a cohesive way for our customers to engage with us, through Support, Customer Success Management and Engagement Management.

Whilst we now manage products at different stages of their evolution, we increasingly have customers benefiting from multiple Objective solutions. We have re-shaped our primarily direct go-to-market approach in order to provide a unified face of Objective to our customers and give them a single point of contact for ongoing management and support of their solutions, further supported by product domain specialists from within the individual product business units. Working together, these factors contribute significantly to our commitment to an outstanding end-to-end experience for customers.

During FY2019, we also welcomed a new solution and team to the Objective family. In April 2019, Objective Corporation acquired Alpha Group, based in Palmerston North, New Zealand. Alpha Group develop Alpha One, a cloud-based building development consenting solution for local government. Alpha One allows councils to digitally transform the building consenting process utilising a guided digital process that consistently applies best practice to every application.

Further, Alpha One will complement our solutions for local government customers in New Zealand, who currently use Objective Trapeze for the digital assessment of building plans and accelerate the development of a single, end-to-end building consent solution. The Objective Trapeze and Alpha Group teams will be combined into a new Objective Planning Solutions Centre of Excellence in Palmerston North by the end of calendar year 2019.

Financial Performance

Group revenue for FY2019 was $62.0 million (FY2018: $63.1 million) and EBITDA was $14.1 million (FY2018: not comparable). Whilst revenue was flat in FY2019 compared with FY2018, the prior year included a material contribution from the end of a large consulting project that concluded prior to FY2019. In FY2019, this revenue was largely replaced with higher margin software revenue, driving improved profitability for the business. Net profit after tax (NPAT) increased by 23% to $9.1 million (FY2018: $7.4 million).

Operating costs decreased by 6% in FY2019 to $49.3 million (FY2018: $52.2 million) following the resetting of costs in our consulting services business, but somewhat offset by additional investment in R&D across all products and new go-to-market resources to further develop product and geographic markets. Across the organisation, we also invested in implementing more efficient, robust and streamlined systems and processes to facilitate further scaling of the business without proportionally increasing overheads.

The total acquisition consideration for Alpha Group comprised of NZ$3.0 million in cash plus 200,000 shares in Objective Corporation. Annualised FY19 revenue for Alpha Group totalled NZ$3.0 million with Annual Recurring Revenue (ARR) of NZ$2.0 million as at 30 June 2019.

Reinforcing the success of our ongoing transition to subscription software contracts, recurring revenue (including Alpha Group) increased to 70% of total revenue. As at 30 June 2019, ARR increased to $46.6 million, an increase of 15% over the balance at 30 June 2018 of $40.5 million. Significantly, we delivered material revenue growth in all of our core subscription software solutions including ECM as a Service (ECMaaS) (23% growth over FY2018); Connect (27% growth over FY2018); Keystone (21% growth over FY2018) and Trapeze (20% growth over FY2018).

ARR remains an important measure for our business; as we increase the proportion of subscription revenue, we get greater predictability over future revenue and earnings, allowing us to better plan and manage our resources and investments.

Annual recurring revenue

$46.6m

15% growth

EBITDA

$14.1m

Cash

$34.6m

$21.5m at 30 June 2018

Investing in Research & Development

Developing outstanding software has always been the core DNA of Objective's business model and in FY2019 we invested 21% of revenue in research and development (R&D). Total R&D spend in FY2019 was $13.2 million ($13.1 million in FY2018) and Objective was recognised by Gartner as Visionary in the 2018 Magic Quadrant for Content Solutions Platforms.

As in previous years, the company expensed 100% of all R&D expenditure as it was incurred. This approach is no longer adopted by any of our directly comparable companies, but we continue to believe that this conservative accounting treatment best represents genuine sustainable profitability.

Our accounting treatment of R&D expenditure results in no intangible asset being recorded on the Group's statement of financial position however there is undoubtedly significant and valuable intellectual property assets being created that do not appear in the company's financial statements.

An important output of our R&D efforts was Objective IQ, an enhanced user experience for all Objective products which was launched in FY2019. Objective IQ is the evolution of the Objective Design Language (ODL) designed to delight end users, accelerate adoption of new Objective products and deliver familiarity to move seamlessly between each of them. It also enhances the ability of our customers to work remotely, on mobile and access Objective functionality natively within the Microsoft Office 365 suite of products.

Business Line Review

The Business Line Review in the subsequent pages of this report provides transparency of financial performance by line of business. The names of some of these business lines have evolved, to accommodate new products, however the reporting is structured within the same lines as previous years.

Outlook

We have demonstrated the capability and maturity to invest in businesses, both internally developed; and acquired, in a way that allows them to realise their potential in target markets.

During 2020 we will continue to utilise the strong cash flows generated by the business to invest in our existing product portfolio, as well as introduce new products through acquisitions where strategically aligned. We will seek additional opportunities to acquire companies that meet out disciplined financial and target market metrics; where these products can accelerate our solution development roadmap or customer reach.

We will continue to focus on growing revenue within our existing customer base. With an expanding range of solutions all sharing the Objective IQ user experience and the depth of our customer relationships, we are positioned well to extend customers' adoption of a portfolio of Objective solutions.

We enter FY2020 in a strong position and expect material growth in revenue and profitability; with all business units to be contributing to profit by the close of FY2020.

We have a simple but powerful purpose of bringing governance and better business practices to the organisations our communities depend upon. This is made possible by our loyal customers, staff, and shareholders. The Board and management of Objective would like to thank all of our stakeholders for their ongoing contribution and commitment to the Company.

Tony Walls
Chief Executive Officer

Business Line Review

Content Services

Sales Revenue FY2019

$48.0m ▼6%

FY2018 $51.1m

Objective PERFORM

Objective INFORM

Objective ECM

Objective OPENGOV

Objective MINISTERIALS

Objective CORRESPONDENCE

Financial performance

In FY2019, revenue in our Content Solutions business decreased by 6.1% to $48.0 million (FY2018: $51.1 million). Our focus on higher margin software revenues delivered revenue growth in new licence sales of 18% over FY2018 and growth in ECMaaS revenue of 23% over FY2018. Prior period revenue comparisons were impacted by the material contribution from a large consulting project in FY2018 that was not repeated during FY2019.

Expanded addressable market

We have delivered outstanding governance solutions to support Microsoft Office 365, which is now achieving significant market momentum. Office 365 provides widely used collaboration capabilities and Objective supports these capabilities with military grade information and process governance, providing a seamless way to achieve corporate governance when using the Office 365 products.

Further engineering effort was directed to enhancing integration between Objective Perform and Micro Focus Content Manager, to better tailor Perform to Content Manager customer usage patterns. This enables Micro Focus' electronic document and records management system (EDRMS) customers to seamlessly utilise Objective products for automating business critical processes while retaining their existing Content Manager repository.

Industry Solutions

Strong demand from customers through the year, for the latest versions of software is a testament to the quality of Objective's current product releases and their ability to support modern ways of working. Customers are transforming traditional paper-based or inefficient digital methods into highly scalable and streamlined best practice processes. As processes are refined and embedded within customer organisations, we take the learnings and turn them into best-practice products in our Industry Solutions; deepening customer engagement. The latest releases of Industry Solutions are instrumental in moving content management from a recordkeeping function to an all-of-business productivity capability.

Simplified upgrade paths

Over a number of years, we have focused on developing more efficient technology and professional services practices that simplify the transition to new versions of our software, easing the pain and cost of upgrades for customers. This strategy helps customers access the latest innovations, integrations and user experience; maximising the value from their investment. As at 30 June 2019, 87% of Content Solutions customers had committed to Objective 10, the latest generational release, and more than 30% had committed to version 10.5 or later, which offer the full benefit of Objective IQ. The impact of reduced complexity of upgrade engagements has resulted in significantly reduced upgrade costs for customers which allows them to stay more current and exploit the latest capabilities sooner.

Keystone

Sales Revenue FY2019

$7.1m ▲8%

FY2018 $6.6m

Objective KEYSTONE

Financial performance

During FY2019, revenue in our Keystone business increased by 8% to $7.1 million (FY2018: $6.6 million). The overall results were driven by an increase in software revenues of 21%, offset by an 18% decrease in services revenue following the completion of a number of significant implementation projects.

Target segment: Financial Services and Insurance

The value proposition for Keystone in Financial Services & Insurance (FSI) market is well established amongst the largest financial institutions in Australia. During FY2019 we won new customers in the investment management, superannuation and portfolio management segments and saw increased usage from existing customers. The success of Keystone in transforming the production process for regulated documents is driving the adoption of the solution for other use cases within each customer organisation. Leveraging demonstrated capabilities in the Australian market, we commenced marketing in the UK FSI market in late FY2019.

Target segment: Public Sector

The performance of Objective Keystone in the public-sector market, which we address in Australia, New Zealand and the UK, continued to improve in FY2019. Keystone is used by more than 250 local government customers for the compilation of complex strategic and statutory planning documentation and to collect community feedback on the proposed plan. During FY2019, with assistance from the Queensland Government Innovation and Improvement Fund, Objective invested in significant improvements in stakeholder engagement capabilities to enhance the value for local government customers.

The use case for Objective Keystone extended further into state government departments with demand for the rapid production of complex documentation with multiple collaborators. The Victorian Department of Environment, Land, Water and Planning extended the use of Keystone for the production and maintenance of the Victorian Government's Smart Planning Program. In NSW, another government department began use of Objective Keystone for the production of Cabinet Papers. This broadens the addressable market for Objective Keystone into a market where Objective already has well-established customer relationships and a deep understanding of customers' governance environments.

Planning Solutions

Sales Revenue FY2019

$3.3m ▲37%

FY2018 $2.4m

Objective TRAPEZE
Objective ALPHA
Objective REDACT

Financial performance

Objective Planning Solutions revenue grew to $3.3 million in FY2019, a growth over FY2018 of 37% (FY2018: $2.4 million). This included the contribution of the Alpha Group acquisition from April 2019.

Acquisition of Alpha Group

Objective welcomed Alpha Group customers and employees to the business throughout FY2019 as the developers of online building consenting system, Alpha One (which has since been rebranded as Objective Alpha). There is complete synergy between the use cases and target markets for Objective Trapeze and Objective Alpha. Based in Palmerston North, New Zealand, the businesses will be closely integrated as the Trapeze and Alpha teams move into the new Objective Planning Solutions Centre of Excellence in Palmerston North in late 2019.

Objective Trapeze go-to-market

During FY2019 we transitioned the go-to-market model for Objective Trapeze from the indirect model that we inherited, to a direct sales and support relationship with our customers. Through this change, Objective onboarded more than 150 additional direct customers in the Australian market, adding to the existing Trapeze customer base in New Zealand and the UK. We are actively working with these customers to better understand their existing processes and use cases in order to deliver future product enhancements. Our customer relationships are also enhanced by a deepening technical and sales relationship with Microsoft. Trapeze Professional has been featured within Microsoft Technology Centres and the software has been tailored to deliver a unique and outstanding user experience on the newly released Microsoft Media Surface hardware.

Objective Redact

The Planning Solutions business line results also included the contribution of Objective Redact. Relaunched in March 2018, Objective Redact is established as a world class solution for efficient and irreversible redaction of sensitive documents. The fully automated customer onboarding process, supported by digital marketing campaigns, has grown sales globally with over 75% of revenue generated outside of Australia & New Zealand and 50% of revenues derived from North America. Objective will continue to invest in the Objective Redact product, including further enhancements of the user experience and deeper integration with EDRMS to deliver specific business process outcomes to customers.

Connect

Sales Revenue FY2019

$3.1m ▲27%

FY2018 $2.4m

Objective CONNECT

Financial performance

Objective Connect revenue grew to $3.1 million in FY2019, a growth over FY2018 of 27% (FY2018: $2.4 million). In line with the strong growth in revenue, we continued to invest in the development of the solution offering and the go-to-market team in Australia and the UK.

Market position

For public sector entities where information governance is critical, Objective Connect provides the ultimate protection for their information when they need to share and collaborate on documents with external stakeholders. The solution is clearly differentiated from generic file-sync-and-share tools designed for individuals collaborating on a single document. Objective Connect facilitates and supports cross-agency processes by controlling the distribution and receipt of content and information between an agency and their trusted partner networks.

Cross-agency collaboration solutions

Demonstrating the power of the network effect from a simple to use, cross-agency collaboration solution, Objective Connect experienced a 30% growth in the number of users (from both new and existing customers) and 18% growth in ARR from FY2018 to FY2019.

Expanded addressable market

Objective Connect is a repository agnostic content collaboration tool and utilising this framework Objective has worked closely with Micro Focus to deeply integrate Objective Connect with Micro Focus Content Manager. This engineering partnership was complemented by joint market development events where Objective Connect was presented as the default secure, online collaboration tool for users of Micro Focus Content Manager.

DIRECTORS' REPORT

The Directors of Objective Corporation Limited ('the Company') present the Annual Report of the Company and its controlled entities (collectively 'the Group') for the year ended 30 June 2019.

L–R: Mr Tony Walls, Mr Gary Fisher, Mr Nick Kingsbury, Mr Darc Rasmussen and Mr Leigh Warren.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated:

Mr Tony Walls

Chairman and Chief Executive Officer

Tony founded the business in 1987 and has extensive experience in the IT industry. Tony has a B.Math (Computing Science), a Grad. Dip in Applied Finance (SIA) and is a Fellow of the Australian Institute of Company Directors.

Mr Gary Fisher

Non-Executive Director

Gary was appointed a Director of Objective Corporation Limited in March 1991. In October 2007 Gary became a Non-Executive Director. 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 Nick Kingsbury

Independent Non-Executive Director

Nick was appointed as a Non-Executive Director in July 2008 and is a member of the Audit Committee. Nick is an experienced international software entrepreneur, strategist and venture capitalist. Nick founded, led and then sold a leading UK Business Process Management company. Nick then spent 7 years with the international venture capital company 3i, where he headed up the software sector. From October 2011 to June 2015 he chaired a UK AIM listed cyber security company Accumuli, plc, which was successfully sold to NCC Group. As well as his role with Objective, he is a Partner with the venture capital firm Amadeus Capital Partners and sits on the boards of several early stage businesses. He is also an advisor to Growthpoint Technology Partners, a US investment bank.

Mr Darc Rasmussen

Independent Non-Executive Director

Darc was appointed as a Non-Executive Director on 8 August 2018. Darc is a seasoned enterprise software professional with over 25 years' experience successfully building and growing Software as a Service (SaaS) and Cloud based businesses across global markets. Darc spent time working and living in Europe, the USA and Asia/Pacific growing public and private companies including Infor, SAP, IntraPower (Trusted Cloud) and Integrated Research. Darc led the SAP (NYSE:SAP) global CRM Line of Business, building it from start-up to total annual revenues of US$1.5 billion in 2007, establishing SAP as the global leader in the CRM market. He was CEO at Integrated Research (ASX:IRI) and led the company through a whole of business transformation strategy that delivered 70%+ growth in Revenue and Profits along with a tripling of the company's market capitalisation. During Darc's tenure IR was named a Gartner "Cool Vendor" and became the global leader in the Unified Communications Performance Management market.

Mr Leigh Warren

Independent Non-Executive Director

Leigh was appointed as a Non-Executive Director in August 2007. Leigh has over 20 years' experience in the IT Industry and has held Executive roles for several multinational companies, including SAP where he was Chief Operating Officer for North Asia, Oracle where he was the Managing Director for Australia and New Zealand, Ventyx where he was President for the EMEA region and Bluecoat Systems where he was Vice President Asia Pacific Field Operations. Leigh also serves on the Board of ASX/NZX listed Gentrack and Hong Kong based Solution Access. Leigh resigned as Non-Executive Director on 28 November 2018.

COMPANY SECRETARY

Mr Ben Tregoning

Company Secretary

Ben was appointed Company Secretary in July 2016. Ben has over 12 years' experience in financial roles within Financial Services and corporate finance businesses both in Australia and the UK. He is responsible for company secretarial and corporate governance support at Objective. Ben has a B.Commerce and a M.Commerce.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the supply of information technology software and services. There was no significant change in the nature of the Group's activities during the year.

DIVIDENDS

An ordinary final fully franked dividend of $4,635,000 was paid on 12 September 2018.

Since the end of the financial year, the directors have recommended the payment of a final fully franked dividend of 5.0 cents per ordinary share and a special unfranked dividend of 1.0 cent per ordinary share (2018: fully franked dividend of 5.0 cents per ordinary share). The aggregate amount of the dividends expected to be paid on 16 September 2019 is $5,547,000 (2018: $4,622,000). There is no conduit foreign income attributed to the final dividend declared.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

A review of the Group operations and the results for the year ended 30 June 2019 is set out on the inside front cover to page 56 of the annual report and forms part of the Directors' Report. This includes the summary of consolidated results as well as an overview of the Group's strategy.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

SHARE CAPITAL

As at 30 June 2019 the Company had 92,879,112 (2018: 92,443,041) fully paid ordinary shares on issue.

Voting rights are detailed in Note 20 to the financial statements.

SHARE OPTIONS

Unissued shares under options

As at the date of this report, there were 2,448,759 unissued ordinary shares under options.

	30 JUNE 2019		30 JUNE 2018	
Options on Issue at Balance Date	**Number**	**Expiry Date**	**Number**	**Expiry Date**
Employee options exercisable at $1.00	80,000	07/10/2024	80,000	07/10/2024
Employee options exercisable at $1.17	150,000	24/02/2025	150,000	24/02/2025
Employee options exercisable at $1.20	–	05/03/2025	250,000	05/03/2025
Employee options exercisable at $1.50	125,000	29/07/2026	250,000	29/07/2026
Employee options exercisable at $1.80	500,000	02/01/2027	500,000	02/01/2027
Employee options exercisable at $3.00	23,759	15/01/2028	23,759	15/01/2028
Employee options exercisable at $2.75	200,000	29/07/2028	–	29/07/2028
Employee options exercisable at $2.75	1,320,000	01/01/2029	–	–
Employee options exercisable at $2.75	50,000	01/04/2029	–	–
Total options on issue	**2,448,759**		**1,253,759**	

Details of the options on issue are contained in Notes 20 and 29 to the financial statements. 1,570,000 new options were issued, 125,000 options were forfeited/cancelled and 250,000 options were exercised during the financial year ended 30 June 2019. The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options under the Employee Incentive Plan as follows:

Issuing entity	**Number of shares issued**	**Class of shares**	**Amount paid for shares**	**Amount unpaid on shares**
Objective Corporation Limited	125,000	Ordinary shares	$ 6,250	–
Objective Corporation Limited	125,000	Ordinary shares	$ 6,250	–
Total[1]	**250,000**		**$12,500**	**–**

1 Total proceeds from issue of shares represented by $12,500 received in cash and $325,000 funded by way of interest free limited recourse loans provided by the issuing entity to employees under the current Employee Incentive Plan. For accounting purposes, these share loans are treated as part of the options to purchase shares, until the loans repaid or extinguished at which point the shares are recognised.

LIKELY DEVELOPMENTS

The Company delivered strong growth in profitability in FY2019 reflecting an improving mix of earnings on a stable revenue base. We continued to invest in our product portfolio and our workforce, as well as developing new markets for our products and pursuing non-organic growth opportunities. In 2019 we also expanded our business through the acquisition of Alpha Group.

The Directors have identified opportunities to continue to grow the business in FY2020 across all business lines and the Company will be pursuing these whilst maintaining a focus on increasing profitability. Through product innovation and the development of outstanding software, we have expanded our addressable market in the regions in which we are well established, and our globally competitive products provide an opportunity for us to expand our presence beyond our current geographic footprint. The Company also retains significant financial capacity to pursue investment opportunities outside of the current product portfolio and customer reach.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

EVENTS AFTER BALANCE SHEET DATE

The Directors have not become aware of any matter or circumstance not otherwise dealt with in the report or in the financial statements that has significantly or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

DIRECTORS' REPORT

INDEMNIFYING OFFICERS OR AUDITOR

During the financial year the Company has paid an insurance premium for a Directors' and Officers' insurance policy. The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the Directors or Company Secretary as a result of the work performed in their capacity as officers of entities in the Group to the extent permitted by law. The Directors have not disclosed the amount of the premium as such disclosure is prohibited under the terms of the contract.

The Company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the Company or any related body corporate against a liability incurred.

CORPORATE GOVERNANCE STATEMENT

The Company's Directors and management are committed to conducting the Group's business in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (3rd Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation throughout the financial year for the Company, identifies any Recommendations that have not been followed, and provides reasons for not following such Recommendations. The Company's Corporate Governance Statement and policies will be approved at the same time as the Annual Report and will be found on its website: http://www.objective.com/about/investors.

DIRECTORS' INTEREST

Directors' beneficial interest in shares and options at the date of this report were:

Director	Number of ordinary shares	Number of options
Tony Walls	62,000,000	–
Gary Fisher	9,000,000	–
Nick Kingsbury	320,000	–
Darc Rasmussen	30,214	200,000
Total Directors' interest	**71,350,214**	**200,000**

MEETINGS OF DIRECTORS

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

	DIRECTORS' MEETING		AUDIT COMMITTEE MEETINGS	
Director	Number of Meetings Held	Number of Meetings Attended	Number of Meetings Held	Number of Meetings Attended
Tony Walls	10	10	3	3
Gary Fisher	10	9	n/a	n/a
Nick Kingsbury	10	9	3	3
Darc Rasmussen	10	9	3	3
Leigh Warren	10	5	3	1

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration in relation to the financial year is included on page 57.

AUDITOR'S NON-AUDIT SERVICES

The Company has not engaged the Group auditor, Pitcher Partners, to provide non-audit services during the financial year.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies and accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest thousand dollars, unless specifically stated to be otherwise.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. The Company was not a party to any such proceedings during the year.

REMUNERATION REPORT

This remuneration report details the key management personnel ("KMP") remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* (Cth) and its Regulations.

The table below lists the Executives of the Group for the year ended 30 June 2019 and whose remuneration details are outlined in this Remuneration Report.

Directors	
Tony Walls	Chairman and Chief Executive Officer
Gary Fisher	Non-Executive Director
Nick Kingsbury	Independent Non-Executive Director
Darc Rasmussen	Independent Non-Executive Director (appointed on 8 August 2018)
Leigh Warren	Independent Non-Executive Director (resigned on 28 November 2018)
Executive key management personnel	
Ben Tregoning	Chief Financial Officer

Overview of remuneration approach and framework

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 other key management personnel is not directly linked to the company's performance.

The remuneration of Directors and the other key management personnel is fixed annually. Bonuses are structured to reward outstanding performance against agreed Key Performance Indicators ("KPIs") including financial and non-financial metrics. Ultimately, bonuses and discretionary payments to key management personnel are at the discretion of the Board.

Non-Executive Directors' retirement payments are limited to compulsory employer superannuation. There are no retirement and termination benefits for Executive Directors or Executives apart from those that accrue from the relevant laws such as unpaid annual leave, superannuation, long service leave and notice of termination. The Group may consider payments on termination even though legally not required, to protect its rights if it is commercially beneficial to its interests.

Remuneration and other terms of employment of the Executive Director and the other key management personnel are formalised in employment agreements. These agreements may be terminated by either party with between one and three months' notice. In the event of termination of Mr Walls' services, Mr Walls is entitled to be paid six months' salary.

Voting and comments made at the company's 29 November 2018 Annual General Meeting ('AGM')

At the 2018 AGM, 99.4% of the votes received supported the adoption of the remuneration report for the year ended 2018. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

The Group did not engage a remuneration consultant to provide recommendations in respect of the remuneration of KMP.

DIRECTORS' REPORT

REMUNERATION REPORT CONTINUED

Actual remuneration received by Executive KMP is set out in the tables below.

2019	SHORT-TERM Salary and fees $	Cash bonus $	Other $	SHARE-BASED PAYMENTS Options $	POST EMPLOYMENT Super-annuation $	Total $	Portion of remuneration performance related %	Value of options as proportion of remuneration %
N Kingsbury	36,193	–	30,025	–	–	66,218	–	–
T Walls	280,000	–	–	–	20,531	300,531	–	–
L Warren[1]	17,218	–	–	–	1,807	19,025	–	–
D Rasmussen[2]	41,213	–	13,140	61,992	3,915	120,260	–	51.5%
B Tregoning	279,228	20,000	1,200	15,447	20,531	336,406	5.9%	4.6%

1 L Warren resigned on 28 November 2018.

2 D Rasmussen appointed on 8 August 2018.

2018	SHORT-TERM Salary and fees $	Cash bonus $	Other $	SHARE-BASED PAYMENTS Options $	POST EMPLOYMENT Super-annuation $	Total $	Portion of remuneration performance related %	Value of options as proportion of remuneration %
N Kingsbury	34,757	–	28,021	–	–	62,778	–	–
T Walls	280,000	–	–	–	20,409	300,409	–	–
L Warren	40,335	–	–	–	3,832	44,167	–	–
D Rasmussen	–	–	–	–	–	–	–	–
B Tregoning	246,151	–	–	43,894	20,049	310,094	–	14.2%

The bonuses in the above tables are short-term incentives fully vested to the Executive for that year. The bonuses were based on KPIs determined by the Board. Bonuses are structured to reward outstanding performance against agreed KPIs including financial and non-financial metrics. Ultimately, bonuses and discretionary payments to key management personnel are at the discretion of the Board.

The fair value of options has been determined using the Black-Scholes method, taking into account the exercise price, the term of the option, the vesting criteria, the impact of dilution, the non-tradeable nature of the option, the price at grant date of the underlying share and the expected price volatility of that share, the expected dividend yield and the risk free interest rate for the term of the option. The value of the option at grant date is then amortised over the relevant vesting period. The value included in remuneration of key management personnel above relates to the amortised value of options granted that have either vested in the current year or are yet to vest.

A summary of the movement, by value, of options over ordinary shares granted, vested and lapsed for Directors and other KMP during the year ended 30 June 2019 are set out below:

KMP	Value of options granted at grant date[1] $	Value of options exercised at the exercise date[2] $	Value of options lapsed at the lapse date $
D Rasmussen	130,000	–	–
B Tregoning	–	163,750	–

1 The value of options granted during the year is recognised in compensation over the vesting period, in accordance with Australian Accounting Standards.

2 The value of options exercised during the year is calculated as the market price of the Company's shares on the ASX as at the close of trading on the date the options were exercised, after deducting any exercise price.

Details of options over ordinary shares granted, vested and lapsed for Directors or other KMP during the year ended 30 June 2019 are set out below:

KMP	Number of options at 30 June 2018	Number granted	Number exercised	Number lapsed	Number of options at 30 June 2019	Number vested and available for exercise at 30 June 2019
D Rasmussen	–	200,000	–	–	200,000	–
B Tregoning	273,759	–	(125,000)	–	148,759	–

KMP	Number of options granted during FY19	Grant date	Fair value	Exercise price per share	Vesting date	Expiry date
D Rasmussen	200,000	29/7/2018	$0.65	$2.75	29/07/2018	29/07/2028

Shareholdings of Key Management Personnel

KMP	Number of shares at 30 June 2018	Share options exercised	Purchase of shares	Shares sold	Number of shares at 30 June 2019
T Walls	62,000,000	–	–	–	62,000,000
G Fisher	9,000,000	–	–	–	9,000,000
N Kingsbury	320,000	–	–	–	320,000
D Rasmussen	–	–	30,214	–	30,214
B Tregoning	–	125,000	–	–	125,000
L Warren[1]	335,443	–	–	–	335,443

1 L Warren resigned on 28 November 2018.

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

Tony Walls
Director

Date: 27 August 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2019

		CONSOLIDATED	
	Notes	2019 $'000	2018 $'000
Revenue	3 & 5	62,060	63,110
Cost of sales		(2,413)	(2,044)
Gross profit		59,647	61,066
Other gains and losses		(27)	(67)
Interest expense and other finance costs		(461)	–
Distribution expenses		(26,847)	(30,228)
Research and development expenses	6	(13,229)	(13,072)
Administration and other operating expenses		(8,278)	(8,322)
Profit before income tax	6	**10,805**	**9,377**
Income tax expense	7	(1,755)	(1,997)
Profit for the year attributable to shareholders of Objective Corporation Limited		**9,050**	**7,380**

		Cents	Cents
Basic earnings per share	4	9.8	8.0
Diluted earnings per share	4	9.6	8.0

The above consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2019

	Notes	CONSOLIDATED 2019 $'000	2018 $'000
Profit for the year		**9,050**	**7,380**
Other comprehensive income / (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	22	414	(14)
Other comprehensive income / (expense) for the year, net of tax		**414**	**(14)**
Total comprehensive income for the year		**9,464**	**7,366**
Total comprehensive income for the year attributable to shareholders of Objective Corporation Limited		9,464	7,366

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

		CONSOLIDATED	
	Notes	2019 $'000	2018 $'000
Current assets			
Cash and cash equivalents	8	34,556	21,490
Trade and other receivables	9	10,979	8,986
Contract assets	10	950	–
Current tax assets		–	263
Other assets	11	1,656	7,519
Total current assets		**48,141**	**38,258**
Non-current assets			
Trade and other receivables	9	590	657
Property, plant and equipment	12	5,185	5,725
Right-of-use assets	13	8,314	–
Deferred tax assets	15	1,583	1,076
Intangible assets	14	13,229	9,378
Total non-current assets		**28,901**	**16,836**
Total assets		**77,042**	**55,094**
Current liabilities			
Trade and other payables	16	6,924	6,112
Contract liabilities	10	24,411	–
Lease liabilities	13	1,692	–
Current tax liabilities		606	48
Provisions	17	2,672	2,653
Deferred revenue	18	–	18,256
Other liabilities	19	–	654
Total current liabilities		**36,305**	**27,723**
Non-current liabilities			
Lease liabilities	13	10,243	–
Provisions	17	344	284
Other liabilities	19	–	2,359
Total non-current liabilities		**10,587**	**2,643**
Total liabilities		**46,892**	**30,366**
Net assets		**30,150**	**24,728**
Equity			
Share capital	20	4,994	4,389
Reserves	22	(10,237)	(10,942)
Retained earnings	23	35,393	31,281
Total equity		**30,150**	**24,728**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

		CONSOLIDATED			
	Notes	Share capital $'000	Reserves $'000	Retained earnings $'000	Total $'000
As at 30 June 2017		3,920	(11,075)	28,489	21,334
Profit for the year	23	–	–	7,380	7,380
Exchange differences on translation of foreign operations	22	–	(14)	–	(14)
Total comprehensive income for the period		**–**	**(14)**	**7,380**	**7,366**
Transactions with owners in their capacity as owners:					
Share-based payments	22	–	147	–	147
Exercise of share options	20	445	–	–	445
Issue of ordinary shares	20	24	–	–	24
Dividends provided for or paid		–	–	(4,588)	(4,588)
Total transactions with owners in their capacity as owners		**469**	**147**	**(4,588)**	**(3,972)**
As at 30 June 2018		**4,389**	**(10,942)**	**31,281**	**24,728**
Effect of initial application of AASB 15		–	–	(303)	(303)
Adjusted balance at 1 July 2018		4,389	(10,942)	30,978	24,425
Profit for the year	23	–	–	9,050	9,050
Exchange differences on translation of foreign operations	22	–	414	–	414
Total comprehensive income for the period		**–**	**414**	**9,050**	**9,464**
Transactions with owners in their capacity as owners:					
Share-based payments	22	–	326	–	326
Issue of ordinary shares for acquisition of subsidiary	20	560	–	–	560
Exercise of share options	20	45	–	–	45
Buy-back of ordinary shares	22	–	(35)	–	(35)
Dividends provided for or paid	21	–	–	(4,635)	(4,635)
Total transactions with owners in their capacity as owners		**605**	**291**	**(4,635)**	**(3,739)**
As at 30 June 2019		**4,994**	**(10,237)**	**35,393**	**30,150**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

		CONSOLIDATED	
	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		78,527	72,361
Payments to suppliers and employees		(53,838)	(58,238)
Interest received		443	388
Interest paid		(461)	(5)
Income taxes paid, net		(1,272)	(3,231)
Net cash inflow from operating activities	24(a)	**23,399**	**11,275**
Cash flows from investing activities			
Repayment of loans by employees, net		67	80
Payments for property, plant and equipment, net		(875)	(2,490)
Payments for intangibles		(467)	–
Payment for acquisition of subsidiary		(2,883)	–
Net cash outflow from investing activities		**(4,158)**	**(2,410)**
Cash flows from financing activities			
Dividends paid		(4,603)	(4,478)
Repayment of lease liabilities		(1,488)	–
Proceeds from issue of shares		45	445
Payments for shares bought back, net of transaction costs		(36)	–
Net cash outflow from financing activities		**(6,082)**	**(4,033)**
Net increase in cash and cash equivalents		**13,159**	**4,832**
Cash and cash equivalents at the beginning of the financial year		21,490	16,852
Effects of exchange rate changes on cash and cash equivalents		(93)	(194)
Cash and cash equivalents at end of the financial year	8	**34,556**	**21,490**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. BASIS OF PREPARATION
This section sets out the basis upon which the Group's consolidated financial statements are prepared as a whole. Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the consolidated financial statements are provided throughout the notes to the consolidated financial statements. All other accounting policies are outlined in Note 34.

Statement of compliance
Objective Corporation Limited is a limited company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

This general purpose financial report is prepared in accordance with the *Corporations Act 2001 (Cth)* and applicable Accounting Standards and Interpretations, and complies with other requirements of the law. Objective Corporation Limited is a 'for profit' entity. The financial report includes the consolidated financial statements of Objective Corporation Limited and its controlled entities ('the Group').

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Group comply with International Financial Reporting Standards.

Basis of measurement
The financial report is based on historical cost. In preparing this financial report, the Group is required to make estimates and assumptions about carrying values of assets and liabilities. These estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies adopted are consistent with those of the previous year, unless otherwise stated.

Basis of consolidation
The consolidated financial statements have been prepared by aggregating the financial statements of all the entities that comprise the Group, being Objective Corporation Limited and its controlled entities. In these consolidated financial statements:

- results of each controlled entity are included from the date Objective Corporation Limited obtains control and until such time as it ceases to control an entity; and
- all inter-entity balances and transactions are eliminated.

Control is achieved where Objective Corporation Limited is exposed to, or has rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power to direct the activities of the entity. Entities controlled by Objective Corporation Limited are under no obligation to accept responsibility for liabilities of other common controlled entities except where such an obligation has been specifically undertaken.

Business combination
The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Refer Note 27 for further details.

Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Objective Corporation Limited's functional and presentation currency.

Rounding
In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand Australian dollars unless otherwise indicated.

Comparative information
Where applicable, comparative information has been reclassified in order to comply with current period disclosure requirements, the impact of which is not material to the financial report.

New or revised accounting standards
The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for annual reporting periods on or after 1 January 2018.

AASB 15: *Revenue from Contracts with Customers* and AASB 9: *Financial Instruments* (2014) became mandatorily effective for periods beginning on or after 1 January 2018.

In addition, the Group early adopted AASB 16: *Leases* as from 1 July 2018. Accordingly, these standards apply for the first time to this set of consolidated financial statements. The nature and effect of changes arising from these standards are summarised under Note 2.

Critical accounting judgments and key sources of estimation uncertainty
Critical judgments and key assumptions that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are detailed in the notes below:

Note	Judgement / Estimation
2, 5	Revenue from contracts with customers
9, 12, 14	Asset impairment
15	Recoverability of deferred tax assets
12, 13, 14	Useful life for depreciable assets
17	Employee benefits assumptions
7, 15	Income taxes

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events.

Notes to the financial report
The notes to the financial report are organised into the following sections.

Financial performance overview: provides a breakdown of individual line items in the statement of financial performance, and other information that is considered most relevant to users of the annual report.

Balance sheet items: provides a breakdown of individual line items in the statement of financial position that are considered most relevant to users of the annual report.

Capital structure and risk management: provides information about the capital management practices of the Group including the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks.

Group structure: explains aspects of the Group structure and the impact of this structure on the financial position and performance of the Group.

Other: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2. CHANGES IN ACCOUNTING POLICIES

AASB 15: *Revenue from Contracts with Customers* (AASB 15)

The Group adopted AASB 15 together with associated amending standards on 1 July 2018, which resulted in changes in accounting policies, and applied the modified retrospective method on transition. Refer to Note 5 for further details.

The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods and services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. AASB 15 introduces a five-step model to revenue recognition which the Group has implemented:

1. Identify the contract with customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue when (or as) the entity satisfies a performance obligation

The standard requires entities to exercise considerable judgement taking into account all the relevant facts and circumstances when applying each step of this model to its contracts with customers and adds far more prescriptive guidance to deal with some specific scenarios. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group has elected to use the practical expedient to expense as incurred any incremental costs of obtaining or fulfilling a contract if the amortisation period of the asset created would have been one year or less. Where costs to obtain a contract are capitalised, these are amortised over the term of the related contract.

AASB 15 has mainly affected the treatment of performance obligations for contingency arrangements on contracts in our professional services business that are satisfied at a point in time upon completion of the services. The consideration is performance-based and variable. The estimated variable consideration to include in the transaction price considers the extent that it is highly probable that a significant reversal of revenue will not occur when the uncertainty is resolved. This is reassessed at the end of each reporting period.

The cumulative effect of initially applying AASB 15 has been recognised against the Group's opening retained earnings in the amount of $303,000 and presented as a separate line item in the statement of changes in equity. Comparatives are not restated. In accordance with the transition guidance, AASB 15 has only been applied to contracts that are incomplete as at 1 July 2018.

AASB 16: *Leases (AASB 16)*

The early adoption of AASB 16: *Leases* on 1 July 2018 has resulted in the recognition of the majority of property leases as on-balance sheet liabilities with underlying right-of-use (ROU) assets.

The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rent for almost all lease contracts. The lease liability is initially measured as the present value of future lease payments. The initial measurement of the ROU asset is based on the lease liability, with adjustments for any prepaid rents, lease incentives received and initial direct costs incurred.

The Group applied the modified retrospective approach, which requires the recognition of the cumulative effect of initially applying AASB 16, as of 1 July 2018, to the retained earnings and to not restate prior years. When doing so, the Group also made use of the practical expedient to not recognise a right-of-use asset or a lease liability for leases for which the lease term ends within 12 months of the date of initial application and to not include initial direct costs in the measurement of the right-of-use assets for operating leases in existence at the date of initial application of AASB 16. Since the Group recognised the right-of-use assets at the amount equal to the lease liabilities, there is no impact to the retained earnings.

The Group has also elected not to recognise the right-of-use assets and lease liabilities for leases of low-value assets. Options (extension/termination) on lease contracts are considered on a case by case basis following a regular management assessment. The borrowing rates used for AASB 16 purposes have been defined based on the underlying countries and asset class related risks.

As of 1 July 2018, the Group recognised $9,783,000 of right-of-use of leased assets and $13,286,000 of lease liabilities. Lease incentives of $3,507,000 are deducted from the ROU assets at initial recognition. The Group's statement of profit or loss for the year ended 30 June 2019 was impacted by a shift from administration and other operating expenses to depreciation of right-of-use assets and interest expenses. During the same period, the Group's statement of cash flow was impacted by a shift of rental payments from the cash flows from operating activities to cash flows from financing activities. Overall, the adoption of AASB 16 was cash neutral for the Group.

The following is a reconciliation of total operating lease commitments at 30 June 2018 to the lease liabilities recognised at 1 July 2018.

	CONSOLIDATED
	$'000
Total operating lease commitments disclosed at 30 June 2018	16,479
Add: variable lease payment linked to an index or rate	24
Less: payment for non-lease components included in operating lease commitments[1]	(1,279)
Operating lease liabilities before discounting to present value	15,224
Discounting adjustment using incremental borrowing rate at 1 July 2018	(1,938)
Total lease liabilities recognised under AASB 16 at 1 July 2018	**13,286**

1 Payments for non-lease components relate to general outgoings incurred over leases of office buildings, such as general cleaning, repairs and maintenance and therefore excluded in the measurement of lease liabilities.

AASB 9: *Financial Instruments* (AASB 9)

The Group adopted AASB 9 from 1 July 2018 on a full retrospective basis. AASB 9 introduces new classification and measurement models for financial assets. New impairment requirements mandate the use of an 'expected credit loss' model to recognise an allowance and results in impairment under AASB 9 being recognised earlier than under AASB 139. The calculation of impairment losses impacts the way the Group calculates the allowance for impairment loss, now termed the credit loss allowance.

The Group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Refer to Note 9 for the impact of adoption of AASB 9 on the Group.

Overview of impact of new accounting standards on the consolidated financial statements

The following table summarises the effects of the adopting of AASB 15 and AASB 16 on the Group's consolidated statement of financial statements as at 30 June 2019 and its consolidated statement of profit or loss for the year then ended for each of the line items affected. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided below.

	Reported amounts in the financial statements	Increase / decrease in balance		Prior to first time adoption
Statement of financial position (extract)	**30 June 2019 $'000**	**AASB 15 $'000**	**AASB 16 $'000**	**30 June 2019 $'000**
Current assets				
Contract assets (ii)	950	(950)	–	–
Other assets (i) & (ii)	1,656	1,377	–	3,033
Total current assets	**48,141**	**427**	**–**	**48,568**
Non-current assets				
Right-of-use assets (iii) & (iv)	8,314	–	(8,314)	–
Total non-current assets	**28,901**	**–**	**(8,314)**	**20,587**
Total assets	**77,042**	**427**	**(8,314)**	**69,155**
Current liabilities				
Contract liabilities (ii)	24,411	(24,411)	–	–
Lease liabilities (iii) & (iv)	1,692	–	(1,692)	–
Current tax liabilities (i)	606	124	–	730
Deferred revenue (ii)	–	24,411	–	24,411
Other liabilities (iii)	–	–	3,441	3,441
Total current liabilities	**36,305**	**124**	**1,749**	**38,178**
Non-current lease liabilities (iii) & (iv)	10,243	–	(10,243)	–
Non-current other liabilities (iii)	–	–	–	–
Total non-current liabilities	**10,587**	**–**	**(10,243)**	**344**
Total liabilities	**46,892**	**124**	**(8,494)**	**38,522**
Equity				
Reserves (iv)	(10,237)	–	(9)	(10,246)
Retained earnings (i) & (iii)	35,393	303	189	35,885
Total equity	**30,150**	**303**	**180**	**30,633**
Statement of profit or loss (extract)				
Interest expense and other finance costs (iii)	(461)	–	456	(5)
Administration and other operating expenses (iii)	(8,808)	–	(267)	(9,075)
Profit before income tax	**9,050**	**–**	**189**	**9,239**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2. CHANGES IN ACCOUNTING POLICIES CONTINUED

Overview of impact of new accounting standards on the consolidated financial statements (continued)

	Reported amounts in the financial statements	Increase / decrease in balance		Prior to first time adoption
Statement of comprehensive income (extract)	**30 June 2019 $'000**	**AASB 15 $'000**	**AASB 16 $'000**	**30 June 2019 $'000**
Exchange differences on translation (iv)	414	–	(9)	405
Other comprehensive income	**414**	**–**	**(9)**	**405**

Note:

i. The impact on the Group's retained earnings at 1 July 2018 is attributable to a cumulative adjustment of the transaction prices on certain professional services contracts with customers, based on the requirements of AASB 15. As a consequence, contract assets at 1 July 2018 decreased by $427,000, with a corresponding reduction in current tax liability (or increase in current tax assets) of $124,000 and a net adjustment to retained earnings of $303,000.

ii. Change in presentation of assets and liabilities related to contracts with customers are as follows:
- Contract assets recognised in relation to IT consulting contracts were previously included in other assets.
- Contract liabilities in relation to subscription fees received in advance of services being provided were previously presented as deferred revenue.

iii. In applying AASB 16, additional line items are created in the consolidated statement of financial position to reflect the ROU assets and lease liabilities plus lease incentives received derecognised. Administration and other operating expenses in the consolidated statement of profit or loss are impacted by the recognition of depreciation of ROU assets in the amount of $1,603,000 instead of rental expenses of $1,870,000 and interest expenses of $456,000 are presented separately.

iv. Retranslation of ROU assets and lease liabilities for the Group's NZ and UK subsidiaries at the reporting date, results in net foreign exchange differences of $9,000 and is accounted for through other comprehensive income.

NOTE 3. SEGMENT INFORMATION

Operating and reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors in their role as the chief operating decision makers (CODM) in assessing performance and in determining the allocation of resources. Operating segments are identified by management and the board of directors based on the nature of the core products and services offered. Reportable segments are based on operating segments determined by the similarity of the products produced and sold as these are the sources of the Group's major risks and have the most effect on the rates of return. Each of the business units disclosed below has been determined as both an operating segment and reportable segment.

Operating segment	Description
Objective Content Solutions	Includes results from the sale of Objective Enterprise Content Management related products which allow customers to manage information and process governance across the enterprise
Objective Keystone	Includes results from the sale of Objective Keystone products that improve efficiency and deliver governance in the process of authoring, reviewing, engaging with and publishing documents
Objective Connect	Includes results from the sale of Objective Connect products which enable customers to collaborate with external organisations with the security, information governance and auditability demanded by government
Objective Planning Solutions	Includes results from the sale of Objective Trapeze products which digitally transform development application plan reviews and assessments; Objective Alpha, an end to end building consenting solution; as well as Objective Redact products which allow users to irreversibly remove sensitive information from any electronic document
Corporate	This segment is not considered an operating group, includes head office and central service groups including treasury function

Management and the Board of Directors continue to consider the financial position of the business from a geographical perspective and as such the assets and liabilities of the Group are presented by geographical region for both the year ended 30 June 2019 and the comparative period.

Segment revenue represent invoiced sales subsequently adjusted for the deferred component which is recognised over the service period to arrive at revenue. Revenue from segments comprise product or licence sales, subscription services, professional services, training service and interest income.

The CODM assesses the performance of individual segments on the basis of operating earnings, which is an internal measure.

Allocation to segments

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis.

Segment assets include all non-current assets and current assets with the exception of net deferred tax assets, current tax assets and other corporate assets including intangible assets, goodwill and investments.

Reconciliation to profit for the year

The following is an analysis of the Group's revenue and results by reportable segment for the financial year.

Year ended 30 June 2019	Objective Content Solutions $'000	Objective Keystone $'000	Objective Connect $'000	Objective Planning Solutions $'000	Corporate $'000	Total $'000
Revenue from external customers	47,973	7,134	3,053	3,387	3	61,550
Segment expenses	(35,020)	(6,146)	(5,155)	(2,961)	(3)	(49,285)
Operating earnings	**12,953**	**988**	**(2,102)**	**426**	**–**	**12,265**
Effect of changes in accounting policy						1,871
EBITDA						**14,136**
Depreciation and amortisation					(3,354)	(3,354)
Interest revenue					510	510
Interest expense and finance costs					(461)	(461)
Other gains / (losses)					(26)	(26)
Profit before income tax expense						**10,805**
Income tax expense						(1,755)
Profit for the year						**9,050**

The following is an analysis of the Group's revenue and results by reportable segment for the financial year.

Year ended 30 June 2018	Objective Content Solutions $'000	Objective Keystone $'000	Objective Connect $'000	Objective Planning Solutions $'000	Corporate $'000	Total $'000
Revenue from external customers	51,104	6,624	2,409	2,439	159	62,735
Segment expenses	(38,013)	(7,038)	(4,069)	(2,914)	(155)	(52,189)
Operating earnings / EBITDA	**13,091**	**(414)**	**(1,660)**	**(475)**	**4**	**10,546**
Depreciation and amortisation					(1,539)	(1,539)
Interest revenue					375	375
Interest expense and finance costs					(5)	(5)
Profit before income tax expense						**9,377**
Income tax expense						(1,997)
Profit for the year						**7,380**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3. SEGMENT INFORMATION CONTINUED

Revenue by geographic location

Revenue is recognised in a Group member entity based on where the services are performed for a particular project.

	CONSOLIDATED	
	30 June 2019 $'000	30 June 2018 $'000
Revenue by location:		
Australia	48,627	50,472
United Kingdom	8,406	8,320
New Zealand	4,990	4,284
Rest of the world	37	34
Total revenue	**62,060**	**63,110**

Reportable segment assets and liabilities by geographic location

30 June 2019	Asia Pacific $'000	Europe $'000	Total $'000
Reportable segment assets	55,639	6,591	62,230
Reportable segment liabilities	40,562	5,724	46,286

30 June 2018	Asia Pacific $'000	Europe $'000	Total $'000
Reportable segment assets	40,428	3,949	44,377
Reportable segment liabilities	25,097	5,221	30,318

Reconciliation of reportable segment assets and liabilities

	2019 $'000	2018 $'000
Assets		
Reportable segment assets	62,230	44,377
Intangible assets	13,229	9,378
Current tax assets	–	263
Deferred tax assets	1,583	1,076
Consolidated total assets	**77,042**	**55,094**
Liabilities		
Reportable segment liabilities	46,286	30,318
Current tax liabilities	606	48
Consolidated total liabilities	**46,892**	**30,366**

Reconciliation of non-current assets

Non-current assets for this purpose consist of property, plant and equipment, intangible assets, deferred taxes and other receivables. Deferred taxes are not allocated to a specific location as they are also managed on a group basis.

	2019 $'000	2018 $'000
Non-current assets by location of assets		
Australia	10,015	4,706
United Kingdom	9,604	7,068
New Zealand	7,684	3,986
Rest of the world	15	–
Unallocated non-current assets	1,583	1,076
Total non-current assets	**28,901**	**16,836**

NOTE 4. EARNINGS PER SHARE

	CONSOLIDATED	
	2019	2018
Basic earnings per share – cents	**9.8**	**8.0**
Profit for the year attributable to shareholders of Objective Corporation Limited ($'000)	9,050	7,380
Weighted average number of ordinary shares used in the calculation of basic earnings per share	92,659,846	92,069,552
Diluted earnings per share – cents	**9.6**	**8.0**
Profit for the year attributable to shareholders of Objective Corporation Limited ($'000)	9,050	7,380
Weighted average number of ordinary shares used in the calculation of basic earnings per share[1]	94,622,252	92,663,172

1 Calculated by increasing the total weighted average number of shares used in calculating basic earnings per share by net outstanding options of 1,962,406. Options granted under the Employee Incentive Plan are included in the determination of diluted earnings per share to the extent to which they are dilutive.

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

	CONSOLIDATED	
	2019 $'000	2018 $'000
Revenue from contracts with customers	**61,547**	**62,576**
Other revenue:		
Interest income	510	375
Sundry revenue	3	159
Total revenue	**62,060**	**63,110**

Disaggregation of revenue from contracts with customers

The Group's revenue disaggregated by geographic location and by pattern of revenue recognition is as follows.

	CONSOLIDATED				
Year ended 30 June 2019	**Australia $'000**	**United Kingdom $'000**	**New Zealand $'000**	**Rest of the world $'000**	**Total $'000**
Timing of revenue recognition:					
– products and services transferred at a point in time	6,118	626	269	–	7,013
– products and services transferred over time	42,034	7,758	4,705	37	54,534
Total revenue	**48,152**	**8,384**	**4,974**	**37**	**61,547**

Year ended 30 June 2018	**Australia $'000**	**United Kingdom $'000**	**New Zealand $'000**	**Rest of the world $'000**	**Total $'000**
Timing of revenue recognition:					
– products and services transferred at a point in time[1]	4,875	920	436	–	6,231
– products and services transferred over time[1]	45,241	7,306	3,764	34	56,345
Total revenue[1]	**50,116**	**8,226**	**4,200**	**34**	**62,576**

1 In accordance with the transition provisions in AASB 15, the Group has adopted the modified retrospective approach and has not restated comparatives for the year ended 30 June 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5. REVENUE FROM CONTRACTS WITH CUSTOMERS CONTINUED

Recognition and measurement – Revenue from contracts with customers

From 1 July 2018, revenue from contracts with customers is recognised upon transfer of control of the promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Group designs, develops and delivers specialised software solutions to assist predominantly public sector bodies to operate with increased effectiveness, transparency and efficiency through uptake of the Company's content, collaboration and process management solutions.

From these activities, the Group generates the following streams of revenue:

- Software licence revenue
- Implementation and consulting revenue
- Other ancillary fees such as hosting and support service fees
- Royalties revenue

Each of the above services delivered to customers are considered separate performance obligations, even though for practical expedience they may be governed by a single legal contract with the customer.

In recognising revenue, an assessment is performed as to whether control of the goods transfer to a customer over time or at a point in time.

Revenue recognition for each of the above revenue streams are as follows:

Revenue stream	Performance obligation	Timing of recognition
Software license revenue	Right-to-use	Revenue from distinct on-premise licenses is recognised upfront at the point in time when the software is delivered to the customer. Perpetual licenses are initially sold with one year of ongoing software support and the option to renew thereafter.
	Access to software	Software license revenue offered on a subscription basis is recognised ratably over the term of the contract as the customer simultaneously receives and consumes the benefit of accessing the software. Software license revenue is recognised as the amount to which the Group has a right to invoice. SaaS customers are typically invoiced annually in advance and prior to revenue recognition, which results in contract liabilities. The consideration is payable when invoiced.
Implementation and consulting revenue	As defined in the contract	Professional service revenue billed on a time and materials basis is recognised over time as services are delivered. Revenue from providing services is recognised in the accounting period in which the services are rendered. Revenue is calculated based on time and materials. For fixed-price contracts, revenue is recognised based on the extent of progress towards completion of the performance obligation, on a project-by-project basis. The method used to measure progress depends on the nature of the services. Revenue is recognised on the basis of time and materials incurred to date relative to the total budgeted inputs. The output method on the basis of milestones is used when the contractual terms align the Company's performance with measurements of value to the customer. Revenue is recognised for services performed to date based on contracted rates and/or milestones that correspond to the amount the Company is entitled to invoice. If contracts include the installation of software license, revenue for the software licence is recognised at a point in time when the software is delivered, the legal title has passed, and the customer has taken delivery of the software license.
Other ancillary fees	Provision of hosting services, cloud services, support and maintenance services	Over time, depending on circumstances.
Royalties revenue	Use of Objective intellectual property in products sold by third-parties	Royalties revenue is recognised over time in the amount to which the Group has a right to invoice under the agreed royalty model with the customer. Customers are typically invoiced monthly, and consideration is payable when invoiced, which corresponds directly with the performance completed to date in respect of this stream.

Critical accounting estimates and judgements – revenue from contracts with customers

Performance obligations

The Group's contracts with customers may include multiple performance obligations. For contracts with multiple components to be delivered, such as, software installation, software licence and upgrade support services, management applies judgement to consider whether those promised goods and services are (i) distinct – to be accounted for as separate performance obligations; (ii) not distinct – to be combined with other promised goods or services until a bundle is identified as distinct or (iii) part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

Transaction price

At contract inception the total transaction price is estimated, being the amount to which the Group expects to be entitled and has rights to under the present contract. This includes an assessment of any variable consideration where the Group's performance may result in additional revenues based on the achievement of agreed key performance indicators. Such amounts are only included based on the expected value method and only to the extent that it is highly probable that significant reversals in the cumulative amount of revenue recognised will not occur in subsequent periods. The expected value method for estimating variable consideration is generally used where the Group has a large number of contracts with similar characteristics.

The Group allocates the transaction price to each performance obligation based on the relative stand-alone selling prices of each distinct product or service. Stand-alone selling prices are determined based on prices charged to customers for individual products and services taking into consideration the size and length of contracts and the Group's overall go to market strategy.

Contract modifications

The Group's contracts may occasionally be amended for changes in contract specifications and requirements. Contract modifications exist when the amendment either creates new or changes the existing enforceable rights and obligations. The effect of a contract modification on the transaction price and the Group's measure of progress for the performance obligation to which it relates, is recognised as an adjustment to revenue in one of the following ways:

a. prospectively as an additional separate contract;
b. prospectively as a termination of the existing contract and creation of a new contract;
c. as part of the original contract using a cumulative catch up; or
d. as a combination of b) and c).

For contracts for which the Group has decided there is a series of distinct goods and services that are substantially the same and have the same pattern of transfer where revenue is recognised over time, the modification will always be treated under either a) or b). d) may arise when a contract has a part termination and a modification of the remaining performance obligations.

The facts and circumstances of any contract modification are considered individually as the types of modifications will vary contract by contract and may result in different accounting outcomes.

Judgement is applied in relation to the accounting for such modifications where the final terms or legal contracts have not been agreed prior to the period end as management need to determine if a modification has been approved and if it either creates new or changes existing enforceable rights and obligations of the parties. Depending upon the outcome of such negotiations, the timing and amount of revenue recognised may be different in the relevant accounting periods. Modification and amendments to contracts are undertaken via an agreed formal process. For example, if a change in scope has been approved but the corresponding change in price is still being negotiated, management use their judgement to estimate the change to the total transaction price. Importantly any variable consideration is only recognised to the extent that it is highly probable that no revenue reversal will occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6. MATERIAL PROFIT AND LOSS ITEMS
The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately here to provide a better understanding of the financial performance of the Group.

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Expenses:		
Depreciation expenses – property, plant and equipment	(1,486)	(1,286)
Depreciation expenses – right-of-use assets	(1,603)	–
Amortisation expenses – intangible assets	(265)	(253)
Credit loss allowance – trade and other receivables	(150)	–
Operating lease expenses	–	(2,181)
Interest expense – lease liabilities	(456)	–
Other finance costs	(5)	(5)
Employee benefits expenses	(35,256)	(38,691)
Superannuation expenses	(2,445)	(2,530)
Share-based payment expenses	(326)	(147)
Research and development expenses	(13,229)	(13,072)
Other gains and losses:		
Net foreign exchange gains / (losses)	(29)	(65)
Net profit / (loss) on disposal of property, plant and equipment	2	(2)

Recognition and measurement
Employee benefits expense

Employee benefits expense includes salaries, wages and other employment related entitlements.

Research and development expenses

Research and development expenses are incurred for in-house research and development activities in the areas of application technology and engineering. Expenditure on research and development activities is recognised in the consolidated statement of profit or loss as an expense when incurred on the basis that the expected future benefits from these activities are too uncertain to justify carrying the expenditure forward.

Interest expense and other finance costs

Interest expense and other finance costs are recognised in the period in which they are incurred.

Foreign currency transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

Gain / (loss) on disposal of property, plant and equipment

Gains or losses arising from the retirement or disposal of tangible assets are determined as the difference between the estimated net disposal proceeds and the carrying amount of the assets and are recognised in profit or loss on the date of retirement or disposal.

Interest income

Interest income is earned from financial assets that are held for cash management purposes and recognised as it accrues, taking into account the effective yield on the financial asset.

NOTE 7. INCOME TAX EXPENSE

(a) Reconciliation of income tax expense to prima facie tax payable

	CONSOLIDATED 2019 $'000	2018 $'000
Profit before income tax expense	10,805	9,377
Prima facie income tax expense calculated at the tax rate of 30%	3,241	2,813
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Amortisation expenses – intangibles	60	75
Share-based payment expenses	98	44
Other non-allowable deductions	48	13
Subtotal	3,447	2,945
Different tax rates of subsidiaries operating in other jurisdictions	(163)	(55)
Adjustments for current tax of prior periods	(153)	79
Research and development tax credit	(915)	(888)
Previously unrecognised deductible temporary differences or unused tax losses now recognised as deferred tax assets	(329)	(84)
Previously unrecognised tax losses now recouped to reduce current tax expense	(132)	–
Income tax expense	**1,755**	**1,997**

(b) Components of income tax expense

	CONSOLIDATED 2019 $'000	2018 $'000
Current tax expense on profits for the year	2,439	2,082
Deferred tax expense related to movements in deferred tax balances	(531)	(164)
Income tax under / (over) provided in prior years	(153)	79
Income tax expense	**1,755**	**1,997**

Recognition and measurement

Current and deferred tax is recognised as an expense or income in the consolidated statement of profit or loss, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill.

Current tax represents the amount expected to be paid in relation to taxable income for the financial year measured using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred income tax is provided in full, using the balance sheet liability method, on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting and tax purposes. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

BALANCE SHEET OVERVIEW

NOTE 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the financial year are reflected in the related items in the consolidated statement of financial position as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Current assets		
Cash at bank and in hand	7,901	8,253
Short-term bank deposits	26,655	13,237
Total cash and cash equivalents[1]	**34,556**	**21,490**

1 The cash and cash equivalents disclosed above and in the consolidated statement of cash flows include $1,190,000 (2018: $1,190,000) in short term bank deposits which are restricted for use and held as security for rental guarantees.

Classification as cash equivalents

Cash and cash equivalents comprise cash, bank balances and short-term deposits with a maturity of 3 months or less from acquisition.

NOTE 9. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED			
	2019 $'000		2018 $'000	
	Current	Non-current	Current	Non-current
Trade receivables	10,571	–	8,523	–
Credit loss allowance (a)	(150)	–	–	–
	10,421	–	8,523	–
Other receivables	558	–	463	–
Loans to employees	–	590	–	657
Total trade and other receivables	**10,979**	**590**	**8,986**	**657**

(a) Movement in credit loss allowance is as follows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Balance at beginning of the year	–	–
Credit loss allowance charged during the year	150	120
Credit loss allowance written-off	–	(120)
Total credit loss allowance at 30 June	**150**	**–**

Recognition and measurement

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any credit loss allowance.

The Group has adopted AASB 9 Financial Instruments from 1 July 2018. The main change arising from initial adoption of AASB 9 is how the Group calculates the allowance for impairment loss, now termed the credit loss allowance. The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Expected credit losses are measured by grouping trade receivables and contract assets based on shared credit risk characteristics and the days past due.

A provision matrix is then determined based on the historic credit loss rate for each group of customers, adjusted for any material expected changes to the future credit risk for that customer group.

As permitted by AASB 9, comparatives have not been restated. In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. Receivables for which an impairment provision was recognised were written off against the provision when there was no expectation of recovering additional cash.

Had AASB 9 been applied retrospectively, the difference between the credit loss allowance under AASB 9 and the allowance for impairment loss under AASB 139 would have been nil.

Classification as trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Further information relating to loans to employees is set out in Note 29.

The ageing of the Group's trade and other receivables at reporting date together with impairment and other accounting policies for trade and other receivables are outlined in Note 25.

NOTE 10. CONTRACT ASSETS AND CONTRACT LIABILITIES

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Current		
Contract assets	950	–
Contract liabilities	24,411	–

The entire balance of the contract liability at the beginning of the year has been recognised as revenue during the current year.

Recognition and measurement
The Group recognises contract liabilities for consideration received in advance from customers in respect of unsatisfied performance obligations and reports these amounts as contract liabilities in the consolidated statement of financial position which will be recorded as revenue in the consolidated statement of profit or loss as the performance obligations under contracts with customers are satisfied.

Similarly, if the Group satisfies a performance obligation before it receives the consideration, typically on IT consulting projects, the Group recognises either a contract asset or a receivable in its consolidated statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Unsatisfied performance obligations
The aggregate amount of contract liabilities of the performance obligations that are unsatisfied at 30 June 2019 was $24,411,000 and is expected to be recognised as revenue within the next twelve months.

NOTE 11. OTHER ASSETS

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Current assets		
Accrued revenue (Note 2)	–	6,059
Prepayments	1,616	1,401
Rental deposits	40	59
Total other assets	**1,656**	**7,519**

Recognition and measurement
Prepayments are recognised for amounts paid whereby goods have not transferred ownership to the Group or where services have not yet been provided. Upon receipt of goods or the service the corresponding asset is recognised in the consolidated statement of profit or loss.

Rental deposits are bond payments made to the lessor under a lease agreement and may be refunded in whole or in part at the end of the leasing arrangement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED			
At 30 June 2019	**Plant and equipment $'000**	**Leasehold improvements $'000**	**Capital work in progress $'000**	**Total $'000**
Gross carrying amount – cost	4,182	4,895	1	9,078
Accumulated depreciation	(1,863)	(2,030)	–	(3,893)
Total property, plant and equipment, net	**2,319**	**2,865**	**1**	**5,185**
Represented by:				
Net carrying amount at 1 July 2018	2,240	3,075	410	5,725
Additions	762	124	–	886
Acquisition of subsidiary	23	–	–	23
Disposals	–	(5)	–	(5)
Depreciation expenses	(732)	(754)	–	(1,486)
Transfers	–	409	(409)	–
Exchange differences	26	16	–	42
Net carrying amount at 30 June 2019	**2,319**	**2,865**	**1**	**5,185**
At 30 June 2018				
Gross carrying amount – cost	3,382	4,345	410	8,137
Accumulated depreciation	(1,142)	(1,270)	–	(2,412)
Total property, plant and equipment, net	**2,240**	**3,075**	**410**	**5,725**
Represented by:				
Net carrying amount at 1 July 2017	980	3,459	–	4,439
Additions	1,790	393	443	2,626
Disposals	(2)	(34)	–	(36)
Depreciation expenses	(544)	(742)	–	(1,286)
Exchange differences	16	(1)	(33)	(18)
Net carrying amount at 30 June 2018	**2,240**	**3,075**	**410**	**5,725**

Recognition and measurement

Property, plant and equipment are recorded at historical cost of acquisition less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Critical accounting estimates and judgements – depreciation methods and useful lives

Property, plant and equipment comprises of furniture and fittings, office equipment, computer equipment and leasehold improvements. Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Asset class	Useful life
Plant and equipment	2 – 10 years
Leasehold improvements	2 – 7 years or shorter of lease term

Estimates of remaining useful lives, residual values and depreciation methods require significant management judgement, are reviewed annually, and where changes are made, their effects are accounted for on a prospective basis.

NOTE 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Movements in the net carrying amount of right-of-use assets and lease liabilities for the year ended 30 June 2019 are:

	CONSOLIDATED	
	Right-of-use assets[1] $'000	Lease liabilities $'000
Effect of initial application of AASB 16 – 1 July 2018[2]	9,783	13,286
Depreciation of right-of-use assets – office buildings	(1,603)	–
Repayment of lease liabilities, at gross	–	(1,944)
Interest expense – lease liabilities	–	456
Foreign exchange differences	134	137
Net carrying amount at 30 June 2019	**8,314**	**11,935**
Represented by:		
Current	–	1,692
Non-current	8,314	10,243
Total	**8,314**	**11,935**

1 Represents right-of-use assets arising from leases over 7 office buildings with terms ranging from 3 to 9 years.

2 Lease incentives of $3,507,000 are deducted from the right-of-use assets at initial recognition.

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2019 are:

	CONSOLIDATED		
	Minimum lease payments $'000	Finance charges $'000	Total $'000
Within 1 year	2,127	(435)	1,692
1–2 years	2,261	(360)	1,901
2–3 years	2,324	(279)	2,045
3–4 years	2,388	(191)	2,197
4–5 years	1,538	(106)	1,432
After 5 years	2,798	(130)	2,668
Net carrying amount at 30 June 2019	**13,436**	**(1,501)**	**11,935**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES CONTINUED

Lease payments not recognised as a liability
The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	CONSOLIDATED
	Total $'000
Short-term leases	69
Lease of low value assets	8
Total	**77**

At 30 June 2019 the Group's total commitment on non-cancellable short-term leases was $nil.

As described in Note 2, the Group has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under AASB 117.

The Group has leases for office buildings at multiple locations. Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right-of-use assets can only be used by the Group. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. The leases do not contain an option to purchase the underlying lease asset outright at the end of the lease. Certain leases contain an option to extend the lease for a further term. The Group is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings, the Group must keep those properties in a good state of repair and return the properties in a reasonable condition at the end of the lease term. Further the Group must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

For any new contracts entered into on or after 1 July 2018, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'.

To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

Recognition and measurement
At the commencement date, each lease is reflected on the statement of financial position as a right-of-use asset and a lease liability. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

The Group measures the lease liability at the present value of the lease payments unpaid at lease commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

NOTE 14. INTANGIBLE ASSETS

	CONSOLIDATED				
30 June 2019	**Intellectual property $'000**	**Brand names $'000**	**Other intangibles $'000**	**Goodwill $'000**	**Total $'000**
Gross carrying amount – cost	2,205	178	929	12,300	15,612
Accumulated amortisation	(2,205)	–	(178)	–	(2,383)
Total intangible assets, net	**–**	**178**	**751**	**12,300**	**13,229**
Represented by:					
Net carrying amount at 1 July 2019	173	170	307	8,728	9,378
Additions	–	–	467	–	467
Acquisition of subsidiary	–	–	66	3,354	3,420
Amortisation expenses	(163)	–	(102)	–	(265)
Foreign exchange differences	(10)	8	13	218	229
Net carrying amount at 30 June 2019	**–**	**178**	**751**	**12,300**	**13,229**
30 June 2018					
Gross carrying amount – cost	2,173	170	379	8,728	11,450
Accumulated amortisation	(2,000)	–	(72)	–	(2,072)
Total intangible assets, net	**173**	**170**	**307**	**8,728**	**9,378**
Represented by:					
Net carrying amount at 1 July 2017	370	177	358	8,547	9,452
Amortisation expenses	(216)	–	(37)	–	(253)
Foreign exchange differences	19	(7)	(14)	181	179
Net carrying amount at 30 June 2018	**173**	**170**	**307**	**8,728**	**9,378**

Recognition and measurement
Intangible assets acquired in a business combination is recognised at fair value at the acquisition date. Intangible assets with finite useful life is stated at cost less accumulated amortisation and impairment losses.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of the share of the net identifiable assets acquired in a business combination. Goodwill is not amortised, but tested annually for impairment.

Intellectual property
The intellectual property was obtained through acquiring Objective Keystone Limited in April 2009 and amortised over its estimated useful life.

Other intangible assets
Includes customer relationship list arising from the acquisition of Objective Trapeze NZ Limited (previously known as Onstream Systems Limited) and measured at fair value at the date of acquisition and patents. Brand names of $177,000 (2018: $171,000) that have an indefinite life are assessed for recoverability annually. Customer relationship lists that have a defined useful life are amortised and subsequently carried net of accumulated amortisation. The carrying value of other intangible assets is allocated to the Group's cash generating units ("CGU") identified as Objective Trapeze NZ Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14. INTANGIBLE ASSETS CONTINUED

Critical accounting estimates and judgements – amortisation methods and useful lives
Intangible assets with finite lives are amortised on a straight-line basis over their estimated useful lives. Useful lives are reassessed each period. The useful lives of intangible assets have been assessed as follows:

Asset class	Useful life
Intellectual property	10 years
Patents	10 years
Customer relationship list	10 years
Brand names	Indefinite useful life

Assessments of useful lives and estimates of remaining useful lives require significant management judgement. Brand names are generally assessed as having an indefinite useful life on the basis of brand strength, ongoing expected profitability and continuing support.

Critical accounting estimates and judgements – asset impairment
The Group tests property, plant and equipment and intangible assets for impairment to ensure they are not carried at above their recoverable amounts:

- at least annually for goodwill and intangible assets with indefinite lives; and
- where there is an indication that the assets may be impaired (which is assessed at least each reporting date).

These tests for impairment are performed by assessing the recoverable amount of each individual asset or, if this is not possible, then the recoverable amount of the cash generating unit (CGU) to which the asset belongs. CGUs are the lowest levels at which assets are grouped and generate separately identifiable cash flows. The recoverable amount is the higher of an asset or a CGU's fair value less costs of disposal and value in use. The value in use calculations are based on discounted cash flows expected to arise from the asset. Management judgment is required in these valuations to forecast future cash flows and a suitable discount rate in order to calculate the present value of these future cash flows.

The carrying value of goodwill is allocated to the Group's cash generating units ("CGU") identified as follows:

	2019 $'000	2018 $'000
Objective Keystone Limited	5,868	5,784
Objective Trapeze NZ Limited (previously known as Onstream Systems Limited)	3,078	2,944
Alpha Group	3,354	–
Total goodwill	**12,300**	**8,728**

The recoverable amount of Objective Keystone Limited is determined based on value-in-use calculation. The calculation uses cash flow projections based on a five-year financial budget approved by management, extrapolated perpetually with an estimated general long-term continuous annual growth of not more than 15%. The discount rate used of 15.5% is pre-tax and reflects specific risks related to the relevant operation.

The recoverable amount of Objective Trapeze NZ Limited is determined based on value in-use calculation. The calculation uses cash flow projections based on a five-year financial budget approved by management, extrapolated perpetually with an estimated general long-term continuous annual growth of not more than 10%. The discount rate used of approximately 15.5% is pre-tax and reflects specific risks related to the relevant operation.

The budgeted gross margin and net profit margin are determined by management for each individual CGU based on past performance and its expectations for market development. Management believes that any reasonably foreseeable changes in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

NOTE 15. NET DEFERRED TAX ASSETS

(a) Deferred tax balances as disclosed in the consolidated statement of financial position

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Deferred tax assets arising on deductible temporary differences	1,729	1,085
Deferred tax liabilities arising on taxable temporary differences	(146)	(9)
Total net deferred tax assets	**1,583**	**1,076**

(b) Movement in deferred tax balances

	CONSOLIDATED			
30 June 2019	**Opening balance $'000**	**Charged to profit or loss $'000**	**Others $'000**	**Closing balance $'000**
Property, plant and equipment	(9)	(50)	(42)[1]	(101)
Unrealised foreign exchange	23	(68)	–	(45)
Employee benefits provision	836	(6)	18[2]	848
Rent incentive provision	183	288	–	471
Unused tax losses	–	329	–	329
Other individually insignificant balances	43	38	–	81
Total net deferred assets	**1,076**	**531**	**(24)**	**1,583**
30 June 2018				
Property, plant and equipment	(12)	3	–	(9)
Unrealised foreign exchange	9	14	–	23
Employee benefits provision	834	3	(1)	836
Rent incentive provision	38	145	–	183
Other individually insignificant balances	44	(1)	–	43
Total net deferred assets	**913**	**164**	**(1)**	**1,076**

1 Represents reallocation from current tax liability for deferred portion of capital allowances.

2 Represents employee benefits provision arising from acquisition of subsidiary of $19,000, reduced by foreign exchange differences of $1,000 (2018: $1,000).

(c) Tax losses

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Unused tax losses for which no deferred tax asset has been recognised	4,414	6,668
Potential tax benefit	**925**	**1,349**

Potential tax assets of approximately $925,000 (2018: $1,349,000) attributable to unused tax losses carried forward by foreign owned subsidiaries have not been recognised as the availability of future taxable profits against which the assets can be utilised is not considered to be probable at 30 June 2019. The benefit for tax losses will only be obtained if the relevant member entities:

(i) derive future assessable income of a nature and amount sufficient to enable the benefit from the deductions for the losses to be realised; or

(ii) continue to comply with the conditions of deductibility imposed by tax legislation and no change in tax legislation adversely affects the relevant entities in realising the benefit from the deductions for the losses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15. NET DEFERRED TAX ASSETS CONTINUED

Recognition and measurement

Deferred tax assets are recognised when temporary differences arise between the tax bases of assets and liabilities and their respective carrying amounts which give rise to a future tax benefit, or when a benefit arises due to unused tax losses. In both cases, deferred tax assets are recognised only to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences or tax losses. Deferred tax liabilities are recognised when such temporary differences will give rise to taxable amounts that are payable in future periods.

Deferred tax assets and liabilities are recognised at the tax rates expected to apply when the assets are recovered or the liabilities are settled under enacted or substantively enacted tax law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when there is a legally enforceable right to offset and an intention to either settle on a net basis, or realise the asset and settle the liability simultaneously. Current and deferred taxes attributable to amounts recognised directly in equity are also recognised directly in equity.

Critical accounting estimates and judgements – recoverability of deferred tax assets

The Group exercises judgement in determining whether deferred tax assets, particularly in relation to tax losses, are probable of recovery. Factors considered include the ability to offset tax losses within the groups of entities in different tax jurisdictions, the nature of the tax loss, the length of time that tax losses are eligible for carry forward to offset against future taxable profits and whether future taxable profits are expected to be sufficient to allow recovery of deferred tax assets.

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. The tax expense and deferred tax balances assume certain tax outcomes and values of assets in relation to the application of tax legislation as it applies to the Group's entities. Judgement is required in determining the provisions for income taxes and in assessing whether deferred tax balances are to be recognised in the statement of financial position. Changes in tax legislation or the interpretation of tax laws by tax authorities may affect the amount of provision for income taxes and deferred tax balances recognised.

NOTE 16. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Trade payables and accruals	4,580	4,223
Goods and services tax payable, net	2,223	1,799
Dividends payable	121	90
Total trade and other payables	**6,924**	**6,112**

Recognition and measurement

Trade and other payables are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. Payables are stated at their amortised cost.

Accruals comprised largely of accruals for staff costs, advertising and promotion expenses and miscellaneous operating expenses. Other creditors and accruals are expected to be settled or recognised as income within one year or are repayable on demand.

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of purchase of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from or payable to the taxation authority is included as a current asset or liability. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from or payable to the taxation authority are classified as operating cash flows.

NOTE 17. PROVISIONS

	CONSOLIDATED			
	2018 $'000	**Charged to profit or loss $'000**	**Settled / paid $'000**	**2019 $'000**
Current				
Employee benefits	2,653	2,259	(2,240)	2,672
Total current provisions	**2,653**	**2,259**	**(2,240)**	**2,672**
Non-current				
Employee benefits	202	15		217
Other provisions	82	45	–	127
Total non-current provisions	**284**	**60**	**–**	**344**
Total provisions	**2,937**	**2,319**	**(2,240)**	**3,016**

	CONSOLIDATED			
	2017 $'000	**Charged to profit or loss $'000**	**Settled / paid $'000**	**2018 $'000**
Current				
Employee benefits	2,587	479	(413)	2,653
Total current provisions	**2,587**	**479**	**(413)**	**2,653**
Non-current				
Employee benefits	273	29	(100)	202
Other provisions	–	87	(5)	82
Total non-current provisions	**273**	**116**	**(105)**	**284**
Total provisions	**2,860**	**595**	**(518)**	**2,937**

Recognition and measurement

Provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made as to the amount of the obligation. The amount recognised is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

A provision is made for benefits accruing to employees in respect of annual leave and long service leave. Liabilities expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

Critical accounting estimates and judgements – employee benefits assumptions

In estimating the value of employee benefits, consideration is given to expected future salary and wage levels (including on-cost rates), experience of employee departures and periods of service. The assumptions are reviewed periodically and given the nature of the estimate, reasonably possible changes in assumptions are not considered likely to have a material impact.

Where a provision is measured using the cash flows estimated to settle the obligation, the cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Discount rates are reviewed periodically and given the nature of the estimate, reasonably possible changes are not considered likely to have a material impact.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18. DEFERRED REVENUE

	CONSOLIDATED			
	2019		2018	
	Current $'000	Non-current $'000	Current $'000	Non-current $'000
Deferred revenue (Note 2)	–	–	18,256	–
Total deferred revenue	**–**	**–**	**18,256**	**–**

Deferred revenue represents mainly prepayments from customers for unsatisfied or partially satisfied performance obligations in relation to software support and subscription-based services as these are generally billed annually in advance. When a customer pays consideration in advance, or an amount of consideration is due contractually before the transferring of service, then the amount received in advance is presented as a liability. On initial adoption of AASB 15, these have been reclassified to contract liabilities on the face of the statement of financial position.

NOTE 19. OTHER LIABILITIES

	CONSOLIDATED			
	2019		2018	
	Current $'000	Non-current $'000	Current $'000	Non-current $'000
Lease incentives (Note 2)	–	–	654	2,359
Total other liabilities	**–**	**–**	**654**	**2,359**

NOTE 20. ISSUED CAPITAL

	CONSOLIDATED			
	2019		2018	
	Number of shares	$'000	Number of shares	$'000
Share capital				
92,879,112 fully paid ordinary shares (2018: 92,443,041)				
Movement:				
Opening balance	92,443,041	4,389	91,768,041	3,920
Issue of shares[1]	250,000	–	675,000	445
Acquisition of subsidiary (Note 27)	200,000	560	–	–
Share options exercised by employees[2]	–	45	–	24
Share buy-backs[3]	(13,929)	–	–	–
Closing balance	**92,879,112**	**4,994**	**92,443,041**	**4,389**

1 Represents issue of ordinary shares as a result of options exercised under the Group's Employee Incentive Plan.

2 Represents proceeds from share issues associated with limited recourse loans issued under the current Employee Incentive Plan.

3 The payment for share buy-backs are recognised in a share buy-back reserve within equity.

Share capital
Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation. The ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Capital raising costs are deducted from contributed equity.

Options issued during the year under the Employee Incentive Plan

The Company issues employee share options pursuant to the Employee Incentive Plan. Under the terms and conditions of the current Employee Incentive Plan, selected employees are granted the right to acquire shares at a nominated exercise price subject to agreed service and performance criteria (i.e. vesting conditions) being satisfied. On satisfaction of the vesting conditions the shares are issued to the employee with the exercise price being financed by a limited recourse loan. No amount is paid or payable by the employee on receipt of these shares. Dividends declared and paid on the issued shares are for the benefit of the employee. The employee is not permitted to deal in the shares until the limited recourse loan has been repaid.

Specific terms of the option and loan agreement previously offered to employees, but no longer in effect, result in loans to these employees being recognised as a loan receivable until fully repaid and the value of the shares acquired included in share capital. Limited recourse loans issued under the current terms of the Employee Incentive Plan are characterised as options for reporting purposes.

Each option entitles the holder to the right to acquire one ordinary share at the nominated exercise price during the period commencing on the vesting date of the options.

At 30 June 2019 a total of 2,448,759 (2018: 1,253,759) employee share options are outstanding.

	2019				2018
	Number of options outstanding	Expiry date	Exercise price	Fair value per option at grant date	Number of options outstanding
7 October 2014	80,000	07/10/2024	$1.00	$0.52	80,000
24 February 2015	150,000	24/02/2025	$1.17	$0.43	150,000
5 March 2015	–	05/03/2025	$1.20	$0.33	250,000
29 July 2016	125,000	29/07/2026	$1.50	$0.41	250,000
2 January 2017	500,000	02/01/2027	$1.80	$0.41	500,000
15 January 2018	23,759	15/01/2028	$3.00	$0.58	23,759
29 July 2018	200,000	29/07/2028	$2.75	$0.65	–
1 January 2019	1,320,000	01/01/2029	$2.75	$0.68	–
1 April 2019	50,000	01/04/2029	$2.75	$0.71	–
Total options on issue	**2,448,759**				**1,253,759**

During the year 1,570,000 new options were granted (2018: 23,759), 125,000 options were forfeited/cancelled (2018: 75,000) and 250,000 options were exercised into ordinary shares (2018: 675,000). The weighted average exercise price for options exercised was $1.35 and the weighted average share price at the date of exercise was $2.81. The weighted average fair value of options issued in FY2019 was $0.69 per option. The weighted average exercise price on issue was $2.75 and the weighted average share price at grant date was $2.60. The fair value was determined using Black-Scholes option pricing model using a 10-year time period to expiration. Assumptions for expected volatility and dividend yield were based on historic data. Inputs for risk free rate and grant date share price was determined by the prevailing prices on the day of issue.

NOTE 21. DIVIDENDS AND FRANKING CREDITS

(a) Dividends

Dividend type	Cents per share	Franking	Total amount $'000	Date paid / payable
2018 Final	5.00	100%	4,635	12 September 2018
2019 Final[1]	5.00	100%	4,622	16 September 2019
2019 Special	1.00	Nil	924	16 September 2019

1 The final dividend and special dividend for the year ended 30 June 2019 has not been recognised in this financial report because it was resolved to be paid after 30 June 2019.

(b) Franking credits

	2019 $'000	2018 $'000
The balance of franking credit account at balance date adjusted for the payment of current tax liability	1,486	2,209

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22. RESERVES

	CONSOLIDATED			
30 June 2019	**Share buy-back reserve $'000**	**Share-based payments reserve $'000**	**Foreign currency translation reserve $'000**	**Total $'000**
Opening balance	(10,275)	600	(1,267)	(10,942)
Share-based payment	–	326	–	326
Share buy-backs	(35)	–	–	(35)
Translation of foreign operations	–	–	414	414
Closing balance	**(10,310)**	**926**	**(853)**	**(10,237)**
30 June 2018				
Opening balance	(10,275)	453	(1,253)	(11,075)
Share-based payment	–	147	–	147
Share buy-backs	–	–	–	–
Translation of foreign operations	–	–	(14)	(14)
Closing balance	**(10,275)**	**600**	**(1,267)**	**(10,942)**

Share buy-back reserve
The share buy-back reserve represents the value of the Company's shares which were purchased and subsequently cancelled. The cancellation of the shares creates a non-distributable reserve. During the financial year, the Company bought back and cancelled 13,929 (2018: nil) of its ordinary shares at a total cost of $35,000 (2018: $nil).

Foreign currency translation reserve
Exchange differences arising on translation of the financial statements of the Group's foreign controlled entities into Australian dollars are in other comprehensive income and accumulated in a separate reserve within equity.

Share-based payments reserve
The share-based payments reserve is used to recognise the share-based payments expense resulting from the value of share options issued to key management personnel and employees under the Group's Employee Incentive Plan. Further information about share-based payments to employees is made in Note 29.

NOTE 23. RETAINED EARNINGS
Summary of movement in consolidated retained earnings

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Balance at 1 July	31,281	28,489
Effect of initial application of AASB 15 (Note 2)	(303)	–
Profit for the year	9,050	7,380
Dividends paid for or provided (Note 21(a))	(4,635)	(4,588)
Balance at 30 June	**35,393**	**31,281**

NOTE 24. CASH FLOW INFORMATION

(a) Reconciliation of profit for the year to net cash inflow / (outflow) from operating activities

	CONSOLIDATED	
	2019 $'000	2018 $'000
Profit for the year	9,050	7,380
Adjustments:		
Depreciation and amortisation expenses	1,751	1,539
Depreciation of right-of-use assets	1,603	–
Non-cash employee benefits expense – share-based payments	326	147
Net (gain) / loss on disposal of property, plant and equipment	(2)	2
Net unrealised foreign exchange differences	(48)	–
Credit loss allowance – trade and other receivables	150	120
Effect of initial application of AASB 15	303	–
Effect of initial application of AASB 16	3,013	–
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	(1,593)	(619)
Decrease / (increase) in other operating assets	5,700	(2,568)
Decrease / (increase) in contract assets	(950)	–
Increase / (decrease) in trade and other payables	504	1,263
Increase / (decrease) in deferred revenue	(18,256)	5,534
Increase / (decrease) in contract liabilities	24,411	–
Increase / (decrease) in current tax balances	990	(1,072)
(Increase) / decrease in deferred tax assets	(507)	(163)
(Decrease) / increase in provisions	(33)	(10)
(Decrease) / increase in other operating liabilities	(3,013)	(278)
Net cash inflow from operating activities	**23,399**	**11,275**

(b) Non-cash investing activities

During the current year, the Group entered into the following non-cash investing activities which are not reflected in the consolidated statement of cash flows:

	CONSOLIDATED	
	2019 $'000	2018 $'000
Issue of ordinary shares in Objective Corporation Limited for acquisition of subsidiary	560	–

(c) Reconciliation of movements of liabilities to cash flows arising from financing activities

			NON-CASH CHANGES			
	30 June 2018 $'000	Cash flows – financing activities $'000	Dividends declared $'000	Initial application of AASB 16 $'000	Foreign exchange movement $'000	30 June 2019 $'000
Dividends payable[1]	90	(4,604)	4,635	–	–	121
Lease liabilities	–	(1,488)	–	13,286	137	11,935
Total liabilities from financing activities	**90**	**(6,092)**	**4,635**	**13,286**	**137**	**12,056**

1 Dividends payable are included as part of the Trade and other payables balance on the consolidated statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Financial assets which potentially subject the Group to credit risk consist principally of cash, short-term deposits and trade debtors. The Group's deposits and cash are placed with major financial institutions with sound credit ratings. Trade debtors are presented net of the allowance for expected credit losses.

Credit risk with respect to trade debtors is limited due to the large number of customers comprising the Group's customer base are government organisations or their diverse dispersion across different industries and geographical areas. Accordingly, the Group has no significant concentration of credit risk. The Group manages credit risks by monitoring credit ratings and limiting the aggregate risk to any individual counterparty.

The below table summarises the Group's exposure to credit risk at the end of the reporting period:

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Cash and cash equivalents	34,556	21,490
Trade and other receivables, at gross	11,129	8,986
Ageing analysis of trade and other receivables is as follows:		
Fully performing debts	7,347	7,919
Past due more than 30 days[1]	2,352	724
Past due more than 60 days[1]	1,105	66
Past due more than 90 days[1]	325	277
Total	**11,129**	**8,986**

1 The Group did not consider a credit risk on the aggregate balances after reviewing the credit terms of customers based on recent collection practices. Trade receivables past due and not impaired at 30 June 2019 is $3,782,000 (2018: $1,067,000).

(b) Currency risk

The Group is exposed to foreign currency risk primarily as a result of operations in the Asia Pacific region, the United Kingdom, Singapore and the United States of America. The Group also has transactional currency exposures arising from sales and purchases that are denominated in currencies other than the functional currency of the operations to which they relate. The currencies giving rise to foreign currency risk are primarily denominated in Pounds Sterling ("GBP"), United Stated dollars ("USD"), New Zealand dollars ("NZD") and Singapore dollars ("SGD").

Foreign currency risk is defined as the fair value of future cash flows of a financial instrument fluctuating because of changes in foreign exchange rates. The sensitivity analysis provided does not include the currency risk of financial assets and liabilities of the controlled entities denominated in the controlled entity's functional currency or their conversion into the functional currency of Objective Corporation Limited on consolidation as outside the scope of the definition. The conversion of these financial assets and liabilities on consolidation may result in a gain or loss to the Group.

The Group's exposure is to the movement in foreign exchange rates is partly mitigated by a natural hedge arising from operations in these countries. The Group regularly monitors its foreign currency exposure which includes considering the level of cash in foreign currency and cash flow forecasting.

Sensitivity analysis

The table below summarises the instantaneous change in the Group's profit after tax and total equity that would arise had the Australian dollar strengthened/weakened by 10% against the respective foreign currencies to which the Group has significant exposure at the end of the reporting period, assuming all other risk variables remained constant. The 10% sensitivity is based on reasonably possible changes, over a financial year.

	CONSOLIDATED		
30 June 2019	**Movement in exchange rate %**	**Sensitivity of profit after tax $'000**	**Sensitivity of total equity $'000**
New Zealand dollars	+10%	35	35
Singapore dollars	+10%	3	3
Great British pounds	+10%	19	19
Total		**57**	**57**
30 June 2019			
New Zealand dollars	–10%	(42)	(42)
Singapore dollars	–10%	(4)	(4)
Great British pounds	–10%	(23)	(23)
Total		**(69)**	**(69)**
30 June 2018			
New Zealand dollars	+10%	33	33
Singapore dollars	+10%	3	3
Great British pounds	+10%	–	–
Total		**36**	**36**
New Zealand dollars	–10%	(41)	(41)
Singapore dollars	–10%	(4)	(4)
Great British pounds	–10%	–	–
Total		**(45)**	**(45)**

(c) Liquidity risk

Liquidity risk management requires maintaining sufficient cash by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group continues to assess its liquidity risk as low. The below table summarises the exposure of the Group to liquidity risk for all financial assets and liabilities of the Group at reporting date and which fall due within 12 months:

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Cash and cash equivalents	34,556	21,490
Receivables	10,979	8,986
Payables	(6,924)	(6,112)
Net financial assets	**38,611**	**24,364**

As the Group is in a net financial assets position, the Directors are of the opinion that the Group is in low risk and will be able to pay off its debts as and when they are due and payable.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business. The Board monitors the return on capital and the level of dividends to ordinary shareholders. There were no significant changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25. FINANCIAL RISK MANAGEMENT AND FAIR VALUES CONTINUED

(c) Liquidity risk continued

Fair values measurement of financial instruments

The fair values of trade debtors, deposits and cash and trade creditors and accruals approximate their carrying amounts due to the short-term maturities of these assets and liabilities.

Financial instruments carried at fair value

The Group's financial instruments are measured at fair value at the end of the reporting period on a recurring basis, categorized into three-level fair value hierarchy as defined in AASB 13, Fair Value Measurement. The level into which a fair value measurement is classified and determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair values measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair values measured using significant unobservable inputs

During the year ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 of the fair value hierarchy classifications.

NOTE 26. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and financial results of the following subsidiaries in accordance with the accounting policies of the Group.

		OWNERSHIP	
Name of subsidiary	**Country of Incorporation**	**2019**	**2018**
Objective Corporation Solutions NZ Limited	New Zealand	100%	100%
Objective Trapeze NZ Limited	New Zealand	100%	100%
Omega Group Holdings Limited	New Zealand	100%	–
Alpha 88 Limited	New Zealand	100%	–
Objective Corporation Singapore Pte Limited	Singapore	100%	100%
Objective Corporation North America Inc	United States of America	100%	100%
Objective Corporation USA Inc	United States of America	100%	100%
Objective Alpha UK Limited	United Kingdom	100%	–
Objective Corporation UK Limited	United Kingdom	100%	100%
Objective Keystone Limited	United Kingdom	100%	100%

GROUP STRUCTURE

NOTE 27. BUSINESS COMBINATIONS

Acquisitions in the current year

The Group obtained control of the following entities and businesses during the year. The class of shares held is ordinary unless otherwise stated.

Name of entity	Type of acquisition	Percentage acquired	Date acquired
Omega Group Holdings Limited	Shares	100%	1 April 2019
Alpha 88 Limited	Shares	100%	1 April 2019

On 1 April 2019, the Group acquired the Omega Group Holdings Limited business and Alpha 88 Limited (collectively referred to as "Alpha Group") in New Zealand for a combined purchase consideration of $3,443,000. The entities are focused on the delivery of AlphaOne, an end-to-end online building consent solution, to customers. The acquisition of these businesses was strategic as it enhances the Group's product offering.

The acquisition accounting for this transaction is provisional at the date of this report and as permitted under AASB 3: Business Combinations, any adjustments made to these provisional numbers will be reflected in subsequent financial reporting periods. Finalisation is expected no later than 31 March 2020. At that time, final accounting for the business combination will be reflected in the consolidated financial statements on a retrospective basis.

Details of the provisional assets and liabilities recognised as a result of this transaction at the acquisition date are as follows:

	$'000
Cash paid	2,883
Ordinary shares issued	560
Total consideration	**3,443**
Assets acquired and liabilities assumed	
Cash and bank balances	35
Trade receivables	228
Property, plant and equipment	23
Identifiable intangible assets	66
Deferred tax assets	18
Trade and other payables	(208)
Provisions	(66)
Current tax liability	(7)
Fair value of net assets acquired	**89**
Goodwill arising on acquisition	**3,354**

Revenue and profit contribution

From the date of acquisition to 30 June 2019, the acquired entities contributed a total revenue of $723,000 and a net profit after tax of $197,000 to the Group.

Recognition and measurement

As stated in Note 1, business combinations are accounted for using the acquisition method, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises of the fair values of the assets transferred (including cash), the liabilities incurred and the equity interests issued by the Group (if any).

Acquisition related transaction costs are expensed as incurred.

Other than acquisitions under common control, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

For acquisitions occurring while under common control and for consolidation purposes, the assets and liabilities acquired continue to reflect the carrying values in the accounting records of the consolidated group prior to the business combination occurring.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 27. BUSINESS COMBINATIONS CONTINUED

Critical accounting estimates and judgements – purchase price allocation

For the business combinations undertaken by the Group, the Group allocates the costs of the acquisition to the assets acquired and the liabilities assumed based on their estimated fair value on the date of acquisition. This process is commonly referred to as the purchase price allocation. As part of the purchase price allocation, the Group is required to determine the fair value of any identifiable intangible assets acquired.

The determination of the fair value of the intangible assets acquired involves certain judgement and estimates. These judgements can include, but are not limited to, the cash flows that an asset is expected to generate in the future.

The fair values of the identifiable intangible assets were determined by the Group with inputs from the independent appraisers using mainly the income approach. Future cash flows are predominantly based on the historical pricing and expense levels, taking into consideration the relevant market size and growth factors, and involves making a number of assumptions including growth rates, royalty rates and product life cycles. The resulting cash flows are then discounted at a rate reflecting specific risks related to the relevant operation.

A change in the amount allocated to identifiable intangible assets would have an offsetting effect on the amount of goodwill recognised from the acquisition and would change the amount of amortisation expense recognised related to those identifiable intangible assets.

New business established

The following entity was incorporated during the year.

Name of subsidiary	Country of Incorporation	Date of incorporation
Objective Alpha UK Limited	United Kingdom	28 March 2019

NOTE 28. PARENT ENTITY DISCLOSURES

(a) Summary statement of financial position

	2019 $'000	2018 $'000
Current assets	37,628	30,783
Non-current assets	24,421	14,807
Total assets	**62,049**	**45,590**
Current liabilities	30,498	20,422
Non-current liabilities	6,084	2,533
Total liabilities	**36,582**	**22,955**
Share capital	4,994	4,389
Reserves	(9,385)	(9,675)
Retained earnings	29,858	27,921
Total equity	**25,467**	**22,635**

(b) Summary statement of profit or loss and other comprehensive income

	2019 $'000	2018 $'000
Profit for the year	6,763	6,731
Total comprehensive income for the year	**6,763**	**6,731**

(c) Contingent liabilities

The parent entity, Objective Corporation Limited (the "Company") has entered into commercial property leases as Lessee. In the event the Company ceases to be the Lessee under the lease or occupy the premises, whether by virtue of default and termination of the lease or otherwise, the Company may be subject to claims for payment of liquidated damages based on a percentage of the lease incentives initially received under the lease.

Additionally, a performance guarantee has been provided by the Company to Objective Corporation UK Limited (subsidiary) with regards to the provision of software support services for customers.

The Company continues to support its subsidiaries in their operations, by way of financial support.

(d) Company details

The registered office and principal place of business of the Company is:

Level 30, 177 Pacific Highway, North Sydney NSW 2060, Australia.

OTHER

NOTE 29. SHARE-BASED PAYMENTS

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 is described as follows:

Offers

Under the Plan the Board may offer to any employee either options to acquire shares or loans to acquire shares in the Company. Tony Walls, Chief Executive Officer and Gary Fisher, Non-Executive Director will not be participating in the Plan.

The options expire ten years after the date of grant and vest upon grant; however, they are not exercisable until one year after grant and released in four equal tranches on each anniversary of grant date. If a participant under the Plan ceases to be employed by the Company, any unexercised option will be forfeited immediately.

Price

The Board has discretion to grant options for a fee and set the exercise price and term of the options.

Quotation

Options issued under the Plan will not be quoted on the ASX. Where the Company issues options and the options are exercised, the Company will apply to have the issued shares quoted on the ASX.

Maximum number of shares or options

The Company must not issue shares or options to any employee if to do so would contravene applicable laws or result in any employee holding an interest in more than 5% of the shares in the Company.

Sales restrictions

Options issued under the Plan are not transferable. Shares acquired under the Plan are not transferable unless any loan to acquire the shares has been repaid in full.

New shares

All shares issued on the exercise of options will rank equally with all existing shares from the date of issue.

Dividends

All shares acquired pursuant to the Plan rank equal in all respects and will be entitled to any dividends declared by the Company. Any dividends paid on shares acquired under the Plan will be offset against the loan balance outstanding to acquire shares under the Plan. Options issued under the Plan are not entitled to dividends.

Restrictions

The Board may impose vesting and performance conditions before which options cannot be exercised or the shares sold. The options issued pursuant to the Plan will usually lapse and the loans to acquire shares will usually become repayable if the holder ceases to be an employee.

Participation in future issues

Under the Employee Option Plan's rules, the number of shares over which an option is granted and or the exercise price of the options may be altered in the event of a reconstruction of the Company's share capital or a bonus or rights issue of shares to shareholders. Shares acquired under the Plan will rank equal in all respects with existing shares.

Loans

The Board has discretion to provide a loan for the acquisition of shares in the Company under terms and conditions as set out in the loan agreement.

NOTE 30. RELATED PARTY DISCLOSURES

The parent entity in the Group is Objective Corporation Limited. Details of transactions between the Group and other related parties are disclosed below.

(a) Loans to management personnel

Details of loan balances to management personnel and loan repayments, if any, are set out in Notes 9, 29 and the Remuneration Report. Loans are provided interest free. There have been no write downs or allowances for impairment losses.

(b) Other transactions with directors or other key management personnel

Other transactions entered into during the financial year with directors of Objective Corporation Limited and other key management personnel of the Group and with their closely related entities which are within normal customer or employee relationships on terms and conditions no more favourable than those available to other customers, employees or shareholders included:

- contracts of employment (refer Remuneration Report) and reimbursement of expenses;
- equity holdings and acquisition of shares in Objective Corporation Limited under the employee share plans; and
- dividends from shares in Objective Corporation Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 30. RELATED PARTY DISCLOSURES CONTINUED

(c) Key management personnel remuneration

Total remuneration paid or payable to directors and key management personnel is set out below:

	CONSOLIDATED	
	2019 $	**2018 $**
Short-term employee benefits	705,078	629,264
Post-employment benefits	46,785	44,289
Share-based payments expense	77,439	43,894
Total remuneration paid or payable	**829,302**	**717,447**

Details of remuneration and the Objective Corporation Limited equity holdings of Directors and other key management personnel are shown in the Remuneration Report on pages 16 and 17.

(d) Other related parties

During the year the Group was provided management consulting services and was charged $36,193 (2018: $34,757) by Kingsbury Ventures Limited, a company associated with Nick Kingsbury, a Non-Executive Director of the Company. Additionally, during the year the Group was provided management consulting services and was charged $13,140 by Strategic Outcomes Consulting, a company of which Darc Rasmussen, a Non-Executive Director of the Company, is the beneficial owner. These transactions were conducted on normal commercial terms and conditions.

At 30 June 2019 the amount of $2,408 was owing to Kingsbury Ventures Limited (2018: nil). No other material amounts were receivable from, or payable to, other related parties as at 30 June 2019 (2018: nil), and no material transactions with other related parties occurred during those years.

NOTE 31. COMMITMENTS

Commitments in relation to non-cancellable operating leases and capital expenditure contracted but not provided for in the consolidated financial statements are payable as follows:

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Operating lease commitments:		
Not later than one year	–	2,222
Later than one year and not later than five years	–	9,953
Later than five years	–	4,303
Total operating lease commitments	**–**	**16,478**
Capital expenditure commitments	**250**	**–**

NOTE 32. CONTINGENT LIABILITIES

	CONSOLIDATED	
	2019 $'000	**2018 $'000**
Contingent liabilities, capable of estimation, arise in respect of the following categories:		
Liquidated damages (Note 28(c))	2,288	2,778
Bank guarantees	1,190	1,190
Total contingent liabilities	**3,478**	**3,968**

Bank guarantees are issued to contract counterparties in the normal course of business as security for the performance by Group entities of various contractual obligations.

Additionally, a performance guarantee has been provided by the Company to Objective Corporation UK Limited (subsidiary) with regards to the provision of software support services for customers.

As at 30 June 2019, the Directors do not consider it is probable that a claim will be made against the Group under any of the guarantees or liquidated damages.

NOTE 33. AUDITOR'S REMUNERATION

	CONSOLIDATED	
	2019 $	**2018 $**
Pitcher Partners		
Audit and review of financial statements	73,517	74,100
Total remuneration of Pitcher Partners	**73,517**	**74,100**
Non-Pitcher Partners		
Audit and review of financial statements	27,526	25,647
Tax compliance services	11,952	11,163
Total remuneration of non-Pitcher Partners	**39,478**	**36,810**

NOTE 34. OTHER ACCOUNTING POLICIES

Accounting standards and Interpretations Issued but not operative at 30 June 2019

At the date of authorisation of these finance statements, a number of amendments, new standards and interpretations have been issued which are not yet effective for the financial year ended 30 June 2019.

Other than AASB 16 which the Group has early adopted in these financial statements, management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Group's financial statements.

NOTE 35. SUBSEQUENT EVENTS

With the exception of the items disclosed below, there has not arisen in the interval between 30 June 2019 and the date of this report, any other matter or circumstance that has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

Dividends

For dividends resolved to be paid after 30 June 2019, refer to Note 21.

NOTE 36. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 27 August 2019.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The attached financial statements and notes set out on pages 18 to 55 are in accordance with the *Corporations Act 2001 (Cth)*; and
   a) Comply with Accounting Standards in Australian and the Corporations Regulations 2001;
   b) As stated in Note 1, the consolidated financial statements also comply with International Reporting Standards; and
   c) Give a true and fair view of the financial position of the Group as at 30 June 2019 and its performance for the year ended on that date.
2. The Chief Executive Officer and Chief Financial Officer have each declared that:
   a) The financial records of the Group for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001 (Cth)*;
   b) The financial statements and notes for the financial year comply with the Accounting Standards; and
   c) The financial statements and notes for the financial year give a true and fair view.
3. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay their debts as and when they become due and payable.

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

Tony Walls
Director

Date: 27 August 2019

INDEPENDENT AUDITOR'S REPORT

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

OBJECTIVE CORPORATION LIMITED
ABN 16 050 539 350

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Objective Corporation Limited "the Company" and its controlled entities "the Group", which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

INDEPENDENT AUDITOR'S REPORT

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue from contracts with customers *Refer to Note 5 in the Notes to the Financial Statements.*	
Revenue from contracts with customers is recognised upon transfer of control of the promised goods and services to customers. The transfer of control to a customer may occur over time or at a point in time based on the nature of the performance obligation. Revenue recognition is dependent on significant judgements, where a contract includes multiple performance obligations, in respect of: • identifying performance obligations; • total transaction price; and • allocation of the transaction price to each performance obligation.	Our procedures included, amongst others: • Assessing the Group's policy in respect of identifying performance obligations, total transaction price and allocation of the transaction price to each performance obligation; • Documenting and testing the design and operating effectiveness of relevant controls over the timing of revenue recognition; • Inspecting a sample of contracts with customers and considered the appropriateness of the significant judgements in determining the allocation of the transaction price to the performance obligations • Testing a sample of revenue transactions to customer contracts, work in progress records, milestone acknowledgements and receipts from customer, where applicable; • Reviewing and analysing general journals that impact revenue; and • Considering the adequacy of the financial report disclosures.
Impairment of Intangible Assets *Refer to Note 14 in the Notes to the Financial Statements.*	
At 30 June 2019 the consolidated statement of financial position of the Group includes goodwill amounting to $8.946 million subject to annual impairment testing. In assessing impairment of intangible assets, management have estimated value in use for each Cash Generating Unit (CGU) – Objective Keystone Limited and Objective Trapeze NZ Limited. The value in use model for impairment includes significant management judgement in respect of assumptions and estimates including discount rates, estimated future cash flows and foreign currency rates.	Our procedures included, amongst others: • Assessing management's determination of CGUs based on our understanding of the nature of the Group's business and the economic environment; • Reviewing and challenging judgements by management in respect of the key assumptions and estimates used to determine the recoverable value of the assets of each CGU (value in use model); • Testing the mathematical accuracy of the value in use model; • Assessing the historical accuracy of forecasting; • Performing sensitivity analysis on key assumptions and estimates in the value in use models including discount rates, future cash flows and foreign currency rates; and • Considering the adequacy of the financial report disclosures in Note 14.

Other Information – The annual report is not complete at the date of the audit report.

The directors are responsible for the other information. The other information comprises the information included in the Directors report, which was obtained as at the date of our audit report, and any additional other information included in the Company's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgment to determine the appropriate action to take.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 17 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Objective Corporation Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

R M SHANLEY
Partner

PITCHER PARTNERS
Sydney

27 August 2019

AUDITOR'S INDEPENDENCE DECLARATION

Level 16, Tower 2 Darling Park
201 Sussex Street
Sydney NSW 2000

Postal Address
GPO Box 1615
Sydney NSW 2001

p. +61 2 9221 2099
e. sydneypartners@pitcher.com.au

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF OBJECTIVE CORPORATION LIMITED

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

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

(ii) no contraventions of any applicable code of professional conduct.

This declaration is in respect of Objective Corporation Limited and the entities it controlled during the year.

R M SHANLEY

Partner

PITCHER PARTNERS

Sydney

27 August 2019

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below:

The shareholder information set out below was compiled from Objective Corporation Limited's register of shareholders as at 9 September 2019.

A. TWENTY LARGEST HOLDERS OF ORDINARY SHARES

Rank	Name	Units held	% of listed units
1	TBW TRUSTEES LIMITED	62,000,000	66.75%
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	11,683,739	12.58%
3	ANACACIA PTY LTD	3,952,303	4.26%
4	MIRRABOOKA INVESTMENTS LIMITED	2,286,664	2.46%
5	AMCIL LIMITED	1,555,984	1.68%
6	ARRAS PTY LTD	543,832	0.59%
7	MRS ELAINE WALLS & MS MICHELLE ROBYN WALLS	535,000	0.58%
8	MR ADRIAN RUDMAN	500,000	0.54%
9	MR DAVID GORDON	400,000	0.43%
10	MR JEREMY GODDARD	400,000	0.43%
11	AUST EXECUTOR TRUSTEES LTD	308,467	0.33%
12	MR MITCHELL JAMES HARRISON & DR ROSALIND FRANCES MENZIES	237,609	0.26%
13	EST MRS JOAN CAMERON FISHER	219,000	0.24%
14	MAST FINANCIAL PTY LTD	209,500	0.23%
15	JOHN HENRY PASCOE	200,000	0.22%
16	LEIGH WARREN	200,000	0.22%
17	MR NICK KINGSBURY	200,000	0.22%
18	MACEDONIA LIMITED	200,000	0.22%
19	CLAPSY PTY LTD	185,391	0.20%
20	POAL PTY LTD	180,000	0.19%
Total: Top 20 holders of issued capital		**85,997,489**	**92.59%**
Total remaining holders balance		**6,881,623**	**7.41%**

B. SUBSTANTIAL HOLDERS

The names of Objective Corporation Limited's substantial holders and the number of shares in which each has a relevant interest, are listed below:

	Units held	Voting power
TBW TRUSTEES LIMITED	62,000,000	66.75
HSBC CUSTODY NOMINEES (AUSTRALIA) LTD	11,683,739	12.58

C. DISTRIBUTION OF SHAREHOLDINGS

A distribution schedule of the number of holders of shares is set out below:

Range	No. of holders	No. of units	% of issued shares
1 – 1,000	161	74,443	0.08
1,001 – 5,000	244	649,914	0.70
5,001 – 10,000	82	660,381	0.71
10,001 – 100,000	134	4,193,343	4.52
100,001 and over	30	87,301,031	93.99
Total	**651**	**92,879,112**	**100.00**

CORPORATE DIRECTORY

REGISTERED OFFICE
Level 30
177 Pacific Highway
North Sydney NSW 2060
Australia

Tel: +61 2 9955 2288

ASX CODE
OCL

ABN
16 050 539 350

DIRECTORS
Tony Walls
Gary Fisher
Nick Kingsbury
Darc Rasmussen

COMPANY SECRETARY
Ben Tregoning

STOCK EXCHANGE LISTING
The Company's shares are listed on the Australian Securities Exchange (ASX).

ELECTRONIC ANNOUNCEMENTS
Shareholders who wish to receive a copy of announcements made to the ASX are invited to provide their email address to the Company. This can be done by emailing us at enquiries@objective.com or writing to us a our registered office.

SHARE REGISTRY
Boardroom Pty Ltd
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

Tel: +61 (0)2 9290 9600

AUDITOR
Pitcher Partners
Level 22, MLC Centre
19 Martin Place
Sydney NSW 2000

WEBSITE
www.objective.com

EMAIL
enquiries@objective.com

WWW.OBJECTIVE.COM