ASX Announcement

24 October 2011

OBJECTIVE ANNOUNCES SELECTIVE SHARE BUY-BACK FROM SUBSTANTIAL HOLDER

Objective Corporation Limited (Objective) announces that it has entered into an agreement with Marlaine Limited (Marlaine), an entity controlled by Mr Gary Fisher, a non-executive director of Objective, to buy-back 20 million fully paid ordinary shares in Objective, for a total consideration of $4.15 million.

After the transaction, Marlaine will remain a substantial shareholder with 25 million shares.

The agreement is conditional upon shareholder approval and will be voted on at Objective's upcoming Annual General Meeting.

Objective's Annual General Meeting will be held on 30 November 2011. A copy of the notice of meeting and explanatory memorandum is attached.

Further details regarding the proposed buy back are set out in the attached notice of meeting and explanatory memorandum.

Lonergan Edwards & Associates Limited has provided an Independent Expert's Report to the Independent Directors of Objective stating that in its opinion, the proposed buy back is fair and reasonable to the non-associated shareholders of Objective. A full copy of the report is set out in the notice of meeting and explanatory memorandum.

An ASX Appendix 3C (Announcement of Buy-Back) is also attached.

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Objective Corporation

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

www.objective.com

Objective

NOTICE OF ANNUAL GENERAL MEETING – 2011

Notice is hereby given that the Annual General Meeting of the shareholders of Objective Corporation Limited ABN 16 050 539 350 (the **Company**) will be held at Level 37, Northpoint, 100 Miller Street, North Sydney, New South Wales, on 30 November 2011 commencing at 10.00 am.

AGENDA

1. Financial Statements and Reports

To receive and consider the financial statements and the reports of the directors and the auditor of the Company for the year ended 30 June 2011.

2. Resolution 1 - Remuneration report for the financial year ended 30 June 2011

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

> "That the Company adopts the Remuneration Report for the year ended 30 June 2011 in the form set out in the Directors Report."

Please note that pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the directors of the Company. In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast on this resolution by:

(a) *a member of the key management personnel details of whose remuneration are included in the remuneration report; or*

(b) *a closely related party of such a member.*

However, key management personnel may cast a vote on the resolution if the key management personnel does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a key management personnel whose remuneration details are included in the remuneration report.

In accordance with section 250BD of the Corporations Act, key management personnel and their closely related parties are prevented from voting undirected proxies on this resolution.

The Chairperson will vote all undirected proxies in favour of this resolution. If you wish to vote "against" or "abstain" you should mark the relevant box in the attached proxy form.

3. Resolution 2 - Retirement and re-election of director

To consider, and if thought fit, pass the following resolution as an ordinary resolution:

> "That Mr Leigh Warren, who retires as a director in accordance with the Company's Constitution, and being eligible for re-election, is re-elected as a director of the Company."

Please note that the non-candidate directors unanimously support the re-election of Mr Warren. The Chairman of the meeting intends to vote undirected proxies in favour of Mr Warren's re-election.

4. Resolution 3 – Selective share buy-back

To consider, and if thought fit, pass the following resolution as a special resolution:

> "That for the purposes of sections 208(1) and 257D(1) of the Corporations Act 2001 (Cth), ASX Listing Rule 10.1, and for all other purposes, the terms of a buy back agreement dated on or around 24 October 2011 under which the Company will acquire 20,000,000 ordinary shares in the Company held by Marlaine Ltd as trustee for the Mango Trust, a company controlled by Mr Gary Fisher, a director of the Company, for an aggregate amount of $4,150,000, is approved."

Voting Exclusion: *The Company will disregard any votes cast in favour of this resolution by Marlaine Limited and any associates of Marlaine Ltd. However the Company need not disregard a vote if it is cast by a person* *as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.*

By Order of the Board

David Barnes
Company Secretary
24 October 2011

Other Information

An Explanatory Memorandum accompanies this Notice of Annual General Meeting. All shareholders should read the Explanatory Memorandum carefully and in their entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional adviser prior to voting.

Voting Entitlements

The Board has determined that for the purposes of the meeting, shares will be taken to be held by those persons recorded on the Company's share register as at 7:00pm (Sydney time) on 28 November 2011. Accordingly, transactions registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Proxies

If you are unable to attend and vote at the meeting and wish to appoint a person who is attending as your proxy, please complete a proxy form. The proxy form must be received at the Company's registered office 48 hours before the appointed time of the meeting. The completed proxy form may be:

- mailed or hand delivered to Objective Corporation, at Level 37, Northpoint, 100 Miller Street, North Sydney, NSW 2060 Australia; or

- faxed to (02) 9955 5011; or

- emailed to investor.relations@objective.com.

A member entitled to attend and vote is entitled to appoint not more than two proxies. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights. A proxy need not be a member of the Company. It is the intention of the Chairman to vote any undirected proxies in favour of resolutions.

EXPLANATORY MEMORANDUM

This explanatory memorandum (**Explanatory Memorandum**) has been prepared to assist shareholders of the Company in their consideration of the resolutions proposed in the Notice of Annual General Meeting.

ITEM 1: Financial statements and reports

The first item of business deals with the financial statements of the Company, the directors' report and the auditor's report for the financial for the year ended 30 June 2011 (**reports**). These reports are contained in the Company's 2011 Annual Report sent to shareholders, if requested, and are available on the Company's web site www.objective.com.

Shareholders are to consider these reports and seek explanations, if required, from the directors when the reports are presented to the meeting. No resolution is required on these reports and they are only required to be laid at the meeting in accordance with section 317 of the Corporations Act 2001.

ITEM 2: Resolution 1 - Remuneration report for the financial year ended 30 June 2011

The remuneration report, which forms part of the directors' report, is on pages 11 to 13 of the Company's 2011 Annual Report. The remuneration report sets out the policy for the remuneration of the directors and executives of the Company.

Section 250R(2) of the Corporations Act requires that a resolution to adopt the remuneration report be put to the vote of shareholders and shareholders have the opportunity to discuss the remuneration report at the Annual General Meeting. However, under section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and is not binding on the Company or its directors.

In accordance with section 250R(4) of the Corporations Act, the Company will disregard any votes cast on this resolution by:

(a) a member of the key management personnel details of whose remuneration are included in the remuneration report; or

(b) a closely related party of such a member.

However, a member of the key management personnel may cast a vote on the resolution if the member does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution and the vote is not cast on behalf of a member of key management personnel whose remuneration details are included in the remuneration report.

In accordance with section 250BD of the Corporations Act, key management personnel (other than the Chairman) and their closely related parties are prevented from voting undirected proxies on this resolution.

The Chairman will vote all undirected proxies in favour of this resolution. If you wish to vote "against" or "abstain" you should mark the relevant box in the attached proxy form.

If 25% or more of the votes that are cast are voted against the adoption of the remuneration report at two consecutive Annual General Meetings, shareholders will be required to vote at the second of those Annual General Meetings on a resolution that another meeting be held within 90 days at which all of the Company's directors (other than the Managing Director) must go up for re-election.

ITEM 3: Resolution 2 – Retirement and re-election of director

Pursuant to the Company's Constitution and the Listing Rules one third of the directors of the Company must retire by rotation. Additionally, any director appointed by the Board since the last Annual General Meeting must retire at the next Annual General Meeting. A director who retires may offer himself or herself for re-election.

Mr Leigh Warren retires by rotation at the 2011 Annual General Meeting and, being eligible, offers himself for re-election. Mr Warren was appointed as a Non-Executive Director in August 2007 and is

Chairman of the Audit Committee. Mr Warren 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 and Oracle where he was the Managing Director for Australia and New Zealand. He currently serves on the Boards of three private companies and advises several software companies particularly in the area of developing high performance sales organisations.

The Board unanimously recommends that shareholders vote in favour of this resolution.

ITEM 4: Resolution 3 – Selective share buy-back

1. Introduction

1.1 The directors of the Company propose that the Company buy back 20,000,000 fully paid ordinary shares in itself (**Buy Back Shares**) from Marlaine Ltd as trustee for the Mango Trust (**Marlaine**), an entity controlled by Gary Fisher, a director of the Company, for an aggregate purchase price of $4,150,000.

1.2 The Company has entered into an agreement with Marlaine to buy back the Buy Back Shares. The agreement is subject to shareholder approval and only effective if the shareholders approve the terms of the buy-back agreement. The full terms of the buy-back agreement are set out in Annexure A.

1.3 Under the Corporations Act 2001 (Cth) (**Corporations Act**), the Company must include with the notice of meeting all information known to it that is material to the decision how to vote on the buy-back. This Explanatory Memorandum is given for that purpose and the directors of the Company believe this Explanatory Memorandum contains all information material and necessary for shareholders to make an informed decision.

2. Reasons for buy-back

2.1 The Company has been exploring various capital management opportunities. Marlaine has been identified as a party who wishes to sell down 20,000,000 of its 45,000,000 share holding in the Company.

2.2 This proposal provides an opportunity for the Company to acquire the Buy Back Shares at a discount to the market price of shares prevailing at the date of this document.

3. Shareholder approval requirements

3.1 The proposed buy-back constitutes a selective buy-back for the purposes of the Corporations Act. Under section 257D(1) of the Corporations Act, the terms of an agreement for a selective buy-back must be approved by either:

(a) a special resolution passed at a general meeting of the Company with no votes being cast in favour of the resolution by Marlaine or any associate of Marlaine; or

(b) a resolution agreed to by all ordinary shareholders at a general meeting.

3.2 Under Listing Rule 10.1, the acquisition of substantial assets from a related party must be approved by the holders of ordinary shares in the Company. Marlaine is an entity that is controlled by Gary Fisher, a director of the Company, and accordingly is a related party of the Company. The Buy Back Shares constitute a substantial asset. Accordingly, the acquisition is required to be approved by shareholders under this Listing Rule.

3.3 Under section 208(1) of the Corporations Act, a public company may not give a financial benefit to a related party without first obtaining the approval of shareholders, subject to certain exceptions. Marlaine is a related party of the Company (as discussed above) and the payment of the purchase price to Marlaine constitutes the giving of a financial benefit by the Company. Accordingly, the proposed buy-back is required to be approved by shareholders under this provision.

4. Other conditions to buy-back

4.1 It is a condition to the buy-back proceeding that the terms of the buy-back are approved by a special resolution passed at the Annual General Meeting of the Company with no votes being cast in favour of the resolution by Marlaine or any associate of Marlaine.

5. Purchase price

5.1 Under the buy-back agreement, the Company will pay to Marlaine an amount of $0.2075 per Buy Back Share.

5.2 The market price of the ordinary shares of the Company at the close of trade on ASX as at 20 October 2011 was $0.21 per share. The highest price traded in the month preceding that date was $0.25 per share and the lowest price traded in that month was $0.20 per share.

5.3 The aggregate purchase price for the Buy Back Shares is $4,150,000.

6. Source of funds and financial effect

6.1 The total purchase price for the Buy Back Shares will be paid out of existing cash reserves. As at 30 September 2011 the Company had $17.1 million in cash.

6.2 The directors of the Company do not believe that the financial effect of buying back the Buy Back Shares on the Company will be material. The directors of the Company do not believe that the payment will adversely affect the Company's ability to carry on business.

6.3 The anticipated possible decrease in interest income per annum resulting from the financing of the buy-back is approximately $228,000.

6.4 The latest set of audited financial statements of the Company are the financial statements for the year ended 30 June 2011. A copy is available on the company's web site (www.objective.com) or will be sent to any shareholder who requests a copy.

7. Impact of the buy-back on creditors

7.1 The directors of the Company do not believe the buy-back will have an adverse effect on the creditors of the Company as the group has sufficient cash to meet the Company's obligations.

8. Share capital details

8.1 This table shows the composition of current issued capital of the Company and its anticipated composition should the buy-back proceed. It also shows relevant percentages.

Shareholder	Number of Shares before buy-back	Percentage of shares before buy-back	Number of shares after buy-back	Percentage of shares after buy-back
Marlaine Ltd	45,000,000	37.27%	25,000,000	24.81%
All other shareholders	75,753,277	62.73%	75,753,277	75.19%
Total	120,753,277	100.00%	100,753,277	100.00%

8.2 Mr Tony Walls, a director of the Company, currently has a relevant interest in 62,000,000 shares representing 51.34% of the issued share capital of the Company, through a company controlled by him, TBW Trustees Limited. If the buy-back proceeds, the shareholding of this company will represent 61.54% of the issued share capital of the Company (as a result of the decrease of the total number of shares on issue).

8.3 Whilst the relevant interest of TBW Trustees Limited and Mr Walls will increase, the buy-back will not have a significant impact on control of the Company as the shareholding of TBW Trustees Limited already represents over 50% of the issued capital of the Company.

9. Advantages of the buy-back

9.1 The directors of the Company have identified the following advantages of carrying out the buy-back:

(a) an opportunity to acquire the Buy Back Shares at a discount to the current share price; and

(b) a potential increase in earnings per share.

10. Disadvantages of the buy-back

10.1 The directors of the Company have identified the following disadvantages of carrying out the buy-back:

(a) the Company's cash position will be reduced by the amount of the consideration paid; and

(b) decreased interest income as a result of an reducing the cash balance (refer Section 6.3 above).

11. Directors' recommendations and interests

11.1 The directors of the Company, excluding Mr Gary Fisher and Mr Tony Walls, recommend that shareholders approve the buy-back and vote in favour of resolution 3.

11.2 These directors make this recommendation as they believe that the advantages of the buy-back outlined in Section 9.1 above are significant and outweigh the disadvantages of the buy-back outlined in Section 10.1 above. These directors also note that the independent expert has concluded that the proposed buy-back is fair and reasonable to non-associated shareholders of the Company. See Section 12 for more details.

11.3 Mr Gary Fisher controls Marlaine and has a material personal interest in this resolution. Accordingly he does not believe it is appropriate to provide a recommendation to shareholders on this resolution.

11.4 Mr Tony Walls has a substantial shareholding in the Company that will increase if the proposed buy-back is implemented. Accordingly he does not believe it is appropriate to provide a recommendation to shareholders on this resolution.

11.5 Each director of the Company who is also a shareholder of the Company and is not excluded from voting on this resolution currently intends to vote in favour of it.

11.6 Other than as referred to above, none of the directors of the Company has an interest in the proposed buy-back.

12. Independent expert's report

12.1 The Company engaged Lonergan Edwards & Associates Limited to provide an independent expert's report expressing an opinion on whether the proposed buy-back is fair and reasonable to shareholders whose votes are not to be disregarded.

12.2 The independent expert concluded that the proposed buy-back is fair and reasonable to non-associated shareholders of the Company.

12.3 The independent expert's report is set out in Annexure B to this document. You should read it as part of your assessment of the proposed buy-back.

13. Regulatory information

13.1 The information set out below is required to be provided to shareholders under section 257G of the Corporations Act and ASIC's Regulatory Guide 110:

(a) The Company currently has 120,753,277 fully paid ordinary shares on issue.

(b) The number of shares to be bought back under the proposed buy-back is 20,000,000, representing approximately 16.56% of the issued capital of the Company.

(c) The terms of the buy-back are set out in Sections 4, 5 and Annexure A of this Explanatory Memorandum.

(d) The price to be paid for the Buy Back Shares is $4,150,000. See Section 5 of this Explanatory Memorandum for further details.

(e) The reasons for the buy-back are set out in Section 2 of this Explanatory Memorandum.

(f) Mr Gary Fisher, a director of the Company, will participate in the buy-back and has an interest in it. See Section 11 of this Explanatory Memorandum for details.

(g) The source of funds for, and the financial effect, advantages and disadvantages of, the proposed buy-back are set out in Sections 6, 7, 9 and 10 of this Explanatory Memorandum.

(h) The effect the buy-back will have on control of the Company is set out in Section 8 of this Explanatory Memorandum. The selling shareholder is Marlaine.

(i) The latest set of audited financial statements of the Company are the financial statements for the year ended 30 June 2011. A copy is available on the company's web site (www.objective.com) or will be sent to any shareholder who requests a copy.

(j) Information about the current price of shares in the Company is set out in Section 5.2 of this Explanatory Memorandum. Additional information required by the Listing Rules is set out in Section 13.2 below.

(k) Other information that is relevant to the resolution and known to the Company or any of its directors is set out elsewhere in this Explanatory Memorandum.

13.2 The information set out below is required to be provided to shareholders under Listing Rule 10.10:

(a) Marlaine and its associates are excluded from voting on the resolution relating to the buy-back. The Company will disregard any votes cast in favour of this resolution by Marlaine Limited and any associates of Marlaine Ltd. However the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

(b) The Company engaged Lonergan Edwards & Associates Limited to provide an independent expert's report expressing an opinion on whether the proposed buy-back is fair and reasonable to shareholders whose votes are not to be disregarded. The independent expert concluded that the proposed buy-back is fair and reasonable to non-associated shareholders of the Company. The independent expert's report is set out in Annexure B to this document.

13.3 The information set out below is required to be provided to shareholders under section 219(1) of the Corporations Act and ASIC's Regulatory Guide 76:

(a) If passed, resolution 3 would permit the Company to grant a financial benefit to Marlaine, being an entity controlled by Mr Gary Fisher, a director of the Company.

(b) The financial benefit that would be given is the payment of the purchase price of $4,150,000 in consideration for the buy-back of the Buy Back Shares.

(c) Each of the directors of the Company, other than Mr Gary Fisher (who is not entitled to vote on this resolution), recommend that shareholders vote in favour of resolution 3. See Section 11 of this Explanatory Memorandum for more details.

(d) Both Mr Gary Fisher and Mr Tony Walls have an interest in the outcome of resolution 3. See Section 11 of this Explanatory Memorandum for details. The interest of Mr Fisher is considered to be a material personal interest. Mr Fisher was not present during, and did not participate in, any board discussions relating to the proposed buy-back and did not vote on the matter. The interest of Mr Walls is not considered to be a material personal interest.

(e) The Company engaged Lonergan Edwards & Associates Limited to provide an independent expert's report expressing an opinion on whether the proposed buy-back is fair and reasonable to shareholders whose votes are not to be disregarded. The independent expert concluded that the proposed buy-back is fair and reasonable to non-associated shareholders of the Company. The independent expert's report is set out in Annexure B to this document.

(f) The independent expert's report contains a valuation of the financial benefit to be given to Marlaine. The report is set out in Annexure B.

(g) Marlaine currently holds 45,000,000 shares in the Company. This will decrease if the proposed buy-back is implemented. See Section 8 of this Explanatory Memorandum for details.

(h) Other information that is relevant to the resolution and known to the Company or any of its directors is set out elsewhere in this Explanatory Memorandum.

14. Lodgement

14.1 A copy of the notice of meeting and this Explanatory Memorandum, including the independent expert's report, has been lodged with ASIC in accordance with sections 218(1) and 257F(2) of the Corporations Act.

14.2 A copy of the buy-back agreement has been lodged with ASIC in accordance with section 257E of the Corporations Act.

14.3 ASX has been told about the buy-back in accordance with ASX Listing Rule 3.8A.

Annexure A – Buy Back Agreement

Parties:

1. **Marlaine Limited** as trustee for the Mango Trust of 25 – 27 Farringdon Road, London EC1M, 3HA, United Kingdom (**Seller**);

2. **Objective Corporation Limited** (ACN 050 539 350) of Level 37 Northpoint, 100 Miller Street, North Sydney, NSW, 2060, Australia (**Buyer**).

Recitals:

A. The Seller is the legal owner of the Shares and has the ability to transfer legal and beneficial title to the shares to the buyer.

B. The Seller wishes to sell and the Buyer wishes to buy the Shares on the terms and conditions of this Agreement.

C. The Buyer and Seller acknowledge that any purchase of Shares under this Agreement by the Buyer will be by way of a selective share buy-back under section 257B of the Corporations Act and accordingly this Agreement is subject to shareholder approval.

1. Definitions and Interpretation

1.1. Definitions

In this Agreement:

ASX means ASX Limited (ACN 008 629 691).

Applicable Law means any statute, regulation, by-law, ordinance or other determination of any Government Agency with the force of law in any jurisdiction in which a party carries on business or in which it is incorporated**.**

Business Day means a day (other than a Saturday, Sunday or public holiday) on which banks are open for normal banking business in Sydney, Australia.

Completion means completion of the sale and purchase of the Shares in accordance with this Agreement.

Completion Date means the date which is 10 Business Days following satisfaction of the Condition or such later date as the Parties may agree.

Condition means the condition precedent set out in Clause 2.1.

Constitution means the constitution of the Buyer.

Corporations Act means the *Corporations Act* 2001 (Cth).

Duty means any stamp, transaction or registration duty or similar charge imposed by any government agency and includes, but is not limited to, any interest, fine, penalty, charge or other amount imposed in respect of the above but excludes any tax.

Encumbrance means an interest or power:

(a) reserved in or over an interest in any asset including, but not limited to, any retention of title; or

(b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, but is not limited to, any agreement to grant or create any of the above.

Government Agency means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity in any part of the world.

GST:

(a) has the same meaning as in the GST Law;

(b) includes any other goods and services tax or any tax applying to this Agreement in a similar way; and

(c) includes any additional tax, penalty tax, fine, interest or other charge under a law for such a tax.

GST Law has the meaning given to that term in Section 195–1 of the *A New Tax System (Goods and Services Tax) Act* 1999.

Listing Rules means the official listing rules of the ASX.

Ordinary Shares means fully paid ordinary shares in the capital of the Buyer.

Purchase Price means $4,150,000.

Shareholder means a person who is entered on the register of members of the Buyer.

Shares means 20,000,000 Ordinary Shares.

Trust means the Mango Trust established by the Trust Deed.

Trust Deed means the trust deed establishing the Mango Trust dated 16 September 1997 of which the Trustee is the trustee.

Trustee means Marlaine Limited.

Warranty means a representation and warranty set out in Schedule 1.

1.2. Interpretation

In this Agreement, headings and underlinings are for convenience only and do not affect the interpretation of this Agreement and, unless the context otherwise requires:

(a) words importing the singular include the plural and vice versa;

(b) words importing a gender include any gender;

(c) other parts of speech and grammatical forms of a word or phrase defined in this Agreement have a corresponding meaning;

(d) an expression importing a natural person includes any company, partnership, joint venture, association, corporation or other body corporate and any governmental agency;

(e) a reference to any thing (including, but not limited to, any right) includes a part of that thing;

(f) a reference to a Part, Clause, Party, Annexure, Exhibit or Schedule is a reference to a part and clause of, and a party, annexure, exhibit and schedule to, this Agreement and a reference to this Agreement includes any Annexure, Exhibit and Schedule;

(g) a reference to a document includes all amendments or supplements to, or replacements or novations of, that document;

(h) a reference to a party, trust, partnership or an entity includes that party's, trust's, partnership's or entity's successors and permitted assigns;

(i) no provision of this Agreement will be construed adversely to a party solely on the ground that the party was responsible for the preparation of this Agreement or that provision;

(j) a reference to a document includes any agreement in writing and any certificate, notice, instrument or other document of any kind; and

(k) all references to amounts of money are references to monies denominated in Australian Dollars; and

(l) specifying anything after the words **include** or **for example** or similar expressions does no limit what else is included.

2. Condition Precedent

2.1. Condition

Completion is conditional on the terms of this Agreement being approved by shareholders of the Company in accordance with:

(a) Section 257D(1)(a) of the Corporations Act;

(b) Section 208(1)(a)(i) of the Corporations Act; and

(c) Rule 10.1 of the Listing Rules.

2.2. Waiver

The Condition set out in Clause 2.1 may not be waived.

2.3. Cut-off date

(a) If the Condition is not satisfied on or before 30 November 2011 either Party may terminate this Agreement by notice in writing to the other.

(b) Upon termination, this Agreement has no further effect and neither the Buyer nor the Seller is liable to the other except:

   (i) under any clause expressed to survive termination; and

   (ii) in respect of any breach of this Agreement occurring before termination.

3. Completion

3.1. Sale and purchase

On the Completion Date, the Seller must sell and the Buyer must buy the Shares free of Encumbrances for the Purchase Price.

3.2. Date for Completion

Completion must take place at 2.00 pm on the Completion Date.

3.3. Delivery of documents executed by Seller

At Completion, the Seller must give to the Buyer the following documents:

(a) a completed transfer of the Shares to the Buyer in a form approved by the Buyer and duly executed by the Seller; and

(b) all other documents reasonably required by the Buyer to give effect to the transactions the subject of this Agreement.

3.4. Obligations of the Buyer at Completion

At Completion the Buyer must, subject to clause 3.5, pay to the Seller the Purchase Price.

3.5. Characterisation of the Purchase Price

The Parties acknowledge and agree that:

(a) the Purchase Price will be partly funded by the Buyer from its share capital account and partly funded from its retained profits;

(b) the Buyer may determine the amount which is funded from its share capital account and the amount which is funded from its retained profits in its sole and absolute discretion (but having regard to any applicable guidelines published by the Australian Taxation Office);

(c) the part of the Purchase Price that is funded from the Buyer's share capital account will be characterised for Australian taxation purposes as a return of capital;

(d) the part of the Purchase Price that is funded form the Buyer's retained earnings will be characterised for Australian taxation purposes as an unfranked divided and will be subject to withholding tax at the rate of 15%;

(e) the Buyer will withhold from the Purchase Price an amount equal to 15% of the part of the Purchase Price that is funded from the Buyer's retained earnings and remit this amount to the Australian Taxation Office;

(f) the Buyer currently intends to fund:

    (i) $360,000 of the Purchase Price from its share capital account; and

    (ii) the balance of the Purchase Price of $3,790,000 from its retained earnings; and

(g) based on the current intentions of the Buyer set out in Clause 3.5(f), the Buyer will withhold $568,500 from the Purchase Price and will remit this amount to the Australian Taxation Office.

4. Undertakings

4.1. Seller undertaking

The Seller undertakes to the Buyer not to take any of the following actions during the period between the date of this Agreement and the Completion Date:

(a) dispose of any legal or beneficial interest in the Shares;

(b) grant any Encumbrance over any interest in the Shares;

(c) enter into any agreement, arrangement or understanding with any party under which that third party acquires any economic interest in the Shares;

(d) voting and allowing others to vote; or

(e) agree or attempt to do any of the above.

5. Warranties

5.1. Warranties

The Seller gives each Warranty in favour of the Buyer:

(a) as at the date of this Agreement; and

(b) as at the Completion Date.

5.2. Reliance

The Seller acknowledges that the Buyer has entered into and will perform its obligations under this Agreement in reliance on the Warranties.

5.3. Independent Warranties

Each of the Warranties is to be construed independently of the others and is not limited by reference to any other Warranty.

5.4. Survival

Clause 5 of this Agreement:

(a) does not merge on Completion or termination of this Agreement; and

(b) is not affected by any other event or matter.

6. Duties, Costs and Expenses

6.1. Duties

(a) The Buyer must pay any Duty in respect of the execution, delivery and performance of:

(i) this Agreement; and

(ii) any agreement or document entered into or signed under this Agreement.

(b) The Buyer must pay any fine, penalty or other cost in respect of a failure to pay any Duty except to the extent that the fine, penalty or other cost is caused by an act or default on the part of the Seller.

(c) The Buyer indemnifies the Seller against any amount payable under Clause 6.1(a) or Clause 6.1(b) or both.

6.2. Survival

Clause 6.1 of this Agreement:

(a) does not merge on Completion or termination of this Agreement; and

(b) is not affected by any other event or matter.

6.3. Costs and expenses

Subject to Clause 6.1, each Party must pay its own costs and expenses in respect of the negotiation, preparation, execution, delivery and registration of this Agreement or other agreement or document described in Clause 6.1(a)(ii).

6.4. Costs of performance

Any action to be taken by the Buyer or the Seller in performing its obligations under this Agreement must be taken at its own cost and expense unless otherwise provided in this Agreement.

6.5. GST

(a) Unless expressly included, the consideration for any supply under or in connection with this Agreement does not include GST.

(b) To the extent that any supply made under or in connection with this Agreement is a taxable supply, the supplier may increase the consideration for that supply by an amount not exceeding the amount of the consideration multiplied by the rate at which GST is imposed in respect of the supply.

(c) If either Party is entitled under this Agreement to be reimbursed or indemnified by the other Party for a cost or expense incurred in connection with this Agreement, the reimbursement or indemnity payment must not include any GST component of the cost or expense to the extent that the cost or expense is:

(i) a creditable acquisition incurred by the Party being reimbursed or indemnified or by its representative member; and

(ii) for a creditable purpose.

(d) Words used in this Clause 6.5 which have a defined meaning in the GST Law have the same meaning as in the GST Law.

7. General

7.1. Notices

(a) Any notice or other communication including, but not limited to, any request, demand, consent or approval, to or by a party to this Agreement:

(i) must be in legible writing and in English addressed as shown below:

(A) if to the Seller:

Address:	25 – 27 Farringdon Road, London EC1M, 3HA, United Kingdom
Addressee:	Marlaine Limited as trustee for the Mango Trust
Facsimile No:	+44 207 065 0650

(B) if to the Buyer:

Address:	C/- Watson Mangioni, Level 13, 50 Carrington Street, Sydney, NSW, 2000
Addressee:	Chris Clarke
Facsimile No:	+61 2 9262 2626

or as specified to the sender by notice;

(ii) where the sender is a company, must be signed by an officer or under the common seal of the sender;

(iii) is to be regarded as having been given by the sender and received by the addressee:

(A) if by delivery in person, when delivered to the addressee;

(B) if by post, on delivery to the addressee; or

(C) if by facsimile transmission, whether or not legibly received, when transmitted to the addressee,

but if the delivery or receipt is on a day which is not a Business Day or is after 4.00pm (addressee's time) it is regarded as having been received at 9.00am on the following Business Day;

(iv) can be relied upon by the addressee and the addressee is not liable to any other person for any consequences of that reliance if the addressee believes it to be genuine, correct and authorised by the sender.

(b) A facsimile transmission is to be regarded as legible unless the addressee telephones the sender within two hours after the transmission is received or regarded as received under Clause 7.1(a)(iii) and informs the sender that it is not legible.

(c) In this Clause 7.1, a reference to an addressee includes a reference to an addressee's officers, agents or employees or any person reasonably believed by the sender to be an officer, agent or employee of the addressee.

7.2. Governing law and jurisdiction

(a) This Agreement is governed by the laws of the State of New South Wales, Australia.

(b) Each Party irrevocably submits to the exclusive jurisdiction of the courts of the State of New South Wales, Australia.

7.3. Prohibition and enforceability

(a) Any provision of, or the application of any provision of, this Agreement or any right, power, authority, discretion or remedy of a Party under this Agreement which is prohibited in any jurisdiction is, in that jurisdiction, ineffective only to the extent of that prohibition.

(b) Any provision of, or the application of any provision of, this Agreement which is void, illegal or unenforceable in any jurisdiction does not affect the validity, legality or enforceability of that provision in any other jurisdiction or of the remaining provisions in that or any other jurisdiction.

(c) The application of this Clause 7.3 is not limited by any other provision of this Agreement in relation to severability, prohibition or enforceability.

7.4. Variation

A variation of any term of this Agreement must be in writing and signed by the Parties.

7.5. Cumulative rights

The rights, powers, authorities, discretions and remedies of a Party under this Agreement do not exclude any other right, power, authority, discretion or remedy.

7.6. Further assurances

Each Party must do all things necessary to give full effect to this Agreement and the transactions contemplated by this Agreement.

7.7. Entire agreement

This Agreement supersedes all previous agreements in respect of its subject matter and embodies the entire agreement between the Parties.

7.8. Counterparts

This Agreement may be executed in any number of counterparts each of which, when executed, is deemed to be an original and the counterparts will constitute one and the same instrument.

Schedule 1

Warranties

(a) The Seller has full power and authority to enter into and perform its obligations under this Agreement.

(b) The Seller has taken all necessary action to authorise its execution, delivery and performance of this Agreement in accordance with its terms.

(c) The obligations of the Seller under this Agreement are legal, valid, binding and admissible in evidence subject to any necessary stamping and registration, and are enforceable against it in accordance with its terms subject to applicable bankruptcy laws and equitable principles.

(d) The execution, delivery and performance of the Seller's obligations under this Agreement complies with:

(i) each law, regulation, authorisation, ruling, judgment, order or decree of any Government Agency;

(ii) its constitution or other constituent documents; and

(iii) any Encumbrance or document which is binding upon it or any asset of it and does not and will not result in:

(A) the creation or imposition of any Encumbrance or restriction of any nature on any asset of it under the provisions; or

(B) accelerate the payment of any obligation existing under any Encumbrance or document which is binding upon it or any asset of it.

(e) The Seller has full power and has obtained all necessary consents of all persons and authorities to own and enjoy the benefit of the Shares.

(f) The legal and beneficial ownership of the Shares will, on Completion, vest in the Buyer free from all Encumbrances.

(g) The Seller has not:

(i) granted or created or agreed to grant or create any Encumbrance in respect of the Shares; or

(ii) disposed of, agreed to dispose of or granted any option to any person to purchase any of the Shares or any interest in the Shares.

(h) The Trustee is entering into this agreement in its capacity as Trustee for the Trust.

(i) The Trustee is empowered by the Trust Deed to enter into and perform this Agreement and to perform its obligations under this Agreement in accordance with its terms.

(j) All necessary resolutions have been duly passed and all consents, approvals and other procedural matters have been obtained or attended to as required by the Trust Deed for the Seller to enter into and perform its obligations under this Agreement.

(k) The Trustee is the only trustee of the Trust.

(l) No property of the Trust has been resettled or set aside or transferred to any other trust.

(m) The Trust has not been terminated nor has any event for the vesting of the assets of the Trust occurred.

(n) The Trustee's right of indemnity out of, and lien over, the assets of the Trust has not been limited in any way.

(o) The Trust Deed complies with all Applicable Laws.

(p) The Trustee has complied with its obligations and duties under the Trust Deed and at law. No one has alleged that it has not complied.

(q) The Trustee has provided a complete copy of the Trust Deed to the Buyer prior to execution of this Agreement.

(r) No steps have been taken by any person to:

(i) remove the Trustee as trustee of the Trust;

(ii) appoint an additional trustee of the Trust; or

(iii) bring forward the vesting date of the Trust.

LONERGAN EDWARDS
& ASSOCIATES LIMITED

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AFS Licence No 246532
Level 27, 363 George Street
Sydney NSW 2000 Australia
GPO Box 1640, Sydney NSW 2001

Telephone: [61 2] 8235 7500
Facsimile: [61 2] 8235 7550
www.lonerganedwards.com.au

The Independent Directors
Objective Corporation Limited
Level 37, Northpoint
100 Miller Street
North Sydney NSW 2060

20 October 2011

Subject: Objective Corporation Limited – selective share buy-back

Dear Independent Directors

Introduction

1 Objective Corporation Limited (Objective or the Company) is proposing to enter into an agreement with Marlaine Limited (Marlaine), a company associated with non-executive director, Mr Gary Fisher (Mr Fisher), for the selective share buy-back of 20 million shares of the 45 million shares currently held by Marlaine (Proposed Buy-Back) at a cash consideration of 20.75 cents per share. The total cash consideration payable by Objective under the Proposed Buy-Back is $4.15 million (Buy-Back Consideration).

2 The 20 million shares to be bought back from Marlaine comprise 16.6% of the total shares that Objective has on issue. The shares bought back will be cancelled.

Objective

3 Objective is a specialist provider of enterprise content management software, collaboration and process management solutions for the public sector.

Purpose of report

4 The Proposed Buy-Back is considered to be a related party transaction under Chapter 2E of the *Corporations Act 2011* (Cth) (Corporations Act) and the Australian Securities Exchange (ASX) Listing Rules and requires the approval of those shareholders of Objective that are not considered a party to the transaction (the non-associated shareholders). The Corporations Act requires the notice of the meeting to include a statement setting out all information known to the company that is material to the decision how to vote on the resolution. ASX Listing Rules require the notice of meeting sent to shareholders to include an independent expert's report (IER) stating whether the transaction is "fair and reasonable" to the non-associated shareholders[1].

[1] Chapter 2E of the Corporations Act does not impose an IER requirement.

5 Accordingly, the Independent Directors of Objective that are not associated with the Proposed Buy-Back (the non-associated or Independent Directors) have requested that Lonergan Edwards & Associates Limited (LEA) prepare an IER stating whether, in our opinion, the Proposed Buy-Back is "fair and reasonable" to the non-associated shareholders, together with the reasons for this opinion.

6 Our report will accompany the notice of Annual General Meeting and explanatory memorandum (the AGM Documents) sent by Objective to its shareholders for the purposes of approving the Proposed Buy-Back.

7 LEA is independent of Objective and Mr Fisher and has no other involvement of interest in the Proposed Buy-Back.

Summary of opinion

8 In LEA's opinion, the Proposed Buy-Back is "fair and reasonable" to the non-associated shareholders of Objective. This is primarily because:

(a) we have assessed the value of Objective's shares (on a minority interest basis) at 25.2 cents to 26.9 cents per share

(b) in comparison, the cash consideration offered is 20.75 cents per Objective share to be bought back

(c) as (b) is less than (a), the Company is acquiring the shares at a discount. As a result, the Proposed Buy-Back is fair to the non-associated shareholders

(d) due to the reduction in the number of Objective shares on issue, the percentage ownership interest of the non-associated shareholders will increase

(e) given the reduced number of shares on issue after the Proposed Buy-Back and assuming that profitability is maintained, the earnings per share (EPS) will increase

(f) the payment of $4.15million will reduce the Company's net asset backing per share by 11.4%. However, this reduction is not considered to adversely affect the business given the Company's level of cash reserves

(g) there is no material impact on the ability of Objective to pay its creditors

(h) the Proposed Buy-Back removes any risk associated with Objective's listed share price falling as a result of a stock overhang that may be created by Marlaine placing 20 million shares for sale on-market.

9 We have considered whether the increase in ownership by TBW Trustees Limited (an entity associated with the Chairman and Chief Executive Officer, Mr Tony Walls) will disadvantage the remaining non-associated shareholders. If the Proposed Buy-Back is approved, TBW Trustees' interest will increase from 51.3% to 61.5%. In our opinion, the increase in percentage shareholding from 51.3% to 61.5% does not disadvantage the remaining non-associated shareholders. This is because the current holding of 51.3% may already deter a takeover bid for the Company and an increase to 61.5% does not materially change this situation.

Other matters

10 In preparing this report we have considered the interests of Objective's non-associated shareholders as a whole. Accordingly, this report only contains general financial advice and does not consider the personal objectives, financial situations or requirements of individual shareholders.

11 The ultimate decision by Objective's non-associated shareholders whether to approve the Proposed Buy-Back should be based on each non-associated shareholder's assessment of the Proposal. This report has been provided for shareholders in Objective not associated with Mr Fisher.

12 If in doubt about the Proposed Buy-Back or matters dealt with in our report, shareholders should seek independent professional advice. For our full opinion on the Proposed Buy-Back, and the reasoning behind our opinion, we recommend that Objective's non-associated shareholders read the remainder of our report.

Yours faithfully

Julie Planinic
Authorised Representative

Grant Kepler
Authorised Representative

LONERGAN EDWARDS & ASSOCIATES LIMITED

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Appendices

I Outline of the Proposed Buy-Back

Overview

13 Objective is proposing to enter into an agreement with Marlaine for the selective share buy-back of 20 million shares of the 45 million shares currently held by Marlaine in Objective (Proposed Buy-Back).

14 The cash consideration under the Proposed Buy-Back is 20.75 cents per share.

15 Marlaine is an entity associated with Objective's non-executive director, Mr Fisher. After the Proposed Buy-Back Marlaine will hold 25 million shares in the Company. If the Proposed Buy-Back is approved, Marlaine's interest in Objective will be reduced to 24.8% (from 37.3%).

16 If the Proposed Buy-Back is approved, Objective will pay Marlaine $4.15 million. Objective will fund the consideration from cash reserves (some $10.7 million as at 30 June 2011).

17 The Proposed Buy-Back is subject to approval by special resolution, which requires at least 75% of the votes cast by members entitled to vote on the Proposed Buy-Back. Only non-associated shareholders are entitled to vote on the special resolution.

18 More detail on the Proposed Buy-Back is set out in the Explanatory Memorandum to be included in the Notice of Meeting.

II Scope of our report

Purpose

Corporations Act

19 Chapter 2E of the Corporations Act prohibits (in all but a specific number of circumstances) a public company from 'giving a financial benefit' to a 'related party' without the approval of the non-associated shareholders.

20 Giving a financial benefit to a related party includes buying an asset from or selling an asset to a related party. Pursuant to s228 of the Corporations Act, Mr Fisher, Non-Executive Director of and shareholder in Objective, is considered a related party.

21 Whilst there is no specific requirement for an IER under the Corporations Act, under section 257D(2) of the Corporation Act the company must include with the notice of the meeting a statement setting out all information known to the company that is material to the decision how to vote on the resolution. This statement will be prepared by Objective's Independent Directors taking into consideration the information contained in the IER. Regulatory Guide 110 – *Share buy-backs* (RG 110) provides that a company may need to provide an IER with a valuation of the shares where the company proposes to buy-back the holdings of a major shareholder (see RG 110.18).

ASX Listing Rules

22 ASX Listing Rule 10.1 prohibits a company from acquiring a 'substantial asset' from, or disposing of a 'substantial asset' to (amongst other persons) a 'related party' without the approval of its non-associated shareholders.

23 For the purposes of the ASX Listing Rules, the Proposed Buy-Back is, due to Mr Fisher's position, considered to involve a 'related party'.

24 An asset is considered a 'substantial asset' if its value, or the value of the consideration for it, is 5% or more of the equity interests of the company as set out in the latest accounts provided to the ASX under the ASX Listing Rules. The Proposed Buy-Back of 20 million shares represents 16.6% of the total issued equity as at 30 June 2011.

25 ASX Listing Rule 10.10 requires the notice of meeting sent to shareholders to include an IER, stating whether the transaction is 'fair and reasonable' to the non-associated shareholders.

Our engagement

26 Given the above the Independent Directors of Objective have requested that LEA prepare an IER stating whether, in our opinion, the Proposed Buy-Back is 'fair and reasonable' to the non-associated shareholders, together with the reasons for this opinion.

27 This report has been prepared by LEA to assist the non-associated shareholders of Objective in considering the resolution to approve the Proposed Buy-Back. The sole purpose of this report is to determine the opinion referred to above. This report should not be used for any other purpose.

28 The ultimate decision whether to approve the Proposed Buy-Back should be based on each non-associated shareholders' assessment of their own circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If any non-associated shareholder is in doubt about the action they should take in relation to the Proposed Buy-Back or matters dealt with in this report, they should seek independent professional advice.

Basis of assessment

29 In preparing our report, we have given due consideration to the ASX Listing Rules and Regulatory Guides issued by the Australian Securities & Investments Commission (ASIC), particularly Regulatory Guide 111 – *Content of expert reports* (RG 111) and Regulatory Guide 76 – *Related Party Transactions* (RG 76).

30 ASX Listing Rule 10.1 states that an entity must ensure that it does not acquire a substantial asset from, or dispose of a substantial asset to a substantial holder (of > 10% of the voting rights) or an associate of a substantial holder without the approval of holders of the entity's ordinary securities. Approval is required by resolution at a general meeting.

31 ASX Listing Rule 10.2 states that an asset is substantial if its value, or the value of the consideration for it, is 5% or more of the equity interests of the entity.

32 ASX Listing Rule 10.10 requires that the notice of general meeting includes a report from an independent expert stating whether the transaction is fair and reasonable to non-associated holders of the entity's ordinary securities.

33 The ASX Listing Rules does not define 'fair and reasonable' in the context of a related party transaction (that is not also considered to be a control transaction). However, RG 111 states that "fair and reasonable" should not be applied as a composite test and states there should be a separate assessment of "fair" and "reasonable". RG 111 provides that a proposed related party transaction:

(a) is 'fair' if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity by the related party. This comparison is required to be made assuming an arm's length transaction between knowledgeable and willing, but not anxious parties

(b) is 'reasonable' if it is 'fair'. A related party transaction may also be 'reasonable' despite being 'not fair' if the expert believes there are other reasons for non-associated shareholders to vote for the proposal.

34 Given the above, in our opinion, the most appropriate basis upon which to evaluate whether the proposed transaction is 'fair and reasonable' to the non-associated shareholders is to consider:

(a) the market value of the shares in Objective

(b) the market value of the consideration offered. We note that as the Proposed Buy-Back is not a control transaction (i.e. a transaction that would result in Mr Fisher acquiring or increasing a controlling stake in Objective) the value of the Buy-Back Consideration will be determined on a minority (as opposed to a 100% controlling) interest basis

(c) the extent to which (a) and (b) differ, in order to assess whether the Proposed Buy-Back is 'fair' to the non-associated shareholders (i.e. whether the market value of Objective is equal to or greater than the Buy-Back Consideration offered by Objective).

35 In addition, we have also had regard to a number of other factors in order to assess the reasonableness of the Proposed Buy-Back to the non-associated shareholders:

(a) the premium or discount at which the shares are being bought back relative to recent stock market trading of the shares

(b) the impact of the Proposed Buy-Back on ownership concentration and liquidity

(c) the impact on net asset backing per share

(d) the impact on EPS

(e) the impact on Objective's cash reserves / debt position and ability to pay its creditors

(f) any issues associated with the related party shareholder (e.g. potential for on-market sale and impact on share price, extent of related party's involvement in the company).

Limitations and reliance on information

36 Our opinions are based on the economic, sharemarket, financial and other conditions and expectations prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

37 Our report is also based upon financial and other information provided by Objective. We understand the accounting and other financial information that was provided to us has been prepared in accordance with the Australian equivalents to International Financial Reporting Standards. We have considered and relied upon this information and believe that the information provided is reliable, complete and not misleading and we have no reason to believe that material facts have been withheld.

38 The information provided was evaluated through analysis, enquiry and review to the extent considered appropriate for the purpose of forming an opinion on the related party transaction from the perspective of Objective's non-associated shareholders. However, we do not warrant that our enquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. Whilst LEA has made what it considers to be appropriate enquiries for the purpose of forming its opinion, "due diligence" of the type undertaken by companies and their advisers in relation to (for example) prospectuses or profit forecasts is beyond the scope of an IER.

39 Accordingly, this report and the opinions expressed therein should be considered more in the nature of an overall review of the anticipated commercial and financial implications of the proposed transaction, rather than a comprehensive audit or investigation of detailed matters.

40 An important part of the information base used in forming an opinion of the kind expressed in this report is comprised of the opinions and judgement of management of the relevant companies. This type of information has also been evaluated through analysis, enquiry and review to the extent practical. However, it must be recognised that such information is not always capable of external verification or validation.

41 We in no way guarantee the achievability of budgets or forecasts of future profits. Budgets and forecasts are inherently uncertain. They are predictions by management of future events which cannot be assured and are necessarily based on assumptions of future events, many of which are beyond the control of management. Actual results may vary significantly from forecasts and budgets with consequential valuation impacts.

42 In forming our opinion, we have also assumed that the information set out in the Explanatory Memorandum is complete, accurate and fairly presented in all material respects.

III Profile of Objective

Overview

43 Objective is a developer and specialist provider of Enterprise Content Management (ECM), collaboration and process management software solutions for the public sector. The company tailors its ECM solutions to large, information intensive organisations and government departments throughout Asia Pacific, the United Kingdom (UK) and the United States (US). Objective also provides comprehensive support services and works with its customers to continuously implement upgraded products and solutions.

44 Objective's function is to assist governments and associated bodies to achieve a number of business outcomes at a lower cost to the community, which include:

(a) continuous process improvement in order to reduce processing costs, increase productivity and improve the quality of customer service

(b) improved accountability and transparency in order to ensure regulatory and legal compliance

(c) enable collaboration and improve knowledge management in order to better support decision-making, innovation and product development and enable their users to re-use corporate memory.

History

45 Objective has progressed to become a leading provider of ECM and related services through organic growth, as well as the acquisition of Limehouse Software (Limehouse) in 2009. A summary of the key developments in the history of Objective is listed below:

Objective – history

Date (FY)	Key developments
1987	• Commenced operations in Port Kembla, NSW, Australia
2000	• Listed on the ASX • New contract with the Australian Department of Defence (continues into 2011) • Entered UK market and established sales and support team
2001	• Objective's products are formally tested and approved by both the US Department of Defence and the UK Public Records Office
2003	• New contract with the UK National Archives, which advises government on best practice in records management and defines the functional standards to be met • New contract with the ACT Government as the whole-of-government standard for integrated document management
2004	• Selected by the Scottish Executive (comprising eight departments) as the standard for electronic document and records management for the Scottish Government
2005	• Global launch of the Objective 7 ECM Solution (following three years of specifically related R&D) • Opened offices in Singapore, South Australia and Western Australia to offer direct support services to its customers • Selected by People for Places Group (UK's leading housing and urban regeneration specialist) to supply an ECM solution
2007	• European operations extended to sell and support its products in strategic vertical markets

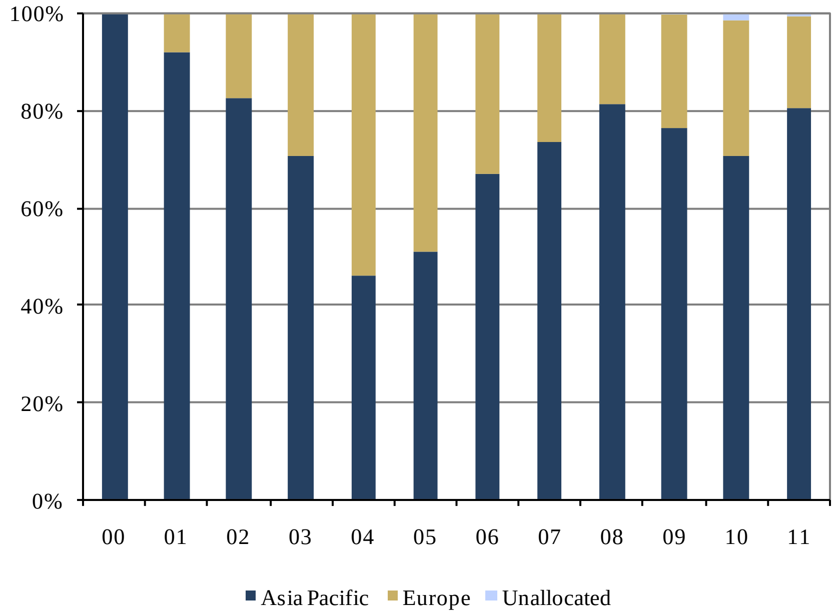
Objective – history	
Date (FY)	**Key developments**
2008	• New contract signed with ASIC which continues into 2011 • Gained full compliance with all five specifications of the Public Record Office of Victoria's, Victorian Electronic Record Strategy Version 2 standard
2009	• Acquired Limehouse for A$7.477 million[2] (see paragraph 47) • New contract with the Welsh Assembly Government to the value of approximately $10 million over a five year period to deliver an enterprise-wide solution relating to information management
2010	• Launched software-as-a-service solutions in Asia Pacific. These included "uCreate", "uEngage" and "ePetition" solutions, which enable public sector organisations to streamline the collaboration and development process of policy and other documents • Launched Objective for smart phones • Australian Defence Organisation extends long-term agreement for additional Objective capability and support
2011	• Delivered next generation ECM platform Objective 8 • Launched Objective Enterprise Search • Launched the Value Insight Program in Asia Pacific (developed in the UK) • Awarded a strategic long-term contract with NSW Road and Traffic Authority to roll out an enterprise-wide solution for 6,500 users

Geographical contribution

46 Objective's only significant operations up to 2000 were in Australia. Objective commenced operations in the European market in 2000 and experienced rapid growth in the five years following. However, in the four years to FY08 the Asia Pacific operations expanded in line with the ECM market as a whole, while soft demand in European operations resulted in a decline in revenues. A summary of the sales and service revenue by region for the 12 years to FY11 is set out graphically below:

2 Purchase consideration of $6.535 million, $0.220 million in costs directly related to the acquisition plus a deferred consideration payment of $0.732 million paid in FY10 upon Limehouse achieving pre-determined results (the maximum contractual obligation payable under this term was $2.934 million).

Objective – sales revenue by region
FY00 to FY11



Source: Objective's Annual Reports.

Limehouse acquisition

47 On 17 April 2009, Objective acquired Limehouse, a UK based collaborative content creation, publishing and stakeholder consultation solutions provider for public sector bodies. The acquisition was in line with Objective's strategy to extend its offering from process management and record keeping through to built-for-purpose applications. In addition, Limehouse has allowed an expansion in geographic and vertical market share, adding 200 customers in the UK local government sector when acquired.

48 Limehouse also provides collaborative creation of print quality documents which has allowed Objective to increase the speed and control of document creation and assembly. An integrated online end-to-end enterprise consultation system delivers document-centric collaboration and multi-channel publishing capabilities.

Current operations

49 Objective employs approximately 200 people with approximately 75% of these employees located in Australia and New Zealand (NZ). Objective's headquarters are currently based in Australia and this is where research and development (R&D) activities are largely carried out. R&D expenditure is primarily employee related and involves the employment of a substantial part of Objective's global employment resources.

50 Objective's public sector and corporate customers operate across a broad range of industries, including the defence and intelligence, justice, energy and utilities, engineering and infrastructure, financial services and mining. Objective currently supports over 400 public sector customers.

51 Objective derives revenue from the provision of software solutions and associated services to primarily public sector bodies and organisations. Revenues are split between the following:

(a) **Software revenues** – licences for ECM software provide the customer with the ability to use a software product into perpetuity[3]. Products are categorised into Product Lifecycle Management, Community & Collaboration, Content Lifecycle Management, Governance & Compliance, Business Process Automation, Enterprise Content Platform, Application Integration and Infrastructure Integration. "Objective 8" is the core platform of customer solutions and is a comprehensive suite that is built upon a single, unified ECM architecture. In addition, licences are available for the on-line collaboration product on a subscription basis

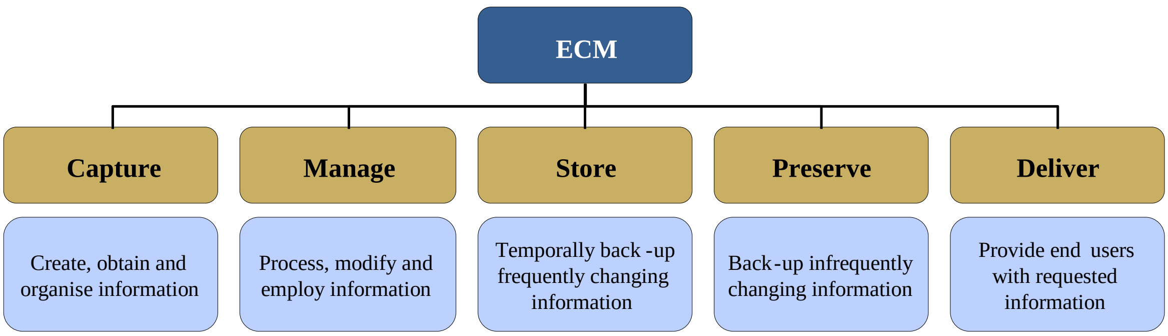
(b) **Consulting services** – these include professional services relating to project management, business integration and implementation management, as well as tailoring products to customer requirements and supporting the implementation of software solutions

(c) **Support services** – these include services post the sale of software products, such as on-going user support and software upgrades, database administration, system tuning, "health checks", user adoption and usage assessment and smart phone support.

ECM industry

52 ECM is the strategies, methods and tools used to capture, manage, store, preserve and deliver content and documents related to organisational processes. ECM tools and strategies allow the management of an organisation's unstructured information[4]. A summary of the purpose of ECM is shown diagrammatically below:

Enterprise content management



Source: AIIM.

3 Subject to constraints such as operating system compatibility, new version releases and contractual terms.

4 As defined by the Association for Information and Image Management (AIIM).

53 In Objective's view, ECM systems should enable users to achieve the following practical outcomes:

(a) collaborate on document authoring while maintaining control of versions of documents

(b) automate approval processes for document publishing

(c) ensure documents are classified and managed securely as records

(d) provide audit trails on the evolution of documents and information.

54 According to AIIM, ECM has been one of the fastest growing areas of Information Technology (IT), with "double-digit" growth in the last few years[5]. AIIM outline that this growth is driven by the need to contain content chaos, maximise employee productivity, improve knowledge sharing and reduce fixed costs. Further, AIIM outline the primary drivers of the expansion of the ECM market, as follows:

(a) the evolution from paper-based to an electronic business environment in order to improve process efficiency and avoid duplicated effort. AIIM state that improving efficiency and optimising processes are the key drivers for continued ECM investment by organisations[6]

(b) increasingly stringent compliance requirements and the need for greater transparency and accountability across public and private sectors

(c) recognition of the need for managing and protecting information as an intellectual asset

(d) the general proliferation of information and content and the requirement for organisations and businesses to manage this information

(e) governments switching to an electronic platform to improve services to citizens, businesses and other government organisations and improve productivity to deliver cost savings. Some governments are switching to "whole-of-government" initiatives.

Collaboration

55 In addition to ECM Software, Objective provides on-line collaborative solutions to enable public sector organisations to, inter alia, increase transparency, share information and enable the general public to have their say on policy and community matters.

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5 *"State of the ECM Industry 2011"* Report published by AIIM.

6 *"State of the ECM Industry 2011"* Report published by AIIM.

Financial performance

56 The financial performance of Objective for the five years ended 30 June 2011 (FY11) is set out below:

Objective – profit and loss					
	Audited FY07 $000	**Audited FY08 $000**	**Audited FY09 $000**	**Audited FY10 $000**	**Audited FY11 $000**
Sales and service revenue[1]	30,731	31,882	38,980	40,361	39,150
Cost of sales	(1,027)	(981)	(910)	(1,677)	(1,092)
Gross profit	29,704	30,901	38,070	38,684	38,058
Other income[2]	205	499	464	600	244
Distribution expenses	(19,477)	(16,093)	(18,091)	(20,227)	(19,669)
R&D	(8,674)	(8,768)	(9,614)	(9,445)	(9,346)
Administration and other expenses	(4,535)	(4,633)	(5,565)	(6,062)	(5,334)
Total expenses	(32,686)	(29,494)	(33,270)	(35,734)	(34,349)
EBITDA	(2,777)	1,906	5,264	3,550	3,953
Depreciation	(593)	(552)	(648)	(821)	(551)
Amortisation[3]	(73)	(165)	(126)	(411)	(360)
EBIT	(3,443)	1,189	4,490	2,318	3,042
Net interest	749	1,066	785	155	421
Profit before tax (PBT)	(2,694)	2,255	5,275	2,473	3,463
Significant / non-operating items:					
Government grant[4]	125	-	-	-	-
Net gain / (loss) on financial assets[5]	-	(319)	(686)	100	252
Net loss on disposal of asset[6]	(30)	-	-	-	(192)
Foreign exchange (FX) loss[7]	(28)	(114)	(230)	(207)	(39)
Reported PBT	(2,627)	1,822	4,359	2,366	3,484
Income tax	1,339	211	(6)	(247)	(394)
Reported profit after tax	(1,288)	2,033	4,353	2,119	3,090
Key performance indicators (%)					
Growth in sales to external customers	*(16.8)*	*3.7*	*22.3*	*3.5*	*(3.0)*
Gross margin	*96.7*	*96.9*	*97.7*	*95.8*	*97.2*
Research expense ratio[8]	*28.5*	*27.5*	*22.5*	*21.7*	*22.4*
EBITDA margin	*(9.0)*	*6.0*	*13.5*	*8.8*	*10.1*
EBIT margin	*(11.2)*	*3.7*	*11.5*	*5.7*	*7.8*

Note:
1 Includes revenue to external customers only.
2 Includes sundry income only. Sundry revenue in FY09, FY10 and FY11 relates to rent received in both Australia and the UK.
3 Being the amortisation of plant and equipment under finance lease. In FY10 and FY11 amortisation expenses also include amortisation of intellectual property which was acquired through the purchase of Limehouse.
4 The government grant received in FY07 relates to a one-off export market development government grant from Austrade.
5 Relates to the revaluation of investments in National Australia Bank Income Securities. The mark-to-market net losses were unrealised until the investment was sold during FY11.
6 Relates to the sale of minor fixed assets.
7 Objective's sales and purchases in foreign currencies (in particular, Great British Pound and New Zealand Dollar) give rise to transactional currency exposure. Despite this exposure being partly mitigated by a natural hedge arising from operations in the UK and NZ, Objective has historically incurred foreign exchange (FX) losses.
8 As a percentage of sales and service revenue.
Totals may not add due to rounding.
Source: Objective Annual Reports 2008, 2009, 2010 and 2011.

Revenue recognition accounting policies

57 Objective principally generates revenue from three primary streams and recognises revenue, as follows:

(a) **product sales** – refers to the initial sales of Objective's software products and is recognised when control of the product has passed to a customer or when a right or licence for the use of the product is granted to a customer

(b) **consulting services** – refers to the provision of industry solutions and strategy development and is recognised on a time or percentage complete basis for the period during which the relevant services are performed

(c) **upgrade and support program / maintenance support** – refers to the on-going user support following the sale of a product or implementation of a solution and is recognised over the period during which the relevant service is provided.

58 Upgrade and maintenance support has provided a steadily growing revenue stream in recent years. Similarly, consulting services from year-to-year have historically formed a base level revenue source for Objective. Product sales on the other hand have been variable, which is reflective of the discretionary nature of the demand for the initial purchase of Objective's products.

R&D expenditure

59 Objective expenses all R&D expenditure as and when incurred. R&D is an integral part of Objective's business and expenditure has historically been incurred at approximately 25% of sales and service revenue. Extensive R&D activities are necessary in order for Objective to:

(a) continuously enhance products and provide total quality management for their customers. This forms the basis for the continued revenues through the upgrade and support program

(b) provide the most up-to-date data protection for licensed products

(c) develop new cost saving solutions for existing customers and/or commercialise new products to market to potential customers.

60 Objective is eligible to claim a tax concession for expenditure on R&D. An accelerated rate of deduction of 125% is allowed for wages, salaries, other labour costs and expenditure incurred directly on R&D activities. That is, 125% of R&D expenditure is tax deductible, which means that an additional 25% tax shield is received. As a result, Objective's effective tax rate is consistently less than the statutory company tax rate in Australia of 30%. Objective's management advises that investment in R&D activities will continue in the foreseeable future.

Performance by region

61 The financial performance of Objective by geographical segment for the five years ended 30 June 2011 is set out below:

Objective – financial performance by geographic segment

	Audited FY07 $000	Audited FY08 $000	Audited FY09 $000	Audited FY10 $000	Audited FY11 $000
Segment revenue[1]					
Asia Pacific	22,591	25,892	29,867	28,490	31,619
Europe	8,140	5,990	9,008	11,398	7,256
Unallocated[2]	-	-	105	473	275
Consolidated	30,731	31,882	38,980	40,361	39,150
Segment revenue contribution (%)					
Asia Pacific	*73.5*	*81.2*	*76.6*	*70.6*	*80.8*
Europe	*26.5*	*18.8*	*23.1*	*28.2*	*18.5*
Unallocated	-	-	*0.3*	*1.2*	*0.7*
Profit / (loss) before R&D[3]					
Asia Pacific	8,747	13,898	14,157	12,087	14,532
Europe	(2,379)	(2,150)	1,599	2,562	192
Unallocated	(308)	(1,044)	(1,670)	(2,410)	(1,703)
Consolidated	6,060	10,704	14,086	12,239	13,021

Note:
1 Being sales to external customers only.
2 Sales to external customers that are not allocated to either the Asia Pacific or Europe relate to sales in the United States.
3 As per segment information disclosed in the financial report. Profit / (loss) is before R&D, finance and income tax expenses.
Source: Objective Annual Reports 2008, 2009 and 2010 and Financial Report for 2011.

62 The Australian dollar (AUD) has strengthened over the period against the world's major currencies, which has had a negative effect on the AUD translated sales revenue and profitability of Objective's international operations, particularly those in NZ and the UK. The losses from movements in exchange rates are included in the "unallocated" earnings before interest and tax (EBIT) before R&D.

Five years to 30 June 2007

63 In FY04 Objective achieved 79.1% growth in external revenue to some $26.9 million and a 150.8% increase in net profit after tax (NPAT) to $5.3 million. This was primarily driven by rapid expansion of European operations and numerous significant new contracts being secured. Strong growth continued in FY05 with revenue increasing by 24.6% and NPAT increasing by 50.5% to reach a record high of some $8.0 million. External revenues reached $36.9 million in FY06, increasing by 10.4%. However, profitability declined in FY06 with NPAT falling to some $7.2 million. In FY07, Objective recorded its first loss making year since FY01, with a net loss after tax of $1.3 million. This was driven by a drop in external revenues in Asia Pacific by 8.7% and Europe by 33.3%.

Year to 30 June 2008

64 Objective returned to profitability in FY08 after a loss making year in FY07. This was driven by strong new licence contract sales in Asia Pacific, including securing ASIC[7] as a customer. Objective restructured its European operations in an attempt to realign the business model to engage with strategic global partners. However, soft demand, long lead times and a number of one-off restructuring costs contributed to a consecutive year of losses. Nevertheless, sales were maintained by the Scottish Government's upgrade to the latest version of Objective's technology.

Year to 30 June 2009

65 Objective reported strong results in FY09 driven primarily by an improvement in the performance of its European operations and substantial upgrading and support revenue in Asia Pacific. The Limehouse business was acquired in April 2009, which contributed some $1.455 million in revenue, and the European business began to capitalise on the benefits of the restructure. Highlights of the results were as follows:

(a) revenues increased 15.4% in Asia Pacific and 50.4% in Europe

(b) earnings before interest, tax, depreciation and amortisation (EBITDA) before significant items increased 176.2% to some $5.26 million

(c) net profit after tax increased 114.1% to $4.35 million, despite results being negatively impacted by losses on the revaluation of financial assets of $0.69 million and FX losses of $0.23 million.

Year to 30 June 2010

66 Objective experienced a 32.6% decline in EBITDA compared to the prior corresponding period, recording an EBITDA result from continuing operations (before significant items) of some $3.55 million. Product sales were substantially weaker in Asia Pacific due to the reorganisation of some state government departments and government initiatives relating to expenditure review committees. European operations were profitable for the second consecutive year, driven by the completed integration and a full year contribution of Limehouse, outweighing the cautious disposition to delay projects leading up to the elections in the UK.

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7 ASIC continues to be one of Objective's larger customers into 2011.

Year to 30 June 2011

67 Objective experienced stronger results in FY11 compared to the prior corresponding period, with EBITDA (before significant items) rising 11.4% to some $3.95 million, despite revenue falling 3.0%. Following a year of subdued sales in Asia Pacific, Australian revenues were supported up by the implementation of the large scale upgrade of the Objective ECM with the Australian Department of Defence, while Objective continued to penetrate the NZ Local Government sector. On the other hand, the UK business conditions were hindered by UK Government austerity measures that resulted from the sovereign debt issues in the region.

Outlook for 2012

68 In the FY11 year end results announcement the CEO said:

"The outlook for FY2012 is encouraging. Our business strategy of focusing on the needs of the public sector and our expertise in this target market well position us to deliver improved results in the coming financial year."

69 No other earnings guidance in respect of FY12 has been provided to the market[8].

Financial position

70 The financial position of Objective as at 30 June 2011 is set out below:

Objective – financial position	Audited 30 Jun 11 $000
Cash and cash equivalents	10,709
Trade and other receivables	10,055
Current assets	20,764
Property, plant and equipment	1,105
Deferred tax assets	630
Intangible assets	8,684
Non-current assets	10,419
Total assets	31,183
Payables	6,005
Interest bearing liabilities	21
Tax liabilities	152
Provisions	418
Other	8,062
Current liabilities	14,658
Provisions	412
Non-current liabilities	412

8 We have been provided with the budget for the year ending 30 June 2012. However, we have not disclosed the budgeted results due to commercial confidentiality.

Objective – financial position	Audited 30 Jun 11 $000
Total liabilities	15,070
Net assets	16,113

Source: Objective 2011 Financial Report.

Cash and cash equivalents

71 Cash and cash equivalents include cash at bank and cash on deposit. As at 30 June 2011, $4.4 million was held as security. Some $0.5 million was held for rental guarantees and $3.9 million was held for the currently undrawn loan facility of $6.0 million (refer paragraph 76). As at 30 June 2011 Objective's available cash position, based on the disclosure made in the financial report, was $6.3[9] million.

Intangible assets

72 Objective's intangible assets include goodwill and intellectual property acquired through the purchase of Limehouse. Objective's intangible asset position is set out as follows:

Objective – intangible assets	30 Jun 10 $000	30 Jun 11 $000
Goodwill on acquisition of Limehouse Software	6,699	6,699
Intellectual property	2,239	1,985
Total intangible assets	8,938	8,684

73 Having regard to the above, we note that:

(a) Limehouse is a cash-generating unit and the goodwill associated with the acquisition has not incurred impairment under the following key assumptions:

(i) the discount rate applied to cash flow projections is 15.5% (pre-tax)

(ii) budgeted margins are based on past performance and management's expectation for the future

(iii) the forecast cash flows are based on a budget for 2012, with subsequent annual growth rates in revenue of 5% and expenses of 3% in the established market which represents the majority of current cash inflows. For new markets representing the balance of current cash inflows, accelerated growth rates in net income have been applied as the anticipated growth is from a low base. The revenue in new markets reflects an identified anticipated pipeline of customers and is based on previous experience in conversion

9 Excluding the restricted deposit of $4.4 million used as security for the loan facility and rental guarantee.

(iv) terminal value at the end of year five is calculated based on 5 times EBITDA

(b) the intellectual property relates to the acquired brand names, computer software, copyrights, service rights and operating rights, customer contracts, model designs and prototypes and intangible assets under development. Intellectual property is amortised over 10 years

(c) no intangible assets are generated internally as Objective's substantial R&D program is expensed through the profit and loss statement.

Property, plant and equipment

74 The carrying value of property, plant and equipment as at 30 June 2010 and 30 June 2011 is set out below:

Objective – property, plant and equipment	30 Jun 10 $000	30 Jun 11 $000
Furniture, fittings and office equipment:		
Purchased outright	1,558	1,045
Under finance lease	138	60
Total property, plant and equipment	1,696	1,105

Unearned income

75 Other current liabilities of $8.1 million represent unearned income for support contracts. The amounts will be released to revenue over the term of the contracts.

Borrowings

76 As at 30 June 2011 lease liabilities of $21,000 were the only interest bearing liabilities outstanding. We note that Objective had access to a floating rate bill facility of $6 million, which had not been drawn upon. The facility is secured by Objective's cash on deposit and incurs 1.6% interest per annum on the unused portion of the facility. The weighted average interest rate paid in FY11 was 6.4%[10].

Share capital

77 As at 19 October 2011 Objective had 120.8 million fully paid ordinary shares on issue. There were 4,497,000 employee options outstanding[11], of which none were in-the-money[12]. Objective does not issue any performance rights.

10 We note that since the facility is secured against deposited cash (which is a highly liquid and safe investment), the interest rate charged on the facility is at a small margin to the government bill / bond rate.

11 Employee options are issued pursuant to the Employee Incentive Plan (approved in 2003). The options are issued at no cost to the employee and vest over four years, one quarter of the options each year from issue. We note that Mr Tony Walls (CEO) and Mr Fisher (Non-Executive Director) are not participating in the plan.

12 There are 990,000 employee options exercisable at $1.00 and 3,507,000 employee options exercisable at 50 cents.

78 Objective undertook a share buy-back program in FY09 and FY10 to reduce the number of shares on issue by some 11%, as follows:

Objective – recent share buy-backs

Year ended	No. of shares 000	Price per share $	Total cost $000
30 June 2009	9,980[1]	0.20 – 0.24	2,136
30 June 2010	5,000[2]	0.20	1,000

Note:
1 The company bought back 6,350,000 shares in a selective off-market buy-back from Marlaine for $0.22 per share ($1,397,000 paid in total for the shares). The balance of the shares were bought on-market throughout the financial year.
2 The company bought back 5 million shares in a selective off-market buy-back from Marlaine.

Substantial shareholders

79 Objective has two substantial shareholders[13], being TBW Trustees Limited (51.3%), which is an entity associated with CEO, Mr Tony Walls, and Marlaine (37.3%), which is an entity associated with Non-Executive Director, Mr Fisher.

Share price performance

80 The price of Objective shares from 1 January 2008 to 19 October 2011 is summarised in the table below:

Objective – share price performance

	High $	Low $	Close $	Monthly VWAP[1] Volume[2] 000
Quarter ended				
March 2008	0.500	0.260	0.330	1,552
June 2008	0.405	0.270	0.365	138
September 2008	0.360	0.250	0.300	112
December 2008	0.300	0.170	0.205	627
March 2009	0.220	0.200	0.205	1,017
June 2009	0.335	0.250	0.270	70
September 2009	0.500	0.260	0.390	307
December 2009	0.440	0.355	0.395	53
March 2010	0.400	0.265	0.315	63
June 2010	0.320	0.270	0.285	120
September 2010	0.390	0.200	0.240	427
December 2010	0.260	0.200	0.240	140
Month ended				
January 2011	0.250	0.220	0.250	70
February 2011	0.290	0.250	0.250	716
March 2011	0.240	0.210	0.240	30

13 Being those shareholders with a relevant interest in 5% or more of the ordinary shares on issue.

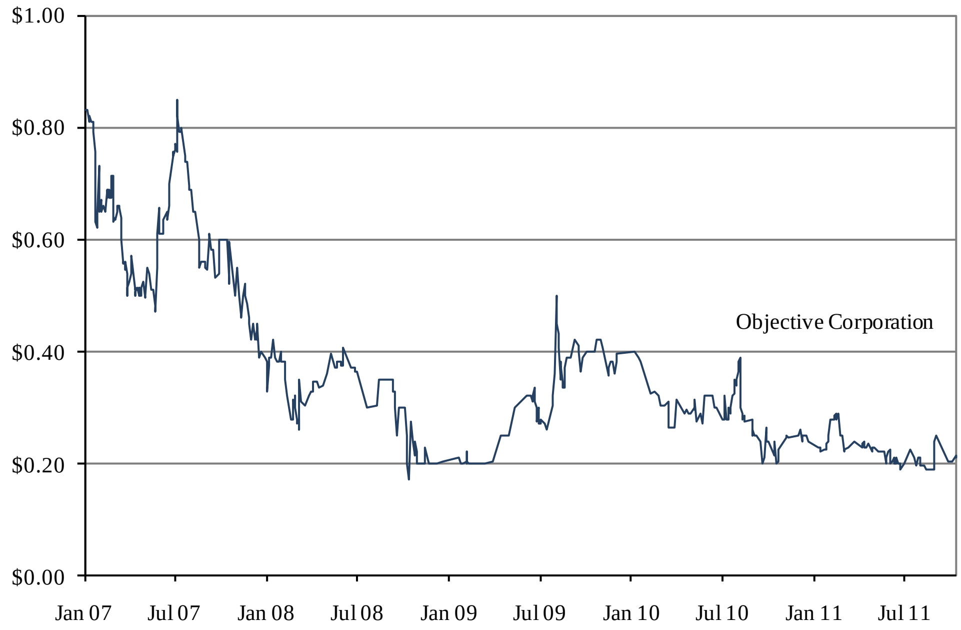
Objective – share price performance

	High $	Low $	Close $	Monthly VWAP[1] Volume[2] 000
April 2011	0.240	0.220	0.230	577
May 2011	0.235	0.200	0.220	582
June 2011	0.225	0.190	0.200	399
July 2011	0.225	0.195	0.210	273
August 2011	0.210	0.190	0.190	474
September 2011	0.250	0.205	0.205	180
October 2011[3]	0.215	0.205	0.210	18

Note:
1 Volume weighted average price.
2 Monthly volumes for the quarter ended represent average monthly volumes.
3 For the trading days to 19 October 2011.
Source: Bloomberg.

81 The following graph illustrates the movement in Objective's share price from 1 January 2007 to 19 October 2011:

Objective – share price history
1 January 2007 to 19 October 2011



Source: Bloomberg.

82 With regards to share price performance we note that:

(a) large share price movements are generally a result of earnings announcements as there is no guidance provided by the company and no analyst coverage of the stock

(b) the large fall in the share price in early and late calendar year 2007 was a result of the announcement of the first half FY07 and second half FY07 losses, respectively. FY07 was the first loss making period since 2001

(c) the share price was adversely impacted by the global financial crisis (GFC) and currently trades in the range of 19 cents to 25 cents.

83 The following table provides an overview of Objective's VWAP for the one month, three months and six months to 19 October 2011:

Objective – VWAP summary

Period	VWAP $
1 month to 19 October 2011	0.208
3 months to 19 October 2011	0.210
6 months to 19 October 2011	0.216

Source: Bloomberg.

Liquidity in Objective shares

84 The liquidity in Objective shares based on trading on the ASX during the year to 19 October 2011 is set out below:

Objective – liquidity in shares

			Implied level of liquidity			
		VWAP	based on total shares		based on free float	
Period	Value $000	Volume 000	Period(1) %	Annual(2) %	Period(3) %	Annual(4) %
1 week to 19 October 2011	2	8	0.0	0.3	0.1	3.0
1 month to 19 October 2011	5	23	0.0	0.2	0.2	2.0
3 months to 19 October 2011	197	934	0.8	3.1	6.8	27.2
6 months to 19 October 2011	455	2,106	1.7	3.5	15.3	30.6
1 year to 19 October 2011	853	3,656	3.0	3.0	26.6	26.6

Note:
1 Number of shares traded during the period (volume) divided by the weighted average number of total shares outstanding (120,753,304 shares over the entire period).
2 Annualised figure based upon implied level of liquidity for the period based on total shares.
3 Number of shares traded during the period (volume) divided by the weighted average number of freely floated shares (13,753,304 shares over the entire period).
4 Annualised figure based upon implied level of liquidity for the period based on freely floated shares.
Source: Bloomberg.

85 We note that the low level of implied liquidity based on total shares outstanding is primarily a result of the small free float. The CEO, Mr Tony Walls and Non-Executive Director, Mr Fisher own some 88.6% of total issued shares as discussed in paragraph 79.

IV Valuation approach

86 ASIC Regulatory Guideline 111 – *Content of expert reports* (RG 111) outlines the appropriate methodologies that a valuer should consider when valuing assets or securities for the purposes of, amongst other things, share buy-backs, selective capital reductions, schemes of arrangement, takeovers and prospectuses. These include:

(a) the discounted cash flow (DCF) methodology

(b) the application of earnings multiples appropriate to the businesses or industries in which the company or its profit centres are engaged, to the estimated future maintainable earnings or cash flows of the company, added to the estimated realisable value of any surplus assets

(c) the amount that would be available for distribution to shareholders in an orderly realisation of assets

(d) the quoted price of listed securities, when there is a liquid and active market and allowing for the fact that the quoted market price may not reflect their value on a 100% controlling interest basis

(e) any recent genuine offers received by the target for any business units or assets as a basis for valuation of those business units or assets.

87 Under the DCF methodology the value of the business is equal to the net present value (NPV) of the estimated future cash flows including a terminal value. In order to arrive at the NPV the future cash flows are discounted using a discount rate which reflects the risks associated with the cash flow stream.

88 Methodologies using capitalisation multiples of earnings or cash flows are commonly applied when valuing businesses where a future "maintainable" earnings stream can be established with a degree of confidence. Generally, this applies in circumstances where the business is relatively mature, has a proven track record and expectations of future profitability and has relatively steady growth prospects. Such a methodology is generally not applicable where a business is in start-up phase, has a finite life, or is likely to experience a significant change in growth prospects and risks in the future.

89 Capitalisation multiples can be applied to either estimates of future maintainable operating cash flow, EBITDA, earnings before interest, tax and amortisation (EBITA), EBIT or net profit after tax. The appropriate multiple to be applied to such earnings is usually derived from stock market trading in shares in comparable companies which provide some guidance as to value and from precedent transactions within the industry. The multiples derived from these sources need to be reviewed in the context of the differing profiles and growth prospects between the company being valued and those considered comparable. When valuing controlling interests in a business an adjustment is also required to incorporate a premium for control. The earnings from any non-trading or surplus assets are excluded from the estimate of the maintainable earnings and the value of such assets is separately added to the value of the business in order to derive the total value of the company.

90 An asset based methodology is applicable in circumstances where neither a capitalisation of earnings nor a DCF methodology is appropriate. It can also be applied where a business is no longer a going concern or where an orderly realisation of assets and distribution of the proceeds is proposed. Using this methodology, the value of the net assets of the company are adjusted for the time, cost and taxation consequences of realising the company's assets.

Methodology selected

91 The market value of Objective has been assessed by aggregating the market value of the business operations, together with the realisable value of any surplus assets and deducting net borrowings.

92 The valuation of Objective has been undertaken on the basis of market value of the business operations. The primary method used to value Objective's business is the capitalisation of maintainable EBITDA. Under this methodology, the value of the business is represented by its core underlying maintainable EBITDA capitalised at a rate (or EBITDA multiple) reflecting the risk inherent in those earnings.

93 We have adopted this method when valuing Objective for the following reasons:

(a) we do not have long-term cash flow projections to enable a DCF valuation to be undertaken[14]

(b) transaction evidence in the sector is generally expressed in terms of EBITDA multiples.

94 The resulting values have also been cross-checked by reference to:

(a) the net profit after tax (or price earnings (PE)) method

(b) the listed price of Objective shares (in accordance with RG111, as Objective's shares are not liquid and actively traded, we have not made reference to the listed market price as our primary valuation method).

[14] We note that Objective has prepared cash flow projections for financial reporting / impairment testing purposes. However, the objective of impairment tests is to opine on whether the carrying values of assets are appropriate rather than to assess market value of 100% of the equity of the entity.

V Valuation of Objective

Valuation methodology

95 As stated in Section IV we have adopted the capitalisation of EBITDA as our primary valuation method. Under this method the EBITDA (before non-recurring items, but after R&D expenses) is capitalised at an appropriate EBITDA multiple.

96 The value of Objective is then derived by adding the net realisable value of surplus and other assets and deducting net interest bearing debt and other liabilities.

97 The resulting values have also been cross-checked by reference to:

(a) the PE multiple implied by our valuation

(b) the listed market price of Objective shares.

98 The shares to be bought back from Marlaine represent an 16.6% equity interest in the Company. This holding does not provide any significant voting power in a general meeting and the Proposed Buy-Back does not constitute a control transaction. Therefore, when assessing the value of the shares to be bought back, we have not valued the Company incorporating a premium for control. That is, we have valued the shares on a minority interest basis.

Assessment of EBITDA

99 The EBITDA adopted for valuation purposes is an exercise of judgement that takes into consideration various factors including the historical (and forecast) level of profitability. Reported profits must be adjusted for non-recurring items. In most circumstances more weight is given to the most recent results than to historical results.

100 We have adjusted historical EBITDA to exclude:

(a) the net gain or loss on financial assets

(b) the net loss on sale of fixed assets

(c) foreign exchange losses.

EBITDA for valuation purposes

101 We set out below the historical EBITDA we have considered in assessing the EBITDA for valuation purposes:

EBITDA	FY08 $000	FY09 $000	FY10 $000	FY11 $000
Revenue from operations	31,882	38,980	40,361	39,150
Adjusted EBITDA[(1)]	1,906	5,264	3,550	3,953

Note:
1 Refer paragraph 56

102 In order to assess the appropriate level of EBITDA for valuation purposes, we have had regard to:

(a) the historical EBITDA of the Company

(b) the level of underlying annuity type revenue which will be generated in FY12 from support contracts for products which have been licensed in prior years

(c) management's revenue targets for FY12

(d) historical levels of R&D spend and management's expectations for FY12 which indicate that maintainable level of R&D costs are some $9.5 million.

103 Based on the average of the historical results for the last three years and our assessment of the additional support revenue which will be generated in FY12, we have assessed EBITDA for valuation purposes in the range of $4.25 to $5.25 million.

EBITDA multiple

104 The selection of the appropriate EBITDA multiple to apply is a matter of judgement but normally involves consideration of a number of factors including, but not limited to:

(a) the stability and quality of earnings

(b) the quality of the management and the likely continuity of management

(c) the nature and size of the business

(d) the spread and financial standing of customers

(e) the financial structure of the company and gearing level

(f) the multiples attributed by share market investors to listed companies involved in similar activities or exposed to the same broad industry sectors (Appendix C)

(g) the multiples that have been paid in recent acquisitions of businesses involved in similar activities or exposed to the same broad industry sectors

(h) the future prospects of the business including the growth potential of the industry in which it is engaged, strength of competitors, barriers to entry, etc

(i) the cyclical nature of the industry

(j) expected changes in interest rates

(k) the asset backing of the underlying business of the company and the quality of the assets

(l) whether the assessment is consistent with historical and prospective earnings.

Review of listed company multiples

105 The EBITDA multiples for Australian listed software companies are set out in Appendix C. These multiples range from 6.0 times to 15.1 times on a historical basis and 3.8 times to 9.7 times based on forecast FY12 earnings. These listed software and IT company multiples are based on the listed market price of each company's shares (and therefore exclude a premium for control).

106 We have had regard to these listed company multiples as the operations are exposed to the same broad industry sector as Objective. However, the Australian software and IT companies are not directly comparable to Objective as they are involved in providing differing product and service offerings and are larger by market capitalisation.

107 As the level of EBITDA for Objective adopted for valuation purposes is based on recent historical performance and having regard to the earnings that will be generated from support revenue from sales of software in FY10 and FY11, in our opinion, the listed company multiples based on forecast FY12 earnings are more relevant to our assessed EBITDA range.

108 In assessing the appropriate EBITDA multiple range we have also had regard to the proportion of support revenue to total revenue in Objective for FY11 and note that this is a significant percentage. In our opinion, a company with a high percentage of support revenue would attract a higher EBITDA multiple than a company which was largely reliant of the sale of software [15].

Transaction evidence

109 There is limited recent transaction evidence in the software sector in which Objective operates. Further, in the majority of transactions considered it appears that the acquirer expected to generate large annual synergy benefits relative to the standalone earnings of the target company which was reflected in the high earnings multiple implied by the transaction.

110 While not directly comparable in terms of operations to Objective, we note that the EBITDA multiples implied by recent acquisitions of Australian software companies were as follows:

Australian transaction evidence

Date	Target company	Acquirer	Consideration[(1)] A$m	Implied EBITDA multiple[(2)]
January 2007	Mincom	EAM Software	315	11.1
December 2008	MYOB	Private Equity	504	9.5
June 2011	iSoft	Computer Sciences Corporation	460	11.6

Note:
1 Enterprise value.
2 Based on maintainable EBITDA adopted by independent expert.

Conclusion on multiple

111 Based on the above, and in particular the size of Objective relative to the broadly comparable companies offset by Objective's level of support revenue, we are of the view that an EBITDA multiple range of 4.25 to 4.75 (on a minority interest basis)[16] is appropriate to apply in considering the enterprise value of Objective.

15 Whilst we are unable to specifically quantify the support revenue of the broadly comparable companies, those companies with a larger service / support focus trade at higher multiples.

16 We note that this multiple range is higher than Objective's current trading EBITDA multiple. However, based on the small free float, thin trading and resultant volatility of the Company's listed share price, the implied trading

Enterprise value of core business

112 As stated above we have adopted EBITDA for valuation purposes of A$4.25 million to A$5.25 million. We have assessed earnings for valuation purposes within a range due to the variability of historical and projected profitability.

113 As a result of the variability of earnings, in our view it is appropriate to apply the higher earnings multiple of 4.75 to our assessed lower range of earnings and the lower earnings multiple of 4.25 to our assessed higher range of earnings. This is because, in our view, any purchaser of Objective would be more confident about achieving, and thus paying a higher multiple for, lower range earnings, and vice versa for higher range earnings.

114 On this basis we have adopted an enterprise value for Objective of $20.2 million to $22.3 million, as follows:

Enterprise value adopted		
	Low $000	**High $000**
EBITDA	4,250	5,250
Multiple	4.75	4.25
Enterprise value	20,188	22,313
Adopted range	**20,200**	**22,300**

Net cash

115 We have assessed Objective's net cash position as at 30 June 2011 is shown below:

Net cash as at 30 June 2011		
	Low $000	**High $000**
Cash[(1)]	10,709	10,709
Lease liabilities	(21)	(21)
Cash held for rental guarantees[(2)]	(486)	(486)
Net cash	10,202	10,202

Note:
1 Being the balance of cash and cash equivalents as reported in the 2011 Financial Report.
2 Cash held as security for the lease of premises.

multiple is also relatively volatile. We note for example, that in the most recent two months, Objective shares traded on only nine days, at closing prices of between 19 and 25 cents per share. We also note that at the time of writing, the bid-ask spread was 24%.

116 For the purposes of our assessment we have assumed that, based on the current profitability and customer base, a purchaser of Objective (or Objective's current management) could renegotiate a loan facility without the need for the retention of a restricted cash account in the business.

Value of Objective

117 Based on the above we have assessed the value of Objective shares on a minority interest basis at 25.2 cents to 26.9 cents per share, as shown below:

Object – value on a minority interest basis	Low $000	High $000
Enterprise value	20,200	22,300
Add net cash	10,202	10,202
Value of equity	30,402	32,502
Fully diluted shares on issue(1)	120,753	120,753
Value per share (cents)	25.2	26.9

Note:
1 Excludes options as these are out of the money.

Cross-check against implied PE multiple

118 We have cross checked our valuation for reasonableness by comparing the implied PE multiple in our assessed value to the PE multiples of the broadly comparable listed companies:

Implied PE multiple	Low $000	High $000
Assessed equity value (excluding cash reserves)(1)	19,693	21,793
Net profit after tax:		
EBITDA	4,250	5,250
Depreciation and amortisation	(911)	(911)
Net finance costs(2)	(164)	(164)
Net profit before tax	3,175	4,175
Income tax at 30%	(952)	(1,252)
R&D tax benefit(3)	713	713
Net profit after tax	2,935	3,635
Implied PE multiple	6.7	6.0

Note:
1 That is, the assessed enterprise value less lease liabilities and cash held for rental guarantees.
2 Finance costs of $191,000 less interest income of some $27,000 earned on $486,000 cash held for rental guarantees (at 5.5% per annum).
3 Being the additional tax deduction of 25% available on $9.5 million R&D costs at the 30% tax rate.

119 The forecast FY12 PE multiples for the broadly comparable listed companies are in the range of 4.9 to 19.1 times. Given Objective's size relative to the broadly comparable companies, we consider that the PE multiple implied in our valuation assessment is reasonable.

Comparison of assessed value with listed market price

120 As outlined in Section III, over the last three months Objective shares have traded at very low volumes in the range of 19 cents to 25 cents per share. Objective's financial results were released on 30 August 2011 and on 1 September 2011 5,000 shares traded at 24 cents per share. Further small trades occurred on 2 September and 5 September 2011 at 25 cents. On 19 October 2011the closing price was 21.0 cents per share.

121 Our assessed value of an Objective share is in the range of 25.2 to 26.9 cents per share above the Company's trading price. Given the thin trading in Objective shares, the level of the Company's cash reserves, the lack of earnings guidance and broker coverage, it is not unreasonable that the shares trade at less than our assessed value.

122 As such we do not consider that the listed price is reflective of the full value of an Objective share.

VI Evaluation of the Proposed Buy-Back

Summary of opinion

123 LEA has concluded that the Proposed Buy-Back is fair and reasonable.

124 We have formed this opinion for the following reasons:

Assessment of fairness

125 Pursuant to RG 111, a related party transaction is fair if the value of the financial benefit to be provided by the entity to the related party is equal to or less than the value of the consideration being provided to the entity by the related party.

126 We have assessed the value of ordinary shares in Objective at 25.2 cents to 26.9 cents per share (on a minority interest basis). As the Buy-Back Consideration payable to Marlaine of 20.75 cents per share is below the range of our assessed value of an Objective share, the Proposed Buy-Back is fair to the non-associated shareholders.

Assessment of reasonableness

127 Pursuant to RG 111, a proposed related party transaction is reasonable if it is fair. Consequently, we have concluded that the Proposed Buy-Back is both fair and reasonable.

128 Pursuant to RG 111, a proposed related party transaction may be reasonable if, despite not being fair, there are sufficient reasons for shareholders to vote for the proposal.

129 In assessing whether the Proposed Buy-Back is reasonable, LEA has also considered:

(a) the premium or discount at which the shares are being bought back relative to recent stock market trading of the shares

(b) the impact of the proposed buy-back on ownership concentration and liquidity

(c) the impact on net asset backing per share

(d) the impact on EPS

(e) the impact on Objective's cash reserves / debt position and ability to pay its creditors

(f) any issues associated with the related party shareholder (e.g. potential for on-market sale and impact on share price, extent of related party's involvement in the company).

130 These issues are discussed below.

Premium or discount to recent share trading

131 The Buy-Back Consideration of 20.75 cents is within the range of recent share market trading in Objective shares which for the last quarter (July to September 2011) ranged from 19.0 cents to 25.0 cents per share.

132 Objective shares closed at 21.0 cents on 19 October 2011. The Buy-Back Consideration of 20.75 cents is a 1.2% discount to the listed price.

133 Our assessed value of 25.2 cents to 26.9 cents per share is at a 21% to 30% premium to the Proposed Buy-Back Consideration. This premium is a benefit to the Company and the non-associated shareholders.

Effective ownership of Objective

134 The table below shows the shareholding before the Proposed Buy-Back and immediately after the Proposed Buy-Back:

	Before the Buy-Back shares 000	%	After the Buy-Back shares 000	%
Shares held by Marlaine	45,000	37.3	25,000	24.8
Shares held by TBW Trustees	62,000	51.3	62,000	61.5
Shares held by other non-associated shareholders	13,753	11.4	13,753	13.7
	120,753	100.0	100,753	100.0

135 The Proposed Share Buy-Back will result in TBW Trustees and other non-associated shareholders increasing their shareholding.

136 Whilst the shareholding of TBW Trustees will increase to 61.5%, TBW Trustees already owns 51.3% of the shares in Objective. On this basis, even before the Proposal, TBW Trustees held in excess of 50% of the issued shares. This holding may have already precluded Objective from possible takeover offers.

Impact on the net asset backing per share

137 We have considered the impact of the Proposed Buy-Back on the Company's net asset backing per share based on the Company's balance sheet as at 30 June 2011 as follows:

	Before Proposed Buy-Back $000	After Proposed Buy-Back $000
Net assets	16,113	16,113
Less Buy-Back Consideration	-	(4,150)
Less associated costs	-	(60)
Adjusted net assets	16,113	11,903
Number of shares on issue (000)	120,753	100,753
Net asset backing per share (cents)	13.4	11.8

138 The above analysis indicates that the impact of the Proposed Buy-Back on the Company's net asset backing per share is a reduction of some 11.4% which is not considered to adversely affect the business given the Company's level of cash reserves.

Impact on earnings per share

139 With fewer shares on issue, Objective's EPS will be maintained after the Proposed Buy-Back relative to what it was prior to the Proposed Buy-Back.

140 Adjusting for the reduced interest income which would be earned on the $4.15 million consideration payable, the impact on EPS is as follows:

	Before Proposed Buy-Back FY11 Actual $000	After Proposed Buy-Back FY11 Actual $000
Profit before tax	3,484	3,484
Less interest foregone on consideration[1]	-	(228)
Adjusted profit before tax	3,484	3,256
Tax expense	(394)	(326)
Reported profit after tax	3,090	2,930
Number of shares on issue	120,753	100,753
EPS (cents)	2.6	2.9
Increase in EPS		13.7%

Note:
1 Estimated at 5.5% per annum.

141 The reduction in the total number of shares on issue as a result of the Proposed Buy-Back increases the ownership interest of each non-associated shareholder of Objective and in turn the EPS available to the non-associated shareholders.

Objective's ability to pay its creditors

142 As at 30 June 2011, Objective's total cash reserves were $10.71 million. If the Proposed Buy-Back is approved, the cash balance will reduce by $4.15 million. As at 30 June 2011, the Company's trade and other creditors totalled $7.01 million (excluding unearned income).

143 The Company had $6.0 million of undrawn loan facility as at the end of the 2011 financial year. This facility is still in place.

144 The Buy-Back Consideration can be funded from the Company's free cash reserves and should not have any impact on the Company's ability to pay its creditors.

Any issues associated with the related party holding

145 Given the relatively small free float and thin trading in Objective shares, an on-market offer for sale of 16.6% of the total issued equity of the Company may have a negative impact on the Company's share price.

146 The Proposed Buy-Back removes the threat of any "overhang" created by Marlaine placing 20 million shares for sale on-market.

Other matters

147 The ultimate decision by Objective non-associated shareholders whether to approve the Proposed Buy-Back should be based on each non-associated shareholder's assessment of the Proposal. This report has been provided for shareholders in Objective not associated with Mr Fisher.

148 If in doubt about the Proposal or matters dealt with in our report, shareholders should seek independent professional advice.

Appendix A

Financial Services Guide

Lonergan Edwards & Associates Limited

1 Lonergan Edwards & Associates Limited (ABN 53 095 445 560) (LEA) is a specialist valuation firm which provides valuation advice, valuation reports and Independent Expert's Reports (IER) in relation to takeovers and mergers, commercial litigation, tax and stamp duty matters, assessments of economic loss, commercial and regulatory disputes.

2 LEA holds Australian Financial Services Licence No. 246532.

Financial Services Guide

3 The Corporations Act 2001 authorises LEA to provide this Financial Services Guide (FSG) in connection with its preparation of an IER to accompany the AGM Documents to be sent to Objective shareholders in connection with the Proposed Buy-Back.

4 This FSG is designed to assist retail clients in their use of any general financial product advice contained in the IER. This FSG contains information about LEA generally, the financial services we are licensed to provide, the remuneration we may receive in connection with the preparation of the IER, and if complaints against us ever arise how they will be dealt with.

Financial services we are licensed to provide

5 Our Australian financial services licence allows us to provide a broad range of services to retail and wholesale clients, including providing financial product advice in relation to various financial products such as securities, derivatives, interests in managed investment schemes, superannuation products, debentures, stocks and bonds.

General financial product advice

6 The IER contains only general financial product advice. It was prepared without taking into account your personal objectives, financial situation or needs.

7 You should consider your own objectives, financial situation and needs when assessing the suitability of the IER to your situation. You may wish to obtain personal financial product advice from the holder of an Australian Financial Services Licence to assist you in this assessment.

Fees, commissions and other benefits we may receive

8 LEA charges fees to produce reports, including this IER. These fees are negotiated and agreed with the entity who engages LEA to provide a report. Fees are charged on an hourly basis or as a fixed amount depending on the terms of the agreement with the person who engages us. In the preparation of this IER, LEA is entitled to receive a fee estimated at $45,000 plus GST.

9 Neither LEA nor its directors and officers receives any commissions or other benefits, except for the fees for services referred to above.

10 All of our employees receive a salary. Our employees are eligible for bonuses based on overall performance and the firm's profitability, and do not receive any commissions or other benefits arising directly from services provided to our clients. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits arising directly from services provided to our clients.

11 We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

Complaints

12 If you have a complaint, please raise it with us first, using the contact details listed below. We will endeavour to satisfactorily resolve your complaint in a timely manner.

13 If we are not able to resolve your complaint to your satisfaction within 45 days of your written notification, you are entitled to have your matter referred to the Financial Ombudsman Services Limited (FOS), an external complaints resolution service. You will not be charged for using the FOS service.

Contact details

14 LEA can be contacted by sending a letter to the following address:

Level 27
363 George Street
Sydney NSW 2000
(or GPO Box 1640, Sydney NSW 2001)

Appendix B

Qualifications, declarations and consents

Qualifications

1 LEA is a licensed investment adviser under the Corporations Act. LEA's authorised representatives have extensive experience in the field of corporate finance, particularly in relation to the valuation of shares and businesses and have prepared more than 100 IERs to shareholders.

2 This report was prepared by Mrs Julie Planinic and Mr Grant Kepler, who are each authorised representatives of LEA. Mrs Planinic and Mr Kepler have over 13 years and 15 years experience respectively in the provision of valuation advice.

Declarations

3 This report has been prepared at the request of the Independent Directors of Objective to accompany the AGM Documents to be sent to Objective shareholders. It is not intended that this report should serve any purpose other than as an expression of our opinion as to whether or not the Proposed Buy-Back is fair to Objective non-associated shareholders.

Interests

4 At the date of this report, neither LEA, Mrs Planinic nor Mr Kepler have any interest in the outcome of the Proposed Buy-Back. With the exception of the fee shown in Appendix A, LEA will not receive any other benefits, either directly or indirectly, for or in connection with the preparation of this report.

5 LEA has had no prior business or professional relationship with Objective or Mr Fisher prior to the preparation of this report.

Indemnification

6 As a condition of LEA's agreement to prepare this report, Objective agrees to indemnify LEA in relation to any claim arising from or in connection with its reliance on information or documentation provided by or on behalf of Objective which is false or misleading or omits material particulars or arising from any failure to supply relevant documents or information.

Consents

7 LEA consents to the inclusion of this report in the form and context in which it is included in the AGM Documents.

Appendix C

Description of broadly comparable listed companies

1 The EBITDA and PE multiples of the listed Australian software and related IT companies (as well as a brief description) are set out below. Where appropriate, in order to maintain comparability with Objective, we have adjusted EBITDA of the broadly comparable companies for the actual R&D spend incurred rather than the amount expensed for reporting purposes.

Listed company EBITDA multiples[1]

			EBITDA multiple[4]			PE multiple[4]		
			Historical[5]	Forecast[6]		Historical[5]	Forecast[6]	
	EV[2]	Gearing[3]	FY11	FY12	FY13	FY11	FY12	FY13
Company	**A$m**	**%**	**x**	**x**	**x**	**x**	**x**	**x**
Objective	14.6	(70.1)	3.7	na	na	7.9	na	na
CSG[7]	343.5	37.7	6.6	4.5	4.2	4.7	4.9	4.6
Technology One	292.0	(10.0)	11.1	8.1	7.3	17.8	13.5	12.0
Reckon	339.9	(3.0)	15.1	9.7	8.8	23.9	19.1	16.9
DWS ABS	155.8	(7.0)	6.3	5.8	5.4	9.7	8.9	8.2
Data#3	130.6	(41.3)	6.0	5.4	5.0	11.7	11.0	10.0
Bravura Solutions	119.6	14.6	6.7	3.8	3.3	5.2	6.5	4.5

Note
1 Enterprise value and earnings multiples calculated as at 12 October 2011.
2 Enterprise value includes net debt (interest bearing liabilities less non-restricted cash), net derivative liabilities, net pension liabilities, market capitalisation adjusted for material option dilution, and excludes surplus assets.
3 Gearing equals net debt (cash adjusted for the effect of share placements and buy-backs, special dividends and option dilution) divided by enterprise value.
4 The companies have a 30 June year end with the exception of Reckon (31 December) and Technology One (30 September).
5 Historical earnings are based on latest statutory full year accounts and exclude non-recurring items and realised investment gains or losses.
6 Forecast earnings are based on Bloomberg broker average forecasts (excluding outliers and outdated forecasts).
7 Calculated as at 28 September 2011, being the day prior to receiving a non-binding, indicative and confidential off-market takeover offer for all issued fully paid ordinary shares.
Source: Bloomberg, latest full year statutory accounts, latest interim accounts, company announcements, LEA Analysis.
na - not available.

CSG Ltd

2 CSG is an information and communication technology and consulting company that offers end-to-end solutions through two divisions. The Technology Solutions division provides a range of systems integration, consulting and outsourcing services to business and government clients. The Print Services division provides print, communication and related services to clients.

Appendix C

Technology One Ltd

3 Technology One is an enterprise software provider and consultant, servicing the business, government, financial services, health and community, education, and utilities sectors. Software is generally provided out-of-the-box with the flexibility to forego customisation. Products include financials, human resources and payroll, supply chain, business intelligence as well as custom software development services for large scale, purpose built applications.

Reckon Ltd

4 Reckon develops and distributes accounting software products in Australia, NZ and the UK and operates under two divisions. Reckon’s Professional division provides taxation, business process automation software tools and online company registration services to unit and family trust organisations. Its Business division markets the QuickBooks and Quicken brands, which are operated under a distribution agreement licensed from US based Intuit Inc.

DWS Advanced Business Solutions Ltd

5 DWS Advanced Business Solutions is a provider of end-to-end IT solutions. The company provides technical services and solutions for large corporate entities and government agencies. These include custom software development for micro to mid-range platforms, maintenance and customisation of enterprise resource applications, designing, developing, implementing and maintaining data warehousing, reporting and business intelligence systems, and integration, enterprise architecture and a multitude of business to business solutions.

Data#3 Ltd

6 Data#3 is an information and communications technology company headquartered in Brisbane. The company provides IT solutions to optimise and manage the acquisition of software licensed in volume from global manufacturers, as well as integrated solutions to design and deploy hardware and software infrastructure. Data#3’s customers are located throughout Australia and Asia Pacific and cover a wide range of industries including banking and finance, mining, tourism, government and utilities.

Bravura Solutions Ltd

7 Bravura Solutions is a leading supplier of superannuation and pension, wealth management and life insurance IT solutions, including business and strategic consulting services. The company offers professional consulting services and the development, licensing and maintenance of specialised administration and management software applications for the transfer agency and wealth management sectors of the financial services industry.

Appendix D

Glossary

Abbreviation	Definition
AGM Documents	Annual General Meeting and explanatory memorandum
AIIM	Association for Information and Image Management
ASIC	Australian Securities & Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollars
Buy-Back Consideration	Proposed Buy-Back is $4.15million
Corporations Act	*Corporations Act 2011* (Cth)
DCF	Discounted cash flow
EBIT	Earnings before interest and tax
EBITA	Earnings before interest, tax and amortisation
EBITDA	Earnings before interest, tax, depreciation and amortisation
ECM	Enterprise Content Management
EPS	earnings per share
EV	Enterprise value
FOS	Financial Ombudsman Services Limited
FSG	Financial Services Guide
FX	Foreign exchange
FY	Financial year
GFC	Global financial crisis
IER	Independent expert's report
LEA	Lonergan Edwards & Associates Limited
Limehouse	Limehouse Software
Marlaine	Marlaine Limited
Mr Fisher	Mr Gary Fisher
NPAT	Net profit after tax
NPV	Net present value
NZ	New Zealand
Objective / Company	Objective Corporation Limited
PE	Price earnings
Proposed Buy-Back	Selective share buy-back of 20 million shares of the 45 million shares currently held by Marlaine
R&D	Research and development
RG 111	Regulatory Guide 111 – *Content of expert reports*
RG 110	Regulatory Guide 110 – *Share buy-backs*
RG 76	Regulatory Guide 76 – *Related Party Transactions*
UK	United Kingdom
US	United States
VWAP	Value weighted average price

PROXY FORM

Objective Corporation Limited
ABN 16 050 539 350

2011 Annual General Meeting

Name Address 1
Name Address 2
Name Address 3
Name Address 4
Name Address 5
Name Address 6

Objective

Return to:
The Company Secretary
Objective Corporation Limited
Level 37, 100 Miller Street
North Sydney NSW 2060
Fax: +61 2 9955 5011
Email: enquiries@objective.com

Cutoff time for receipt of proxy form is 10am, 28 November 2011

Appointment of Proxy

If appointing a proxy to attend the Annual General Meeting on your behalf please complete this form and submit it in accordance with the directions at the top right corner of this page by 10am on Monday, 28 November 2011.

I/We being a shareholder(s) of Objective Corporation Limited pursuant to my/our right to appoint not more than two proxies, appoint

☐ The Chairman of the Meeting (mark with an "X") **OR** ______ Write here the name of the person you are appointing if this person **is someone other than** the Chairman of the Meeting.

or failing him/her ______ Write here the name of the other person you are appointing.

or failing him/her, (or if no proxy is specified above), the Chairman of the meeting, as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of Objective Corporation Limited to be held on 30 November 2011 at 10am and at any adjournment of that meeting.

This proxy is to be used in respect of ______ % of the ordinary shares I/we hold.

☐ If the Chair of the meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a resolution, please place a mark in the box.

By marking this box, you acknowledge that the Chair of the meeting my exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by the Chair of the meeting for those resolutions other then as proxy holder will be disregarded because of that interest.

If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your vote on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution.

Unless you indicate otherwise by ticking either the "for" or "against" box below, you are deemed to have directed the Chairman to vote in favour of resolution 1 and the Chairman will vote all undirected proxies in favour of resolution 1.If you wish to vote "against" or "abstain" you should mark the box below accordingly.

Voting directions to your proxy – please mark ☒ to indicate your directions

RESOLUTION	For	Against	Abstain*
1. To adopt the Remuneration Report	☐	☐	☐
2. Re-election of Mr Leigh Warren	☐	☐	☐
3. To approve the terms of the selective share buy-back agreement	☐	☐	☐

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

PLEASE SIGN HERE

Executed in accordance with section 127 of the Corporations Act:

Individual or Shareholder 1	Joint Shareholder 2	Joint Shareholder 3
Sole Director & Sole Company Secretary	Director	Director / Company Secretary

Dated this ______ **day of** ______ **2011**

______ **Contact Name**

______ **Contact Business Telephone / Mobile**

Rule 3.8A

Appendix 3C

Announcement of buy-back (*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001, 11/01/10

Name of entity	ABN/ARSN
Objective Corporation Limited	16 050 539 350

We (the entity) give ASX the following information.

Information about buy-back

1	Type of buy-back	Off-market
2	+Class of shares/units which is the subject of the buy-back *(eg, ordinary/preference)*	Ordinary
3	Voting rights *(eg, one for one)*	One for one
4	Fully paid/partly paid *(and if partly paid, details of how much has been paid and how much is outstanding)*	Fully paid
5	Number of shares/units in the +class on issue	20,000,000
6	Whether shareholder/unitholder approval is required for buy-back	Yes
7	Reason for buy-back	Capital management

8	Any other information material to a shareholder's/unitholder's decision whether to accept the offer *(eg, details of any proposed takeover bid)*	As set out in the notice of meeting and explanatory memorandum for the 2011 AGM of Objective Corporation Limited

On-market buy-back

9	Name of broker who will act on the company's behalf	Not Applicable
10	Deleted 30/9/2001.	
11	If the company/trust intends to buy back a maximum number of shares - that number Note: This requires a figure to be included, not a percentage.	Not Applicable
12	If the company/trust intends to buy back shares/units within a period of time - that period of time; if the company/trust intends that the buy-back be of unlimited duration - that intention	Not Applicable
13	If the company/trust intends to buy back shares/units if conditions are met - those conditions	Not Applicable

Employee share scheme buy-back

14	Number of shares proposed to be bought back	Not Applicable
15	Price to be offered for shares	Not Applicable

Selective buy-back

16	Name of person or description of class of person whose shares are proposed to be bought back	Marlaine Limited as trustee for the Mango Trust
17	Number of shares proposed to be bought back	20,000,000
18	Price to be offered for shares	$4,150,000

Equal access scheme

19	Percentage of shares proposed to be bought back	Not Applicable
20	Total number of shares proposed to be bought back if all offers are accepted	Not Applicable
21	Price to be offered for shares	Not Applicable
22	+Record date for participation in offer Cross reference: Appendix 7A, clause 9.	Not Applicable

Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.

Sign here: .... Date: 24 October 2011
David Barnes - Company Secretary

Print name: ....