



4 September 2017

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[tradinghaltsperth@asx.com.au](mailto:tradinghaltsperth@asx.com.au)

Mr Wade Baggott  
Principal Adviser  
ASX Listings Compliance (Perth)

Dear Sirs

**OBJ Limited: ASX aware query**

We refer to your letter dated 30 August 2017.

We respond to the questions raised in the above letter as follows:

- 1** *We note the Entity's response to question 2 of the Aware Query does not state when the Entity first became aware of the satisfaction of Performance Milestone 1 and Performance Milestone 2 ("Milestones").*

*Having regard to the definition the definition of "aware" in Chapter 19 of the Listing Rules, please set out the time and the circumstances that the Entity became aware that:*

- (a) Performance Milestone 1 had been met.*  
*(b) Performance Milestone 2 had been met.*

Performance Milestone 1 related to the first payment from a licence to a third party of OBJ's personalised Dermaportation (powered electromagnetic inductor) technology.

OBJ announced to the ASX on 27 April and 24 May 2017 that payments associated with the personalised Dermaportation (powered electromagnetic inductor) technology were contemplated. The announcement of 24 May 2017 referred to these payments being anticipated as being greater than \$300,000.

Consistent with the above announcements, the first royalty payment (US\$125,000) was deposited into the bank accounts of OBJ on 26 May 2017 and OBJ became aware of this soon after.

Upon receipt of the payment, OBJ prepared the announcement that was provided to ASX on 2 June 2017. The timing difference between the date of receipt of the payment and the announcement to ASX was due having the form of the announcement approved by licensee. However as noted above OBJ had previously announced to the market the upcoming receipt of licence fees and provided guidance (24 May 2017) on the aggregate amount.

Consequently OBJ became "aware" that the underlying circumstances associated with Performance Milestone 1 were satisfied on 26 May 2017 and announced this to ASX on 2 June 2017. As previously advised to ASX (refer to the letter dated 29 August 2017) the underlying circumstances associated with Performance Milestone 1 were disclosed to ASX as part of the 2014 Annual General Meeting papers. However as noted below, OBJ did not determine whether the securities the subject of Performance Milestone 1 would be issued until 22 August 2017.

Performance Milestone 2 related to the execution of a new licence agreement with a third party for the utilisation of OBJ's ETP (low cost microarray) technology.

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transdermal drug delivery technology

OBJ received the terms sheet with respect to the ETP (low cost microarray) technology signed by the licensee on 3 April 2017. An ASX release regarding the signed terms sheet was released to ASX on the same date.

Consequently OBJ became "aware" that the underlying circumstances associated with Performance Milestone 2 were satisfied on 3 April 2017 and announced this to ASX on the same date. As previously advised to ASX (refer to the letter dated 29 August 2017) the underlying circumstances associated with Performance Milestone 2 were disclosed to ASX as part of the 2014 Annual General Meeting papers. However as noted below, OBJ did not determine whether the securities the subject of Performance Milestone 2 would be issued until 22 August 2017. As announced to ASX on 30 August 2017, OBJ has now determined not to proceed with the issue of securities associated with Performance Milestone 2.

**2 Please set out any relevant information that assisted the Entity in becoming aware of the satisfaction of the Milestones, including:**

- (a) The date of the receipt of the legal opinion referred to in the Entity's Commentary Announcement ("Legal Opinion").**
- (b) Whether the Legal Opinion was a factor in the Entity becoming aware of the satisfaction of Performance Milestone 1 and Performance Milestone 2.**

The Legal Opinion was dated 29 May 2017.

The board of directors of OBJ finalised its position regarding the satisfaction of Performance Milestones 1 and 2 on 22 August 2017, the same date as the release of the Appendix 4E. The Legal opinion was part of the information that OBJ considered in determining the Performance Milestones 1 and 2 had been satisfied. The Board also consider the broader situation and circumstances surrounding the licensing of the relevant technologies (including the matters the subject of the ASX release dated 22 and 23 August 2017 concerning the use of its ETP (low cost microarray) technology) before formally agreeing that both performance milestones were satisfied, rather than relying on the Legal Opinion in isolation.

**3 We note the announcements of 2 June and 28 June 2017 referred to in the Entity's response to question 2 of the Aware Query do not state that the Entity had received royalty payments in relation to the Entity's Dermaportation technology. Please advise on what basis the Entity considers that market was informed that Performance Milestone 1 was satisfied given the announcements do not refer to the Entity's Dermaportation technology.**

As previously disclosed by OBJ to ASX, OBJ has two technology platforms namely:

- (a) personalised Dermaportation (powered electromagnetic inductor) technology; and
- (b) ETP (low cost microarray) technology.

OBJ has previously announced to ASX that it has licensed the ETP (low cost microarray) technology commencing with the announcement on 28 April 2014. Consistent with this, the announcement of 2 June 2017 refers to the the royalties received by OBJ in that regard for the March quarter.

The announcement of 2 June clearly refers to the "second technology" (namely the personalised Dermaportation (powered electromagnetic inductor) technology) both in the heading and text of the announcement.

Consequently it is apparent that given OBJ has the two platforms, the second technology licensed was personalised Dermaportation powered electromagnetic inductor) technology.

**OBJ Limited**

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- 4 ***We note the announcement of 3 April 2017 referred to in the Entity's response to question 2 of the Aware Query do not state that the Entity had entered into a license agreement in relation to the Entity's ETP technology. Please advise on what basis the Entity considers the market was informed that Performance Milestone 2 was satisfied given the announcements do not refer to the Entity's ETP technology.***

As noted with respect to question 3 above, OBJ has previously announced to ASX that it has licensed the ETP (low cost microarray) technology (please refer to the announcement on 28 April 2014).

As at 3 April 2017 this was the only technology platform that OBJ had licensed.

The announcement of 3 April 2017 states that the two additional terms sheets "*will become the third and fourth products in the schedule to the licensing agreement with OBJ's partner*" (emphasis added).

Given that there was only one licensing agreement at this stage, it is clear it must relate to the ETP (low cost microarray) technology.

On the same date OBJ made a separate announcement which provided a further update on the "licensing of a second technology platform" being the personalised Dermaportation (powered electromagnetic inductor) technology. In this regard we refer you to our comments above concerning OBJ having the two technology platforms. The second announcement is consistent with the comments above and provided a further update to the market that as at 3 April 2017, OBJ had only one licensed technology platform, namely ETP (low cost microarray) technology.

For completeness, OBJ notes that a further announcement was made on 27 April 2017 advising of the entry into of a new licensing agreement for a second technology platform, being the personalised Dermaportation (powered electromagnetic inductor) technology. The entry into of this agreement subsequently led to the payment of the royalty amount associated with Performance Milestone 1 (see above).

- 5 ***Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.***

OBJ confirms that it is compliance with the Listing Rules and Listing Rule 3.1 in particular.

- 6 ***Please confirm that the Entity's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.***

OBJ confirms that the above responses have been authorised and approved in accordance with its continuous disclosure policy.

Please contact the company should you have any questions regarding the above.

Yours faithfully



**Jeffrey Edwards**  
**Managing Director**

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30 August 2017

Mr John Palermo  
Company Secretary  
OBJ Limited

By email

Dear Mr Palermo

**OBJ Limited (the "Entity"): ASX aware query**

ASX Limited ("ASX") refers to the following:

1. The Entity's announcement entitled "Appendix 4E" lodged with ASX Market Announcements Platform and released at 5:01 pm (AEST) on Tuesday 22 August 2017 (the "Announcement") including the preliminary financial year information for the Entity for the period 1 July 2016 to 30 June 2017.
2. The Entity's announcement entitled "Commentary in relation to Appendix 4E" lodged with ASX Market Announcements Platform and released at 5:21 pm (AEST) on Wednesday 23 August 2017 (the "Commentary Announcement") providing further details regarding salaries and consultant expenses set out in the Announcement, and including the following statements:

*"The Company's auditors required OBJ to make a provision in the accounts for the expense of two of the Performance Milestones approved at the 2014 Annual General Meeting. This is done in accordance with Accounting Standard AASB 2.*

*The auditors have assigned a value to this expense of \$3.54m, based on the prevailing share price at the time shareholders approved the Performance Milestones in November 2014.*

*It is important to note that OBJ's auditors took this view based on independent legal advice received by the Company that Performance Milestones 1 and 2 have been met, though these shares have not yet been approved by the Company's Board to be issued."*

(the "Performance Milestone Information")

3. The aware query letter sent to the Entity from ASX on 25 August 2017 (the "Aware Query").
4. The response to the Aware Query sent from the Entity to ASX and lodged to the Market Announcement Platform with the Aware Query and released at 4:30pm EST on 29 August 2017 ("Aware Query Response").
5. The Entity's response to question 1 of the Aware Query states:

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*“No. The Commentary Announcement provided clarity regarding salaries and consultants expenses as contained in the Appendix 4E announcement made by OBJ for the year ended 30 June 2017 which was disclosed to ASX on 22 August 2017.*

*Pursuant to the 2014 Notice of Annual General Meeting, OBJ obtained shareholder approval for the issue of 3 tranches of performance rights to the directors (**Notice of AGM**). The Notice of AGM clearly set out the performance conditions associated with each tranche.*

*The first tranche milestone related to the first royalty payment from a licence to a third party of OBJ’s powered Dermaportation technology (**Performance Milestone 1**).*

*OBJ has previously advised ASX (refer to the announcements dated 2 June and 28 July 2017) that it had received royalty payments relating to the Dermaportation technology.*

*OBJ considers that given the nature of Performance Milestone 1 and the ASX announcements referred to above, the market was informed that the performance condition had been satisfied.*

*OBJ is in the process of issuing the shares the subject of Performance Milestone 1. Upon issuance of the shares, OBJ will issue appropriate notification to the ASX.*

*The second tranche performance milestone related to the execution of a new licence agreement with a third party for the utilisation of OBJ’s ETP technology (**Performance Milestone 2**).*

*On 3 April 2017, OBJ announced to ASX that it had executed two new license agreements for the use of ETP technology.*

*In terms of Performance Milestone 2, although the Board is of the view that the milestone has been satisfied (resulting in the accounting treatment set out in the Appendix 4E) the Board has subsequently formed the view that it would not be appropriate to issue the shares to the relevant directors associated with Performance Milestone 2 and will be making separate announcement to ASX to that effect.*

*The third tranche performance milestone has yet to be satisfied.”*

6. The Entity’s response to question 2 of the Aware Query states:

*“Performance Milestone 1 was satisfied on OBJ receiving the first royalty payment, as announced to ASX on 2 June and 28 July 2017. Given the terms of Performance Milestone 1 were contained in the Notice of AGM, the market would also have become aware of the satisfaction of this milestone at the same time.*

*Performance Milestone 2 was satisfied on OBJ entering into the 2 new terms sheets, as announced to ASX on 3 April 2017. Given the terms of Performance Milestone 2 were contained in the Notice of AGM, the market would also have become aware of the satisfaction of this milestone at the same time. As noted above however notwithstanding the view that Performance Milestone 2 has been satisfied, the shares associated with this milestone will not be issued to the relevant directors.”*



7. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

8. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."*

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

9. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

3.1A.1 *One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

10. ASX's policy position on the concept of "confidentiality", which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

*"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider*



*information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”*

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. We note the Entity’s response to question 2 of the Aware Query does not state when the Entity first became aware of the satisfaction of Performance Milestone 1 and Performance Milestone 2 (“Milestones”).

Having regard to the definition the definition of “aware” in Chapter 19 of the Listing Rules, please set out the time and the circumstances that the Entity became aware that:

- (a) Performance Milestone 1 had been met.
  - (b) Performance Milestone 2 had been met.
2. Please set out any relevant information that assisted the Entity in becoming aware of the satisfaction of the Milestones, including:
  - (c) The date of the receipt of the legal opinion referred to in the Entity’s Commentary Announcement (“Legal Opinion”).
  - (d) Whether the Legal Opinion was a factor in the Entity becoming aware of the satisfaction of Performance Milestone 1 and Performance Milestone 2.
3. We note the announcements of 2 June and 28 June 2017 referred to in the Entity’s response to question 2 of the Aware Query do not state that the Entity had received royalty payments in relation to the Entity’s Dermaportation technology. Please advise on what basis the Entity considers that market was informed that Performance Milestone 1 was satisfied given the announcements do not refer to the Entity’s Dermaportation technology.
4. We note the announcement of 3 April 2017 referred to in the Entity’s response to question 2 of the Aware Query do not state that the Entity had entered into a license agreement in relation to the Entity’s ETP technology. Please advise on what basis the Entity considers the market was informed that Performance Milestone 2 was satisfied given the announcements do not refer to the Entity’s ETP technology.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
6. Please confirm that the Entity’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of the Entity with delegated authority from the board to respond to ASX on disclosure matters.

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### **When and where to send your response**

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **3:00 pm (WST) on Friday, 1 September 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at [wade.baggott@asx.com.au](mailto:wade.baggott@asx.com.au) and [tradinghaltspertth@asx.com.au](mailto:tradinghaltspertth@asx.com.au). It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Listing Rule 3.1**

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

### **Trading halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;





- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

*[Sent electronically without signature]*

Wade Baggott

**Principal Adviser, ASX Listings Compliance (Perth)**

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