

Appendix 4E

Preliminary Final Statements to the Australian Securities Exchange

OBJ Limited and its controlled entities

ABN 72 056 482 636

FINANCIAL YEAR INFORMATION – 1 JULY 2018 TO 30 JUNE 2019

Key Information – Results for Announcement to the Market


	30 June 2019	30 June 2018	Change	
	\$(‘000)	\$(‘000)	\$(‘000)	
Revenue	2,745	2,040	705	Up 35%
Loss for the period after tax	(1,710)	(1,699)	11	Up 1%
Loss attributable to members of the parent entity	(1,710)	(1,699)	11	Up 1%

Dividends

No dividends have been declared or paid during the financial year ended 30 June 2019.

These financial statements are in the process of being audited by RSM Australia Partners and are not subject to dispute or qualification.

	30 June 2019	30 June 2018
Basic loss per share (cents/share)	(0.09)	(0.09)
Diluted loss per share (cents/share)	(0.09)	(0.09)
Net tangible assets per share (cents/share)	0.14	0.24

Signed By (Director)	
Print Name	JEFFREY EDWARDS
Date	28 th August 2019

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	Consolidated	
	30 June 2019 \$	30 June 2018 \$
ACCUMULATED LOSSES		
Accumulated losses at the beginning of the financial year	(29,020,439)	(30,804,042)
Expired performance rights	--	1,969,377
Transfer of previously converted and expired options to accumulated losses	--	1,513,009
Loss attributable to the members of the parent entity	<u>(1,710,001)</u>	<u>(1,698,783)</u>
Accumulated losses at the end of the financial year	<u><u>(30,730,440)</u></u>	<u><u>(29,020,439)</u></u>

1. Details of entities over which control has been gained or lost during the period, including the following:
 Not applicable.
2. Details of individual and total dividends or distributions and dividend or distribution payments.
 The details must include the date on which each dividend or distribution is payable, and (if known) the amount per security of foreign sourced dividend or distribution.
 Not applicable – no dividends have been declared or paid.
3. Details of any dividend or distribution reinvestment plans in operation and the last date for the receipt of an election notice for participation in any dividend or distribution reinvestment plan.
 Not applicable.
4. Details of associates and joint venture entities including the name of the associate or joint venture entity and details of the reporting entity's percentage holding in each of these entities and – where material to an understanding of the report – aggregate share of profits (losses) of these entities, details of contributions to net profit for each of these entities, and with comparative figures for each of these disclosures for the previous corresponding period.
 Not applicable.

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5. Review of operations for the period:

Bodyguard

OBJ has continued to progress its Bodyguard program and the Board has appointed Parafix Tapes and Conversions Ltd (“Parafix”) as the chosen manufacturing partner for the Company’s Kneeguard patch, following an extensive audit process.

OBJ’s Board also approved an updated Business Plan which has a defined objective to commercialise OBJ’s patch technology under its own brand. The Business Plan outlines a number of key strategic imperatives and expectations, with best-in-class manufacture as a key short-term milestone.

Pre-production of commercial prototypes and materials validation has since commenced.



Parafix is a leading converter of adhesive products and medical devices, across a diverse range of industries, and a preferred converter for healthcare conglomerate 3M. Headquartered in the United Kingdom, the company also has satellite facilities in Eastern Europe. Parafix’s facilities are ISO 13485 compliant and FDA registered with capabilities extending to adhesive tapes, films, device assembly and in-line printing and packaging.



As part of the Parafix initiative, Bodyguard requested that the OBJ Laboratory develop a new form of crosslinked hydrogel with greater stability and formulation release characteristics than the gels previously sourced. The new Bodyguard Gel formulation is currently being manufactured in sufficient quantities to enable Parafix’s trial manufacturing run.

Parafix has unique expertise across materials, production economics and quality assurance and will assist OBJ’s push towards a targeted commercial launch of the Kneeguard product in Q2 2020.



Procter & Gamble progress across the year

During December 2018, OBJ executed a Licensing Term Sheet with Procter & Gamble (“P&G”) for the first fully integrated package product using OBJ technology. The product delivers skincare product with precise placement then drives the active ingredient more effectively into the deeper layers of the skin for enhanced performance.

The new-age product is the first to integrate OBJ’s magnetic microarray technology with a pre-filled, airless pump pack to create a conveniently high-performance skincare product. The product will initially serve P&G’s SK-II skincare business.

The integrated product ensures OBJ will derive an increased royalty benefit from repeat purchases. This contrasts with previously licensed technologies in which the chemistry and the enhanced skin penetration technology were provided separately.



The product was launched in early 2019 with an emphasis on SK-II’s growing online and travel retail businesses.

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5. Review of operations for the period (*continued*):

OBJ executed a new Licensing Term Sheet with P&G for the fourth generation of the Olay Magnetic Infuser in February 2019. The new Infuser moved quickly into production with higher than expected sales.



The Magnetic Infuser range was then expanded by incorporating OBJ's newest multi-active technology that continued the expansion of Olay's highly successful Magnemask product initiative after it was launched across Asia, the USA and Australia during 2017 and 2018.

Since the launch of the first OBJ licensed product in October 2014, by P&G's prestige skincare brand SK-II, P&G and OBJ have worked closely together in the field of device amplified chemistry. OBJ has continued its negotiations with P&G with regard to the

product development agreement between the companies.

OBJ's Personalisation technology developed in conjunction with P&G as part of the second technology platform, was showcased by P&G at the 2019 International Consumer Electronics Show (CES) in Las Vegas, USA, alongside the SK-II Smart Cap, another new innovation by the OBJ Team.

CES is the world's largest consumer electronics trade show and ran from 9-12 January 2019. In 2018, almost 200,000 industry and media professionals attended, generating 71.7 billion media impressions worldwide.

Partnerships

In June 2019, OBJ signed a key funding and option agreement with Little Green Pharma Ltd ("LGP"), the only Australian producer and supplier of GMP quality medicinal cannabis products, to explore the adaption of OBJ's transdermal technology for the delivery of cannabinoid therapy. LGP cultivates locally grown medicinal cannabis from a secure facility in Western Australia.

Under the agreement, the two companies will collaborate on the project along with Research and Development experts at Curtin University. The agreement also includes proposed joint funding of the R&D activities as well as establishing a formal 50:50 joint venture for the ownership and commercialisation of cannabis and transdermal technologies in the event of successful trials.

OBJ and LGP believe there is an excellent opportunity to create a cannabis patch technology given the growing momentum in medicinal cannabis as a therapeutic in Australia, but more significantly in North America and Europe.

Key Appointments

During June 2019 OBJ recruited Paul Peros, a world-renowned beauty technology executive who will lead a new beauty technology division for OBJ. The division will commercialise a range of products and solutions developed around OBJ's proprietary technologies, quite separate from those created under existing product development and licence agreements.

This enables OBJ to pursue its own brand and retain full control over the deployment of its technology. It also allows OBJ to capture a much higher proportion of any associated revenues. The Company is aiming to establish a subsidiary in Switzerland where Mr Peros resides.



5. Review of operations for the period (*continued*):

Mr Peros will be appointed CEO of any new subsidiaries associated with the new device business and will be responsible for developing and leading this company branded business worldwide. Mr Peros will focus on commercialising OBJ's innovations with a multichannel strategy that targets a range of consumers worldwide.

Mr Peros recently ended a five-year tenure as CEO of leading Swedish beauty technology brand FOREO, where he led the company from its beginnings in 2013 to delivering US\$1b in revenue by 2018. FOREO now boasts over 3,000 employees and has delivered more than 20 million units into 50 markets with operations in Asia, Europe and the Americas.

OBJ also appointed John Poynton of Jindalee Partners as corporate advisor to the Company.

New Research and Development Initiatives

The Company's R&D team constantly strives to create new and exciting technologies capable of delivering breakthrough levels of product performance and consumer benefits and this year has been a particularly exciting one in this area.

The first public demonstration of OBJ's electromagnetic In-Field programmable array technology at CES was a particular highlight as this represented the coming together of two major innovations in the Personalised Skincare category. Smart Phone based skin analysis algorithms were combined with OBJ's Bluetooth controlled Skincare applicator to create what Olay referred to as the ProX Skin care solution. The system was capable of determining what skincare treatments an individual consumer required and to instruct the ProX Wand to deliver the correct active ingredients to the correct locations and in the correct concentrations to deliver the best possible skin care outcomes for each consumer. This new technology attracted a lot of attention but was possibly eclipsed by the SK-II Smart Cap system, also developed by OBJ, that created the world's first electronic After-Sales care coach. The SK-II Smart Cap linked an intelligent timer and optical communications system to a user's Smart phone to create an After-Sales care system that ensured the users were using the correct application method, the correct amount of products and at the correct frequency to ensure that every consumer received the best possible skincare benefits for their skin. Smart Cap as presented as an integral part of SK-II's innovative Future X concept of fully autonomous stores.



New Innovations were made in the diamagnetic delivery fields, to further enhance the power and capabilities of the Companies Patent Portfolio in magnetic enhanced drug and ingredient delivery. Specific strides were made in limiting lateral spread of ingredients while increasing penetration flux rates.

In new areas, the R&D team created a breakthrough in ingredient delivery by eliminating the need for heavy formulation chassis. In a new system code named CDT or Condensation Deposition Technology, ingredient molecules are brought to their highest thermokinetic energy levels and deposited as a micro-fine layer that avoids the needs for heavy base creams.

CDT will form the basis on which the Company's first round of Branded products will be developed with the help of Paul Peros. Designs, branding and product capabilities are all closely guarded secrets ahead of the first branded product launch anticipated to be in early 2020.

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Supplementary Appendix 4E information
For the financial year ended 30 June 2019

6. Attachments forming part of the Appendix 4E:

Attachment I: Financial Statements and Notes thereto of OBJ Limited for the year ended 30 June 2019.

Audit Status

This report is based on accounts to which one of the following applies:			
The accounts have been audited		The accounts have been subject to review	
The accounts are in the process of being audited	X	The accounts have not yet been audited or reviewed	
If the accounts have not yet been audited and are likely to be subject to dispute or qualification, a description of the likely dispute or qualification:			
N/A			
If the accounts have been audited and are subject to dispute or qualification, a description of the dispute or qualification:			
N/A			



JEFFREY EDWARDS
Director
28th August 2019

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OBJ Limited ABN 72 056 482 636
Statement of Comprehensive Income
for the financial year ended at 30 June 2019

	Note	Consolidated	
		30 June 2019 \$	30 June 2018 \$
Revenue	2	2,744,781	2,039,994
Net foreign exchange (losses)/gains		(26,390)	18,083
Borrowing costs		(14,011)	(14,004)
Depreciation expenses		(72,882)	(96,846)
Administration fees		(629,604)	(509,352)
Auditor's remuneration		(40,750)	(40,000)
Consultants and consultants benefits expenses		(667,528)	(129,765)
Directors and employees benefits expenses		(1,769,638)	(1,768,913)
Legal costs		(276,696)	(56,789)
Materials and requisites		(65,675)	(48,186)
Occupancy expenses		(135,592)	(242,774)
Patent and trademark service fees		(219,271)	(186,087)
Product design and trial testing expenses		(115,286)	(142,581)
Travel and accommodation		(91,870)	(128,666)
Other expenses		(329,589)	(392,897)
Loss before income tax		(1,710,001)	(1,698,783)
Income tax expense		--	--
Loss for the period		(1,710,001)	(1,698,783)
Other comprehensive income		--	--
Total comprehensive loss for the period		(1,710,001)	(1,698,783)
Loss attributable to:			
Members of the parent entity		(1,710,001)	(1,698,783)
		Cents	Cents
Basic and diluted losses per share (cents per share)		(0.09)	(0.09)

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

OBJ Limited ABN 72 056 482 636
Statement of Financial Position
as at 30 June 2019

	Note	Consolidated	
		30 June 2019 \$	30 June 2018 \$
Current Assets			
Cash and cash equivalents		2,251,910	4,176,062
Trade and other receivables		560,813	254,909
Total Current Assets		<u>2,812,723</u>	<u>4,430,971</u>
Non Current Assets			
Plant and equipment		323,846	375,366
Total Non Current Assets		<u>323,846</u>	<u>375,366</u>
Total Assets		<u>3,136,569</u>	<u>4,806,337</u>
Current Liabilities			
Trade and other payables		255,157	243,492
Borrowings		252,000	238,000
Employee benefits provision		84,004	69,436
Total Current Liabilities		<u>591,161</u>	<u>550,928</u>
Total Liabilities		<u>591,161</u>	<u>550,928</u>
Net Assets		<u>2,545,408</u>	<u>4,255,409</u>
Equity			
Issued capital	4	33,043,514	33,043,514
Reserves	5	232,334	232,334
Accumulated losses		(30,730,440)	(29,020,439)
Total Equity		<u>2,545,408</u>	<u>4,255,409</u>

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

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OBJ Limited ABN 72056482636
Statement of Changes in Equity
for the financial year ended 30 June 2019

	Issued Capital	Share Based Payments Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<u>Consolidated</u>				
Balance at 01/07/2017	31,766,487	4,739,610	(30,804,042)	5,702,055
Total comprehensive loss for the period	--	--	(1,698,783)	(1,698,783)
Shares issued pursuant to the satisfaction of performance milestone 1	1,024,890	(1,024,890)	--	--
Expired performance rights	--	(1,969,377)	1,969,377	--
Transfer of previously converted and expired options to accumulated losses	--	(1,513,009)	1,513,009	--
Shares issued during the year	262,443	--	--	262,443
Transaction costs	(10,306)	--	--	(10,306)
Balance at 30/06/2018	33,043,514	232,334	(29,020,439)	4,255,409
Balance at 01/07/2018	33,043,514	232,334	(29,020,439)	4,255,409
Total comprehensive loss for the period	--	--	(1,710,001)	(1,710,001)
Balance at 30/06/2019	33,043,514	232,334	(30,730,440)	2,545,408

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

OBJ Limited ABN 72056482636
Statement of Cash Flows
for the financial year ended 30 June 2019

		Consolidated	
	Note	30 June 2019	30 June 2018
		\$	\$
Cash flows from operating activities			
Receipts from customers		2,393,071	2,079,976
Payments to suppliers and employees		(4,326,372)	(3,614,139)
Borrowing costs		(11)	(4)
Interest received		56,912	106,425
		<hr/>	<hr/>
Net cash used in operating activities	6	(1,876,400)	(1,427,742)
Cash flows from investing activities			
Payments for plant and equipment		(21,362)	(39,858)
		<hr/>	<hr/>
Net cash used in investing activities		(21,362)	(39,858)
Cash flows from financing activities			
Proceeds from issues of shares and options		--	262,443
Transaction costs from issue of shares and options		--	(10,306)
		<hr/>	<hr/>
Net cash provided by financing activities		--	252,137
Net decrease in cash and cash equivalents held		(1,897,762)	(1,215,463)
Cash and cash equivalents at the beginning of the financial year		4,176,062	5,373,442
Effect of exchange rate changes on cash holdings		(26,390)	18,083
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		2,251,910	4,176,062
		<hr/>	<hr/>

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

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OBJ Limited ABN 72056482636
Notes to the financial statements
for the financial year ended 30 June 2019

Note 1. Basis of Preparation

It is recommended that the Preliminary Final Statements be read in conjunction with the half yearly financial statements of OBJ Limited (“the Consolidated Entity”) as at 31 December 2018 together with any public announcements made by OBJ Limited during the year ended 30 June 2019, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The accounting policies used in this report are the same as those used in the half yearly financial statements of OBJ Limited as at 31 December 2018, except in relation to the matters disclosed below:

New and Revised Accounting Standards and Interpretations

In the current year, the Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the Consolidated Entity’s accounting policies.

Note 2. Revenue

	Consolidated	
	30 June 2019 \$	30 June 2018 \$
Research and development collaboration revenue and tax incentives	1,249,360	1,056,638
Royalties	1,444,939	889,302
Interest received	50,482	94,054
Total revenue	<u>2,744,781</u>	<u>2,039,994</u>

Note 3. Segment Information

The Consolidated Entity has considered the requirements of AASB8 – Operating Segments and has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Consolidated Entity operates as a single segment which is development of the dermaportation drug delivery technology within Australia.

The Consolidated Entity is domiciled in Australia. All revenue from external parties is generated from Australia only. Segment revenues are allocated based on the country in which the party is located. Operating revenues of approximately \$1,866,987 or 68% (2018: \$1,071,356 or 52%) are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to countries based on where the assets are located.

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Notes to the financial statements
for the financial year ended 30 June 2019

Note 4. Issued Capital

	Consolidated	
	30 June	30 June
	2019	2018
	\$	\$
(a) Issued capital		
1,809,462,635 fully paid ordinary shares (2018: 1,809,462,635)	33,043,514	33,043,514

(b) Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price	\$
01/07/18	Opening balance	1,809,462,635		33,043,514
Less:	Transaction costs arising on share issues	--		--
30/06/19	Closing balance	1,809,462,635		33,043,514

Note 5. Reserves

	Consolidated	
	30 June	30 June
	2019	2018
	\$	\$
(a) Composition		
Share based payments reserve	232,334	232,334

The share based payments reserve records items recognised as expenses on valuation of consultant share options.

(b) Movements in options were as follows:

Date	Details	Number of Options		Exercise Price	Fair Value of Options Issued	Expiry Date
		Listed	Unlisted			
01/07/18	Opening Balance	--	7,500,000		\$232,334	
20/02/19	Unlisted Options Expired	--	(7,500,000)	\$0.065	--	20/02/2019
30/06/19	Closing Balance	--	--		\$232,334	

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Notes to the financial statements
for the financial year ended 30 June 2019

Note 6. Notes to the Statement of Cash Flows

	Consolidated	
	30 June	30 June
	2019	2018
	\$	\$
Reconciliation of net cash and cash equivalents used in operating activities to loss for the period		
Loss for the period	(1,710,001)	(1,698,783)
Depreciation	72,882	96,846
Employee benefits provisions	14,568	20,312
Foreign exchange movements	26,390	(18,083)
Net loss on disposal of plant and equipment	--	1,557
Movements in assets and liabilities:		
Trade and other receivables	(305,904)	143,828
Trade and other payables	25,665	26,581
Net cash used in operating activities	<u>(1,876,400)</u>	<u>(1,427,742)</u>

Note 7. Contingent Assets and Liabilities

The directors of the Company are unaware of any existing contingent assets and liabilities, other than the contingent liability matter regarding the Company being served with a writ over a Convertible Note, as announced to the market. The Company has retained legal representation for the active defence of the matter, to which mediation continues.