

# 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 2017 TO 30 JUNE 2018

#### Key Information – Results for Announcement to the Market

	30 June 2018	30 June 2017	Change	
	\$(‘000)	\$(‘000)	\$(‘000)	
Revenue	2,040	1,966	74	Up 4%
Loss for the period after tax	(1,699)	(3,044)	(1,345)	Down 44%
Loss attributable to members of the parent entity	(1,699)	(3,044)	(1,345)	Down 44%

#### Dividends

No dividends have been declared or paid during the financial year ended 30 June 2018.

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

	30 June 2018	30 June 2017
Basic loss per share (cents/share)	(0.09)	(0.17)
Diluted loss per share (cents/share)	(0.09)	(0.17)
Net tangible assets per share (cents/share)	0.24	0.32

Signed By (Director)	
Print Name	JEFFREY EDWARDS
Date	29 <sup>th</sup> August 2018

**OBJ LIMITED ABN 72 056 482 636**  
**Supplementary Appendix 4E information**  
**For the financial year ended 30 June 2018**

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>ACCUMULATED LOSSES</b>		
Accumulated losses at the beginning of the financial year	(30,804,042)	(27,759,834)
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>(1,698,783)</u>	<u>(3,044,208)</u>
Accumulated losses at the end of the financial year	<u><u>(29,020,439)</u></u>	<u><u>(30,804,042)</u></u>

- Details of entities over which control has been gained or lost during the period, including the following:  
 Not applicable.
- 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.
- 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.
- 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.

5. Review of operations for the period:

**1. Licensing**

**1.1 Procter & Gamble**

OBJ's relationship with Procter & Gamble (P&G) remains an important part of the Company's strategy to develop and commercialise its technology. Early in the year, P&G provided OBJ greater visibility on its planning for expansion of markets and products it intends distributing through 2018 to 2021.



During the September quarter, P&G started selling the magnetic power booster applicator through its SK-II brand as well as commencing preparation for the launch of the Magnemask product through its Olay brand, both initially into Asian markets. In the December quarter, the Olay Magnemask was launched into North America through some of the USA's largest retail channels such as Walgreens, Target and Amazon, building upon the earlier launch into Asia.



OBJ executed a Patent and Know How License Agreement with P&G in the March quarter, covering the use of OBJ's electro-magnetic platform technology for commercial use in skincare, following earlier delivery of 40 prototypes required for testing and customer feedback.

The new agreement allows for the development of products and consumer propositions using this technology. The parties will negotiate in good faith to agree and execute product license term sheets, which include royalties and/or subscription fees payable to OBJ, as and when these products become defined.

OBJ executed two new Work Plans with P&G in the June quarter, setting out the development requirements for two new products based on OBJ's technologies. These new products are scheduled for release in 2019 through P&G's online and retail distribution channels in China and North America.

The new products were proposed by OBJ to expand the capabilities of P&G's skincare device range. This increases the number of new products being developed by OBJ for P&G's skincare business to four, with a fifth expected to be added in coming months. Under the new Work Plans, OBJ will design, develop and manufacture working prototypes of the two new products, ahead of consumer and market testing to be conducted thereafter. One of the new products will be the first to use OBJ's second technology.

During the period, the accumulated number of devices containing OBJ technology delivered to P&G since the first launch in 2014 approached the 1,500,000 mark.

***Addendum to Agreement Executed***

An Addendum was executed between OBJ and P&G in the March quarter to confine the areas of exclusivity regarding OBJ's microarray technology to a narrower range of skin care applications. The sectors previously considered exclusive included colour cosmetics, hair care and shaving, which have now been released back to OBJ, enabling the Company to offer products to the market containing microarray technology in these sectors. This released OBJ from certain exclusivity provisions relating to specific beauty subcategories of the magnetic array technology previously licensed to P&G. The beauty sub-category of skincare remains within the scope of the PDA which is exclusive to P&G.

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

Both parties agreed to the release of the Wave 1 Eye Wand device during the March quarter, with negotiations underway for OBJ to access P&G-owned production tooling and use of its design patents. Access to these existing assets will reduce production costs for OBJ. The negotiation of these changes form part of OBJ's strategy to develop or co-develop products for distribution into markets outside skincare, providing greater potential revenues to the Company rather than license fees.



OBJ has been heavily involved in the design and development of various products with its licensee and is using that experience in developing OBJ's own products. Several market sectors have been identified for OBJ product development.

P&G awarded OBJ its "Licensee's Partner of the Year award" during the December quarter to recognise the creation of value from OBJ's innovation, demonstrated by the success of the initial products containing the microarray in Asian markets.



## **2. OBJ Product Innovations**

### **2.1 BodyGuard/BodyCare**

During the year, OBJ distinguished between two different applications of the BodyGuard device by separately referencing applications for therapeutic and pharmaceutical use under the name BodyCare. This will enable the Company to reference BodyGuard for the iteration of the product containing naturally occurring Lubricin formulation and BodyCare for applications containing drug formulations such as ibuprofen (IBU). While BodyGuard seeks to restore loss of functionality, BodyCare aims to assist with the treatment of acute inflammatory pain. The hardware remains largely the same although the formulation within each application will vary. It will also assist the Company in future negotiations with distributors across various market sectors.

#### ***BodyCare study***

OBJ received results from a Curtin University study of BodyCare in the March quarter. The study was a double blinded, placebo controlled clinical efficacy trial led by Professor Tony Wright of Curtin University's School of Physiotherapy and Exercise Science. It explored the efficacy of the BodyGuard technology to topically deliver the non-steroidal anti-inflammatory drug ibuprofen (IBU) and looked at clinical outcomes in the short term (48 hours) using the administration of a magnetophoresis enhanced transdermal ibuprofen (125mg dose) patch, in comparison to placebo.

In the study, each participant completed two study periods in which they received magnetophoresis-enhanced transdermal ibuprofen patches or placebo patches in randomised order. The study sought to demonstrate that OBJ's array-back hydrogel technology could be used with third party therapeutic drugs such as ibuprofen.

There were 24 volunteers (6 male, 18 female / mean age 66, range 60-77) with medically diagnosed painful knee osteoarthritis. The primary outcome measures were:

- VAS rating of pain on movement;
- WOMAC pain score; and
- WOMAC function score.

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

Secondary outcome measures included:

- VAS rating of pain at rest;
- WOMAC stiffness;
- ALF score;
- ALF pain rating; and
- PPT.

Professor Wright reported that the active BodyCare device, containing a lower than usual 125mg dose of IBU, produced a significantly greater reduction in pain and improvement in function than the placebo device. 22 participants (92%) considered themselves either better or much better following the active patch treatment.

OBJ's US-based consultant Dr Stephen Meller conducted analysis of the Curtin study results to provide important feedback on what the results could mean and what might be the paths forward to market. The results of the study are very exciting. When comparing similar placebo-controlled studies on IBU products, the data suggests the BodyCare device demonstrated superiority to other topical forms of IBU in reducing movement and resting pain and equivalence to oral-dose forms of IBU. The combination of lower drug concentration and topical delivery has a profound impact on safety, by reducing adverse GI and CV side-effects, as well as addictive potential associated with oral opioids.

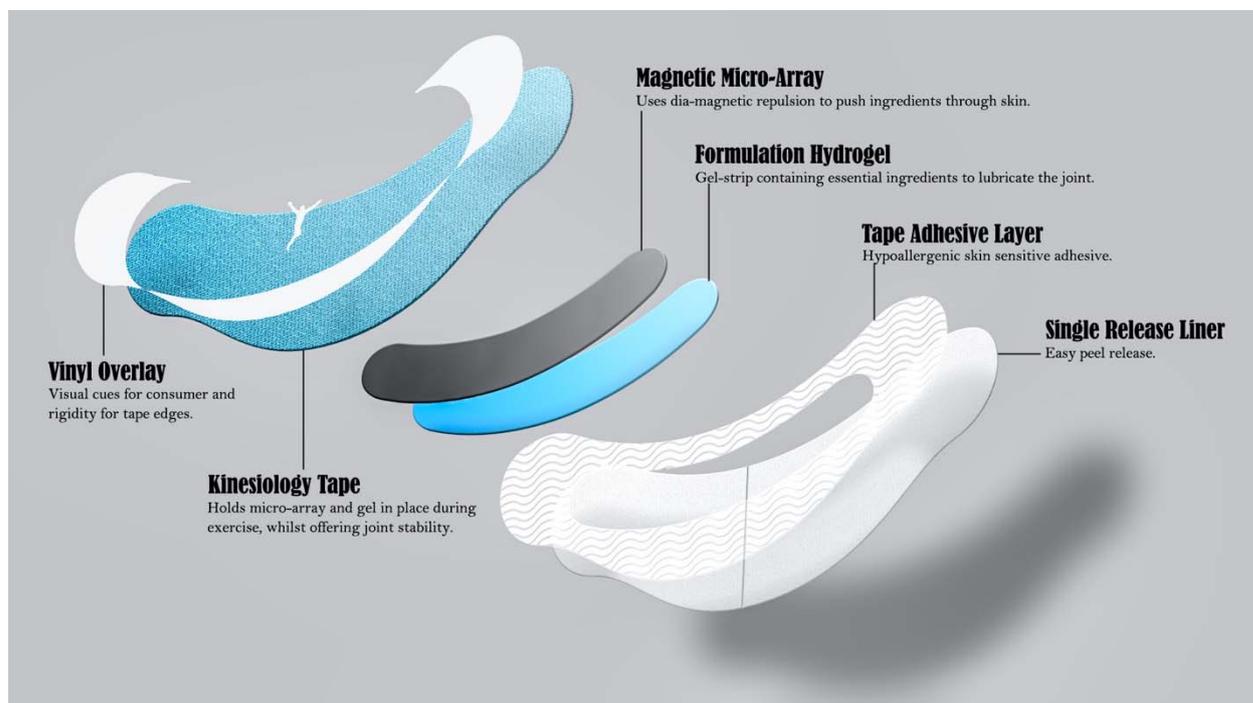
OBJ believes any potential partner will only engage if there is a strong focus on getting the BodyCare product to the US market, which would require approval from the US Food and Drug Administration (FDA). In the case of BodyCare, there is potential it could follow either an OTC or an Rx pathway depending on the type of pain and duration of treatment. This is likely to mean that a new drug application (NDA) for both paths must be filed.

Since the completion of the IBU study, OBJ engaged in discussions with potential partner companies as well as exploring a 'go it alone' strategy to develop BodyCare as a new, stand-alone brand.

***BodyGuard***

During the period, the Company has sought to push towards commercialisation by achieving manufacturability and market clearance for the BodyGuard product range. To this end, OBJ partnered with an international manufacturer to produce high-quality KneeGuard prototypes to assess production economics, further engage potential distribution partners and begin the process of regulatory documentation.

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



These prototypes act as a template to achieve a final finished good, which the Company can either choose to supply on a wholesale distribution basis, act as a contract manufacturer for a chosen brand partner or deploy a mix of both models depending on the geographical region.

Further to this, a volume of these prototype units was supplied to an interested brand partner in the UK who is a leader in the topical pain relief category, with the partner conducting consumer exposure studies and concept validation work. The results from this body of work have proved encouraging and discussions continue regarding potential distribution of BodyGuard products into the UK, subject to achieving manufacturing and regulatory milestones.

## 2.2 Surface Hygiene

OBJ took several significant steps forward in the surface hygiene development during the year. Testing of a suitable formulation with OBJ's standard microarray achieved desired results in the clearance rate of bacteria colonies being in excess of twice the amount without the microarray. This test was independently performed by a laboratory in Perth and provides valuable data in the quest to identify different bacteria kill with surface characteristics.

OBJ continued this work, partnering with a UK-based multi-national which is a market leader in surface cleaning, for potential use with its well-known hygiene brands. The party has now replicated the experiments in its own laboratory that were undertaken with significant success in Perth using OBJ's microarray technology. The two teams met again during the March quarter, at which time OBJ was informed that the Surface Hygiene exploration work would be moved to the partner's new facility in India, and that some delays may occur as this new facility familiarises themselves with the OBJ technology.

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

### **2.3 DCE and New Technologies**

New formulation “layering” caps containing the DCE technology were evaluated in Singapore with a new potential multi-national partner with which OBJ has been fostering a relationship. There is an opportunity for OBJ to supply packaging for end-user products containing the Company’s DCE layering technology. The potential partner will undertake consumer evaluation work before progressing discussions with OBJ.

DCE is part of the Company’s successful Advanced Packaging initiative from which two new P&G products have already emerged.

On the new technologies front, the Company is exploring new systems for ingredient delivery, that do not rely on the need for heavy emulsion bases. There is a growing trend toward minimal formulations, that require a new approach to ingredients delivery. Haircare is a business that needs such innovation, as the use of heavy emulsions that leave the hair oily are less desirable to consumers. The Company is exploring new forms of chassis-less aerosols for hair scalp and skin care treatments.

### **3. Board & Management**

Glyn Denison made the decision to retire after 12 years as Chairman, effective 2 February 2018. Steven Schapera was appointed Interim Chairman following Mr Denison’s departure and Antonio (Tony) Varano took over as Non-Executive Chairman from 1 July 2018, after being appointed as a Non-Executive Director on 15 May 2018. Mr Varano has more than 30 years experience in executive management positions in Australia, Europe and the USA.

Upon completing due diligence on OBJ, Mr Varano agreed to invest in the Company as part of his appointment, demonstrating his confidence in OBJ’s potential and future success. A placement of 4,000,000 shares in OBJ was made to Mr Varano at \$0.025, being the prevailing share price at the time of his appointment.

OBJ appointed experienced biotech executive Cameron Reynolds as a Non-Executive Director, effective 2 July 2018. Mr Reynolds is the President, Chief Executive Officer (CEO) and Director of VolitionRX, a biotech company which listed on the New York Stock Exchange (NYSE) in February 2015 after being founded by Mr Reynolds in 2010. He has extensive experience in the management, structuring, and strategic planning of start-up companies and has held positions including CEO, Chief Financial Officer and Non-Executive Director of public and private enterprises.

**OBJ LIMITED ABN 72 056 482 636**  
**Supplementary Appendix 4E information**  
**For the financial year ended 30 June 2018**

6. Attachments forming part of the Appendix 4E:

Attachment I: Financial Statements and Notes thereto of OBJ Limited for the year ended 30 June 2018.

**Audit Status**

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



**JEFFREY EDWARDS**  
**Director**  
**29<sup>th</sup> August 2018**

**OBJ Limited ABN 72 056 482 636**  
**Statement of Comprehensive Income**  
**for the financial year ended at 30 June 2018**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
		<b>\$</b>	<b>\$</b>
Revenue	2	2,039,994	1,966,224
Net foreign exchange gains/(losses)		18,083	(16,348)
Borrowing costs		(14,004)	(14,005)
Depreciation expenses		(96,846)	(146,228)
Administration fees		(509,352)	(458,558)
Auditor's remuneration		(40,000)	(37,750)
Consultants and consultants benefits expenses		(129,765)	(645,474)
Directors and employees benefits expenses		(1,768,913)	(2,664,020)
Legal costs		(56,789)	(45,954)
Materials and requisites		(48,186)	(46,285)
Occupancy expenses		(242,774)	(147,558)
Patent fees		(186,087)	(93,774)
Product design and trial testing expenses		(142,581)	(147,234)
Travel and accommodation		(128,666)	(114,121)
Other expenses		(392,897)	(433,123)
<b>Loss before income tax</b>		<b>(1,698,783)</b>	<b>(3,044,208)</b>
Income tax expense		--	--
<b>Loss for the period</b>		<b>(1,698,783)</b>	<b>(3,044,208)</b>
Other comprehensive income		--	--
<b>Total comprehensive loss for the period</b>		<b>(1,698,783)</b>	<b>(3,044,208)</b>
<b>Loss attributable to:</b>			
Members of the parent entity		(1,698,783)	(3,044,208)
		<b>Cents</b>	<b>Cents</b>
Basic and diluted losses per share (cents per share)		(0.09)	(0.17)

*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 2018**

	Note	Consolidated	
		30 June 2018 \$	30 June 2017 \$
<b>Current Assets</b>			
Cash and cash equivalents		4,176,062	5,373,442
Trade and other receivables		254,909	398,737
<b>Total Current Assets</b>		<u>4,430,971</u>	<u>5,772,179</u>
<b>Non Current Assets</b>			
Plant and equipment		375,366	433,911
<b>Total Non Current Assets</b>		<u>375,366</u>	<u>433,911</u>
<b>Total Assets</b>		<u>4,806,337</u>	<u>6,206,090</u>
<b>Current Liabilities</b>			
Trade and other payables		243,492	230,911
Borrowings		238,000	224,000
Employee benefits provision		69,436	49,124
<b>Total Current Liabilities</b>		<u>550,928</u>	<u>504,035</u>
<b>Total Liabilities</b>		<u>550,928</u>	<u>504,035</u>
<b>Net Assets</b>		<u>4,255,409</u>	<u>5,702,055</u>
<b>Equity</b>			
Issued capital	4	33,043,514	31,766,487
Reserves	5	232,334	4,739,610
Accumulated losses		(29,020,439)	(30,804,042)
<b>Total Equity</b>		<u>4,255,409</u>	<u>5,702,055</u>

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

**OBJ Limited ABN 72056482636**  
**Statement of Changes in Equity**  
**for the financial year ended 30 June 2018**

	<b>Issued Capital</b>	<b>Share Based Payments Reserve</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
	\$	\$	\$	\$
<b><u>Consolidated</u></b>				
<b>Balance at 01/07/2016</b>	31,346,219	3,689,386	(27,759,834)	7,275,771
Total comprehensive loss for the period	--	--	(3,044,208)	(3,044,208)
Performance rights issued during the year	--	1,050,224	--	1,050,224
Shares issued during the year	425,210	--	--	425,210
Transaction costs	(4,942)	--	--	(4,942)
<b>Balance at 30/06/2017</b>	<b>31,766,487</b>	<b>4,739,610</b>	<b>(30,804,042)</b>	<b>5,702,055</b>
<b>Balance at 01/07/2017</b>	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)
<b>Balance at 30/06/2018</b>	<b>33,043,514</b>	<b>232,334</b>	<b>(29,020,439)</b>	<b>4,255,409</b>

*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 2018**

		<b>Consolidated</b>	
	<b>Note</b>	<b>30 June 2018</b>	<b>30 June 2017</b>
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,079,976	1,532,466
Payments to suppliers and employees		(3,614,139)	(3,385,844)
Borrowing costs		(4)	(5)
Interest received		106,425	167,029
		<hr/>	<hr/>
<b>Net cash used in operating activities</b>	6	<b>(1,427,742)</b>	<b>(1,686,354)</b>
<b>Cash flows from investing activities</b>			
Payments for plant and equipment		(39,858)	(253,119)
		<hr/>	<hr/>
<b>Net cash used in investing activities</b>		<b>(39,858)</b>	<b>(253,119)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of shares and options		262,443	--
Transaction costs from issue of shares and options		(10,306)	(4,942)
		<hr/>	<hr/>
<b>Net cash provided by/(used in) financing activities</b>		<b>252,137</b>	<b>(4,942)</b>
<b>Net decrease in cash and cash equivalents held</b>		<b>(1,215,463)</b>	<b>(1,944,415)</b>
Cash and cash equivalents at the beginning of the financial year		5,373,442	7,334,205
Effect of exchange rate changes on cash holdings		18,083	(16,348)
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>		<b>4,176,062</b>	<b>5,373,442</b>
		<hr/> <hr/>	<hr/> <hr/>

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

**OBJ Limited ABN 72056482636**  
**Notes to the financial statements**  
**for the financial year ended 30 June 2018**

**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 2017 together with any public announcements made by OBJ Limited during the year ended 30 June 2018, 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 2017, 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 2018 \$	30 June 2017 \$
Research and development collaboration revenue and tax incentives	1,056,638	1,650,390
Royalties	889,302	167,136
Interest received	94,054	148,698
Total revenue	<u>2,039,994</u>	<u>1,966,224</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 \$1,071,356 or 52% (2017: \$401,539 or 20%) 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.

**OBJ Limited ABN 72056482636**  
**Notes to the financial statements**  
**for the financial year ended 30 June 2018**

**Note 4. Issued Capital**

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Issued capital</b>		
1,809,462,635 fully paid ordinary shares (2017: 1,775,547,109)	33,043,514	31,766,487

**(b) Movements in ordinary share capital**

<b>Date</b>	<b>Details</b>	<b>Number of Shares</b>	<b>Issue Price</b>	<b>\$</b>
01/07/17	Opening balance	1,775,547,109		31,766,487
06/07/17	Placement to nominated entity of Mr Steven Schapera	3,248,860	\$0.05	162,443
31/08/17	Pursuant to satisfaction of Performance Milestone 1	15,000,000	--	581,547
31/08/17	Pursuant to satisfaction of Performance Milestone 1	11,666,666	--	443,343
11/05/18	Placement to nominated entity of Mr Antonio Varano Della Vergiliana	4,000,000	\$0.025	100,000
Less:	Transaction costs arising on share issues			(10,306)
30/06/18	Closing balance	1,809,462,635		33,043,514

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>

**Note 5. Reserves**

**(a) Composition**

Share based payments reserve	232,334	4,739,610
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The share based payments reserve records items recognised as expenses on valuation of director/employee/consultant share options and performance rights.

**(b) Movements in options and performance rights were as follows:**

<b>Date</b>	<b>Details</b>	<b>Number of Performance Rights</b>	<b>Number of Options</b>		<b>Exercise Price</b>	<b>Fair Value of Options / Performance Rights Issued</b>	<b>Expiry Date</b>
			<b>Listed</b>	<b>Unlisted</b>			
01/07/17	Opening Balance	82,000,000	--	7,500,000		\$4,739,610	
31/08/17	Pursuant to satisfaction of Performance Milestone 1	(15,000,000)	--	--		(581,547)	
31/08/17	Pursuant to satisfaction of Performance Milestone 1	(11,666,666)	--	--		(443,343)	
28/11/17	Expired Performance Rights	(55,333,334)	--	--		(1,969,377)	
30/06/18	Transfer of previously converted and expired options to accumulated losses	--	--	--		(1,513,009)	
30/06/18	Closing Balance	--	--	7,500,000		\$232,334	

**OBJ Limited ABN 72056482636**  
**Notes to the financial statements**  
**for the financial year ended 30 June 2018**

**Note 6. Notes to the Statement of Cash Flows**

	<b>Consolidated</b>	
	<b>30 June</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	\$	\$
<b>Reconciliation of net cash and cash equivalents used in operating activities to loss for the period</b>		
Loss for the period	(1,698,783)	(3,044,208)
Depreciation	96,846	146,228
Employee benefits provisions	20,312	(23,334)
Equity settled share based payments	--	1,475,434
Foreign exchange movements	(18,083)	16,348
Net loss on disposal of plant and equipment	1,557	16,371
Movements in assets and liabilities:		
Trade and other receivables	143,828	(251,235)
Trade and other payables	26,581	(21,958)
Net cash used in operating activities	<u>(1,427,742)</u>	<u>(1,686,354)</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.