



OBJ

Annual Report
2018

ABN 72 056 482 636

OBJ LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

CORPORATE DIRECTORY

AUSTRALIAN COMPANY NUMBER:

056 482 636

DIRECTORS:

Antonio Varano Della Vergiliana

Jeffrey David Edwards

Christopher John Quirk

Steven Lorn Schapera

Cameron Reynolds

SECRETARY:

John Joseph Palermo

REGISTERED OFFICE:

Level 1

284 Oxford Street

LEEDERVILLE WESTERN AUSTRALIA 6007

Telephone: +61 8 9443 3011

SHARE REGISTER:

Automic Registry Services

Level 2, 267 St Georges Terrace

PERTH WA 6000

Telephone: 1300 288 664 (Local)

Telephone: +61 2 9698 5414 (International)

AUDITORS:

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

PERTH WESTERN AUSTRALIA 6000

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ASX CODE:

OBJ

HOME EXCHANGE:

Australian Securities Exchange Limited

Central Park, 152-158 St Georges Terrace

PERTH WESTERN AUSTRALIA 6000

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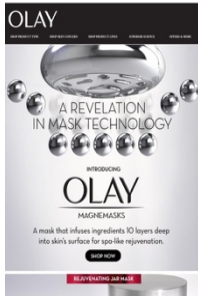
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REVIEW OF OPERATIONS

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.

REVIEW OF OPERATIONS (*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 Lubricen 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.

REVIEW OF OPERATIONS (*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.

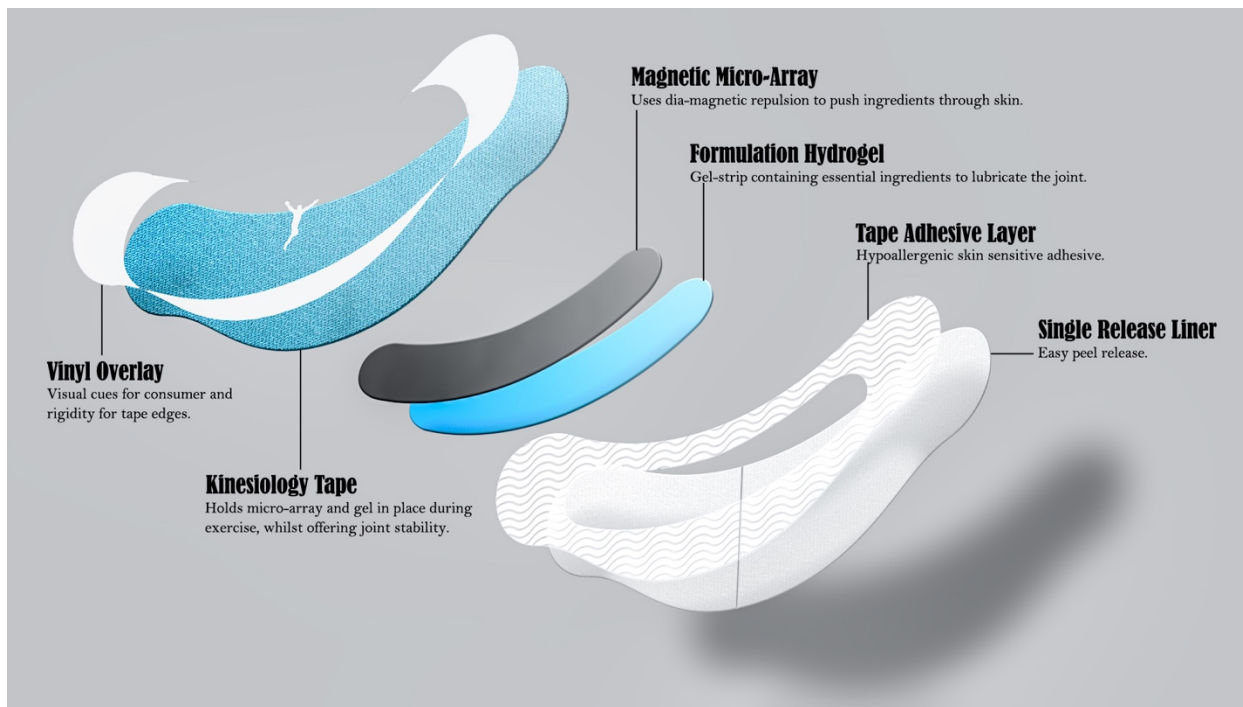
OBJ believes any potential partner will only engage if there is a strong focus on getting the BodyCare product to the US market, which would require approval from the US Food and Drug Administration (FDA). In the case of BodyCare, there is potential it could follow either an OTC or an Rx pathway depending 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.

REVIEW OF OPERATIONS *(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.

REVIEW OF OPERATIONS *(continued)*

2.3 Dynamically Configurable Emulsion (DCE) and New Technologies

New formulation “layering” caps containing the DCE technology were evaluated during the period 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 ingredient delivery. Haircare is a business that needs such innovation, as the use of heavy emulsions that leave the hair weighted are undesirable. The Company is actively exploring alternatives to aerosol delivery.

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 AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

DIRECTORS' REPORT

The directors present their report on the results of OBJ Limited and its controlled entities (the “Consolidated Entity”) for the year ended 30 June 2018.

DIRECTORS

The names of directors in office at any time during or since the end of the financial year are:

Mr Jeffrey David Edwards	
Dr Christopher John Quirk	
Mr Steven Lorn Schapera	(appointed: 01/08/2017)
Mr Antonio Varano Della Vergiliana	(appointed: 15/05/2018)
Mr Cameron Reynolds	(appointed: 02/07/2018)
Mr Glyn Gregory Horne Denison	(resigned: 02/02/2018)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year ended 30 June 2018 were research and development for its Dermaportation and ETP transdermal drug delivery technologies.

There were no significant changes in the nature of the Consolidated Entity’s principal activities during the financial year other than those referred to in the Review of Operations.

OPERATING RESULT AND FINANCIAL POSITION

The net consolidated loss of the Consolidated Entity after providing for income tax amounted to \$1,698,783 (2017: loss of \$3,044,208).

The net assets of the Consolidated Entity at 30 June 2018 were \$4,255,409 (2017: \$5,702,055). At that date, there was cash at bank of \$4,176,062 (2017: \$5,373,442).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2018.

The Board has not made a recommendation to pay dividends for the period to 30 June 2018.

REVIEW OF OPERATIONS

The Consolidated Entity continues to pursue development of its Dermaportation and Enhanced Transdermal Polymer (ETP) technologies, review its intellectual property assets and evaluate new business opportunities to strengthen its technology and/or product portfolio with the objective of enhancing shareholder value. Further details are noted in the Review of Operations section of the annual report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Consolidated Entity.

LIKELY FUTURE DEVELOPMENTS AND EXPECTED RESULTS

Certain information regarding future developments has been disclosed in this report under the heading “Review of Operations”. The disclosure of expected results of likely future developments is likely, in the opinion of the directors, to result in unreasonable prejudice to the interests of the Consolidated Entity and accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATION

The Consolidated Entity is not affected by any specific environmental legislation.

DIRECTORS' REPORT *(continued)*

INFORMATION ON DIRECTORS

Mr Jeffrey Edwards

Mr Edwards has over 25 years experience in managing new technological innovations. He is experienced in production, intellectual property, regulatory affairs and quality systems. He is an award winning technology developer, and has worked with a number of leading international medical and biomedical companies. During the past three years, Mr Edwards has not held a directorship in any other listed companies.

Interest in shares: 40,430,995

Interest in options: None

Dr Christopher Quirk

Dr Quirk is an Australian dermatologist who has been a teaching hospital consultant for over 30 years and has conducted numerous trials for international pharmaceutical companies such as Roche, Novartis, 3M and Matrix and has served on advisory boards for Merck, Allergan and Roche, Abbott, Wyeth and Janssen. He has published 22 papers in international journals and has presented at several international conferences. During the past three years, Dr Quirk has not held a directorship in any other listed companies.

Interest in shares: 23,176,609

Interest in options: None

Mr Steven Schapera

Mr Schapera founded the successful BECCA Cosmetic brand (www.beccacosmetics.com) and commercialised it into a range of cosmetic products that were distributed throughout Europe, Asia and North America. Mr Schapera guided BECCA from its infancy through to being a global player in the international prestige cosmetic field. BECCA was recently sold to Estee Lauder for more than US\$230 million. Mr Schapera is Chairman of BECCA Holdings Pty. Ltd.; he serves as a non-executive Director on the Board of Invincible Brands GmbH., arguably Europe's most successful influencer-marketing business. He is also Founder and Managing Director of London-based Lab Brands Limited and is a non-executive Director of Wild Nutrition Ltd, a fast-growing player in the vitamin and mineral supplement space. During the past three years, Mr Schapera has not held a directorship in any other listed companies.

Interest in shares: 8,124,010

Interest in options: None

Mr Antonio Varano Della Vergiliana

Mr Varano has more than 30 years experience across Australia, Europe and the USA, operating and managing successful entrepreneurial, corporate and investment pursuits. This experience has covered start up, funding and growth, corporate operations, executive management and business exits. His expertise spans retail, cosmetics, skincare, real estate, agriculture, publishing, construction, entertainment and the arts. Many of these businesses have achieved a dominant position in the markets in which they operate. New York-based, Mr Varano holds Board and investment positions in several companies he has either founded or invested in at an early stage. Mr Varano studied business at the Western Australian Institute of Technology, and an MBA at the University of Western Australia. During the past three years, Mr Varano has not held a directorship in any other listed companies.

Interest in shares: 4,000,000

Interest in options: None

OBJ LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT *(continued)*

INFORMATION ON DIRECTORS *(continued)*

Mr Cameron Reynolds

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. During the past three years, Mr Reynolds has not held a directorship in any other listed companies.

Interest in shares: None

Interest in options: None

COMPANY SECRETARY

Mr John J Palermo B.Bus, FCA, AGIA

Mr Palermo is a Chartered Accountant with over 20 years experience in Public Practice. His areas of expertise are in corporate advisory, strategic business management and business structuring. Currently a Director of Palermo Chartered Accountants, he has experience in public company accounting and administration. Mr Palermo is a Director of Chartered Accountants Australia and New Zealand, Deputy Chairman of the Royal Perth Hospital Medical Research Foundation and a member of the Executive of the National Trust of Western Australia.

DIRECTORS' MEETINGS

During the financial year ended 30 June 2018, the Company held directors' meetings, including directors' resolutions. The total number of meetings attended and circular resolutions executed by each director were:

	Board Meetings		Resolutions
	Number Eligible to Attend	Number Attended	Number Executed
Mr J D Edwards	9	9	30
Dr C J Quirk	9	7	30
Mr S L Schapera (appointed: 01/08/2017)	9	9	30
Mr A Varano Della Vergiliana (appointed: 15/05/2018)	2	2	5
Mr G G H Denison (resigned: 02/02/2018)	5	5	12

INDEMNIFICATION OF DIRECTORS AND OFFICERS

During or since the end of the financial year, the Consolidated Entity has indemnified and entered into agreements to indemnify its directors and officers.

INDEMNITY AND INSURANCE OF AUDITOR

The Consolidated Entity has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Consolidated Entity or any related entity against a liability incurred by the auditor.

During the financial year, the Consolidated Entity has not paid a premium in respect of a contract to insure the auditor of the Consolidated Entity or any related entity.

EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to the end of the financial year ended 30 June 2018, the following events have occurred:

- On 2 July 2018, Mr Cameron Reynolds was appointed as a Non-Executive Director.
- On 6 August 2018, the Company changed its provider for shareholder registry services from Security Transfer Australia Pty Ltd to Automic Registry Services.

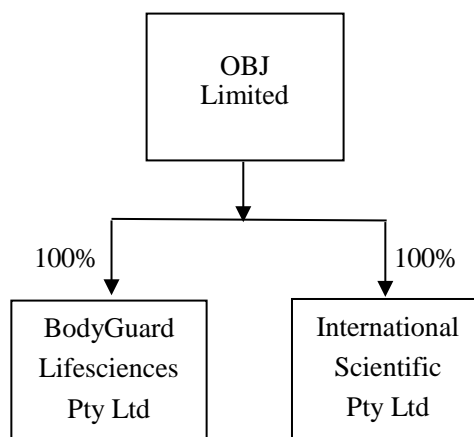
OBJ LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT *(continued)*

CORPORATE STRUCTURE

OBJ Limited is a company limited by shares that is incorporated and domiciled in Australia with its principal place of business at Ground Floor, 284 Oxford Street, Leederville, Western Australia.

OBJ Limited has prepared this consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the group's corporate structure:



SHARE OPTIONS

As at 30 June 2018, there existed the following outstanding options:

Unlisted options

7,500,000 unlisted options, exercisable at \$0.065 on or before 20 February 2019.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Consolidated Entity.

Remuneration policy

The Board receives independent advice on remuneration policies and practices generally, and also receives specific recommendations on remuneration packages and other terms of employment for senior executives. There is no use of external remuneration consultants during the year ended 30 June 2018.

Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance against goals set at the start of the year, relevant comparative information and independent expert advice. As well as a base salary, remuneration packages include superannuation. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Consolidated Entity's operations.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time.

The Board undertakes an annual review of its performance against goals set at the start of the year.

At the 2017 AGM, the Company received a first strike in relation to the Remuneration Report resolution. Since that time, the Board has taken on the comments of Shareholders and sought to renew the Board composition and the appropriateness of skills of Board members. This resulted in the retirement of Glyn Denison and the appointment of Antonio Varano and Cameron Reynolds. The Board continues to pursue the recruitment of the best talent to execute its strategic objectives.

Directors and Executives Remuneration:

The Board is responsible for making recommendations on remuneration packages and policies applicable to board members and senior executives of the Consolidated Entity. The remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Directors' remuneration is arrived at after consideration of the level of expertise each director brings to the Consolidated Entity and the time and commitment required to efficiently and effectively perform the required tasks.

Remuneration of Executive Director

Jeffrey Edwards is paid a salary of \$314,500 per annum inclusive of compulsory superannuation contributions plus a \$2,000 monthly travel allowance.

Remuneration of Non-Executive Directors

Chris Quirk is paid \$40,000 per annum, paid quarterly in arrears for consulting fees.

Steven Schapera is paid \$40,000 per annum plus £6,300 per month, paid monthly in arrears for consulting fees.

Antonio Varano is paid \$40,000 per annum plus the USD equivalent of £6,300 per month, paid monthly in arrears for consulting fees.

OBJ LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Remuneration of Directors and Executives

	Primary Salary & Fees (\$)	Cash Bonus (\$)	Non- Monetary (\$)	Post Employment Superann- uation (\$)	Retirement Benefits (\$)	Equity (\$)	Other Benefits (\$)	TOTAL (\$)
Parent Entity Directors and Executives								
Edwards, J D: Director (executive)								
2018	294,451	--	--	20,049	--	--	24,000	338,500
2017	280,192	--	--	19,308	--	193,849	75,167	568,516
Quirk, C J: Director (non-executive)								
2018	40,000	--	--	--	--	--	--	40,000
2017	40,000	--	--	--	--	193,849	--	233,849
Schapera, S L: Director (non-executive)								
2018	174,189	--	--	--	--	--	--	174,189
2017	--	--	--	--	--	--	--	--
Varano Della Vergiliana, A: Director (non-executive)								
2018	22,599	--	--	--	--	--	--	22,599
2017	--	--	--	--	--	--	--	--
Denison, G G H: Director (non-executive)								
2018	181,461	--	--	14,792	--	--	--	196,253
2017	195,000	--	--	35,000	--	193,849	3,116	426,965
Total								
2018	712,700	--	--	34,841	--	--	24,000	771,541
2017	515,192	--	--	54,308	--	581,547	78,283	1,229,330

There are no other specified executives in positions of control or exercising management authority.

OBJ LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Interests in Shares, Options and Performance Rights of the Company

As at 30 June 2018, the directors' interests in shares, options and performance rights of OBJ Limited were:

Shares

	Balance 01/07/17 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Performance Rights/Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/18 (No. of Shares)
J D Edwards	35,430,995	--	5,000,000	--	40,430,995
C J Quirk	18,176,609	--	5,000,000	--	23,176,609
G G H Denison	11,242,105	--	5,000,000	--	16,242,105 ^a
S L Schapera	--	--	--	5,664,011 ^b	5,664,011
A Varano Della Vergiliana	--	--	--	4,000,000 ^c	4,000,000
Total	64,849,709	--	15,000,000	9,664,011	89,513,720

a. Balance on resignation. Mr Glyn Gregory Horne Denison resigned on 02/02/2018.

b. 3,248,860 shares are balance on appointment and 2,415,151 shares are on-market purchases.

c. On-market purchases.

Options

	Balance 01/07/17 (No. Options)	Granted as Remuneration (No. Options)	No. of Options Exercised	Net Change Other (No. Options)	Balance 30/06/18 (No. Options)	Total Vested 30/06/18 (No. Options)	Total Exercisable (No. Options)
J D Edwards	--	--	--	--	--	--	--
C J Quirk	--	--	--	--	--	--	--
G G H Denison	--	--	--	--	--	--	--
S L Schapera	--	--	--	--	--	--	--
A Varano Della Vergiliana	--	--	--	--	--	--	--
Total	--	--	--	--	--	--	--

Performance Rights

	Balance 01/07/17 (No. Rights)	Granted as Remuneration (No. Rights)	No. of Rights Exercised	Net Change Other (No. Rights)	Balance 30/06/18 (No. Rights)	Total Vested 30/06/18 (No. Rights)	Total Exercisable (No. Rights)
J D Edwards	5,000,000	--	(5,000,000)	--	--	--	--
C J Quirk	5,000,000	--	(5,000,000)	--	--	--	--
G G H Denison	5,000,000	--	(5,000,000)	--	--	--	--
S Schapera	--	--	--	--	--	--	--
A Varano Della Vergiliana	--	--	--	--	--	--	--
Total	15,000,000	--	(15,000,000)	--	--	--	--

OBJ LIMITED AND ITS CONTROLLED ENTITIES
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DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Other Transactions with Key Management Personnel and their Related Parties

As of 30 June 2018, director's remuneration amount of \$22,599 remain payable to the director, Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana.

As of 30 June 2017, director's remuneration amount of \$16,732 remain payable to I.B.D.C, an entity related to the director, Glyn Gregory Horne Denison.

Additional Information

The earnings of the Consolidated Entity for the five years to 30 June 2018 are summarised below:

	2018	2017	2016	2015	2014
	\$	\$	\$	\$	\$
Sales revenue	2,039,994	1,966,224	1,521,573	1,514,945	950,857
EBITDA	(1,587,933)	(2,883,975)	(3,465,064)	(2,300,644)	(2,152,174)
EBIT	(1,684,779)	(3,030,203)	(3,541,373)	(2,338,114)	(2,176,206)
Loss after income tax	(1,698,783)	(3,044,208)	(3,555,381)	(2,353,454)	(2,205,354)

The factors that are considered to affect total shareholders return are summarised below:

	2018	2017	2016	2015	2014
Share price at financial year end (\$)	0.028	0.048	0.082	0.049	0.082
Total dividends declared (cents per share)	--	--	--	--	--
Basic and diluted loss per share (cents per share)	(0.09)	(0.17)	(0.20)	(0.15)	(0.16)

[END OF REMUNERATION REPORT]

DIRECTORS' REPORT *(continued)*

PROCEEDINGS ON BEHALF OF THE COMPANY

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

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of OBJ Limited support and have substantially adhered to the best practice recommendations set by the ASX Corporate Governance Council. The Company's Corporate Governance Statement is contained in the annual report.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA

There are no officers of the Company who are former partners of RSM Australia.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is set out on page 16.

NON-AUDIT SERVICES

Any non-audit services that may have been provided by the entity's auditor, RSM Australia Partners, is shown at Note 13. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act and the general principles relating to auditor independence set out in APES 110 Code of Ethics for Professional Accountants. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the board of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



Jeffrey Edwards
Director

Perth, Western Australia
14th September 2018

RSM Australia Partners

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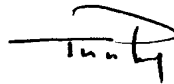
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of OBJ Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



Perth, WA
Dated: 14 September 2018

TUTU PHONG
Partner

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

OBJ LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2018

		Consolidated	
	Note	30 June 2018	30 June 2017
		\$	\$
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)
Loss before income tax		(1,698,783)	(3,044,208)
Income tax expense	3	--	--
Loss for the year		(1,698,783)	(3,044,208)
Other comprehensive income		--	--
Total comprehensive loss for the year		(1,698,783)	(3,044,208)
Loss attributable to:			
Members of the parent entity		(1,698,783)	(3,044,208)
		Cents	Cents
Basic and diluted losses per share (cents per share)	16	(0.09)	(0.17)

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

OBJ LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Note	Consolidated 30 June 2018 \$	30 June 2017 \$
Current Assets			
Cash and cash equivalents	4	4,176,062	5,373,442
Trade and other receivables	5	254,909	398,737
Total Current Assets		4,430,971	5,772,179
Non-Current Assets			
Plant and equipment	6	375,366	433,911
Total Non-Current Assets		375,366	433,911
Total Assets		4,806,337	6,206,090
Current Liabilities			
Trade and other payables	7	243,492	230,911
Borrowings	8	238,000	224,000
Employee benefits provision		69,436	49,124
Total Current Liabilities		550,928	504,035
Total Liabilities		550,928	504,035
Net Assets		4,255,409	5,702,055
Equity			
Issued capital	14	33,043,514	31,766,487
Reserves	15	232,334	4,739,610
Accumulated losses		(29,020,439)	(30,804,042)
Total Equity		4,255,409	5,702,055

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

OBJ LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2018**

	Issued Capital	Share Based Payments Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<u>Consolidated</u>				
Balance at 1 July 2016	31,346,219	3,689,386	(27,759,834)	7,275,771
Total comprehensive loss for the year	--	--	(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)
Balance at 30 June 2017	31,766,487	4,739,610	(30,804,042)	5,702,055
Balance at 1 July 2017	31,766,487	4,739,610	(30,804,042)	5,702,055
Total comprehensive loss for the year	--	--	(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 June 2018	33,043,514	232,334	(29,020,439)	4,255,409

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

OBJ LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements and notes represent those of OBJ Limited and its controlled entities (the “Consolidated Entity”). In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the Parent Entity is disclosed in Note 24.

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. OBJ Limited is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report was authorised for issue by the Board on 14 September 2018.

Except for cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(x).

The significant policies, which have been adopted in the preparation of this financial report, are:

(a) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (“IFRS”). Compliance with IFRS ensures that the financial statements and notes comply with International Financial Reporting Standards.

(b) New and Revised Accounting Standards and Interpretations

The Consolidated Entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

The Consolidated Entity's assessment of the new and amended pronouncements that are relevant to the Consolidated Entity but applicable in future reporting periods is set out below:

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(b) New and Revised Accounting Standards and Interpretations (*continued*)

All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity has made an assessment and determined that this standard will have little to no impact on the entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity has made an assessment and determined that this standard will have little to no material impact on the entity provided that revenue from work plan agreements is currently recorded in accordance with the terms of the agreement, as and when performance obligations are satisfied.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) New and Revised Accounting Standards and Interpretations *(continued)*

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity has made an assessment and determined that this standard will have little to no impact as the entity has no material leases.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OBJ Limited as at 30 June 2018 and the results of all subsidiaries for the year then ended. OBJ Limited and its subsidiaries together are referred to in these financial statements as the "Consolidated Entity".

Subsidiaries are all those entities over which the Consolidated Entity has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Consolidated Entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(c) Principles of Consolidation (*continued*)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of financial position and statement of changes in equity of the Consolidated Entity. Losses incurred by the Consolidated Entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Consolidated Entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Consolidated Entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(d) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(e) Income Tax (*continued*)

Deferred income tax assets are recognised to the extent that it is probable that future profit will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(f) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on either a diminishing value method or a straight-line method commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and equipment	2.5-100%
---------------------	----------

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date and where adjusted, shall be accounted for as a change in accounting estimate. Where depreciation rates or method are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Impairment of Assets

At each reporting date, the Consolidated Entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Consolidated Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition, these instruments are measured as set out below.

Controlled Entities

Investments in controlled entities are recognised at cost less provision for impairment.

Impairment

At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(i) Intangibles

Research and Development

Expenditure during the research phase of a project is recognised as an expense when incurred.

Development costs are capitalised only when feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(j) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, is transferred to entities in the Consolidated Entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(j) Leases (*continued*)

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(k) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

(l) Trade and Other Receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

(m) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(n) Employee Benefits

Short-Term Employee Benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other Long-Term Employee Benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability.

Defined Contribution Superannuation Expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

(o) Revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Research and development tax offset revenue is recognised when it is received or when the right to receive payment is established.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue from licence and research fees are derived from work plan agreements with customers. Revenue is recognised in accordance with the terms of these agreements.

Royalties are recognised in accordance with the terms of the agreements.

All revenue is stated net of the amount of goods and service tax.

(p) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amounts of GST recoverable from or payable to the ATO.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(q) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(r) Borrowing Costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(s) Share-Based Payment Transactions

OBJ Limited provides benefits to employees (including directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (“equity-settled transactions”).

There is currently one plan in place to provide these benefits:

- (i) the Employee Share Option Plan, which provides benefits to full-time or part-time employees and consultants of the Company.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Black-Scholes option valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (“vesting date”).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(s) Share-Based Payment Transactions (*continued*)

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects; (i) the extent to which the vesting period has expired, and (ii) the number of awards that, in the opinion of the directors of the Company, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Goods or services received or acquired in a share-based payment transaction are recognised as an increase in equity if the goods or services were received in an equity-settled share-based payment transaction or as a liability if the goods and services were acquired in a cash settled share-based payment transaction.

For equity-settled share-based transactions, goods or services received are measured directly at the fair value of the goods or services received provided this can be estimated reliably. If a reliable estimate cannot be made, the value of the goods or services is determined indirectly by reference to the fair value of the equity instrument granted.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) Loss per share

(i) *Basic Loss per share*

Basic loss per share is determined by dividing the operating profit/(loss) after income tax attributable to members of OBJ Limited by the weighted average number of ordinary shares outstanding during the financial year.

(ii) *Diluted Loss per share*

Diluted loss per share adjusts the amounts used in the determination of basic loss per share by taking into account unpaid amounts on ordinary shares and any reduction in loss per share that will probably arise from the exercise of options outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(u) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(v) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Company's controlled entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the Consolidated Entity's functional and presentation currency.

Transaction and Balances

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

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income.

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

Controlled Entities

The financial results and position of foreign controlled entities whose functional currency is different from the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at average exchange rates for the period; and
- Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign controlled entities are transferred directly to the foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(w) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2018.

(x) Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The following are the critical judgements and estimates that the directors have made in the process of applying the Consolidated Entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Share-Based Payment Transactions

The Consolidated Entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes option valuation model. Refer to Note 22 for details of judgements made in these valuations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated	
	30 June	30 June
	2018	2017
	\$	\$
NOTE 2: REVENUE		
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 revenues	2,039,994	1,966,224

NOTE 3: INCOME TAX

The prima facie tax on loss before income tax is reconciled to the income tax as follows:

Loss before income tax	(1,698,783)	(3,044,208)
Income tax calculated at 27.5%	(467,165)	(837,157)
Non allowable expenditure	1,615	395,644
Deferred tax assets not recognised	465,550	441,513
Income tax expenses	--	--

The following deferred tax assets have not been brought to account as assets:

Tax losses available at 27.5% tax rate	3,119,779	2,920,455
Tax losses available	10,788,341	10,063,523

Deferred tax assets in relation to tax losses are not brought to account unless it is probable that future taxable amounts within the entity will be available against which the unused tax losses can be utilised. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Consolidated Entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated	
	30 June 2018	30 June 2017
	\$	\$
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	2,740	3,341
Cash at bank	1,173,322	620,101
Cash on deposit	3,000,000	4,750,000
	<u>4,176,062</u>	<u>5,373,442</u>
NOTE 5: TRADE AND OTHER RECEIVABLES		
Trade debtors	11,753	97,763
Prepayments	38,046	36,748
Accrued income	160,011	220,709
GST refundable	45,099	43,517
	<u>254,909</u>	<u>398,737</u>
<i>Past due but not impaired</i>		
Customers with balances past due but without provision for impairment:		
0 to 3 months overdue	11,753	64,357
3 to 6 months overdue	--	33,406
	<u>11,753</u>	<u>97,763</u>
NOTE 6: PLANT AND EQUIPMENT		
Plant and equipment at cost	792,759	756,308
Accumulated depreciation	(417,393)	(322,397)
	<u>375,366</u>	<u>433,911</u>
Reconciliation of the carrying amount of plant and equipment is set out below:		
Carrying amount at the beginning of year	433,911	343,391
Additions	39,858	253,119
Disposals	(1,557)	(16,371)
Depreciation expense	(96,846)	(146,228)
	<u>375,366</u>	<u>433,911</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated	
	30 June	30 June
	2018	2017
	\$	\$

NOTE 7: TRADE AND OTHER PAYABLES

Other creditors and accruals	243,492	230,911
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NOTE 8: BORROWINGS

Convertible notes – unsecured	140,000	140,000
Convertible notes – unpaid interest	98,000	84,000
	238,000	224,000

Convertible note terms:

Issue Date	Amount \$	Interest Rate	Convertible On or Before
4 June 2009	140,000	10% per annum	4 June 2012 ⁽ⁱ⁾

If the convertible notes which are convertible at \$0.003 have not been converted in their entirety into shares on the date which is 11 months after the date of issue, the Company may convert the amount of the convertible notes which has not been repaid (together with any accrued interest), into shares, upon giving 5 business days notice to the convertible note holder.

- (i) 140,000 convertible notes issued on 4 June 2009 were not converted by the due date being 4 June 2012. The terms of the agreement have not since that date been extended. Correspondingly, the principal amount outstanding including any interest outstanding has been classified as current.

NOTE 9: COMMITMENTS

(a) Capital expenditure commitments

There were no capital expenditure commitments as at 30 June 2018.

(b) Finance lease and hire purchase commitments

There were no finance lease and hire purchase commitments as at 30 June 2018.

(c) Operating lease commitments

There were no operating lease commitments as at 30 June 2018 as the Company pays rent on a month-by-month basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

	Consolidated	
30 June	30 June	
2018	2017	
\$	\$	

NOTE 10: CASH FLOW INFORMATION

Reconciliation of net cash and cash equivalents used in operating activities to loss for the year:

Loss for the year	(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>

Non-cash investing and financing activities

During the 2017 year, 1,000,000 shares were issued in recognition of consultants' contribution to the Scientific Advisory Committee, 3,720,000 shares were issued in recognition of employees' performance to the Company and 690,000 shares were issued to employees in accordance with performance milestones under the terms of employment contracts.

NOTE 11: KEY MANAGEMENT PERSONNEL

Names and positions of directors and specified executives in office at any time during the financial year are:

Mr Jeffrey David Edwards	Director – Executive	
Dr Christopher John Quirk	Director – Non-Executive	
Mr Steven Lorn Schapera	Director – Non-Executive	(appointed: 01/08/2017)
Mr Antonio Varano Della Vergiliana	Director – Non-Executive	(appointed: 15/05/2018)
Mr Glyn Gregory Horne Denison	Director – Non-Executive	(resigned: 02/02/2018)

Refer to the Remuneration Report contained in the Director's Report for details of the remuneration paid or payable to the Company's key management personnel for the year ended 30 June 2018.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Consolidated
30 June **30 June**
2018 **2017**
\$ **\$**

NOTE 11: KEY MANAGEMENT PERSONNEL *(continued)*

The totals of remuneration paid to key management personnel during the year are as follows:

Short term employee benefits	712,700	515,192
Post-employment benefits	34,841	54,308
Equity based payments	--	581,547
Other benefits	24,000	78,283
	771,541	1,229,330

Transactions with Key Management Personnel

There were no transactions with related parties other than directors' fees and consultants' fees which have been disclosed in the Remuneration Report.

NOTE 12: CONTROLLED ENTITIES

The consolidated financial statements include the financial statements of OBJ Limited and the subsidiaries listed in the following table.

	Country of Incorporation	% Equity Interest		Book Value of Shares held by Parent Entity	
		2018	2017	2018	2017
		\$	\$	\$	\$
International Scientific Pty Ltd	AUS	100%	100%	--	--
BodyGuard Lifesciences Pty Ltd	AUS	100%	100%	1,000	1,000
				1,000	1,000

Consolidated
30 June **30 June**
2018 **2017**
\$ **\$**

NOTE 13: AUDITORS' REMUNERATION

Amounts paid or due and payable to the auditors for:

Audit and review services – RSM Australia Partners	40,000	37,750
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

Consolidated	
30 June 2018	30 June 2017
\$	\$

NOTE 14: ISSUED CAPITAL

(a) Issued Capital

1,809,462,635 fully paid ordinary shares
(2017: 1,775,547,109)

<u>33,043,514</u>	<u>31,766,487</u>
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(b) Movements in ordinary share capital of the Company during the year were as follows:

Date	Details	Number of Shares	Issue Price	\$
01/07/2017	Opening balance	1,775,547,109	--	31,766,487
06/07/2017	Placement to nominated entity of Mr Steven Schapera	3,248,860	\$0.05	162,443
31/08/2017	Pursuant to satisfaction of Performance Milestone 1	15,000,000	--	581,547
31/08/2017	Pursuant to satisfaction of Performance Milestone 1	11,666,666	--	443,343
11/05/2018	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)
30/06/2018	Closing balance	<u>1,809,462,635</u>		<u>33,043,514</u>

(c) Capital Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 14: ISSUED CAPITAL *(continued)*

(d) Capital Risk Management

When managing capital, management's objective is to ensure the Company continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Company.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The Company does not have a defined share buy-back plan.

No dividends were paid in 2018 and no dividends are expected to be paid in 2019.

There is no current intention to incur debt funding on behalf of the Company as on-going expenditure will be funded via cash reserves or equity.

The Company is not subject to any externally imposed capital requirements.

The capital risk management policy remains unchanged from the prior year.

	Consolidated	
	30 June 2018	30 June 2017
	\$	\$
NOTE 15: RESERVES		
Share based payments reserve	232,334	4,739,610

The share based payments reserve records items recognised as expenses on valuation of director/employee/consultant share options and performance rights.

Movements in options and performance rights were as follows:

Date	Details	Number of Performance Rights	Number of Options Listed	Unlisted	Exercise Price	Fair Value of Options / Performance Rights Issued \$	Expiry Date
01/07/2017	Opening balance	82,000,000	--	7,500,000		4,739,610	
31/08/2017	Pursuant to satisfaction of Performance Milestone 1	(15,000,000)	--	--		(581,547)	
31/08/2017	Pursuant to satisfaction of Performance Milestone 1	(11,666,666)	--	--		(443,343)	
28/11/2017	Expired Performance Rights	(55,333,334)	--	--		(1,969,377)	
30/06/2018	Transfer of previously converted and expired options to accumulated losses	--	--	--		(1,513,009)	
30/06/2018	Closing Balance	--	--	7,500,000	\$0.065	232,334	20/02/2019

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 16: LOSS PER SHARE

Diluted loss per share is the same as basic loss per share.

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	30 June 2018	30 June 2017
	\$	\$
Loss for the year	(1,698,783)	(3,044,208)
Loss used in calculating basic and diluted loss per share	(1,698,783)	(3,044,208)
Weighted average number of ordinary shares used in calculating basic loss per share:	1,801,427,494	1,775,028,890
Weighted average number of ordinary shares used in calculating diluted loss per share:	1,801,427,494	1,775,028,890

Options outstanding are considered non-dilutive and therefore are excluded from the calculation of EPS.

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES

The Consolidated Entity's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to finance the Consolidated Entity's operations. The Consolidated Entity has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations. It is, and has been throughout the entire period under review, the Consolidated Entity's policy that no trading in financial instruments shall be undertaken.

The main risk arising from the Consolidated Entity's financial instruments is cash flow interest rate risk. Other minor risks are either summarised below or disclosed at Note 14 in the case of capital risk management. The Board reviews and agrees policies for managing each of these risks.

Cash Flow Interest Rate Risk

The Consolidated Entity's exposure to the risks of changes in market interest rates relates primarily to the Consolidated Entity's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Consolidated Entity to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Consolidated Entity does not engage in any hedging or derivative transactions to manage interest rate risk.

The following tables set out the carrying amount by maturity of the Consolidated Entity's exposure to interest rate risk and the effective weighted average interest rate for each class of these financial instruments.

The Consolidated Entity has not entered into any hedging activities to cover interest rate risk. In regard to its interest rate risk, the Consolidated Entity does not have a formal policy in place to mitigate such risks.

OBJ LIMITED AND ITS CONTROLLED ENTITIES
(ABN 72 056 482 636)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Consolidated

2018	Non- Interest Bearing (\$)	Fixed Interest Rate Maturing			Floating Interest Rate (\$)	Total (\$)	Weighted average interest rate
		1 Year or Less (\$)	Over 1 to 5 Years (\$)	More than 5 years (\$)			
Financial assets:							
Cash and cash equivalents	2,740	3,000,000	--	--	1,173,322	4,176,062	2.45%
Trade and other receivables	254,909	--	--	--	--	254,909	--
	257,649	3,000,000	--	--	1,173,322	4,430,971	
Financial liabilities:							
Trade and other payables	243,492	--	--	--	--	243,492	--
Borrowings	98,000	140,000	--	--	--	238,000	10.00%
	341,492	140,000	--	--	--	481,492	
Net financial instruments	(83,843)	2,860,000	--	--	1,173,322	3,949,479	

Consolidated

2017	Non- Interest Bearing (\$)	Fixed Interest Rate Maturing			Floating Interest Rate (\$)	Total (\$)	Weighted average interest rate
		1 Year or Less (\$)	Over 1 to 5 Years (\$)	More than 5 years (\$)			
Financial assets:							
Cash and cash equivalents	3,341	4,750,000	--	--	620,101	5,373,442	2.13%
Trade and other receivables	398,737	--	--	--	--	398,737	--
	402,078	4,750,000	--	--	620,101	5,772,179	
Financial liabilities:							
Trade and other payables	230,911	--	--	--	--	230,911	--
Borrowings	84,000	140,000	--	--	--	224,000	10.00%
	314,911	140,000	--	--	--	454,911	
Net financial instruments	87,167	4,610,000	--	--	620,101	5,317,268	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES (*continued*)

Interest Rate Sensitivity

At 30 June 2018, if interest rates had changed by 10% during the entire year with all other variables held constant, profit for the year and equity would have been \$9,405 lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short-term and long-term Australian dollar interest rates. A 10% increase sensitivity would move short-term interest rates at 30 June 2018 from 2.45% to 2.70% (10% decrease: 2.20%) representing a 25 basis points shift.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Credit Risk Exposure

The maximum credit risk exposure for each class of financial assets is represented by the carrying amounts of the class of asset.

The Consolidated Entity has no significant concentrations of credit risk with any single counterparty or group of counterparties.

Commodity Price Risk

The Consolidated Entity is not exposed to commodity price risk.

Liquidity Risk

The Consolidated Entity manages liquidity risk by maintaining sufficient cash reserves and marketable securities and through the continuous monitoring of budgeted and actual cash flows.

	Consolidated	
	30 June 2018	30 June 2017
	\$	\$
<i>Contracted maturities of liabilities at 30 June</i>		
Payables		
- less than 6 months	243,492	230,911
Convertible notes		
- less than 6 months	238,000	224,000
	<u>481,492</u>	<u>454,911</u>

Foreign Exchange Risk

The Consolidated Entity is not exposed to significant foreign exchange risk at reporting date. Although foreign exchange transactions in US Dollars and GB Pounds were entered into during the year, resulting in a foreign exchange gain of \$18,083, the Consolidated Entity is unlikely to enter into any material foreign exchange transactions in the next reporting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 17: RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Reconciliation of Net Financial Assets to Net Assets	Consolidated	
	30 June 2018	30 June 2017
	\$	\$
Net financial assets	3,880,043	5,268,144
Plant and equipment	375,366	433,911
Net assets	<u>4,255,409</u>	<u>5,702,055</u>

Net Fair Values

For other assets and liabilities, the net fair value approximates their carrying value. The Consolidated Entity has no financial assets or liabilities that are readily traded on organised markets and has no financial assets where the carrying amount exceeds net fair values at the reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

NOTE 18: EVENTS SUBSEQUENT TO REPORTING PERIOD

Subsequent to the end of the financial year ended 30 June 2018, the following events have occurred:

- On 2 July 2018, Mr Cameron Reynolds was appointed as a Non-Executive Director.
- On 6 August 2018, the Company changed its provider for shareholder registry services from Security Transfer Australia Pty Ltd to Automic Registry Services.

NOTE 19: ECONOMIC DEPENDENCY

The Consolidated Entity is not economically dependent upon any third parties.

NOTE 20: 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 22%) 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.

NOTE 21: 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 22: SHARE BASED PAYMENTS

2017

A total of 82,000,000 Performance Rights were granted to Directors, Consultants and Employees of the Company on the 28 November 2014 and 18 December 2014 respectively.

The following performance criteria is required to be achieved from the date of issue:

Performance criteria	Probability %
- 27,333,332 Performance Rights upon receipt of the first royalty payment resulting from a license to a third party of the Company's powered by Dermaportation Technology;	100% *
- 27,333,334 Performance Rights upon execution of a new license agreement with a third party for utilisation of the Company's ETP technology; and	0% **
- 27,333,334 Performance Rights upon receipt of licensing fees in excess of \$20,000,000	0% ***

* As announced to the market on the 30 August 2017, the Tranche 1 Performance Rights vested on the Company receiving a royalty payment from a licence to a third party of the Company's powered Dermaportation Technology; and

** Tranche 2 Performance Rights vested on the Company executing a new license agreement with a third party for the utilisation of the Company's ETP technology. However, notwithstanding the satisfaction of the vesting condition, the Directors of the Company have determined that the shares the subject of the Performance Rights will not be issued.

*** Tranche 3 Performance Rights have not vested and the performance criteria will not be met.

The following table sets out other information on the Performance Rights:

	<i>Performance rights granted to directors</i>	<i>Performance rights granted to consultants and employees</i>
Number	45,000,000	37,000,000
Grant date	28 November 2014	18 December 2014
Expiry date	28 November 2017	28 November 2017
Share price at grant date	\$0.093	\$0.089
Number that ultimately vested (Tranche 1)	15,000,000	12,333,332
Total cost – Tranche 1	\$1,395,000	\$1,097,667
Share based payment expense required for year ended 30 June 2017	\$581,547	\$468,677

The share based payment expense recognised during the year ended 30 June 2017 took up the full amount required, based on the number of equity instruments that ultimately vested, as a result of the Tranche 1 Performance Rights performance conditions being met.

On 18 July 2016, the Company issued 1,000,000 shares in recognition of consultant's contribution to the Scientific Advisory Committee. The share based payment expense resulting from this share issue was \$80,000.

On 18 July 2016, the Company issued 3,720,000 shares in recognition of employees' performance to the Company in accordance with the Company's E.S.O.P. The share based payment expense resulting from this share issue was \$297,600.

On 28 November 2016, the Company issued 690,000 shares to employees in accordance with performance milestones under the terms of employment contracts. The share based payment expense resulting from this share issue was \$47,610.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 22: SHARE BASED PAYMENTS (*continued*)

	Consolidated	
	30 June	30 June
	2018	2017
	\$	\$
Total expenses arising from share based payment transactions recognised during the period were as follows:		
Performance rights – share based payment expense (directors)	--	581,547
Performance rights – share based payment expense (consultants and employees)	--	468,677
Share based payment expense (consultants and employees)	--	425,210
	<u>--</u>	<u>1,475,434</u>

NOTE 23: RELATED PARTY TRANSACTIONS

Parent Entity

OBJ Limited is the Parent Entity.

Subsidiaries

Interests in subsidiaries are set out in Note 12.

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11 and the remuneration report in the Directors' Report.

Transactions with Related Parties

As set out in Note 11 and the remuneration report in the Directors' Report.

Receivables from and Payables to Related Parties

As of 30 June 2018, director's remuneration amount of \$22,599 remain payable to the director, Antonio Varano Della Vergiliana and Anthony Varano Inc., an entity related to the director, Antonio Varano Della Vergiliana.

As of 30 June 2017, director's remuneration amount of \$16,732 remain payable to I.B.D.C, an entity related to the director, Glyn Gregory Horne Denison.

There were no receivables from related parties at the current and previous reporting date.

Loans to/from Related Parties

There were no loans to or from related parties at the current and previous reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2018**

NOTE 24: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2018	2017
	\$	\$
Total Current Assets	4,409,399	5,746,010
Total Non-Current Assets	376,366	434,464
Total Assets	4,785,765	6,180,474
Total Current Liabilities	520,923	479,291
Total Liabilities	520,923	479,291
Net Assets	4,264,842	5,701,183
Issued Capital	33,043,514	31,766,487
Reserves	232,334	4,739,610
Accumulated Losses	(29,011,006)	(30,804,914)
Total Equity	4,264,842	5,701,183

(b) Financial Performance

	2018	2017
	\$	\$
Loss for the year	(1,688,478)	(3,045,080)
Other comprehensive income	--	--
Total Comprehensive Profit/(loss)	(1,688,478)	(3,045,080)

(c) Guarantees

OBJ Limited has not entered into any guarantees in relation to the debts of its subsidiaries.

(d) Other Commitments and Contingencies

OBJ Limited 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.

(e) Plant and Equipment Commitments

OBJ Limited has no commitments to acquire property, plant and equipment.

(f) Significant Accounting Policies

OBJ Limited accounting policies do not differ from the Consolidated Entity disclosed in Note 1.

DIRECTORS' DECLARATION

In the opinion of the directors:

- a) The financial statements, notes and additional disclosures included in the directors' report designated as audited, are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of its performance for the year ended on that date; and
 - ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- b) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as disclosed in Note 1(a); and
- c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2018.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.



Jeffrey Edwards
Director

Perth, Western Australia
14th September 2018

RSM Australia Partners

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
OBJ LIMITED**

Opinion

We have audited the financial report of OBJ Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Revenue – refer to note 2 in the financial statements	
<p>As reported in the statement of comprehensive income for the year ended 30 June 2018, the Group has recognised total revenue of \$2,039,994, which consisted primarily of research and development collaboration revenue and tax incentives and royalties. We determined revenue recognition to be a key audit matter due to the following:</p> <ul style="list-style-type: none"> The balance is material to the Group and there are risks associated with management override, completeness and accuracy of revenue and the timing of revenue recognition; and Revenue recognition is a presumed fraud risk under the Australian Auditing Standards. 	<p>Our audit procedures in relation to the Group's revenue recognition included:</p> <ul style="list-style-type: none"> Reviewing the appropriateness of all revenue recognition policies for consistency with those applied in prior periods, and the applicable accounting standards; On a sample basis, we agreed the research and development collaboration revenue and tax incentives to supporting documentation to assess that the revenue recognition criteria were met for recognised revenue; Royalties revenues were agreed to third party sales reports; Testing the appropriateness of journal entries impacting revenue recognition; and Assessing the appropriateness of the disclosures in the financial report.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporation Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

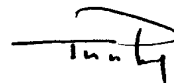
In our opinion, the Remuneration Report of OBJ Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

A handwritten signature of 'RSM' in a stylized, cursive font.

RSM AUSTRALIA PARTNERS

A handwritten signature of 'Tutu Phong' in a stylized, cursive font.

TUTU PHONG
Partner

Perth, WA
Dated: 14 September 2018

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES AS AT 6 SEPTEMBER 2018

(i) DISTRIBUTION OF SHAREHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	432	112,899	0.01
1,001 - 5,000	208	527,335	0.03
5,001 - 10,000	350	2,821,907	0.15
10,001 - 100,000	1,877	88,240,978	4.88
100,001+	1,761	1,717,759,516	94.93
	4,628	1,809,462,635	100.00

The number of shareholdings held in less than marketable parcels is 1,500.

(ii) TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES:

The names of the twenty largest shareholders of ordinary fully paid shares are listed below:

NAME	NO. OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES %
1. Citicorp Nominees Pty Ltd	43,225,754	2.39
2. Virtus Capital Pty Ltd	27,698,362	1.53
3. JEB Holdings Pty Ltd	27,437,719	1.52
4. Jomima Pty Ltd	24,143,584	1.33
5. JP Morgan Nominees Australia Ltd	18,624,202	1.03
6. Dr CJ Quirk & Mrs SE Quirk	18,176,609	1.00
7. Daughters & Co Pty Ltd	17,632,147	0.97
8. Mr P Fedele	16,000,000	0.88
9. Rokamaho Pty Ltd	16,000,000	0.88
10. Mr J Edwards & Mrs B Edwards	12,993,276	0.72
11. Charmed5 Pty Ltd	12,500,000	0.69
12. Mrs SM Little & Mr CJ Little	12,000,000	0.66
13. Gyland Nominees Pty Ltd	11,573,670	0.64
14. Provendore Pty Ltd	11,100,000	0.61
15. Mr GGH Denison	11,087,719	0.61
16. HSBC Custody Nominees (Australia) Ltd	10,521,118	0.58
17. Mr O Bocskay & Mr S Bocskay	10,400,000	0.57
18. Dr A Jhamb	10,000,000	0.55
19. Desert Monkey	9,840,588	0.54
20. Pedrof Pty Ltd	9,570,240	0.53
	330,524,988	18.23

(iii) VOTING RIGHTS

No restrictions - on a show of hands every member present in person or by proxy shall have one vote and upon a poll, each fully paid share shall have one vote.

ASX ADDITIONAL INFORMATION *(continued)*

1. QUOTED SECURITIES *(continued)*

(a) ORDINARY FULLY PAID SHARES AS AT 6 SEPTEMBER 2018 *(continued)*

(iv) SUBSTANTIAL SHAREHOLDERS

There were no Substantial Shareholders as recorded in the Register of Members as at 6 September 2018.

2. UNQUOTED SECURITIES

(a) OPTIONS

As at 6 September 2018, there existed the following unquoted options:

**(i) 7,500,000 OPTIONS EXERCISABLE AT \$0.065 EACH ON OR BEFORE
20 FEBRUARY 2019**

NAME	OPTIONS	%
MAPD Nom PL	7,500,000	100.00

(ii) VOTING RIGHTS

Holders of options are not entitled to vote at a General Meeting of Members in person, by proxy or upon a poll, in respect of their option holding.

CORPORATE GOVERNANCE STATEMENT

OBJ Limited (“the Company”) is committed to implementing and maintaining the highest standards of corporate governance. The primary responsibility of the Board of the Company (“the Board”) is to represent and advance the Company’s shareholders’ (“the Shareholders”) interests and to protect the interests of all stakeholders. To fulfil this role, the Board is responsible for the overall corporate governance of the Company including its strategic direction, establishing goals for its employees and monitoring achievement of these goals.

The Company adopts the ASX Corporate Governance Council’s *Corporate Governance Principles and Recommendations 3rd edition*, (“the Recommendations”) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

The Company’s compliance with the Recommendations is summarised in the table below:

	ASX P & R ¹	If not, why not ²		ASX P & R ¹	If not, why not ²
Recommendation 1.1	✓		Recommendation 4.2		✓
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 5.1	✓	
Recommendation 1.4	✓		Recommendation 6.1	✓	
Recommendation 1.5		✓	Recommendation 6.2	✓	
Recommendation 1.6	✓		Recommendation 6.3	✓	
Recommendation 1.7	✓		Recommendation 6.4	✓	
Recommendation 2.1		✓	Recommendation 7.1		✓
Recommendation 2.2		✓	Recommendation 7.2		✓
Recommendation 2.3	✓		Recommendation 7.3	✓	
Recommendation 2.4	✓		Recommendation 7.4	✓	
Recommendation 2.5	✓		Recommendation 8.1	✓	
Recommendation 2.6	✓		Recommendation 8.2	✓	
Recommendation 3.1	✓		Recommendation 8.3		✓
Recommendation 4.1	✓				

¹ Indicates where the Company has followed the Recommendations and summarised those practices below.

² Indicates where the Company has provided an “if not, why not” disclosure below.

The Company has provided disclosure for each of the 29 recommendations. Where the Company has departed from a recommendation, the Company has provided substantive reasons and refers to material containing additional disclosure, as relevant.

CORPORATE GOVERNANCE STATEMENT (*continued*)

The “if not, why not” disclosure of the Company is summarised in the table below:

Recommendation	Explanation of Departure from Recommendation
1.5	Given the Company’s small size and stage of development, it is not appropriate to establish a formal gender diversity policy. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender.
2.1	Owing to the size and composition of the Board, it is not appropriate to establish an independent Nomination Committee, or to establish a formal nomination policy and that its resources would be better utilised in other areas. In accordance with the Company’s policy and procedure for selection and appointment of new Directors, the full Board currently carries out the duties that would ordinarily be assigned to the Nomination Committee. Candidates for the Board are considered and selected by reference to a number of factors including their relevant experience and achievements, compatibility within the Company’s scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.
2.2	The Board does not have, and has not disclosed, a skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership. Owing to the size of the Company and its operations, the Board does not consider the need to have a skills matrix as it considers the Board to have the appropriate skills for the operation and governance of the Company. Should the Company’s operations expand or change, the Board will re-consider the needs for a skills matrix.
4.2	As at the date of this Annual Report, the Company has not appointed a CEO or chief financial officer (“the CFO”), accordingly it cannot comply with this Recommendation. Due to the size and scale of the Company’s operations, these roles are currently performed by the Board, specifically Mr Jeffrey David Edwards and Mr Steven Schapera, who are primarily responsible for financial matters in relation to the Company. These Directors provide the declaration required by section 295A of the Corporations Act.
7.1 and 7.2	Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk. The Audit Committee also oversees risk management. Risk oversight, management and internal control are dealt with on a continuous basis by the Company Secretary and the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter. The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively.

CORPORATE GOVERNANCE STATEMENT (*continued*)

Recommendation	Explanation of Departure from Recommendation
8.3	<p>Whilst the Company has a policy for dealing in the Company's securities which sets out circumstances in which the Company's Directors and employees are prohibited from dealing with the Company's securities (including shares and options), there is no specific prohibition on transactions which limit the economic risk of participating in the Company's equity-based remuneration scheme.</p> <p>However, the Directors note that there is no market for exchange-traded options in respect of the Company's securities and, for all practical purposes, there is no capacity for scheme participants to directly limit the economic risk associated with their holdings of the Company's securities pursuant to the Company's equity-based remuneration scheme.</p> <p>The Company's policy for dealing in the Company's securities is available on the Company's website.</p>

It is noted that as the Company's activities develop in size, nature and scope, the Company's corporate governance policies and processes will continue to be reviewed and improved as resources permit.

1. BOARD OF DIRECTORS

1.1. Role of Board

The Board is responsible for setting the strategic direction and establishing and overseeing the policies and financial position of the Company, and monitoring the business and affairs on behalf of its Shareholders, by whom the directors of the Company ("the Directors") are elected and to whom they are accountable.

Further, the Board takes specific responsibility for:

- Protecting and enhancing Shareholder value;
- Formulating, reviewing and approving the objectives and strategic direction of the Company;
- Approving all significant business transactions including acquisitions, divestments and capital expenditure;
- Monitoring the financial performance of the Company by reviewing and approving budgets and monitoring results;
- Ensuring that adequate internal control systems and procedures (including financial, risk management, occupational health and safety, environmental management systems and procedures) exist and that compliance with these systems and procedures is maintained;
- Identifying significant business risks and ensuring that such risks are adequately managed;
- Appointing Directors to the Board;
- Monitoring and reviewing the performance and remuneration of Directors;
- Monitoring and evaluating the Company Secretary's performance;
- Establishing and maintaining appropriate ethical standards; and
- Evaluating and, where appropriate, adopting with or without modification, the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*.

CORPORATE GOVERNANCE STATEMENT (*continued*)

The Board is responsible for establishing a culture and framework that supports corporate governance, including creating the strategic direction for the Company, establishing goals for employees and the Company Secretary and monitoring the achievement of these goals.

The Company has a formal Board Charter, which is available from the Company on request. In broad terms, the Board is accountable to the Shareholders and must ensure that the Company is properly managed to protect and enhance Shareholders' wealth and other interests. The Board Charter sets out the role and responsibilities of the Board within the governance structure of the Company and its related bodies corporate (as defined in the Corporations Act).

1.2. Terms of Office of Directors

The constitution of the Company ("the Constitution") specifies that one third of the Directors, excluding the Managing Director, Mr Jeffrey Edwards, shall rotate on an annual basis.

1.3. Composition of the Board and Independence

The Directors in office at the date of this statement are:

Name	Position	Independent	Expertise
Mr Jeffrey David Edwards	Managing Director	No	Refer to Director's Report
Dr Christopher John Quirk	Non-Executive Director	Yes	Refer to Director's Report
Mr Steven Lorn Schapera	Non-Executive Director	Yes	Refer to Director's Report
Mr Antonio Varano Della Vergiliana	Non-Executive Director	Yes	Refer to Director's Report
Mr Cameron Reynolds	Non-Executive Director	Yes	Refer to Director's Report

The Board considers the majority of Directors to be independent, commensurate with Recommendation 2.3. Dr Christopher Quirk is considered to be independent, notwithstanding his 1.28% shareholding in the Company because the Board does not consider his shareholding to interfere with his capacity to bring independent judgement to matters before the Board or to act in the best interest of the Company. Dr Quirk has held his role as Director for 14 years. Mr Steven Schapera was appointed as a Non-Executive Director on 1 August 2017 and is considered to be independent. Mr Antonio Varano Della Vergiliana was appointed as a Non-Executive Director on 15 May 2018 and is considered to be independent. Mr Cameron Reynolds was appointed as a Non-Executive Director on 2 July 2018 and is considered to be independent. Mr Jeffrey Edwards is not considered to be independent, owing to the nature of his relationship with the Company.

In accordance with Recommendation 2.5, the Chair of the Company is Mr Antonio Varano Della Vergiliana, who is considered by the Board to be independent.

CORPORATE GOVERNANCE STATEMENT (*continued*)

1.4. Composition of the Board and Board Skills

The Company has not established a formal policy for the nomination and appointment of Directors. However, the composition of the Board is determined using the following principles:

- The Board comprises five (5) Directors; however, this number may be increased where it is felt that additional expertise is required in specific areas, or when an outstanding candidate is identified; and
- The Board should comprise Directors with a broad range of expertise.

The Board reviews its composition on an annual basis to ensure that the Board has the appropriate mix of expertise and experience. When a vacancy exists, for whatever reason, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the Board selects a panel of candidates with the appropriate expertise and experience. Potential candidates are identified by the Board with advice from an external consultant, if necessary. The Board then appoints the most suitable candidate who must stand for election at a general meeting of Shareholders.

1.5 Monitoring of Board Performance

In accordance with Recommendation 1.6, the Directors' performance is reviewed by the Chair on an ongoing basis. In the event that any Director's performance is considered to be unsatisfactory, that Director will be asked to retire from the Board. The Chair performed this review during the reporting period.

The Chair's performance is reviewed by the remaining four Board members on an ongoing basis. The remaining four Board members undertook this review during the reporting period.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the Directors' performance during the course of the year ("the Guidelines"). Those Guidelines include minimum requirements for attendance at all Board and Shareholder meetings, whereby the non-attendance of a Director at more than three consecutive meetings without reasonable excuse will result in that Director's position being reviewed.

1.6 Professional Development and Independent Professional Advice

In accordance with Recommendation 2.6, each Director has the right, in connection with his/her duties and responsibilities as a Director, to seek professional development opportunities to develop and maintain the necessary skills and knowledge and independent professional advice at the Company's expense. However, prior approval of the Chairman (as elected) is required, which will not be unreasonably withheld.

2. EXECUTIVE MANAGEMENT

2.1 Role and Responsibility of Executive Management

In accordance with Recommendation 1.1, the Company's board charter specifies that the role of management is to support the Board and to implement the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

In accordance with Recommendation 1.4, the Company's Company Secretary is accountable directly to the board, through the Chair of the Company, Mr Antonio Varano Della Vergiliana.

CORPORATE GOVERNANCE STATEMENT (*continued*)

2.2 Monitoring of Executive Management's Performance

In accordance with Recommendation 1.7, the executive management's performance is reviewed by the Board on an annual basis.

The Company has established firm guidelines to identify the measurable and qualitative indicators of the executive management's performance during the course of the year ("the Guidelines"). Those Guidelines include a Board competency questionnaire and Chairman's assessment.

The Board undertook an executive management performance review during the reporting period.

2.3 CEO and CFO Attestations

As at the date of this Annual Report, the Company has not appointed a CEO or chief financial officer ("the CFO"). Due to the size and scale of the Company's operations, these roles are currently performed by the Board, specifically Mr Jeffrey David Edwards and Mr Steven Schapera who are primarily responsible for financial matters in relation to the Company.

In lieu of the CEO and CFO's attestations, Mr Jeffrey David Edwards and Mr Steven Schapera certifies to the Board that:

- The Company's financial reports are complete and present a true and fair view, in all material aspects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards ("the Executive Director's Statement"); and
- The Executive Director's Statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control is operating effectively and efficiently in all material aspects.

3. BOARD COMMITTEES

3.1. Nomination Committee

Owing to its size and composition, the Company has not established a separate nomination committee.

Rather, the Board considers that the selection and appointment of Directors should be the responsibility of the full Board and that no benefits or efficiencies are to be gained by delegating this function to a separate committee.

The Board does not have a separate charter for its nomination and succession planning functions. However, the Company does have a separate policy and procedure for selection and appointment of new Directors, pursuant to which candidates are considered and selected by the Board by reference to a number of factors including their relevant experience and achievements, compatibility within the Company's scope of activities and intellectual and physical ability to undertake Board duties and responsibilities.

CORPORATE GOVERNANCE STATEMENT (*continued*)

3.2. Audit Committee

The Company has an Audit Committee, which comprises Mr Steven Schapera (Non-Executive Director), Dr Christopher Quirk (Non-Executive Director), Mr Cameron Reynolds (Non-Executive Director) and Mr John Palermo (Company Secretary).

The majority of the Auditor Committee members are independent and all Directors are financially literate. In addition, the Company Secretary holds financial qualifications. The Directors and Company Secretary have, together, accumulated sufficient technical expertise in other directorships to provide valuable insight and technical knowledge, allowing the Board to verify and safeguard the integrity of the Company's financial reports.

Preserving the spirit of Principle 4, the external auditor has full access to the Board throughout the year.

The Audit Committee has a separate charter for its audit functions, which charter specifies the following responsibilities:

- to monitor the integrity of the financial statements of the Company, reviewing significant financial reporting judgments;
- to review the Company's internal financial control system and, unless expressly addressed by a separate risk committee or by the Board itself, risk management systems;
- to monitor and review the effectiveness of the Company's internal audit function (if any);
- to monitor and review the external audit function including matters concerning appointment and remuneration, independence and non-audit services; and
- to perform such other functions as assigned by law, the Company's constitution, or the Board.

The Audit Committee also reviews the performance of the external auditors on an annual basis and ensures that the external auditor is required to attend the AGM of the Company and is available to answer questions from shareholders.

3.3. Remuneration Committee

The Company has established a Remuneration Committee, which comprises Mr Steven Schapera (Non-Executive Director), Mr Antonio Varano (Non-Executive Chairman), Mr Jeffrey Edwards (Managing Director) and Mr John Palermo (Company Secretary).

The Remuneration Committee has a separate charter for its remuneration functions, which charter specifies the following responsibilities:

- to make decisions with respect to appropriate remuneration and incentive policies for executive directors and senior executives;
- to ensure that executive remuneration involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives appropriate to the Company's circumstances and objectives;
- to ensure that fees paid to non-executive directors are within the aggregate amount approved by shareholders;
- to ensure that non-executive directors are not entitled to retirement benefits other than statutory superannuation entitlements or to participate in equity-based remuneration schemes without due consideration and appropriate disclosures to shareholders;
- to review and make recommendations concerning long-term incentive compensation plans; and
- to ensure that incentive plans are designed around appropriate and realistic performance targets.

CORPORATE GOVERNANCE STATEMENT (continued)

The Remuneration Committee obtains independent advice on the appropriateness of remuneration packages.

In making decisions with respect to appropriate remuneration and incentive policies for Executive Directors and the Company Secretary, the Remuneration Committee's objectives are to:

- motivate executive Directors and the Company Secretary to pursue the long term growth and success of the Company within an appropriate control framework;
- demonstrate a clear correlation between key performance and remuneration; and
- align the interests of key leadership with the long-term interests of the Company's shareholders.

Shareholder approval is also required to determine the maximum aggregate remuneration for Non-Executive Directors. The maximum aggregate remuneration approved for Non-Executive Directors is currently set at \$250,000 per annum.

Full disclosure of the Company's remuneration philosophy and framework, and the remuneration received by Directors in the current period, is set out in the Remuneration Report, which is contained within the Directors' Report.

The Remuneration Committee meets as and when required and met twice during the reporting period.

4. DIVERSITY

The Company does not currently have a formal gender diversity policy in place. However, its recruitment is fundamentally driven by identifying the best candidate for all positions regardless of gender. Based on the current scale of activities of the Company, there is no set objective to achieve a certain percentage of female employees in the workforce.

The Board does not currently believe that the adoption of a formal gender diversity policy would significantly improve the functions currently performed by the Board.

Given the Company's small size and stage of development, the Board considers it impractical at this time to set measurable diversity objectives and adopt a formal gender diversity policy.

The Company currently has 9 employees, of which 5 are male and 4 are female. There are no women in senior executive positions or on the Board. However, while the Board considers this to be appropriate at this stage of the Company's development, the Company will review this requirement annually as the circumstances of the Company change.

5. ETHICAL STANDARDS

The Company has established a formal Code of Conduct ("the Code") as per Recommendation 3.1, which is available from the Company on request.

The Code outlines the Company's expectations of Directors, the Company Secretary and employees and its related bodies corporate in relation to their behaviour and the way business is conducted in the workplace on a range of issues. Directors, the Company Secretary and employees are committed to acting with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. Directors, the Company Secretary and employees must conduct themselves in a manner consistent with the expectations of its stakeholders, commensurate with prevailing community and corporate standards, and must take responsibility for upholding the Company's legal obligations. In addition, the Board subscribes to the Statement of Ethical Standards as published by the Australian Institute of Company Directors.

CORPORATE GOVERNANCE STATEMENT (*continued*)

6. DIRECTORS' DEALINGS IN COMPANY SHARES

The Company has implemented a formal trading policy as required by ASX Listing Rule 12.9. This policy applies to Directors, the Company Secretary, employees and contractors of the Company, and is available from the Company on request.

In addition, Directors must notify the Australian Securities Exchange of any acquisition or disposal of shares by lodgement of a Notice of Director's Interests. Board policy is to prohibit Directors, the Company Secretary and employees from dealing in shares of the Company whilst in possession of price sensitive information.

7. CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATION

The Company has implemented a formal Disclosure Policy and Shareholder Communication Strategy as suggested in Recommendation 5.1, which is available from the Company on request. This policy was introduced to ensure the Company achieves compliance with its continuous disclosure obligations under the Corporations Act and ASX Listing Rules.

The Board aims to ensure that the Shareholders, on behalf of whom they act, are informed of all information necessary to assess the performance of the Directors. Information is communicated to Shareholders through:

- The Annual Report which is distributed to all Shareholders;
- Half-yearly reports, quarterly reports and all ASX announcements which are posted on the Company's website;
- The Annual General Meeting and other meetings so called to obtain Shareholder approval for Board action as appropriate;
- Compliance with the continuous disclosure requirements of the ASX Listing Rules; and
- The Company's auditor is required to be present, and be available to Shareholders, at the Annual General Meeting.

The Company encourages full participation of Shareholders at an general meeting of Shareholders (including an annual general meeting). The Company also informally adopts several of the suggestions in Recommendation 6.3, including communicating to Shareholders electronically, and uploading its formal codes and policies to the Company's website.

In addition, the Company has implemented an investor relation program as suggested in Recommendation 6.2 and has engaged an external investor relations consultant to manage this program. The key responsibilities of the investor relations consultant include the following:

- distributing shareholder news electronically through setting up a mail-out system with latest announcements and news;
- dealing with requests from shareholders or potential shareholders;
- assisting in the writing, editing and managing content for any key report, communication, press release, advertisement and news article for newspapers and magazines;
- developing and editing investor presentations; and
- developing and maintaining website content.

CORPORATE GOVERNANCE STATEMENT (*continued*)

8. RESPECT THE RIGHTS OF SHAREHOLDERS

The Company has a formal privacy policy (“the Privacy Policy”), which is available from the Company on request. The Company is committed to respecting the privacy of Shareholders’ personal information. The Privacy Policy sets out the Company’s personal information management practices and covers the application of privacy laws, personal information collection, the use and disclosure of personal information, accessing and updating Shareholders’ information and the security of that information.

9. RECOGNISE AND MANAGE RISK

Due to the size and scale of the Company and the Board, a separate committee has not been established to oversee risk management. However, the Board has established a formal risk management policy to recognise and manage risk. This risk management policy is available from the Company on request.

Risk management is a priority for the Board who remains vigilant in creating a culture, processes and structures directed to optimising the Company’s opportunities whilst minimising and managing potential material business risks.

Risk oversight, management and internal control are dealt with on a continuous basis by the Company Secretary and the Board, with differing degrees of involvement from various Directors and the Company Secretary, depending upon the nature and materiality of the matter.

The Board continuously reviews material business risks to identify whether the system for identifying and reporting risks is being managed effectively. Determined areas of risk which are regularly considered include:

- Performance and funding of research and development activities;
- Budget control and asset protection;
- Status of intellectual property;
- Compliance with government laws and regulations;
- Safety and the environment;
- Continuous disclosure obligations; and
- Sovereign risk.

The Company does not have a formal internal audit function to assist the Board in evaluating risk management and internal control processes. Rather Mr Jeffrey David Edwards performs this function for the benefit of the Board.

The Annual Report sets out the major categories of risk applicable to the Company, which is set out in the Notes to the Financial Statements in the Annual Report.

This Corporate Governance Statement has been approved by the Board and is current as at 14 September 2018.