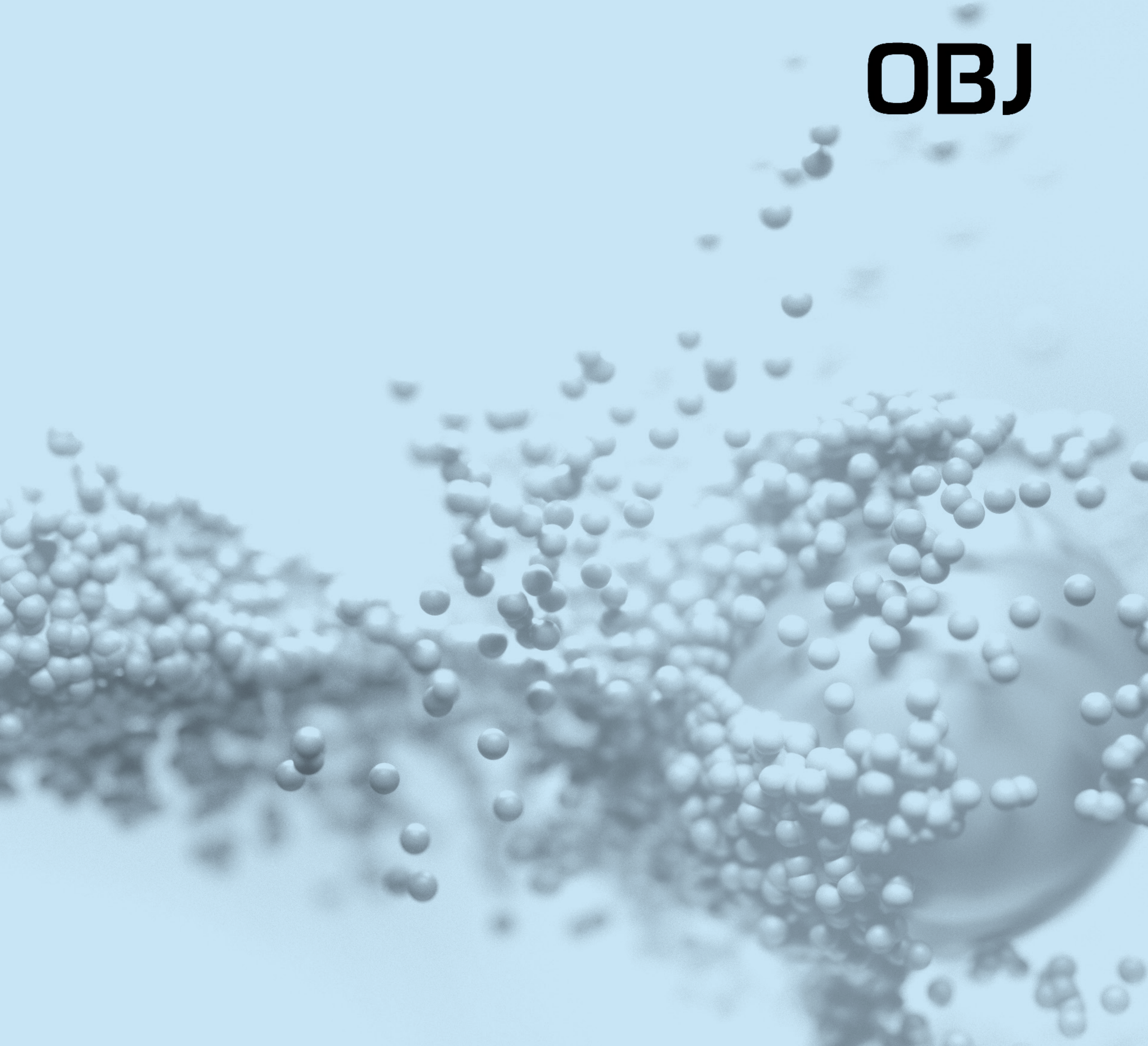
OBJ



Annual Report

2019

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

Telephone: +61 8 9261 9100
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ASX CODE:
OBJ

HOME EXCHANGE:
Australian Securities Exchange Limited
Central Park, 152-158 St Georges Terrace
PERTH WESTERN AUSTRALIA 6000

CONTENTS:

REVIEW OF OPERATIONS

Bodyguard

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

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

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

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

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

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

Procter & Gamble progress across the year

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

REVIEW OF OPERATIONS *(continued)*

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

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

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

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

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

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

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

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

Partnerships

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

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

REVIEW OF OPERATIONS *(continued)*

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

Key Appointments

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

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

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

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

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

New Research and Development Initiatives

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

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

REVIEW OF OPERATIONS *(continued)*

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

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

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

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 2019.

DIRECTORS

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

Mr Antonio Varano Della Vergiliana	
Mr Jeffrey David Edwards	
Dr Christopher John Quirk	
Mr Steven Lorn Schapera	
Mr Cameron Reynolds	(appointed: 02/07/2018)

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year ended 30 June 2019 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 $1,710,001 (2018: loss of $1,698,783).

The net assets of the Consolidated Entity at 30 June 2019 were $2,545,408 (2018: $4,255,409). At that date, there was cash and cash equivalents of $2,251,910 (2018: $4,176,062).

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid during the year ended 30 June 2019.

The Board has not made a recommendation to pay dividends for the period to 30 June 2019.

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 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

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

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

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 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: 9,224,010

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

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 and Deputy Chairman of the Royal Perth Hospital Medical Research Foundation.

DIRECTORS’ MEETINGS

During the financial year ended 30 June 2019, 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 A Varano Della Vergiliana		7	7	7
Mr J D Edwards		7	7	8
Dr C J Quirk		7	3	8
Mr S L Schapera		7	7	7
Mr C Reynolds	(appointed: 02/07/2018)	7	5	7

EVENTS SUBSEQUENT TO REPORTING PERIOD

On 19 September 2019, the Company announced the establishment of subsidiaries focused on commercialising a range of products and solutions developed by the Company.

The new subsidiaries will enable OBJ to pursue new opportunities in the beauty technology and consumer device sector under its own brand, thereby retaining full control over the commercialisation of its technology and capturing a higher proportion of sales revenue.

In June 2019, Mr Paul Peros was appointed Chief Executive Officer (CEO) of the new device business. Since his appointment, he has led the establishment and development of this `Wellfully' branded business.

Wellfully SA, a beauty and technology/consumer products holding company for the device business, has been established in Switzerland — a global centre of excellence for skin science, and where Mr Peros is based. Wellfully SA has been established specifically to drive OBJ's cutting-edge device technology to commercialisation, initially targeting the beauty sector.

DIRECTORS' REPORT *(continued)*

EVENTS SUBSEQUENT TO REPORTING PERIOD *(continued)*

Within Wellfully SA are three subsidiaries:

- Wellfully d.o.o. — a sales and marketing support, back-office and service company which has been established in Croatia;
- Peros Ltd — a China holding, Asia trading company which has been established in Hong Kong (this name will be changed to Wellfully Ltd in due course); and
- Peros (Dongguan) Technology & Trading Co, Ltd — an operations and trading base which has been established in China (this name will be changed to Wellfully in due course).

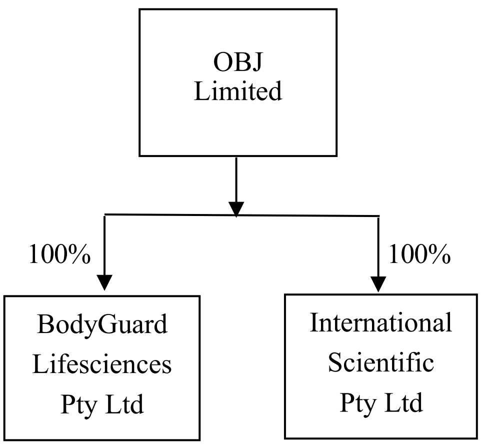
OBJ also expects to establish UK and US trading companies within the Wellfully SA business at the appropriate time.

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, which has not been announced to the market.

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 Consolidated Entity's corporate structure:



SHARE OPTIONS

As at 30 June 2019, no outstanding options existed.

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 2019.

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 2018 AGM, 69.15% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018.

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 $321,734 per annum inclusive of compulsory superannuation contributions plus a $2,000 monthly travel allowance.

Remuneration of Non-Executive Directors
Antonio Varano is paid $40,000 per annum plus the USD equivalent of £6,300 per month, paid monthly in arrears for consulting fees.
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.
Cameron Reynolds is paid $75,000 per annum, paid quarterly in arrears for director fees.

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Remuneration of Directors and Executives

	Primary Salary & Fees ($)	Cash Bonus ($)	Non-Monetary ($)	Post Employment Superannuation ($)	Post Employment Retirement Benefits ($)	Equity ($)	Other Benefits ($)	TOTAL ($)
Parent Entity Directors and Executives								
Varano Della Vergiliana, A: Director (non-executive)								
2019	223,870*	--	--	--	--	--	--	223,870
2018	22,599	--	--	--	--	--	--	22,599
Edwards, J D: Director (executive)								
2019	301,202	--	--	20,532	--	--	24,000	345,734
2018	294,451	--	--	20,049	--	--	24,000	338,500
Quirk, C J: Director (non-executive)								
2019	40,000	--	--	--	--	--	--	40,000
2018	40,000	--	--	--	--	--	--	40,000
Schapera, S L: Director (non-executive)								
2019	183,767	--	--	--	--	--	--	183,767
2018	174,189	--	--	--	--	--	--	174,189
Reynolds, C: Director (non-executive) (appointed: 02/07/2018)								
2019	75,000	--	--	--	--	--	--	75,000
2018	--	--	--	--	--	--	--	--
Denison, G G H: Director (non-executive) (resigned: 02/02/2018)								
2019	--	--	--	--	--	--	--	--
2018	181,461	--	--	14,792	--	--	--	196,253
Total								
2019	823,839	--	--	20,532	--	--	24,000	868,371
2018	712,700	--	--	34,841	--	--	24,000	771,541

* Includes consulting fees of $32,155 paid for services to be rendered in the financial year ended 30 June 2020.

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

DIRECTORS' REPORT *(continued)*

REMUNERATION REPORT *(continued)*

Interests in Shares of the Company

As at 30 June 2019, the directors' interests in shares of OBJ Limited were:

Shares

	Balance 01/07/18 (No. of Shares)	Received Remuneration (No. of Shares)	No. of Performance Rights/Options Exercised	Net Other Change (No. of Shares)	Balance 30/06/19 (No. of Shares)
A Varano Della Vergiliana	4,000,000	--	--	--	4,000,000
J D Edwards	40,430,995	--	--	--	40,430,995
C J Quirk	23,176,609	--	--	--	23,176,609
S L Schapera	5,664,011	--	--	3,559,999*	9,224,010
C Reynolds[1]	--	--	--	--	--
Total	73,271,615	--	--	3,559,999	76,831,614

*On-market purchases
[1] Appointed on 2 July 2018

Other Transactions with Key Management Personnel and their Related Parties

As of 30 June 2019, director's remuneration of $18,750 remained payable to PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds. An amount of $30,188 also remained payable to The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera.

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

Additional Information

The earnings of the Consolidated Entity for the five years to 30 June 2019 are summarised below:

	2019 $	2018 $	2017 $	2016 $	2015 $
Sales revenue	2,744,781	2,039,994	1,966,224	1,521,573	1,514,945
EBITDA	(1,623,108)	(1,587,933)	(2,883,975)	(3,465,064)	(2,300,644)
EBIT	(1,695,990)	(1,684,779)	(3,030,203)	(3,541,373)	(2,338,114)
Loss after income tax	(1,710,001)	(1,698,783)	(3,044,208)	(3,555,381)	(2,353,454)

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.015	0.028	0.048	0.082	0.049
Total dividends declared (cents per share)	--	--	--	--	--
Basic and diluted loss per share (cents per share)	(0.09)	(0.09)	(0.17)	(0.20)	(0.15)

[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.

INDEMNITY AND INSURANCE OF OFFICERS
The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

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

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 14.

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.

AUDITOR
RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

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
27th September 2019

RSM Australia Partners

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2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of OBJ Limited for the year ended 30 June 2019, 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

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 27 September 2019

TUTU PHONG
Partner

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Revenue	**2**	2,744,781	2,039,994
Net foreign exchange (losses)/gains		(26,390)	18,083
Borrowing costs		(14,011)	(14,004)
Depreciation expenses		(72,882)	(96,846)
Administration fees		(629,604)	(509,352)
Auditor's remuneration		(40,750)	(40,000)
Consultants and consultants benefits expenses		(667,528)	(129,765)
Directors and employees benefits expenses		(1,769,638)	(1,768,913)
Legal costs		(276,696)	(56,789)
Materials and requisites		(65,675)	(48,186)
Occupancy expenses		(135,592)	(242,774)
Patent and trademark service fees		(219,271)	(186,087)
Product design and trial testing expenses		(115,286)	(142,581)
Travel and accommodation		(91,870)	(128,666)
Other expenses		(329,589)	(392,897)
Loss before income tax		(1,710,001)	(1,698,783)
Income tax expense	**3**	--	--
Loss for the year		(1,710,001)	(1,698,783)
Other comprehensive income		--	--
Total comprehensive loss for the year		(1,710,001)	(1,698,783)
Loss attributable to:			
Members of the parent entity		(1,710,001)	(1,698,783)
		Cents	**Cents**
Basic and diluted losses per share (cents per share)	**16**	(0.09)	(0.09)

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Current Assets			
Cash and cash equivalents	**4**	2,251,910	4,176,062
Trade and other receivables	**5**	560,813	254,909
Total Current Assets		2,812,723	4,430,971
Non-Current Assets			
Plant and equipment	**6**	323,846	375,366
Total Non-Current Assets		323,846	375,366
Total Assets		3,136,569	4,806,337
Current Liabilities			
Trade and other payables	**7**	255,157	243,492
Borrowings	**8**	252,000	238,000
Employee benefits provision		84,004	69,436
Total Current Liabilities		591,161	550,928
Total Liabilities		591,161	550,928
Net Assets		2,545,408	4,255,409
Equity			
Issued capital	**14**	33,043,514	33,043,514
Reserves	**15**	232,334	232,334
Accumulated losses		(30,730,440)	(29,020,439)
Total Equity		2,545,408	4,255,409

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Issued Capital	Share Based Payments Reserves	Accumulated Losses	Total Equity
	$	$	$	$
Consolidated				
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
Balance at 1 July 2018	33,043,514	232,334	(29,020,439)	4,255,409
Total comprehensive loss for the year	--	--	(1,710,001)	(1,710,001)
Balance at 30 June 2019	33,043,514	232,334	(30,730,440)	2,545,408

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	Consolidated 30 June 2019 $	30 June 2018 $
Cash flows from operating activities			
Receipts from customers		1,635,002	1,237,152
Receipts from research and development tax incentives		758,069	842,824
Payments to suppliers and employees		(4,326,372)	(3,614,139)
Interest received		56,912	106,425
Borrowing costs		(11)	(4)
Net cash used in operating activities	**10**	(1,876,400)	(1,427,742)
Cash flows from investing activities			
Payments for plant and equipment		(21,362)	(39,858)
Net cash used in investing activities		(21,362)	(39,858)
Cash flows from financing activities			
Proceeds from issues of shares and options		--	262,443
Transaction costs from issue of shares and options		--	(10,306)
Net cash provided by financing activities		--	252,137
Net decrease in cash and cash equivalents held		(1,897,762)	(1,215,463)
Cash and cash equivalents at the beginning of the financial year		4,176,062	5,373,442
Effect of exchange rate changes on cash holdings		(26,390)	18,083
Cash and cash equivalents at the end of the financial year	**4**	2,251,910	4,176,062

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 2019

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 23.

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 27 September 2019.

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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

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

The following Accounting Standards and Interpretations are most relevant to the Consolidated Entity:

AASB 9 Financial Instruments
The Consolidated Entity has adopted AASB 9 from 1 July 2018. The standard introduced 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 that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are 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 or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, 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 use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using 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. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption
There is immaterial impact on transactions and balances recognised in the financial statements.

AASB 15 Revenue from Contracts with Customers
The Consolidated Entity has adopted AASB 15 from 1 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are 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. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

Impact of adoption
There is immaterial impact on transactions and balances recognised in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of OBJ Limited as at 30 June 2019 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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(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 to profit or loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(f) Plant and Equipment *(continued)*

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.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

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

(h) Financial Assets

Financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Consolidated Entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income
Financial assets at fair value through other comprehensive income include equity investments which the Consolidated Entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets
The Consolidated Entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Consolidated Entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(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.

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 allowance for expected credit losses. 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. An allowance for expected credit losses of trade receivables is raised when there is objective evidence that the Consolidated Entity will not be able to collect all amounts due

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

(l) Trade and Other Receivables *(continued)*

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 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. The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(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.

(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

The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Consolidated Entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Consolidated Entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

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

(o) Revenue *(continued)*

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rendering of services

Revenue from licence and research fees are recognised over time as derived from work plan agreements with customers.

Royalties are recognised at a point in time in accordance with the terms of the agreements.

Other revenue

Research and development tax incentive revenue is recognised at a point in time when it is received or when the right to receive payment is established.

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 2019

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 2019

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 2019

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 profit or loss.

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 2019

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 2019. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

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 will adopt this standard from 1 July 2019 and its impact on adoption is expected to be minimal on transactions and balances recognised in the financial statements as the Consolidated Entity does not have any lease contracts at reporting date.

(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.

There are no judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2: REVENUE

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Revenue from contracts with customers		
Research and development collaboration revenue	491,291	213,814
Royalties	1,444,939	889,302
	1,936,230	1,103,116
Other income		
Research and development tax incentives	758,069	842,824
Interest received	50,482	94,054
	808,551	936,878
Revenue	2,744,781	2,039,994

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

Consolidated - 2019	Development of the dermaportation drug delivery technology $
Geographical region	
Singapore	1,837,971
Japan	98,259
	1,936,230
Timing of revenue recognition	
Services transferred at a point in time	1,444,939
Services transferred over time	491,291
	1,936,230

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been provided for disaggregation of revenue.

NOTE 3: INCOME TAX

	30 June 2019 $	30 June 2018 $
The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Loss before income tax	(1,710,001)	(1,698,783)
Income tax calculated at 27.5% (2018: 27.5%)	(470,250)	(467,165)
Non-allowable expenditure	7,929	1,615
Deferred tax assets not recognised	462,321	465,550
Income tax expenses	--	--
The following deferred tax assets have not been brought to account as assets:		
Tax losses available at 27.5% (2018: 27.5%) tax rate	3,348,938	3,119,779
Tax losses available	11,621,649	10,788,341

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 2019

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
NOTE 4: CASH AND CASH EQUIVALENTS		
Cash on hand	2,358	2,740
Cash at bank	249,552	1,173,322
Cash on deposit	2,000,000	3,000,000
	2,251,910	4,176,062
NOTE 5: TRADE AND OTHER RECEIVABLES		
Trade debtors	223,962	11,753
Prepayments	41,388	38,046
Accrued income	242,600	160,011
GST refundable	52,863	45,099
	560,813	254,909

Allowance for expected credit losses
The Consolidated Entity did not recognise any losses (2018: Nil) in profit or loss in respect of the expected credit losses for the year ended 30 June 2019.

Past due but not impaired
Customers with balances past due but without provision for impairment:

	2019 $	2018 $
0 to 6 months overdue	--	11,753
6 to 12 months overdue	171,181	--
12 to 18 months overdue	52,781	--
	223,962	11,753

NOTE 6: PLANT AND EQUIPMENT

	2019 $	2018 $
Plant and equipment at cost	800,611	792,759
Accumulated depreciation	(476,765)	(417,393)
Total plant and equipment	323,846	375,366

Reconciliation of the carrying amount of plant and equipment is set out below:

	2019 $	2018 $
Carrying amount at the beginning of year	375,366	433,911
Additions	21,362	39,858
Disposals	--	(1,557)
Depreciation expense	(72,882)	(96,846)
Carrying amount at the end of year	323,846	375,366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
NOTE 7: TRADE AND OTHER PAYABLES		
Other creditors and accruals	255,157	243,492

NOTE 8: BORROWINGS

	30 June 2019 $	30 June 2018 $
Convertible notes – unsecured	140,000	140,000
Convertible notes – unpaid interest	112,000	98,000
	252,000	238,000

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 2019 (30 June 2018: Nil).

(b) Finance lease and hire purchase commitments

There were no finance lease and hire purchase commitments as at 30 June 2019 (30 June 2018: Nil).

(c) Operating lease commitments

There were no operating lease commitments as at 30 June 2019 as the Company pays rent on a month-by-month basis (30 June 2018: Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 10: CASH FLOW INFORMATION

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

NOTE 11: KEY MANAGEMENT PERSONNEL

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

Mr Antonio Varano Della Vergiliana	Director – Non-Executive	
Mr Jeffrey David Edwards	Director – Executive	
Dr Christopher John Quirk	Director – Non-Executive	
Mr Steven Lorn Schapera	Director – Non-Executive	
Mr Cameron Reynolds	Director – Non-Executive	(appointed: 02/07/2018)

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 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: KEY MANAGEMENT PERSONNEL *(continued)*

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

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Short term employee benefits	823,839	712,700
Post-employment benefits	20,532	34,841
Other benefits	24,000	24,000
	868,371	771,541

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 2019 $	% Equity Interest 2018 $	Book Value of Shares held by Parent Entity 2019 $	Book Value of Shares held by Parent Entity 2018 $
International Scientific Pty Ltd	AUS	100%	100%	--	--
BodyGuard Lifesciences Pty Ltd	AUS	100%	100%	1,000	1,000
				1,000	1,000

NOTE 13: AUDITOR'S REMUNERATION

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $
Amounts paid or due and payable to the auditor for:		
Audit and review services – RSM Australia Partners	40,750	40,000

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

	Consolidated 30 June 2019 $	Consolidated 30 June 2018 $

NOTE 14: ISSUED CAPITAL

(a) Issued Capital

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

(b) Movements in ordinary share capital of the Company during the year were as follows:

Date	Details	Number of Shares	Issue Price	$
01/07/2018	Opening balance	1,809,462,635	--	33,043,514
	Less: transaction costs arising on share issues	--		--
30/06/2019	Closing balance	1,809,462,635		33,043,514

(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 2019

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 2019 and no dividends are expected to be paid in 2020.

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	
NOTE 15: RESERVES	**30 June 2019 $**	**30 June 2018 $**
Share based payments reserve	232,334	232,334

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

Movements in options were as follows:

Date	Details	Number of Options Listed	Number of Options Unlisted	Exercise Price	Fair Value of Options Issued $	Expiry Date
01/07/2018	Opening balance	--	7,500,000		232,334	
20/02/2019	Unlisted Options expired	--	(7,500,000)	$0.065	--	20/02/2019
30/06/2019	Closing Balance	--	--		232,334	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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 2019 $	**30 June 2018 $**
Loss for the year	(1,710,001)	(1,698,783)
Loss used in calculating basic and diluted loss per share	(1,710,001)	(1,698,783)
Weighted average number of ordinary shares used in calculating basic loss per share:	1,809,462,635	1,801,427,494
Weighted average number of ordinary shares used in calculating diluted loss per share:	1,809,462,635	1,801,427,494

Options outstanding are considered non-dilutive and therefore are excluded from the calculation of diluted loss per share.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

Consolidated

2019		**Fixed Interest Rate Maturing**					
	Non-Interest Bearing ($)	**1 Year or Less ($)**	**Over 1 to 5 Years ($)**	**More than 5 years ($)**	**Floating Interest Rate ($)**	**Total ($)**	**Weighted average interest rate**
Financial assets:							
Cash and cash equivalents	2,358	2,000,000	--	--	249,552	2,251,910	1.92%
Trade and other receivables	560,813	--	--	--	--	560,813	--
	563,171	2,000,000	--	--	249,552	2,812,723	
Financial liabilities:							
Trade and other payables	255,157	--	--	--	--	255,157	--
Borrowings	112,000	140,000	--	--	--	252,000	10.00%
	367,157	140,000	--	--	--	507,157	
Net financial instruments	196,014	1,860,000	--	--	249,552	2,305,566	

Consolidated

2018		**Fixed Interest Rate Maturing**					
	Non-Interest Bearing ($)	**1 Year or Less ($)**	**Over 1 to 5 Years ($)**	**More than 5 years ($)**	**Floating Interest Rate ($)**	**Total ($)**	**Weighted average interest rate**
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	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

Interest Rate Sensitivity

At 30 June 2019, if interest rates had changed by 10% during the entire year with all other variables held constant, loss for the year and equity would have been $5,048 (2018: $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 2019 from 1.92% to 2.11% (10% decrease: 1.73%) (2018: from 2.45% to 2.70%) (2018: 10% decrease: 2.20%) representing a 19 (2018: 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

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience, historical collection rates and forward-looking information that is available.

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 2019 $	**30 June 2018 $**
Contracted maturities of liabilities at 30 June		
Payables		
- less than 6 months	255,157	243,492
Convertible notes		
- less than 6 months	252,000	238,000
	507,157	481,492

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

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

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 loss of ($26,390) (2018: exchange gain of $18,083), the Consolidated Entity is unlikely to enter into any material foreign exchange transactions in the next reporting period.

Reconciliation of Net Financial Assets to Net Assets	Consolidated 30 June 2019 $	30 June 2018 $
Net financial assets	2,221,562	3,880,043
Plant and equipment	323,846	375,366
Net assets	2,545,408	4,255,409

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

On 19 September 2019, the Company announced the establishment of subsidiaries focused on commercialising a range of products and solutions developed by the Company.

The new subsidiaries will enable OBJ to pursue new opportunities in the beauty technology and consumer device sector under its own brand, thereby retaining full control over the commercialisation of its technology and capturing a higher proportion of sales revenue.

In June 2019, Mr Paul Peros was appointed Chief Executive Officer (CEO) of the new device business. Since his appointment, he has led the establishment and development of this `Wellfully' branded business.

Wellfully SA, a beauty and technology/consumer products holding company for the device business, has been established in Switzerland — a global centre of excellence for skin science, and where Mr Peros is based. Wellfully SA has been established specifically to drive OBJ's cutting-edge device technology to commercialisation, initially targeting the beauty sector.

Within Wellfully SA are three subsidiaries:

- Wellfully d.o.o. — a sales and marketing support, back-office and service company which has been established in Croatia;
- Peros Ltd — a China holding, Asia trading company which has been established in Hong Kong (this name will be changed to Wellfully Ltd in due course); and
- Peros (Dongguan) Technology & Trading Co, Ltd — an operations and trading base which has been established in China (this name will be changed to Wellfully in due course).

OBJ also expects to establish UK and US trading companies within the Wellfully SA business at the appropriate time.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019**

NOTE 18: EVENTS SUBSEQUENT TO REPORTING PERIOD *(continued)*

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity, which has not been announced to the market.

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 Singapore and Japan. Segment revenues are allocated based on the country in which the party is located. Operating revenues of approximately $1,866,987 or 68% (2018: $1,071,356 or 52%) are derived from a single external party.

All the assets are located in Australia only. Segment assets are allocated to a country 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 still continues.

NOTE 22: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22: RELATED PARTY TRANSACTIONS *(continued)*

Receivables from and Payables to Related Parties

As of 30 June 2019, director's remuneration amount of $18,750 remained payable to PB Commodities Pte Ltd, an entity related to the director, Cameron Reynolds. An amount of $30,188 also remained payable to The Brand Laboratories FZ LLC, an entity related to the director, Steven Schapera.

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

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 2019

NOTE 23: PARENT ENTITY DISCLOSURES

(a) Financial Position

	2019 $	2018 $
Total Current Assets	2,769,718	4,409,399
Total Non-Current Assets	324,846	376,366
Total Assets	3,094,564	4,785,765
Total Current Liabilities	550,404	520,923
Total Liabilities	550,404	520,923
Net Assets	2,544,160	4,264,842
Issued Capital	33,043,514	33,043,514
Reserves	232,334	232,334
Accumulated Losses	(30,731,688)	(29,011,006)
Total Equity	2,544,160	4,264,842

(b) Financial Performance

	2019 $	2018 $
Loss for the year	(1,720,682)	(1,688,478)
Other comprehensive loss	--	--
Total Comprehensive Loss	(1,720,682)	(1,688,478)

(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 still 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 2019 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 2019.

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

Jeffrey Edwards
Director

Perth, Western Australia
27th September 2019

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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 2019, 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 2019 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 Recognition Refer to Note 2 in the financial statements	
As reported in the statement of comprehensive income for the year ended 30 June 2019, the Group has recognised total revenue of $2,744,781. We determined revenue recognition to be a key audit matter due to the following: • The balance is material to the Group and there are risks associated with management judgements for recognising revenue including identification of contracts and performance obligations, determination of the transaction price and its timing; and • Revenue recognition is a presumed fraud risk under the Australian Auditing Standards.	Our audit procedures included: • Reviewing the appropriateness of all revenue recognition policies and the applicable accounting standards; • Reviewing contracts with customers to obtain an understanding of the contractual arrangements; • On a sample basis, vouching revenue recognised to appropriate supporting documentation; • Reviewing revenue transactions before and after the reporting date to ensure that revenue is recognised in the correct financial period; • 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 2019, 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 2019.

In our opinion, the Remuneration Report of OBJ Limited, for the year ended 30 June 2019, 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.

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 27 September 2019

ASX ADDITIONAL INFORMATION

1. QUOTED SECURITIES

(a) ORDINARY FULLY PAID SHARES AS AT 17 SEPTEMBER 2019

(i) DISTRIBUTION OF SHAREHOLDERS:

SPREAD OF HOLDINGS	NO. OF HOLDERS	NO. OF SHARES	PERCENTAGE OF ISSUED CAPITAL %
1 - 1,000	434	112,502	0.01
1,001 - 5,000	207	524,541	0.03
5,001 - 10,000	333	2,675,935	0.15
10,001 - 100,000	1,769	82,792,018	4.57
100,001+	1,664	1,723,357,639	95.24
	4,407	1,809,462,635	100.00

The number of shareholdings held in less than marketable parcels is 1,684.

(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 Limited	45,773,471	2.53
2.	Virtus Capital Pty Ltd	27,698,362	1.53
3.	JEB Holdings Pty Ltd <Edwards Family A/C>	27,437,719	1.52
4.	Jomima Pty Ltd <Internal Equity A/C>	24,143,584	1.33
5.	J P Morgan Nominees Australia Pty Limited	20,840,892	1.15
6.	Dr Christopher John Quirk & Mrs Sheryl Elizabeth Quirk <Quirk Super Fund A/C>	18,176,609	1.00
7.	Daughters & Co Pty Ltd <Daughters & Co A/C>	17,632,147	0.97
8.	Rokamaho Pty Ltd <Pumba Blossom A/C>	17,000,000	0.94
9.	Mr Peter Fedele	16,150,000	0.89
10.	Dr Alok Jhamb	15,000,000	0.83
11.	HSBC Custody Nominees (Australia) Limited	14,481,594	0.80
12.	Diamond Rock Pty Ltd	13,548,909	0.75
13.	Mr Jeffrey Edwards & Mrs Beverly Edwards <The Edwards Super Fund A/C>	12,993,276	0.72
14.	Mrs Seren Marcia Little & Mr Craig John Little <Craig & Seren Little S/F A/C>	12,000,000	0.66
15.	Gyland Nominees Pty Ltd <Pascoe Pension Fund A/C>	11,593,470	0.64
16.	Provendore Pty Ltd <The Wilks Super Fund A/C>	11,100,000	0.61
17.	Mr Glyn Gregory Horne Denison <Glyn Denison Family A/C>	11,087,719	0.61
18.	Desert Monkey <The Desert Monkey A/C>	10,300,001	0.57
19.	Mr Oscar Bocskay & Mr Scott Bocskay <O&S Bocskay Super Fund A/C>	10,000,000	0.55
20.	Pedrof Pty Ltd <Ford Super Fund A/C>	9,570,240	0.53
		346,527,993	19.13

ASX ADDITIONAL INFORMATION *(continued)*

1. QUOTED SECURITIES *(continued)*

(a) ORDINARY FULLY PAID SHARES AS AT 17 SEPTEMBER 2019 *(continued)*

(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.

(iv) SUBSTANTIAL SHAREHOLDERS

There were no Substantial Shareholders as recorded in the Register of Members as at 17 September 2019.

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	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. 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. The Company's policy for dealing in the Company's securities is available on the Company's website.

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
Mr Antonio Varano Della Vergiliana	Non-Executive Director	Yes	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 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 15 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 7 employees, of which 5 are male and 2 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.

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 27 September 2019.