

28 April 2016

Quarterly report for the period ending 31 March 2016

1. Financial

The Company's cash management remains strictly controlled with a balance of \$8.275m at the end of March 2016.

2. Licensing

2.1 Procter & Gamble (P&G)

During the period, numerous discussions and negotiations were held with multiple teams from the various P&G brands, firming up the opportunity for OBJ to become a key supplier of technology aimed at enhancing P&G's fast moving consumer goods (FMCG) products. These discussions will lead to a renewal of the Product Development Agreement (PDA), initially executed in 2014, for a further five years, together with revised terms that will provide OBJ with greater flexibility in the market place. The terms of the new PDA have now been agreed to by both parties after discussions in Cincinnati and will be executed in the near future.

In addition, P&G has confirmed additional licenses to the first license executed for the launch of the SK-II Eye Wand during 2014-15. This successful launch in five countries gained very strong consumer acceptance of the Eye Wand, containing OBJ's micro-array technology. This strong consumer acceptance has now matured into a Licensing Term Sheet awaiting execution by P&G covering the broader licensing of the Eye Wand with SK-II, in addition to another market leading P&G brand.

Directors

Mr Glyn Denison
Mr Jeffrey Edwards
Dr Chris Quirk

Company Secretary

Mr John Palermo

Registered Office:

284 Oxford Street
Leederville
Western Australia 6007
Tel: +61 8 9443 3011
Fax: +61 8 9443 9960
www.obj.com.au
ABN: 72 056 482 636



The Eye Wand requires no further development and is now an official production item for P&G. The detailed license agreement must be negotiated by the parties within the next 90 days.

28 April 2016

Management considers this development a very good outcome for OBJ and establishes a solid base for further product commercialisation.

A Work Plan, containing the licensing terms for the Wave II applicator has been now been executed by the parties and a commitment made by P&G to the manufacturer in Singapore to undertake the tooling manufacture for mass production of the device. The parties have committed to complete detailed license agreement negotiations within 90 days, prior to product launch.

The Wave II applicator has been fast tracked by SK-II based on the success of the Eye Wand.

A further Work Plan is being negotiated covering the development and licensing of the new Wave III applicator that will provide an additional set of benefits to SK-II's customers. This product has already successfully passed P&G internal clinical evaluation and is being designed and developed by OBJ on behalf of SK-II and is an exciting complementary product to the other licensing arrangements.

OBJ is extremely pleased with its growing relationship with P&G's premier cosmetics brands, where the micro-array's ability to enhance product performance is being deployed across multiple products, thereby realising the original intent of the PDA when executed in 2014. The PDA renewal means that every product within the P&G range can now be offered OBJ's technology. With its renewal, OBJ expects to achieve further multiple licensing income streams following the rollout program of each of these initial products.

In addition to the cosmetics activities, OBJ has completed its Work Plan obligations for the in-shaving benefit, with the micro-array technology exceeding the required hurdle rate for enhanced delivery of P&G's formulation. The results were very well received by P&G's shaving entities and discussions are in progress regarding the next steps in this program.

2.2 Coty Inc.

Meetings have taken place in New York with the Coty development group. Coty has informed OBJ that it is undertaking various pre-launch claims support using OBJ's dermaportation device with new formulation chemistries. Using a more high-end complex device, the approach to market will require longer consumer input than the micro array approach of P&G, though it is expected that a determination will be forthcoming during early 2016.

28 April 2016

The parties remain positive in moving the opportunity forward to first phase licensing, subject to completion of the present claims support work.

3. OBJ Product Innovations

3.1 Bodyguard

The double blind clinical trial across 114 participants carried out by the University of Queensland (UQ) yielded excellent results which were announced during the period. The results of the trial showed that the prototype KneeGuard, with OBJ's proprietary natural formulation:

1. Matched or exceeded the performance of the world's highest selling topical drug product, Voltaren (NSAID);
2. Reduced worst pain score by 32%, compared to NSAID at 17%; and
3. Demonstrated a clear clinical benefit in delivering traditional orally ingested ingredients directly to the site of the injury.

These are very impressive results and lay a strong foundation for approaching the potential distribution partners for the Bodyguard products.

Over the period, the Company continued to invest considerable time and expenditure working with its US consultants in refining the complex manufacturing requirements for the first KneeGuard product and the forthcoming "hot dot" general Bodyguard product designs. These refinements take into account some of the outcomes from the UQ clinical trial and like all development programs, identifying the possible reductions in manufacturing costs.

Work also continues with optimising the Bodyguard formulation based upon the different market sectors anticipated, and the expected additional active ingredients that the respective partnering companies may require to suit their particular marketing initiatives, while also addressing some of the outcomes from the UQ clinical trial. One of the key learnings from the UQ clinical study trial has been the ability of the OBJ Bodyguard technology to deliver traditional oral ingredients directly to the site of the injury. This has opened a new product opportunity in the vitamin, mineral and supplement (VMS) category for a new class of direct to injury patch that bypasses first pass metabolism. Introduction of this new concept to a number of potential partners over the past month has created a high level of interest in this potentially new product form.

28 April 2016



It is expected that feedback from our targeted partnering companies over the next quarter will more clearly define the three or four market sectors most suited for the Bodyguard technologies. Discussions and presentations have now taken place with P&G (who has been evaluating the UQ data), Reckitt Benckiser and Pfizer, with further communications planned with GSK, Beiersdorf and other potential partners who have expressed strong interest in the Bodyguard technology platform.

Overall, the program is reaching maturity with its first product (KneeGuard) and the Board remains impressed with the excellent results being achieved by the OBJ/Bodyguard development team. US based consultant and FMCG industry expert Dr Steve Meller has been retained to assist OBJ with partnering discussions and negotiations.

3.2 Surface Hygiene

The OBJ development team has progressed further with the surface hygiene product development. Scoping for the next series of tests by the University of Western Australia (UWA) has been defined and the new program will be underway over the next quarter. OBJ has also briefed its product design consultants to prepare product concept drawings and specifications for evaluation over the quarter. Once the results have been compiled from the UWA tests, development of the first hand held cleaning wipe prototypes is intended for field evaluation.

Preliminary discussions have taken place with Reckitt Benckiser and P&G's surface hygiene executives who have expressed a strong desire to become actively involved in the program and OBJ is presently preparing the business case for the full testing program and overall development.

28 April 2016

This program offers OBJ a speedy and low risk pathway to commercialisation once a suitable partnering company has been secured for distribution.

3.3 Beauty Connect and Personalised Skin Care

Over the period, OBJ has commenced internal assessment of active ingredients from potential partnering companies that may lead to possible commercialisation of Beauty Connect and personalised skin care application of the dermaportation technology. These are the first steps that are needed for any potential partner to determine what enhancement the OBJ technology achieves on a particular active molecule.

Work also continued on the development of the Smartphone App that will be an essential component of these e-commerce applications.

Further discussions have recently taken place with a major FMCG company on possible trialling for the Beauty Connect technology across consumers to gauge response and serve to guide the ongoing development program. This technology provides a medium for FMCG companies to digitally access its customer base, a factor that is driving potential partners to explore the Beauty Connect system.

3.4 Advanced Packaging

The first potential application for incorporating OBJ's technologies (DCE) into existing packaging, thereby enhancing a product's performance, is under evaluation with one of our global partners. Further meetings will be taking place over the next quarter between the parties and prototype tube "heads" incorporating micro-arrays will be assessed by our partner.

This is a very exciting opportunity for the Company. By creating an innovative means of higher performance in existing products, making only minor alterations to existing designs, OBJ has the potential to access a whole new area of revenue opportunities.

4. Administration

During the quarter, the Company boosted its skin laboratory capability with the engagement of new Laboratory Manager Daniel White. Daniel was until recently a laboratory manager with a leading hospital. This enables Dr Matthew McIldowie to move to a full time Research Manager role, looking after both the OBJ hardware and formulation technologies.

A new Products Manager (Scott Arbuckle) has also been recruited who has taken responsibility for all of the Company's internal product development programs.

28 April 2016

The legal case involving the convertible note from Monarch that expired in June 2012 continues and the Company has retained legal counsel as appropriate.

ABOUT OBJ

OBJ develops proprietary magnetic micro-array drug delivery and product enhancement technologies for the pharmaceutical, healthcare and consumer goods sectors. OBJ partners companies in the design and development of next generation products using physical science rather than chemistry to provide new levels of product performance without the cost of reformulation or new ingredient approvals.

OBJ offers a portfolio of proprietary technologies and supports partners by providing IP-protected market exclusivity, expertise in magnetic array design, feasibility and efficacy and claims testing, engineering and production.

ABOUT OBJ'S TECHNOLOGIES

OBJ has developed a platform of physical enhancement technologies based on low-cost magnetic micro-arrays that influence the movement and penetration through the skin of drugs, active ingredients and formulations at the molecular level.

Complex 3-D array and moving magnetic fields have the ability to repulse certain molecules to enhance diffusion and to alter the permeability of certain biological and non-biological targets.

OBJ develops low cost micro-array film technology that utilise diamagnetic repulsion, induced permeation and energy redirection to offer a new way of managing the speed, depth of penetration and delivery of active ingredients in a wide range of pharmaceutical and consumer products.

For more information:

OBJ Limited:

Mr Glyn Denison – Director
www.obj.com.au

284 Oxford Street
Leederville
Western Australia 6007

Phone: +61 8 9443 3011**Fax:** +61 8 9443 9960**Media/Investor relations:**

Matthew Wright
matt@nwrcommunications.com.au
Phone: +61 451 896 420

Registered Office:
284 Oxford Street
Leederville
Western Australia 6007
Tel: +61 8 9443 3011
Fax: +61 8 9443 9960
www.obj.com.au
ABN: 72 056 482 636