

31 July 2015

QUARTERLY REPORT

The quarter ending June 2015 has been one of substantial progress and growth for OBJ Limited (ASX:OBJ) with the expansion of a number of existing partner programs, commitments to long term development programs and the emergence of new opportunities for the company.

FINANCIAL

The company remains in a solid financial position as revenues accelerated during the period. Receipts for the quarter were \$347,919 to provide a total of \$436,196 for the year.

A substantial portion of the costs of the University of Queensland study were met during the period and an expansion in staff and capabilities within the company's advanced skin science laboratory were also committed.

At the close of the period the company had \$3.59 million in cash reserves.

PROCTER & GAMBLE (P&G)

SK-II Future Commitments

Following the successful limited product launches of the SK-II Eye Care product in South Korea, Hong Kong, Taiwan, Japan and China, and the completion of consumer acceptance data analyses, SK-II informed OBJ of its intentions to broaden the sales and marketing of the SK-II Eye Care product by making it a feature in future seasonal marketing programs.

SK-II management also granted permission to announce the next SK-II product to incorporate OBJ technology. Code named Wave II, the pre-launch programs are well advanced as OBJ's development team has been working with SK-II on this next generation product throughout 2014/2015.

In another boost to the relationship with SK-II its management has committed to a 3-5 year program with OBJ to develop a range of new innovations incorporating OBJ's technologies.

Additional Work Plan

The Product Development Agreement (PDA) executed with P&G in 2014 together with the various Work Plans that form the operational part of the PDA were further expanded during the period with the execution of a significant

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

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product Claims Support Work Plan. Under this Work Plan, OBJ's skin science laboratory will undertake certain product testing on behalf of P&G for regulatory and market support purposes. The commitment for OBJ to undertake this crucial phase is an indication of the level of comfort the various P&G franchises have in OBJ's scientific capabilities.

All other Work Plans progressed to the satisfaction of both companies during the period.

COTY

Development of the Coty enhanced delivery device accelerated during the quarter with OBJ's completion of the delivery electronics and production of the first 3D working prototypes. These prototypes are now in the hands of Coty's New York team leading to the intended consumer concept testing program previously announced.

This has the potential to be a milestone project for OBJ as it may be the first commercial application for the company's dermaportation technology following the concept testing program. The patents for dermaportation have already been granted to OBJ in both the USA and Europe.

BODYGUARD

With the commencement of the double blind clinical study by the University of Queensland (UQ), the BodyGuard team was able to turn its attention to production-related matters. International manufacturing consultants in the UK and USA are now working with the BodyGuard team in the evaluation of a number of production technologies to determine the most cost-effective, high-volume production techniques for each of BodyGuard's three product platforms.

Procter & Gamble has an agreement with BodyGuard to have first access to results of the UQ study regarding the performance of the KneeGuard product. During the period the company has had discussions with two additional potential partner companies seeking access to the BodyGuard technology, including the HotDots micro-patch system and its SuperTube analgesics product range.

GLAXOSMITHKLINE (GSK)

The company's programs with GSK were impacted by extensive restructuring within GSK's international brand architecture. The oral healthcare programs remained unchanged during the period.

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Topical analgesics rose in importance with the completion of the GSK/Novartis joint venture and with renewed interest in OBJ's DCE technology for OTC topical analgesic delivery coming from the newly reformed GSK Pain Management group in Singapore.

GSK's medicated skincare group has now re-engaged with OBJ's team following migration of its medicated skincare R&D from New Jersey to the UK.

Excellent working relationships remain in place across GSK.

NEW POTENTIAL PARTNERING ACTIVITIES

The quarter has seen an increasing number of approaches from new potential partners from Europe, USA and Asia to evaluate the potential for including OBJ's technologies into their product lines. Discussions are in early stages but these may lead to some exciting opportunities as the scope is defined for such development.

TECHNOLOGY DEVELOPMENT

New DCE Technology

The period saw the announcement that the company had filed provisional patent specifications with OBJ's newest technology called Dynamically Configurable Emulsion (DCE) technology.

DCE is a new technology platform for enhanced product performance that builds upon OBJ's expertise in the manipulation of atomic force physics.

DCE is a special roller-ball style applicator system that allows OBJ to stratify and arrange the various components of a standard low-cost emulsion into specific functional layers during application to the skin. DCE's ability to convert a simple low-cost emulsion into a self-assembling, self-occluding multi-functional product during application to the skin has already created considerable excitement and interest from both current and new partners.

Connect Beauty

The company's web-enabled personalisation system previously referred to as e-Skin also progressed substantially during the period with new levels of interest in ConnectCare and online marketing coming from multiple partner companies. The company is expanding its investment in this potentially high-growth area and is in active partnering discussions concerning its possible commercialisation.

31 July 2015**Other Events**

The company has received the Good Design Selection Award in the Product Design category of this year's Australian Good Design Awards for the SK-II Eye Wand design.

Good Design Selection is an award granted to finalists in recognition of design excellence and from which the coveted Good Design Award winner is selected.

The SK-II Eye Wand was conceived and developed by OBJ's product development team and then refined in conjunction with Design + Industry and manufactured through one of OBJ's preferred manufacturers in Singapore.

**For more information:**

OBJ Limited: 284 Oxford Street
Mr Glyn Denison – Director Leederville
www.obj.com.au Western Australia 6007

Phone: +61 8 9443 3011
Fax: +61 8 9443 9960

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

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/05, 17/12/10

Name of entity

OBJ LIMITED

ABN

72 056 482 636

Quarter ended ("current quarter")

30 JUNE 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from customers	348	436
1.2	Payments for (a) staff costs	(263)	(946)
	(b) advertising and marketing	(7)	(7)
	(c) research and development	(329)	(1,289)
	(d) leased assets	--	--
	(e) other working capital	(205)	(1,039)
1.3	Dividends received	--	--
1.4	Interest and other items of a similar nature received	10	136
1.5	Interest and other costs of finance paid	--	(2)
1.6	Income taxes paid	--	--
1.7	Other (GST)	7	(11)
	Other (R&D tax incentive)	--	817
Net operating cash flows		(439)	(1,905)

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

	Current quarter \$A'000	Year to date (12 months) \$A'000
1.8 Net operating cash flows (carried forward)	(439)	(1,905)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	--	--
(b) equity investments	--	--
(c) intellectual property	--	--
(d) physical non-current assets	(18)	(118)
(e) other non-current assets	--	--
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	--	--
(b) equity investments	--	--
(c) intellectual property	--	--
(d) physical non-current assets	--	--
(e) other non-current assets	--	--
1.11 Loans to other entities	--	--
1.12 Loans repaid by other entities	--	--
1.13 Other (provide details if material)	--	--
Net investing cash flows	(18)	(118)
1.14 Total operating and investing cash flows	(457)	(2,023)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	--	1,494
1.16 Proceeds from sale of forfeited shares	--	--
1.17 Proceeds from borrowings	--	--
1.18 Repayment of borrowings	--	--
1.19 Dividends paid	--	--
1.20 Other (capital raising costs)	--	--
Net financing cash flows	--	1,494
Net increase (decrease) in cash held	(457)	(529)
1.21 Cash at beginning of quarter/year to date	4,051	4,123
1.22 Exchange rate adjustments to item 1.20	--	--
1.23 Cash at end of quarter	3,594	3,594

+ See chapter 19 for defined terms.

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	109
1.25	Aggregate amount of loans to the parties included in item 1.11	--
1.26	Explanation necessary for an understanding of the transactions	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

- 2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	--	--
3.2	Credit standby arrangements	--	--

+ See chapter 19 for defined terms.

Appendix 4C
Quarterly report for entities
admitted on the basis of commitments

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
4.1	Cash on hand and at bank	694	351
4.2	Deposits at call	2,900	3,700
4.3	Bank overdraft	--	--
4.4	Other (share application account)	--	--
Total: cash at end of quarter (item 1.23)		3,594	4,051

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1	Name of entity	
5.2	Place of incorporation or registration	
5.3	Consideration for acquisition or disposal	
5.4	Total net assets	
5.5	Nature of business	

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:
 (Director)

Date: 31 July 2015

Print name: JEFFREY EDWARDS

+ See chapter 19 for defined terms.

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report except for any additional disclosure requirements requested by AASB 107 that are not already itemised in this report.
3. **Accounting Standards.** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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